July 30, 2013

Sheldon Richman at Reason with the lesson the **p**resident has never learned - the value of free markets.

... The marketplace, when it's free of government privilege and regulation, lets us accomplish this to a remarkable degree. In doing so, it raises our living standards and creates an orderly environment, thanks to the price system, which coordinates and facilitates our plans.

Government throws this process out of whack. When politicians forcibly extract resources from us (through taxation) and borrow, they leave us less with which we can improve our lives through entrepreneurship, business formation, and the like. But, you may ask, aren't the politicians' projects worthwhile? Actually, many government projects are of zero value or worse. The costly global empire is beyond useless: it endangers us. Other projects might be useful, but — and this is key — we can't be sure, because they are not subject to the market test.

If a private entrepreneur acquires resources in a quest for profit, she must create value for consumers or she will fail. The market's profit-and-loss test will see to that. That test is administered by countless millions of consumers who are free to take or leave what the entrepreneur offers. This test is relayed back to the investors who lend money to entrepreneurs for productive ventures. They know that if the entrepreneur fails, they will also suffer losses. So they must scrutinize projects in terms of their potential, ultimately, to please free consumers.

The upshot is that consumers' uncoerced actions signal (through prices and profit/loss) what pleases them and what does not. Suppliers must pay heed or face bankruptcy. This explains why markets, when not burdened by government privileges and arbitrary rules, work so well to raise living standards.

Note how government projects differ essentially from market projects. Politicians and bureaucrats obtain their money through force, not consensual mutual exchange. (What happens if you tell the IRS you don't want to purchase its "services"?) Even the money obtained through voluntary loans is expected to be repaid with the taxpayers' money. It's taxation all the way down. ...

Joel Kotkin points out the problems in the housing "recovery."

... So while the housing recovery — and the prospect of higher prices — does offer some relief to existing homeowners, it's having a negative impact further down the economic ladder. For the poorest Americans, nearly eight decades of extensive public subsidies have failed to solve their housing crisis. Given the financial straits of most American cities — particularly those like Detroit that need it the most — it's unlikely the government can rescue households stressed by the cost of shelter.

As one might suspect, the problem is greatest in New York, New Jersey and California, say the Harvard researchers .In those three states 22% of households are paying more than 50% of pre-tax income for housing, while median home values and rents in these states are among the highest in the country. According to the Center for Housing Policy and National Housing Conference, 39% of working households in the Los Angeles metropolitan area spend more than half their income on housing, 35% in the San Francisco metro area and 31% in the New York *area. All of these figures are much higher than the national rate of 24%, which itself is far from tolerable.*

Other, poorer cities also suffer high rates of housing poverty not because they are so expensive but because their economies are bad. In the most distressed neighborhoods of Baltimore, Chicago, Cleveland and Detroit, where vacancy rates top 20%, about 60% of vacant units are held off market, indicating they are in poor condition and likely a source of blight.

America's emerging housing crisis is creating widespread hardship. This can be seen in the rise of families doubling up. Moving to flee high costs has emerged as a major trend, particularly among working-class families. For those who remain behind, it's also a return to the kind of overcrowding we associate with early 20th century tenement living. ...

John Fund says Detroit could raise $2.5 billion selling 38 artworks.
Everyone has an idea about how to handle bankrupt Detroit. Public-employee unions want a state or federal bailout. A liberal state-court judge in Lansing wants to block the bankruptcy because it might reduce government pensions — with no thought as to where the money to pay for them will come from. Supply-siders want to create "innovation zones" that would spur growth by reducing taxes and regulations in the inner city, but it would be years before that measure would have an effect.

What no one wants to do, apparently, is sell the city's assets. The city has largely unused parks and waterfront property that could be opened to economic development. The Detroit Historical Museum has a collection of 62 vehicles, including an 1870 Phaeton carriage and John Dodge's 1919 coupe, that is worth millions. But the biggest sacred cow is the Detroit Institute of Art (DIA), one of the nation's oldest and most valuable art museums. It has pieces by Vincent van Gogh, Henri Matisse, Andy Warhol, and Rembrandt. The Institute also owns William Randolph Hearst's armor collection and the original puppet from the children's TV show Howdy Doody.

The Detroit Free Press asked New York and Michigan art dealers to evaluate just a few of the 60,000 items in the Institute's collection. The experts said the 38 pieces they looked over would fetch a minimum of $2.5 billion on the market, with each of several pieces worth $100 million or more. That would go a long way toward relieving the city's long-term debt burden of $17 billion. ...

The reputation of the IRS will take a long time to recover according to **Peggy Noonan**.
In all the day-to-day of the IRS scandals I don't think it's been fully noticed that the overall reputation of the agency has suffered a collapse, the kind from which it can take a generation to recover fully. In the long term this will prove damaging to the national morale—what happens to a great nation when its people come to lack even rudimentary confidence in the decisions made by the revenue-gathering arm of its federal government?

It will also diminish the hope for faith in government, which whatever your politics is not a good thing. We need government, as we all know. Americans have a right to assume that while theirs *may be deeply imperfect, it is not deeply corrupt. What harms trust in governmental institutions now will have reverberations in future administrations.*

The scandals that have so damaged the agency took place in just the past few years, since the current administration began. It is not Republicans on the Hill or conservatives in the press who have revealed the agency as badly managed, political in its actions, and really quite crazily run. That information, or at least the early outlines of it, came from the agency's own inspector general.

But the point is that it was all so recent. It doesn't take long to crater a reputation. The conferences, seminars and boondoggles in which $49 million was spent, including the famous "Star Trek" parody video—all that happened between 2010 and 2012. The targeting of conservative groups, the IRS leadership's public lies about it, the leaking of private tax information to liberal groups or journalists, the abuse of donor information—all that took place since the administration began, in 2009. Just this week, an inspector general report revealed excessive travel spending by a handful of IRS executives in 2011 and 2012.

All of it has produced the biggest IRS scandal since Watergate. Which makes it the second of only two truly huge scandals to be visited on the agency in its entire 100-year history. ...

WSJ Political Diary with another great **p**residential appointment.
The Equal Employment Opportunity Commission has run amok under chairwoman Jacqueline Berrien's guidance, particularly in its extralegal push to expand civil-rights protections for the likes of murderers and rapists. So it's welcome news to see state attorneys general shedding some light on the situation.

Nine Republican AGs, from states stretching from Montana to South Carolina, penned a letter to Ms. Berrien and the commission last week complaining about the "substantive position" the agency has taken against retailer Dollar General and a U.S. subsidiary of car maker BMW. The EEOC contends the companies broke federal law by using criminal background checks in employment decisions.

The AGs rip apart that legal theory, ...

The greatest food in human history? Would you believe a double cheeseburger from McDonald's? That's what **Kyle Smith** says in the NY Post.
What is "the cheapest, most nutritious and bountiful food that has ever existed in human history" Hint: It has 390 calories. It contains 23g, or half a daily serving, of protein, plus 7% of daily fiber, 20% of daily calcium and so on.

Also, you can get it in 14,000 locations in the US and it usually costs $1. Presenting one of the unsung wonders of modern life, the McDonald's McDouble cheeseburger.

The argument above was made by a commenter on the Freakonomics blog run by economics writer Stephen Dubner and professor Steven Leavitt, who co-wrote the million-selling books on the hidden side of everything.

Dubner mischievously built an episode of his highly amusing weekly podcast around the debate. Many huffy back-to-the-earth types wrote in to suggest the alternative meal of boiled lentils. Great idea. Now go open a restaurant called McBoiled Lentils and see how many customers line up.

But we all know fast food makes us fat, right? Not necessarily. ...

Reason

[The Economic Lesson Obama Needs to Learn]

Freedom, not regulation, is what the U.S. needs right now.

by Sheldon Richman

President Obama is again turning his attention to the elusive economic recovery. His “pivot” will be for naught, however, as long as he continues to ignore two important points: first, government is a major squanderer of scarce resources, and second, its regulations are impediments to saving and investment.

We live in a world of scarcity. At any given time our ends outnumber the means to achieve them. Hence we economize so that we can achieve as many of our ends as possible. Resources, labor, and time devoted to one purpose can’t also be used for other purposes, and the alternative forgone is the true cost of any action. We individually choose among competing ends after assessing the trade-offs, because we don’t want inadvertently to give up something we prefer in exchange for something we don’t value as much.

The marketplace, when it’s free of government privilege and regulation, lets us accomplish this to a remarkable degree. In doing so, it raises our living standards and creates an orderly environment, thanks to the price system, which coordinates and facilitates our plans.

Government throws this process out of whack. When politicians forcibly extract resources from us (through taxation) and borrow, they leave us less with which we can improve our lives through entrepreneurship, business formation, and the like. But, you may ask, aren’t the politicians’ projects worthwhile? Actually, many government projects are of zero value or worse. The costly global empire is beyond useless: it endangers us. Other projects might be useful, but — and this is key — we can’t be sure, because they are not subject to the market test.

If a private entrepreneur acquires resources in a quest for profit, she must create value for consumers or she will fail. The market’s profit-and-loss test will see to that. That test is administered by countless millions of consumers who are free to take or leave what the entrepreneur offers. This test is relayed back to the investors who lend money to entrepreneurs for productive ventures. They know that if the entrepreneur fails, they will also suffer losses. So they must scrutinize projects in terms of their potential, ultimately, to please free consumers.

The upshot is that consumers' uncoerced actions signal (through prices and profit/loss) what pleases them and what does not. Suppliers must pay heed or face bankruptcy. This explains why markets, when not burdened by government privileges and arbitrary rules, work so well to raise living standards.

Note how government projects differ essentially from market projects. Politicians and bureaucrats obtain their money through force, not consensual mutual exchange. (What happens if you tell the IRS you don't want to purchase its "services"?) Even the money obtained through voluntary loans is expected to be repaid with the taxpayers' money. It's taxation all the way down.

Moreover, government "services" are not offered in a competitive market where consumers are free to take them or leave them. Since we're forced to pay a monopoly provider regardless of whether we want the "services," at the point of delivery they appear to be free. You can't opt out of paying for "free public schools" even if you don't want to use them. Everyone pays into Social Security, a (meager) pension plan, under threat of force. In other words, government services are not true services in the market sense because they face no market test from consumers free to withhold their money without penalty.

The market test assures that bad trade-offs are avoided, or at least quickly corrected if they are made. If steel is being used to make one product when consumers are demanding something else, the competitive entrepreneurial process sees to it that steel will be redirected.

No corresponding process exists in the political realm. It contains no incentives to look out for the consumers' welfare. Instead, we have political theater and value destruction.

This would be bad enough, but it's actually worse. What government does with the stolen resources typically makes it harder for us to use the remaining resources productively. Uncertainty about future taxation and regulation, for example, increases the risk of investment and hence reduces it.

An indispensable prerequisite of economic well-being is humility on the part of politicians. How about it, President Obama?

New Geography

America's Emerging Housing Crisis

by Joel Kotkin

The current housing recovery may be like manna to homeowners, but it may do little to ease a growing shortage of affordable residences, and could even make it worse. After a recession-generated drought, household formation is on the rise, notes a recent study by the Harvard Joint Center on Housing Studies, and in many markets there isn't an adequate supply of housing for the working and middle classes.

Given problems with regulations in some states, particularly restrictions on new single-family home development, the uptick in housing prices threatens both prospective owners and renters, forcing people who would otherwise buy into the rental market. Ownership levels continue to drop, most notably for minorities, particularly African Americans. Last year, according to the Harvard study, the number of renters in the U.S. rose by a million, accompanied by a net loss of 161,000 homeowners.

This is bad news not only for middle-income Americans but even more so for the poor and renters. The number of renters now paying upward of 50% of their income for housing has risen by 2.5 million since the recession and 6.7 million over the decade. Roughly one in four renters, notes Harvard, are now in this perilous situation. The number of poor renters is growing, but the supply of new affordable housing has dropped over the past year.

So while the housing recovery — and the prospect of higher prices — does offer some relief to existing homeowners, it's having a negative impact further down the economic ladder. For the poorest Americans, nearly eight decades of extensive public subsidies have failed to solve their housing crisis. Given the financial straits of most American cities — particularly those like Detroit that need it the most — it's unlikely the government can rescue households stressed by the cost of shelter.

As one might suspect, the problem is greatest in New York, New Jersey and California, say the Harvard researchers .In those three states 22% of households are paying more than 50% of pre-tax income for housing, while median home values and rents in these states are among the highest in the country. According to the Center for Housing Policy and National Housing Conference, 39% of working households in the Los Angeles metropolitan area spend more than half their income on housing, 35% in the San Francisco metro area and 31% in the New York area. All of these figures are much higher than the national rate of 24%, which itself is far from tolerable.

Other, poorer cities also suffer high rates of housing poverty not because they are so expensive but because their economies are bad. In the most distressed neighborhoods of Baltimore, Chicago, Cleveland and Detroit, where vacancy rates top 20%, about 60% of vacant units are held off market, indicating they are in poor condition and likely a source of blight.

America's emerging housing crisis is creating widespread hardship. This can be seen in the rise of families doubling up. Moving to flee high costs has emerged as a major trend, particularly among working-class families. For those who remain behind, it's also a return to the kind of overcrowding we associate with early 20th century tenement living.

As was the case then, overcrowded conditions create poor outcomes for neighborhoods and, most particularly, for children. Overcrowding has been associated with negative consequences in multiple studies, including greater health problems. The lack of safe outside play areas is one contributing factor. Academic achievement was found to suffer in overcrowded conditions in studies by American and French researchers. Another study found a higher rate of psychological problems among children living in overcrowded housing.

This is occurring as a generation of middle-class people — weighed down by a poor economy, inflated housing prices and often high student debt — are being pushed to the margins of the ownership market. There will be some 8 million people entering their 30s in the next decade.

Those struggling to move up face rising rents and dismal job prospects. It's not surprising that a growing number of Americans now [believe life will be worse for their children.]

How do we meet this problem? How about with a sense of urgency? Not that government can solve the problem, but we should consider trying to encourage the kind of entrepreneurs who in the past created affordable "start up" middle- and working-class housing in places like Levittown (Long Island), Lakewood (Los Angeles) and the Woodlands (Houston). Government policy should look at opportunities to create housing attractive to young families, which includes some intelligent planning around open space, parks and schools.

There's certainly much that government can stop doing. The drive for "smart growth" is increasingly hostile to the very idea of single-family housing. Instead the emphasis, for example in the newly adopted Bay Area plan, is on high-density housing around transit links and virtual prohibition on single-family housing on the urban fringe, without which much higher housing prices — owned and rental — are inevitable. This may appeal to some — especially those in what historian Robert Bruegmann calls "the incumbent's club: who are already comfortably housed and benefit financially from policy-induced housing shortages. But for the majority of Americans, including immigrants, who would prefer a single-family home, this is bad news indeed.

The situation is worst in high-regulation states with out-of-whack rent and housing cost inflation. Until the 1970s, housing costs were only a little higher relative to income in metropolitan areas like San Francisco and New York compared to elsewhere in the country, staying within the same ratio of roughly 3 to 1. Then came the anti-growth regulatory regime that has doubled house prices relative to incomes, and even more so in San Francisco and San Jose.

But this is not just a California issue. Other states — Oregon, Washington, Maryland — have adopted similar policies. According to Brookings Institution economist Anthony Downs, the housing affordability problem is rooted in the failure to maintain a "competitive land supply." Downs notes that more urban growth boundaries can convey monopolistic pricing power on sellers of land if sufficient supply is not available, which, all things being equal, is likely to raise the price of land and housing that is built on it.

Generally speaking, as prices rise, single-family homes become scarcer and rents also rise. The people at the bottom, of course, suffer the most, since the lack of new construction, and the inflated prices for houses, also impacts the rental market. Since 1980, the average house price as reported by the National Association of Realtors has moved in near-lockstep with rents, as reported in the Consumer Price Index, except for the worst years of the housing bubble.

To be sure, this does not mean we should build more of the classic suburbs of the 1980s. There needs to be thought as to how to provide housing for people who live near work, or encourage more peopleto work at least part-time at home. It is also imperative that policy provides greater opportunity for people to purchase the housing they prefer and that is also affordable. Technology allows for most jobs to disperse, for tremendous opportunity for overall savings for households. Long linear parks — and even some smaller farms — could provide the critical link to nature and recreation that many households seek.

More than anything we need to recognize that we are not building a reasonable future for the next generation by forcing them to work to pay someone else's mortgage, that of the landlord.

This is the opposite of the American dream and certainly doesn't reflect the future our parents sought, nor is it one we should bequeath to our children.

Joel Kotkin is executive editor of NewGeography.com and Distinguished Presidential Fellow in Urban Futures at Chapman University, and a member of the editorial board of the Orange County Register. He is author of The City: A Global History and The Next Hundred Million: America in 2050. His most recent study, The Rise of Postfamilialism, has been widely discussed and distributed internationally. He lives in Los Angeles, CA.

National Review

Detroit's Precious Art

Selling only 38 pieces from the Detroit Institute of Art could raise $2.5 billion.

by John Fund

Everyone has an idea about how to handle bankrupt Detroit. Public-employee unions want a state or federal bailout. A liberal state-court judge in Lansing wants to block the bankruptcy because it might reduce government pensions — with no thought as to where the money to pay for them will come from. Supply-siders want to create "innovation zones" that would spur growth by reducing taxes and regulations in the inner city, but it would be years before that measure would have an effect.

What no one wants to do, apparently, is sell the city's assets. The city has largely unused parks and waterfront property that could be opened to economic development. The Detroit Historical Museum has a collection of 62 vehicles, including an 1870 Phaeton carriage and John Dodge's 1919 coupe, that is worth millions. But the biggest sacred cow is the Detroit Institute of Art (DIA), one of the nation's oldest and most valuable art museums. It has pieces by Vincent van Gogh, Henri Matisse, Andy Warhol, and Rembrandt. The Institute also owns William Randolph Hearst's armor collection and the original puppet from the children's TV show *Howdy Doody*.

The *Detroit Free Press* asked New York and Michigan art dealers to evaluate just a few of the 60,000 items in the Institute's collection. The experts said the 38 pieces they looked over would fetch a minimum of $2.5 billion on the market, with each of several pieces worth $100 million or more. That would go a long way toward relieving the city's long-term debt burden of $17 billion.

Just the idea of selling art to avoid painful budget cuts that could send city-employee retirees into poverty in their old age elicits howls of anger. "Bidding stuff off is completely ridiculous," Bill Shearrod, a grant manager for a Detroit nonprofit, told the *Detroit News*. "The DIA is the spirit of Detroit." Local philanthropist A. Alfred Taubman said "it would be a crime" to sell any part of the collection. "It's not just an asset of Detroit, it's an asset of the country," he told the *Detroit Free Press*. Michigan attorney general Bill Schuette issued a statement asserting that the art is actually held by a charitable trust and not owned by the city. But federal bankruptcy law trumps any state law, so his argument is on shaky ground. Kevyn Orr, Detroit's emergency manager, took note of the criticism in his first news conference after Detroit's bankruptcy was announced on July 19. "Nothing is for sale, including Howdy Doody," he said. But his spokesman Bill Nowling later explained that Orr couldn't take anything off the table in negotiations with creditors: “We’ve got a responsibility to rationalize all the assets of the city and find out what the worth is and what the city holds.”

Indeed, the city of Harrisburg, Pennsylvania’s state capital, discovered just last week that an auction of its city-owned assets could pull in far more than had been predicted. Stephen Reed, Harrisburg’s mayor for 28 years, had misused city funds to assemble a collection of 8,000 artifacts for a Wild West Museum that was never built. The city, deeply in debt, decided to hold an auction, which attracted 10,000 online bidders. The collection sold for $3.85 million — far more than the $2 million to $2.5 million an auction house had estimated.

But DIA supporters scoff at any comparisons between fine art and Wild West artifacts. They insist that if any of the museum’s art is sold, DIA would be ostracized by other museums and barred from hosting traveling exhibitions or from borrowing works. Indeed, in 2008, the Association of Art Museum Directors sanctioned the National Academy Museum in New York for selling two American landscapes in an attempt to stay open. At the time, Carmine Branagan, the academy’s director, told the arts blog *CultureGrrl* that “we had a choice of selling or becoming part of the dustbin of history.” The sanctions against the academy were quietly suspended in 2010.

Detroit could have done a lot more to avert bankruptcy, but many of its leaders persisted in wallowing in victimology and blaming the suburbs for their problems. Last year, the state of Michigan offered to manage the 1.5-square-mile park of Belle Isle for ten years, upgrading the crumbling facilities and saving the city at least $6 million a year in upkeep. The Detroit city council voted down the idea, 6 to 3. The city, about one-third of whose land is vacant, has previously voted against selling empty lots. One council member told John Stossel of Fox News that he opposed selling them “because the developer wants to grow trees. We don’t need any more new trees in our city.” As for foreclosing on city-owned buildings so they can be sold and perhaps saved from decay — don’t count on it. In February, the *Detroit News* reported that “last year, county treasury officials refused to foreclose on about 40,000 properties in Detroit and plan to bypass another 36,000 this year because they say they can’t handle the volume of owners not paying their bills.”

Given this abysmal track record, maybe it is time to start ignoring some of the city’s leaders and let the bankruptcy train take its course. That could entail selling part of the DIA’s collection — perhaps starting with the many items (including Howdy Doody) that sit in storage.

This would not be “selling the soul of the city,” as many civic leaders wail. Right now, restoring and paying for basic services should be the city’s top priority. Detroit had more than 15,200 violent crimes and 500 acts of arson in 2012. Police response times are five times longer than the national average, and only 8 percent of crimes are solved, compared with a third nationwide. Some city-employee pensioners retired early and aren’t yet old enough for Social Security or Medicare; they face painful choices if their retirement checks have to be cut.

There’s also the question of elitism. Detroit is now 84 percent African American. Yet, as Joy Hakanson Colby, an art critic for the *Detroit News*, pointed out in 1997, only 9 percent of the DIA’s visitors in 1996 (there aren’t reliable statistics after that) were black. Those numbers might be slightly higher since the three counties that make up metro Detroit voted last August for a special property-tax increase to prop up the museum; the museum in turn grants free admission to any resident of the three counties.

But somehow I doubt there's been much change. When I visited the DIA last December, I spent three hours there in both the permanent collection and a special Fabergé-egg exhibit. In all that time, I saw only one African-American visitor, and she turned out to be a student from the nearby university town of Ann Arbor. I asked one of the security guards about my observation, and he said it matched his own experience.

It's time to make the art in the DIA more relevant to the people who actually live near it. The museum could take some of the money raised from art sales and expand its successful Inside/Out program, in which high-quality reproductions of fine art are put on buildings and in parks, where far more people can actually see them. The DIA's idea has been emulated by the Walters Art Museum in Baltimore, the Taft Museum of Art in Cincinnati, and the Delaware Art Museum in Wilmington. Here is an example of how it works.

It's hard to justify letting the current decay of Detroit worsen while so many of its assets are counted as untouchable and kept off the bankruptcy table. Although he is a big art fan, Bill Nowling acknowledges the contradiction. "It's hard to go to a pensioner on a fixed income and say 'We're going to cut 20 percent of your income or 30 percent or whatever the number is, but art is eternal,'" he told the *New York Times*. "For people, that's a hard distinction. I think it's a distinction that some of the patrons of the D.I.A. have a hard time understanding. We're talking about real people here with real decisions that have real impact on their lives."

WSJ

Damage Control at Fortress IRS

The agency crisis could permanently harm Americans' faith in government.

by Peggy Noonan

In all the day-to-day of the IRS scandals I don't think it's been fully noticed that the overall reputation of the agency has suffered a collapse, the kind from which it can take a generation to recover fully. In the long term this will prove damaging to the national morale—what happens to a great nation when its people come to lack even rudimentary confidence in the decisions made by the revenue-gathering arm of its federal government?

It will also diminish the hope for faith in government, which whatever your politics is not a good thing. We need government, as we all know. Americans have a right to assume that while theirs may be deeply imperfect, it is not deeply corrupt. What harms trust in governmental institutions now will have reverberations in future administrations.

The scandals that have so damaged the agency took place in just the past few years, since the current administration began. It is not Republicans on the Hill or conservatives in the press who have revealed the agency as badly managed, political in its actions, and really quite crazily run. That information, or at least the early outlines of it, came from the agency's own inspector general.

But the point is that it was all so *recent*. It doesn't take long to crater a reputation. The conferences, seminars and boondoggles in which $49 million was spent, including the famous "Star Trek" parody video—all that happened between 2010 and 2012. The targeting of conservative groups, the IRS leadership's public lies about it, the leaking of private tax information to liberal groups or journalists, the abuse of donor information—all that took place since the administration began, in 2009. Just this week, an inspector general report revealed excessive travel spending by a handful of IRS executives in 2011 and 2012.

All of it has produced the biggest IRS scandal since Watergate. Which makes it the second of only two truly huge scandals to be visited on the agency in its entire 100-year history. (The IRS began in its modern incarnation in 1913, the year the 16th Amendment was ratified.) And Watergate didn't kill the IRS's reputation, only Nixon's.

The effect in terms of public approval can be seen in the polls. Fox News, in May, compared its recent IRS polling with its polling 10 years ago. In May 2003, just under a third of all respondents said they had little or no faith in the IRS—a high number, perhaps, but a cantankerously American one. In May 2013, that number had jumped to 57%. Around the time of Fox's 2013 poll, Gallup had 60% of Americans seeing the IRS as an agency that "frequently abuses its powers." And Gallup had 42% of respondents saying the IRS did a "poor" job, more than double the figure from 2009.

One irony here is that the Obama White House, always keen to increase the reach and power of government, also seems profoundly disinterested in good governing. It is strange. The long-term project of liberalism involves encouraging the idea of faith in government as a bringer or guarantor of greater justice. But who needs more government if government works so very badly, and is in its operations unjust?

This White House is careless with the reputation of government. They are a campaigning organization, not a governing one.

You might think at this point the White House might begin to think cleverly and strategically. That they would very showily give the scandal their time and attention—really give it some priority. That they might show daily indignation, and see to it that the IRS is utterly forthcoming with Congress. That would have two effects. First, it would help the IRS recover if the public saw it being responsive, as opposed to speaking in the usual word salad punctuated with "We have no comment." Second, it would help the Obama White House look responsive, responsible and actually interested in good governance.

Instead the president and his spokesman just run around and call the scandal phony. That's their big contribution: It's phony. It was better in the old days, 2½ months ago, when they feigned outrage.

You would think also the leadership of the IRS would, at this point, be a bit head-bowed—eager to deal publicly with the agency's problems, to be responsive with Congress and, most of all, to demonstrate good faith after the lying that marked the early days of the scandal.

But that is not what's happening. House investigators this week said they have in fact received less than 1% of the documents they have been asking for from the agency. The IRS itself at one point identified a whopping and rather intimidating 65 million documents that might be relevant to the tea-party scandal. To date—almost three months since the scandal became public—the House Ways and Means Committee says the IRS has turned over only 13,000 pages. And some of them were duplicates.

It's gone beyond what staff aides were, last month, calling "slow walking." Chairman Dave Camp said in a statement the IRS's actions look "a lot like obstruction." One aide said: "Patience is wearing thin."

Meanwhile, investigations continue, interviews are ongoing. Congressional investigators believe they have picked up an unusual amount of checking in with and requesting approval and guidance from the office of the IRS general counsel. They also believe they are picking up an intense level of decision-making between that office and Lois Lerner, former head of the exempt organizations office. The committee is particularly interested in all correspondence and communications between the general counsel's office, the Treasury Department and the White House.

An observer might fairly say that the IRS appears to be stringing the story out, that they are more preoccupied with damage control than finding out what exactly happened in the tea-party scandal. Perhaps the agency, and the administration, is thinking that if they string the story out it may disappear into the summer. Maybe its momentum will be broken. Maybe people will begin to think, when they see an IRS headline on page B-12, that they've already read that story. Maybe slowing everything down will take the steam out of the entire investigation.

That might seem a politically astute move—not governmentally responsible but politically astute. Letting the story go forward in slow dribs and drabs won't help the IRS recover its reputation and begin to function in a healthy way, but it may limit immediate political damage to the administration.

But a slow walk of documents carries political risk. It may keep the story down, but it will keep it alive by keeping it from being resolved. Republicans on the Hill show no signs of losing interest. They seem anxious to stay on the story, for all the obvious reasons, both public-spirited and self-interested.

But they may begin issuing subpoenas. And if the story goes into the fall, and continues through the winter, perhaps even the spring, it will become an active drama within the 2014 election cycle.

Which would make the administration's recent moves not only governmentally lacking, but politically maladroit.

WSJ - Political Diary

[Unlawful 'Guidance'?]

by Mary Kissel

The Equal Employment Opportunity Commission has run amok under chairwoman Jacqueline Berrien's guidance, particularly in its extralegal push to expand civil-rights protections for the likes of murderers and rapists. So it's welcome news to see state attorneys general shedding some light on the situation.

Nine Republican AGs, from states stretching from Montana to South Carolina, penned a letter to Ms. Berrien and the commission last week complaining about the "substantive position" the agency has taken against retailer Dollar General and a U.S. subsidiary of car maker BMW. The

EEOC contends the companies broke federal law by using criminal background checks in employment decisions.

The AGs rip apart that legal theory, noting that Title VII of the 1964 Civil Rights Act prohibits discrimination "on the basis of race, color, religion, sex, or national origin," not criminality, and that "neither lawsuit alleges overt racial discrimination or discriminatory intent." The EEOC's guidance issued in April last year, presumably to give a legal veneer to the subsequently filed lawsuits, "incorrectly applies the law" too.

"An employer may have any number of business-driven reasons for not wanting to hire individuals who have been convicted of rape, assault, child abuse, weapons violations, or murder—all crimes specifically mentioned in the complaints," they wrote. "No matter how unfair a bright-line criminal background check might seem to some, it is not your agency's role to expand the protections of Title VII under the pretext of preventing racial discrimination."

In other words, regulators are supposed to enforce the law, not write it. The AGs want the EEOC to rescind its criminal background check guidance and dismiss the Dollar General and BMW lawsuits, which is unlikely so long as Ms. Berrien is around. But at the very least, the letter should embarrass an agency that deserves serious congressional scrutiny.

NY Post

[The greatest food in human history]

In terms of cost-per-calorie, no locavore, organic veggie can compete with the McDouble

by Kyle Smith

McDonald's McDouble cheeseburger

What is “the cheapest, most nutritious and bountiful food that has ever existed in human history” Hint: It has 390 calories. It contains 23g, or half a daily serving, of protein, plus 7% of daily fiber, 20% of daily calcium and so on.

Also, you can get it in 14,000 locations in the US and it usually costs $1. Presenting one of the unsung wonders of modern life, the McDonald’s McDouble cheeseburger.

The argument above was made by a commenter on the Freakonomics blog run by economics writer Stephen Dubner and professor Steven Leavitt, who co-wrote the million-selling books on the hidden side of everything.

Dubner mischievously built an episode of his highly amusing weekly podcast around the debate. Many huffy back-to-the-earth types wrote in to suggest the alternative meal of boiled lentils. Great idea. Now go open a restaurant called McBoiled Lentils and see how many customers line up.

But we all know fast food makes us fat, right? Not necessarily. People who eat out tend to eat less at home that day in partial compensation; the net gain, according to a 2008 study out of Berkeley and Northwestern, is only about 24 calories a day.

The outraged replies to the notion of McDouble supremacy — if it’s not the cheapest, most nutritious and most bountiful food in human history, it has to be pretty close — comes from the usual coalition of class snobs, locavore foodies and militant anti-corporate types. I say usual because these people are forever proclaiming their support for the poor and for higher minimum wages that would supposedly benefit McDonald’s workers. But they’re completely heartless when it comes to the other side of the equation: cost.

Driving up McDonald’s wage costs would drive up the price of burgers for millions of poor people. “So what?” say activists. Maybe that’ll drive people to farmers markets.

For the average poor person, it isn’t a great option to take a trip to the farmers market to puzzle over esoteric lefty-foodie codes. (Is sustainable better than organic? What if I have to choose between fair trade and cruelty-free?) Produce may seem cheap to environmentally aware blond moms who spend $300 on their highlights every month, but if your object is to fill your belly, it is hugely expensive per calorie.

Junk food costs as little as $1.76 per 1,000 calories, whereas fresh veggies and the like cost more than 10 times as much, found a 2007 University of Washington survey for the Journal of the American Dietetic Association. A 2,000-calorie day of meals would, if you stuck strictly to the good-for-you stuff, cost $36.32, said the study’s lead author, Adam Drewnowski.

“Not only are the empty calories cheaper,” he reported, “but the healthy foods are becoming more and more expensive. Vegetables and fruits are rapidly becoming luxury goods.” Where else but McDonald’s can poor people obtain so many calories per dollar?

And as for organic — the Abercrombie and Fitch jeans of food — if you have to check the price, you can’t afford it. (Not that it has any health benefits, as last year’s huge Stanford meta-study showed.)

Moreover, produce takes more time to prepare and spoils quickly, two more factors that effectively drive up the cost. Any time you're spending peeling vegetables is time you aren't spending on the job.

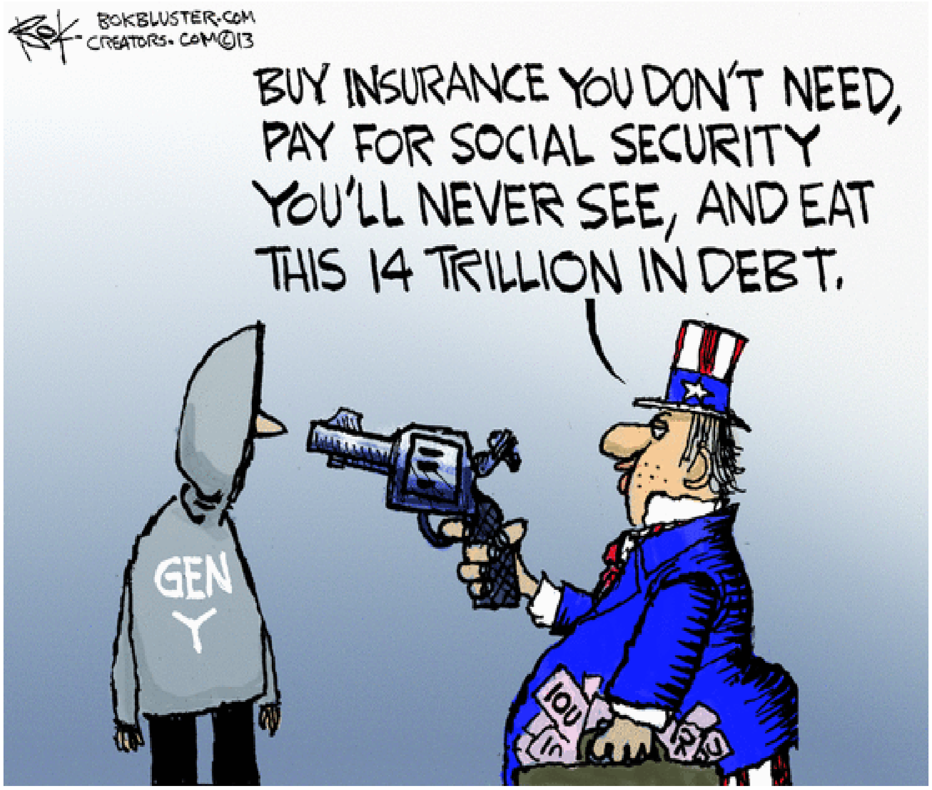
Activists will go anywhere to wave the banner of caring and plant their flagpole of social justice right in the foot of the working class.

Forcing New Yorkers to pay unnecessary high prices, they've managed to keep Walmart out of the five boroughs of New York City. The City Council of Washington, DC, recently passed a bill, designed specifically to punish only Walmart, which would mandate a super-minimum wage to benefit a small number of employees while effectively placing a surtax on every Walmart shopper. (Walmart responded by saying it was canceling plans for three stores. The bill may yet be vetoed by Mayor Vincent Gray.)

Fuel prices, like food prices, disproportionately hit the poor, so do-gooders do everything they can to raise energy costs by blocking new fuel sources like the Keystone XL pipelines and fracking. And they are always up for higher gasoline taxes and regulating coal-burning energy plants to death.

If the macrobiotic Marxists had their way, of course, there'd be no McDonald's, Walmart or Exxon, because they have visions of an ideal world in which everybody bikes to work with a handwoven backpack from Etsy that contains a lunch grown in the neighborhood collective.

That's not going to work for the average person, but who cares if they go hungry because they can't afford a burger anymore? Let them eat kale!


BOKBLUSTER.COM
CREATORS.COM ©13
BUY INSURANCE YOU DON'T NEED, PAY FOR SOCIAL SECURITY YOU'LL NEVER SEE, AND EAT THIS 14 TRILLION IN DEBT.
GEN Y
IOU


WHY DO THE BRITS BLOW $50 MILLION ON THEIR ROYALTY?
BECAUSE THEY CAN'T AFFORD WHAT WE BLOW ON OURS.
WHAH
CREATORS.COM
©13 BOKBLUSTER.COM

www.investors.com/cartoons