

September 30, 2013

Megan McArdle with the latest madness from left/liberal mess that is Detroit.

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The Cruz phenomenon covered by John Fund.

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**Matthew Continetti** explains why Ted Cruz is so hated.

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*At the other end of the tracks the freshman conservative from Texas stood on the floor of the Senate and spoke for close to a day in an effort to deny money to President Barack Obama’s chief legacy—a misbegotten and unpopular law whose unintended consequences are already being felt in labor and insurance markets. Digressive, flamboyant, ideological, earnest, theatrical, self-promotional, at times touching and at other times goofy, Cruz deserved applause for his commitment and, at least, for his stamina. He established himself as the leader of the anti-Obamacare forces, forced the Democrats to defend their misbegotten law, and pulled the public discourse rightward. And while one might disagree with his strategy—neither Cruz nor his supporters have fully answered, in my view, the question of what they will do after this plan fails—one cannot help admiring the boldness and tenacity with which Cruz pursues his goal.*

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**Ann Coulter** wants Cruz Control on all GOP models.

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*They love the public schools and denounce school choice -- but their kids go to St. Albans or Sidwell Friends. As Al Gore responded to a question from a black journalist for Time magazine who asked him why he opposed school vouchers while sending his own kids to private schools, "My children -- you can leave them out of this!"*

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*They tell us guns won't protect us -- and then we find out the loudest of them all have armed guards. Staunch gun-control advocate Mayor Richard Daley of Chicago had three armed guards with him at all times, as well as an armored car. Mayor Rahm Emanuel also has armed guards and an armored car. Chicago aldermen are allowed to carry any guns they like. But until very recently (we hope!) the people of Chicago were virtually prohibited from being armed.*

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*And now these government do-gooders shoving Obamacare down our throats have managed to exempt themselves from its wonderful provisions. Supreme Court justices won't have to suffer under Obamacare, but will continue to have their health care subsidized by us, the hapless taxpayers forced into this rotten system. ...*

**Peter Wehner** will have none of this. He thinks Cruz is a disaster.

*... As I've argued several times before (including [here](#)), this whole gambit was based on the fiction, perpetrated by Cruz and others, that the Affordable Care Act could be defunded (without even a single Democratic vote, [according to Cruz](#)). That was never true. That goal was an illusion. A mirage. A delusion. And surely Mr. Cruz, an intelligent and well-educated man, knew it. There was simply no way a Democratic Senate and Barack Obama would abolish his signature domestic achievement. And defunding the ACA would require just that.*

*No matter. Senator Cruz, along with several of his colleagues, convinced many grassroots conservatives and Tea Party members that the end game was to put a stake through the heart of ObamaCare, once and for all. If you sided with them, you were a principled conservative who*

*opposed ObamaCare; if you were against them, you were part of the “surrender caucus.” This was cast as a Moment of Truth.*

*Now the whole thing is being exposed for what it was – a game. And the (inevitable) failure by Cruz and the others will leave these people crushingly disappointed and enraged. They were led to believe something that was simply not true – and many of them still don’t know they were misled.*

*Beyond all that is the damage this inflicts on conservatism. Conservatism, after all, is a political philosophy that is (or should be) anti-utopian, empirical, prudent, somewhat modest in its expectations and firmly grounded in reality. That’s certainly not all that conservatism is, but those elements comprise it. Yet here we are, with a large part of the conservative movement having taken a journey through the looking glass.*

*This whole episode was a low moment for genuine conservatism.*

### **Victor Davis Hanson on the late great middle class.**

*... Obama promised to restore the middle class. In truth, he has enacted the very policies that have done it the most damage in years. That paradox may explain why his base of support remains the very rich and the very poor. Goldman Sachs, federal bureaucrats, and aid recipients are helped in a way that the strapped hardware-store owner, Starbucks barista, and part-time welder are not.*

*For all the talk of infrastructure or stimulus, the latest \$6 trillion in federal borrowing seems to have been wasted on bailing out insider banks and green companies, growing the federal work force, regulating the private sector into stasis, and subsidizing those who are not working.*

*The Federal Reserve still keeps interest rates at near zero. That mostly helps Wall Street, where money flows madly in search of any sort of return.*

*Most real interest rates for consumer purchases somehow remain exorbitant. Banks obtain their money cheaply and lend it out expensively. No wonder that so many Wall Street and banking executives — Timothy Geithner, Jack Lew, Peter Orszag, Gene Sperling, Larry Summers — revolve in and out of the highest levels of this “no revolving door” administration.*

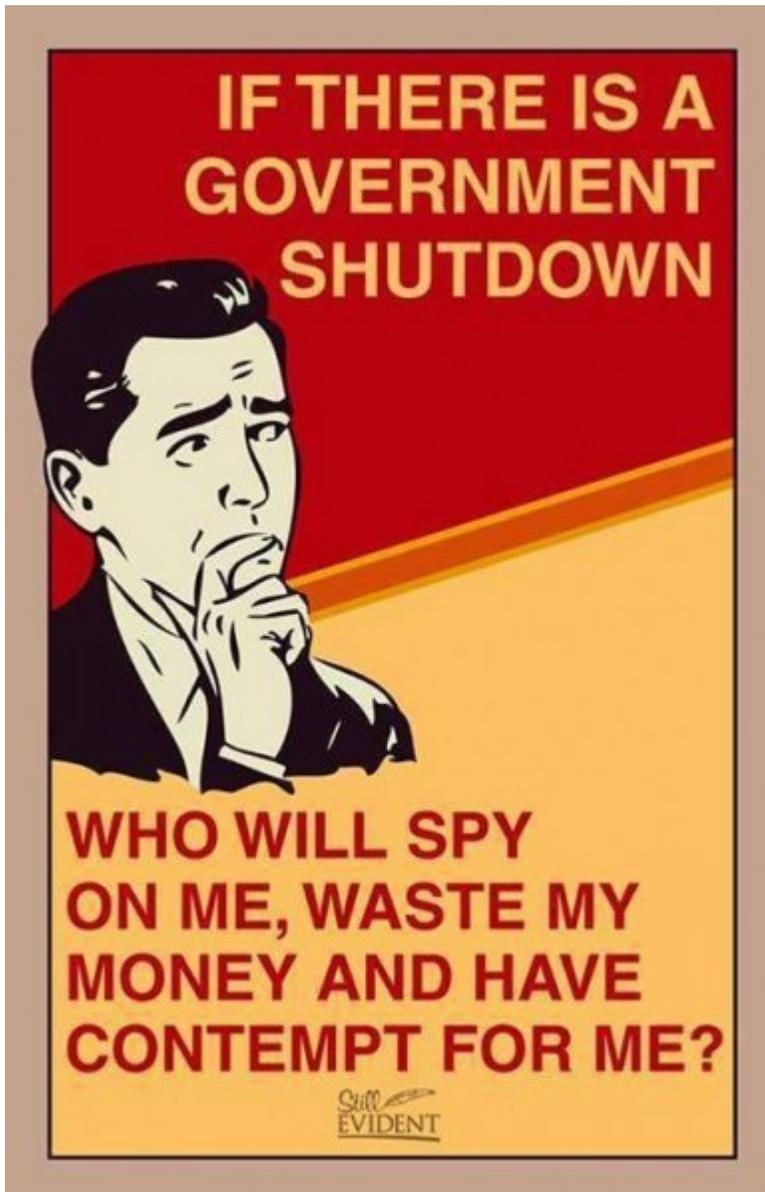
*Middle-class workers see little chance of retiring when their meager savings earn almost no interest, so they are apt to stay on the job longer. Their continuance only makes unemployment rates for young entry-level workers even worse.*

*Obama always threatened higher taxes on the well-off. He achieved that goal with a new 39.6 percent federal rate on upper incomes, a rate paid on top of state and payroll taxes. Yet such steep taxes do not much affect the super-rich. Their income is often exempted through sophisticated tax avoidance or, more often, earned through lower-taxed capital gains. ...*

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## **Bloomberg** **[Detroit's Pension Madness](#)**

by Megan McArdle

I'm rarely speechless, but I'm having trouble putting my emotions into words after reading the latest [report](#) on the Detroit pension situation. Now, I admit it: I'm kind of naïve. Usually when I see an underfunded pension, I think to myself "poor pensioners -- undone by a combination of [stupid tax rules](#), volatile stock markets and mismanagement by trustees who tried to restore depleted fund assets with an investment approach you might call 'desperate optimism'." Thus, I was not entirely prepared for the new revelations about the Detroit trustees' custom of handing out annual holiday "bonuses" to workers, retirees and the City of Detroit. Between 1985 and 2008, they handed out roughly \$1 billion this way. Had they been invested, one estimate says those funds would be worth almost \$2 billion today -- or more than half the current shortfall in the funds.

These “bonuses” were used to lower the contribution the city was required to make, to give retirees a little something extra around Christmas time, and to fund individual savings accounts that workers are offered along with their pensions. In 2009, when the financial markets were completely frozen and the automakers were shotgunning through the bankruptcy courts, the pension trust paid 7.5 percent interest into those accounts -- which is about 7.5 percent more than they would have gotten at a bank. This while the pension funds were busy losing about a quarter of their value.

I literally slapped my forehead while reading some of the explanations that the trustees offered for their behavior. The spokesman for the trustees has the nerve to complain about the actuary’s report that outlines these wild deviations from sanity. Here is how she justified draining the pension fund assets:

She said that the trustees were administering benefits that had been negotiated by the city and its various unions and that they had established an internal account to set aside “excess earnings” that would cover the cost. She said it was appropriate for retirees to benefit from market upturns because they had paid into the pension fund, so their own contributions had generated part of the investment gains.

“People were having a hard time, living hand-to-mouth, and we thought we would give them some extra,” Ms. Bassett said.

It does not seem to have occurred to Ms. Bassett, or the other trustees, that people would have a very hard time when the pension that they were depending on went up in smoke.



***Detroit's pension board gets down to work?***

It's very hard for me to attribute this to something benign, like total economic illiteracy or gross inattention to their responsibilities as pension trustees. I can't imagine that anyone who can read and do basic arithmetic ever thought that draining off the "excess earnings" in the good years could result in anything other than exactly what it has wrought: a pension fund so disastrously underfunded that it may not be salvageable. No, wait, that's too kind: they were also draining off ... what should we call them? "excess non-earnings"? in years when the economy was melting down, the Dow Jones was trading for less than a Mickey Mantle rookie card and the region's chief industry was teetering on the brink of extinction. What could they possibly have been thinking?

My best guess is that they were thinking the pensions would have to be paid, one way or another. After all, it's in the Michigan State Constitution. So they could pay out bonuses, please various constituencies, and then force the city or the state to make them whole when it all came tumbling down. They didn't reckon with the possibility that the city would simply run out of money, and the state would decline to step in, [leaving them](#) with no deep pockets to make up for their mismanagement.

It's hard to overstate how bad this is. I can't find any figures, but I'd guess that for many workers, the pension is at least half their annual retirement income. They may lose a giant chunk of that, because unlike a corporate pension, a municipal pension isn't insured; if Detroit declares bankruptcy, they'll get a fraction of whatever the city gives the unsecured creditors, and no more. The workers who were hoping to top that up with those "bonuses" in their personal accounts may also be unpleasantly surprised to find that a bankruptcy judge can claw that money back if it is deemed to have been improperly conveyed in the first place.

It will be even worse if the firefighter and police funds turn out to have been similarly abused, because those people don't even participate in social security. Their retirement could end up being lean indeed. But let's hope that that does not turn out to be the case. The current situation is quite bad enough.

## National Review

### [Giving Cruz His Due](#)

*Liberals are passionate in their scorn for him — which tells you how worried they are.*

by John Fund

A spat has broken out over whether the media demonstrated liberal bias in their coverage of Senator Ted Cruz's marathon anti-Obamacare speech. Conservatives are contrasting the heckling and slurs leveled against Cruz with the overwhelmingly positive reaction won by his fellow Texan Wendy Davis for her ultimately unsuccessful filibuster of a bill in the Texas state senate restricting abortions performed after 20 weeks.

Liberals who reject the bias charge make two main points. First, they say, the most negative commentary against Cruz came from opinion writers, not news reporters. Second, they add, Davis's 13-hour physically grueling feat constituted a genuine filibuster while Cruz's semi-orchestrated effort wasn't a bona fide attempt to derail Obamacare.

Let's deal with both arguments in turn. It's certainly true that opinion writers were the most dismissive of Cruz's efforts. Josh Gad, writing in *USA Today*, said he watched TV in disbelief as he saw "a grown man from Texas, who seemingly had passed through sixth grade, standing at a podium in the U.S. Senate, at risk of urinating on himself or worse while reading bedtime stories" in order to protest Obamacare. Josh Marshall, the editor of *Talking Points Memo*, called Cruz, with whom he went to college at Princeton, an "arrogant jerk."

But the tone of reporters and news anchors was also clearly dismissive or negative. Most networks focused on Bill Clinton's latest endorsement of Obamacare. When they covered the Cruz speech at all, they showed few clips of Cruz actually explaining his position, although he did so at length throughout the course of 21 hours. ABC's George Stephanopoulos called Cruz's speech "bizarre," and NBC's Natalie Morales referred to it as a "long-winded protest."

By contrast, Stephanopoulos's ABC show *This Week* featured Wendy Davis in its "spotlight" segment and interviewed her in the dinner theater where she once worked as a waitress. There was little criticism of the unruly mob of Davis supporters in the gallery who shouted down Texas state legislators. Indeed, most news reports made no mention at all of this crowd, although it's likely that their disruptive behavior was just as responsible as Davis was for the fact that the bill didn't make it to the floor for a vote in Austin before the legislative session's midnight deadline.

The second argument liberals make to defend themselves against the charge of liberal bias in the Cruz–Davis coverage is that Cruz's 21 hours meant nothing at all. Charles Pierce of *Esquire* magazine, after comparing Cruz to the late demagogue Joe McCarthy, claimed:

A filibuster has a point, a definable political objective. What Cruz is doing has nothing that concrete. And it is not the case that these are identical because, "symbolically," they are the political equivalent of caber-tossing. One was a filibuster. The other is a long speech.

The truth is that both speeches were made in large part for the purpose of political theater and had no real chance of changing the legislative outcome. Davis has admitted to fellow legislators that she knew Republican supporters of the abortion restrictions would soon come back and pass the bill in a special session. Cruz admitted in public the high likelihood that he would not achieve his goal of defunding Obamacare.

But both speeches have undoubtedly had political consequences. Davis became an instant liberal celebrity and has signaled she will run for governor of Texas next year, a race she would begin as an underdog but might have some chance of winning.

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was postponing enrollment in most of the small-business exchanges, originally scheduled to open on October 1.

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After all, when Ronald Reagan burst into the national consciousness with his televised “Time for Choosing” speech on behalf of Barry Goldwater’s candidacy in 1964, liberals were united in their scornful dismissal of him. As I recall, the Gipper bested his critics with the last laugh — many times over.

## Free Beacon

### Rebel Without A Caste

#### *Why Ted Cruz Drives Them Crazy*

by Matthew Continetti



How fitting that [Senator Ted Cruz’s 21-hour anti-Obamacare speech](#) on the Senate floor in Washington, D.C., happened to coincide with the opening of the U.N. General Assembly and [the annual meeting of the Clinton Global Initiative](#) in New York City. Rarely is the distance separating [the caste that rules our world](#) from its few, heavily despised critics so literal.

At the midpoint of the Acela corridor, heads of state, foreign ministers, and assorted luminaries from around the world gathered to toast themselves, make new friends, [snub the president of the United States](#), and recycle platitudes on climate change, gun control, global poverty, the health care cost curve, and the Global South, all while clogging Midtown traffic, occupying posh hotels, [fooling gullible media personalities](#), and enjoying the best of Manhattan's entertainment, nightlife, culture, and cuisine.

At the other end of the tracks the freshman conservative from Texas stood on the floor of the Senate and spoke for close to a day in an effort to deny money to President Barack Obama's chief legacy—a [misbegotten](#) and [unpopular](#) law whose unintended consequences are already being felt in [labor](#) and [insurance markets](#). Digressive, flamboyant, ideological, earnest, theatrical, self-promotional, at times [touching](#) and at other times [goofy](#), Cruz deserved applause for his commitment and, at least, for his stamina. He established himself as the leader of the anti-Obamacare forces, forced the Democrats to defend their misbegotten law, and pulled the public discourse rightward. And while one might disagree with his strategy—neither Cruz nor his supporters have fully answered, in my view, the question of what they will do *after* this plan fails—one cannot help admiring the boldness and tenacity with which Cruz pursues his goal.

But that's just me. Many other people, reasonable people, Republicans, Democrats, conservatives, and liberals, have been more than able to resist Cruz's charms, such as they are. And their resistance has been so visceral, so virulent, so out of proportion to the reaction to earlier marathon floor speeches and filibusters that explanations seem necessary.

The justifiable Republican fear that a government shutdown [could upset the political equilibrium of the 2014 elections](#) is one reason that anonymous GOP aides and on-the-record GOP senators have opposed Cruz. And the justifiable Democratic frustration at having continually to defend and boost an unpopular and glitchy program is why the party's leadership, from the president to Chuck Schumer, stands athwart all Republican attempts to delay or alter or defund or repeal the "law of the land."

What is not easily explained is the reaction to Cruz the man. Normally the media love filibusters, real or virtual. A few months ago in Texas a Democratic state senator named Wendy Davis filibustered a pro-life bill and received rapturous coverage, including articles dedicated to her [footwear](#). But her filibuster ultimately led nowhere: Gov. Rick Perry simply called a special session of the legislature where the abortion restrictions passed over Davis' objections.

Earlier this year Sen. Rand Paul (R., Ky.) led [a 13-hour filibuster to challenge administration policy on drone use](#). The attention he received, and the kudos from anti-drone activists, secured his place at the forefront of potential GOP presidential candidates. The only denunciations of Paul I can remember came from Sens. John McCain (R., Ariz.) and Lindsey Graham (R., S.C.) who, it should be noted, later denounced Cruz.

At least McCain and Graham are consistent. Reading liberal blogs, and even some conservative ones, in the aftermath of the Cruz speech, one encountered post after post making the most Jesuitical distinctions between Davis' filibuster, Paul's filibuster, and Cruz's filibuster, all so a particular author could claim higher intellectual and moral status than the senator from Texas. The intellectual contortions seemed painful to me.

In 2010, when Sen. Bernie Sanders (I., Vt.) delivered a predictable, [8-hour jeremiad in protest against tax cuts, banking, and capitalism](#), his remarks were treated with kid gloves by the press, packaged and sold as [a book](#), and championed on liberal blogs. “It’s just nice to see someone taking a stand for the view that upper-income households don’t need a tax-cut,” [wrote one particularly mindless blogger](#). Take a guess where that blogger [stands on Cruz](#).

The criticism to which Cruz has been subjected is unlike anything in recent memory. He has been [likened to Joe McCarthy](#), condescended to by Sen. Dianne Feinstein (D., Calif.), called a “wacko-bird” by McCain, a “schoolyard bully” by Sen. Harry Reid (D., Nev.), a kamikaze pilot by the *Wall Street Journal* editorial board, and generally described as an anarchist, a nihilist, inhuman, and inhumane. The left-wing ThinkProgress blog, operated by the Center for American Progress Action Fund, posted a hilarious item the other day that, in stating the obvious, captured perfectly the elite attitude toward Cruz: “[Nation’s Top Newspapers Bury Ted Cruz](#).” What a surprise! Coming soon on ThinkProgress: “[Sky is blue](#).”

The emotions generated by Cruz are of a degree not normally found in debate. The closest parallel is the reception of liberals and moderate Republicans to Sarah Palin’s vice presidential nomination in 2008. On the surface Cruz and Palin could not be more different: he a Princeton- and Harvard-educated lawyer, she a small-town mayor and Alaska governor whose record, let us recall, was nowhere as conservative as her later television persona. But the two are now allies—[Palin endorsed Cruz](#) in his primary last year—in the populist conservative wing of the Republican Party.

That wing of the party is much smaller than one might assume based on reading the newspapers and magazines, watching television, and listening to radio. Populists are the minority of a minority, in the U.S. Senate in particular. Funny, that this minority persuasion arouses such ire from the writers and producers and politicians at the top of the bipartisan food chain.

What makes the populists the object of such ridicule and spite is their refusal to bow to the consensus. Democracies love consensus—to a large degree democracies cannot function without it. But the premises of the American consensus today, whether a Democrat or a Republican holds them, are liberal. You have heard them before: the status of illegal immigrants must be made legal, so-called austerity harms the economy, governments must do something to forestall climate change, free trade is all benefits without costs, economic integration with China is a net-plus, diversity is a compelling state interest, health insurance is a right, abortion on demand is a right, Islamophobia is a bigger worry than Islamism, the Israeli-Palestinian conflict is the root of Mideast turmoil, and at the end of the day human beings across the world, no matter their nation or religion or culture, are basically alike.

This is the consensus that shapes our assumptions about the world, our notions of what is proper political behavior and what is not, our idea of what is worthwhile and possible. This is the consensus that says Obamacare is a settled issue, that says a government shutdown would be a Biblical disaster.

Whether particular aspects of the consensus are right or wrong matters less than that they are held by as many people as possible. That is where the Tea Party enters the picture, for its view of the world is in many ways the very opposite of what one might hear at the U.N. General Assembly, and at the Clinton Global Initiative, and at establishment outlets in Washington. Challenge the consensus, disrupt expectations, [introduce a little anarchy into the world](#), and you

threaten the power of those who forge the consensus and benefit from it. You challenge the power of the caste.

The fact that Cruz is a product of elite institutions only makes his challenge more potent. Nothing quite annoys liberals more than an Ivy League conservative, especially when that conservative has populist tendencies. What a hypocrite, the liberals say. How can an Ivy Leaguer spout such nonsense? Doesn't he understand he's a member of the elite? Doesn't he know better?

What the liberals miss is that membership in the caste is defined not by profession or resume but by ways of seeing and manners of thinking, by one's willingness to repeat the party lines that establish one's social position, by the degree to which one submits to convention, to the crowd. If Ted Cruz annoys and unsettles the cronies and oligarchs and bureaucrats and managers and navel-gazers assembled in New York City this week, and their servants in Washington, well, good for him. He refuses to submit to the consensus without a fight. He is a rebel without a caste.

## **Human Events**

### **Cruz Control Should be Standard on GOP Models**

by Ann Coulter

If I could briefly interrupt the Republican firing squad aiming at Ted Cruz, let's talk about something we all agree on. And by "we all," I mean a majority of the American people, the Teamsters, many Democrats and every single last Republican.

Obamacare is an unmitigated disaster.

It was passed illegally without the House ever voting on the Senate bill and became law absent a single Republican vote -- even "the girls from Maine" and "the girl from Arizona" -- the only major legislation ever enacted on a strict party-line vote. The Supreme Court had to violate the Constitution's separation of powers to uphold Obamacare as a "tax" -- despite the fact that no elected body could ever have enacted such a massive tax hike even with the sleazy parliamentary tricks used to pass this bill.

Proving that everyone hates it, Congress has now exempted itself from Obamacare's provisions, having asked for, and received, a waiver from President Obama.

Yes, these are the exact same politicians who lecture us that Obamacare is "the law of the land!" (So are our immigration laws.) The same ones who huffily announce that the Supreme Court upheld it! (The court also upheld the First Amendment in Citizens United, but that doesn't stop Obama from demanding Congress overturn the First Amendment.) They are the same sanctimonious frauds who tell us that Obamacare is "the right thing to do!"

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In every single category of Crap Forced On the Country by the Left, liberals always have a work-around for themselves.

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And now these government do-gooders shoving Obamacare down our throats have managed to exempt themselves from its wonderful provisions. Supreme Court justices won't have to suffer under Obamacare, but will continue to have their health care subsidized by us, the hapless taxpayers forced into this rotten system.

Unfortunately, most Republicans are too stupid to notice that Democrats are walking around with a gigantic glass jaw. Democrats must not be able to believe their dumb luck. *Instead of hitting our glass jaw, Republicans have decided to attack Ted Cruz!*

Cruz, and his Senate colleague Mike Lee (who, for some reason, is being held harmless by both Democrats and Republicans), have demanded that the Senate vote on the House bill fully funding the entire government -- except Obamacare. Most important, they want Democrats to allow more than one amendment to that bill.

The Democrats are refusing either of those options in the Senate.

Among the amendments Republicans might want to introduce is one requiring members of Congress and their staffs to live under Obamacare. Or an amendment delaying the law's implementation for the whole country -- and not just the big employers favored by Obama. And also an amendment taking the administration of Obamacare out of the hands of the utterly corrupt IRS.

Can we at least get Senate Democrats to vote on these urgent reforms? I'd especially like to see the votes of red state Democrats, such as Mary Landrieu, Mark Begich and Mark Pryor. I bet their Republican opponents in the midterm elections next year would, too.

Of course, for Cruz's threat to work, it has to be credible. Too bad Republicans have been blanketing the airwaves proclaiming that: (1) They don't have the votes to defund Obamacare; and (2) Republicans will get blamed in the event of any government shutdown.

Republicans: You never had to shut the government down! (And thanks for making it blindingly clear that you never intended to.) You could have waited to see how the public opinion was going and cried uncle at the last minute.

But instead of attacking Obamacare and the breathtaking hypocrisy of the Democrats over this massively unpopular law, far too many Republicans have been spending their time attacking Ted Cruz. (Why didn't we see one-tenth as much venom directed at Sen. Marco Rubio for trying to give the Democrats 30 million new voters with amnesty as we have toward Cruz for trying to defund Obamacare?)

For every minute you spend attacking Cruz on TV, Republicans, could you consider spending two minutes attacking Obamacare?

Barry Goldwater didn't "have the votes" when Ronald Reagan launched the conservative movement with his "A Time for Choosing" speech in 1964. But he galvanized conservatives and gave them the hope of future victories. Does Rep. Peter King think Reagan was a fraud who lost influence in the Republican Party with that speech? *We don't have the votes, Ron!*

Whether or not Cruz succeeds, we wouldn't be talking about Obamacare this week without his efforts to defund it -- at least those of us who *are* talking about this disastrous law, rather than attacking Cruz.

## Contentions

### [Ted Cruz and the Conservatism of Illusion and Deception](#)

by Peter Wehner

I disagree somewhat with Jonathan's [earlier post](#) on Ted Cruz. There are several things I found problematic about the effort by Cruz and Company to "defund" the Affordable Care Act (ACA), but perhaps what was most alarming, from a conservative perspective, is that it was an effort utterly detached from reality.

As I've argued several times before (including [here](#)), this whole gambit was based on the fiction, perpetrated by Cruz and others, that the Affordable Care Act could be defunded (without even a single Democratic vote, [according to Cruz](#)). That was never true. That goal was an illusion. A mirage. A delusion. And surely Mr. Cruz, an intelligent and well-educated man, knew it. There was simply no way a Democratic Senate and Barack Obama would abolish his signature domestic achievement. And defunding the ACA would require just that.

No matter. Senator Cruz, along with several of his colleagues, convinced many grassroots conservatives and Tea Party members that the end game was to put a stake through the heart of ObamaCare, once and for all. If you sided with them, you were a principled conservative who opposed ObamaCare; if you were against them, you were part of the "surrender caucus." This was cast as a Moment of Truth.

Now the whole thing is being exposed for what it was – a game. And the (inevitable) failure by Cruz and the others will leave these people crushingly disappointed and enraged. They were led to believe something that was simply not true – and many of them still don't know they were misled.

Beyond all that is the damage this inflicts on conservatism. Conservatism, after all, is a political philosophy that is (or should be) anti-utopian, empirical, prudent, somewhat modest in its expectations and firmly grounded in reality. That's certainly not all that conservatism is, but those elements comprise it. Yet here we are, with a large part of the conservative movement having taken a journey through the looking glass.

This whole episode was a low moment for genuine conservatism.

## **National Review**

### **The Late, Great Middle Class**

***It's never been harder to find a decent job making something real.***

by Victor Davis Hanson

The American middle class, like the American economy in general, is ailing. Labor-force participation has hit a 35-year low.

Median household income is lower than it was five years ago. Only the top 5 percent of households have seen their incomes rise under President Obama.

Commuters are paying more than twice as much for gas as they were in 2008. Federal payouts for food stamps, unemployment insurance, and disability insurance have reached unprecedented levels.

Meanwhile, the country is still running near-record budget deficits and is burdened by \$17 trillion in aggregate debt. Yet the stock market is soaring.

How can we make sense of all this contradictory nonsense? Irony.

Obama promised to restore the middle class. In truth, he has enacted the very policies that have done it the most damage in years. That paradox may explain why his base of support remains the very rich and the very poor. Goldman Sachs, federal bureaucrats, and aid recipients are helped in a way that the strapped hardware-store owner, Starbucks barista, and part-time welder are not.

For all the talk of infrastructure or stimulus, the latest \$6 trillion in federal borrowing seems to have been wasted on bailing out insider banks and green companies, growing the federal work force, regulating the private sector into stasis, and subsidizing those who are not working.

The Federal Reserve still keeps interest rates at near zero. That mostly helps Wall Street, where money flows madly in search of any sort of return.

Most real interest rates for consumer purchases somehow remain exorbitant. Banks obtain their money cheaply and lend it out expensively. No wonder that so many Wall Street and banking executives — Timothy Geithner, Jack Lew, Peter Orszag, Gene Sperling, Larry Summers — revolve in and out of the highest levels of this “no revolving door” administration.

Middle-class workers see little chance of retiring when their meager savings earn almost no interest, so they are apt to stay on the job longer. Their continuance only makes unemployment rates for young entry-level workers even worse.

Obama always threatened higher taxes on the well-off. He achieved that goal with a new 39.6 percent federal rate on upper incomes, a rate paid on top of state and payroll taxes. Yet such steep taxes do not much affect the super-rich. Their income is often exempted through sophisticated tax avoidance or, more often, earned through lower-taxed capital gains.

Small employers in many states have no such recourse and now pay more than half their incomes in assorted federal, state, and local taxes. Naturally, they are hiring fewer people and making fewer capital investments.

That greater tax hit might have been worth it had the new rates been part of a balanced-budget agreement like the Bill Clinton–Newt Gingrich deal of 1997, which froze spending levels and, for a time, stopped our ruinous borrowing.

Not this time. We end up with the worst of all worlds: once again a 39 percent top tax rate, but now with out-of-control federal spending and more multibillion-dollar budget deficits.

By virtually shutting down gas and oil leases on federal lands, the administration has declined the chance to create millions of new energy jobs and to lower fuel prices. For now, lower power bills and gasoline prices, and the creation of more jobs in energy, depend entirely on those who drill on private lands — despite, not because of, federal efforts.

Even the many sires of Obamacare now deny their paternity. Unions want out of it. Congress demands exclusion from it. Well-connected businesses won exemption from it.

The poor, who mostly do not pay federal income taxes, will get a largely free, bureaucratized federal health-care system. Many of the rich praise Obamacare but will quietly use their own

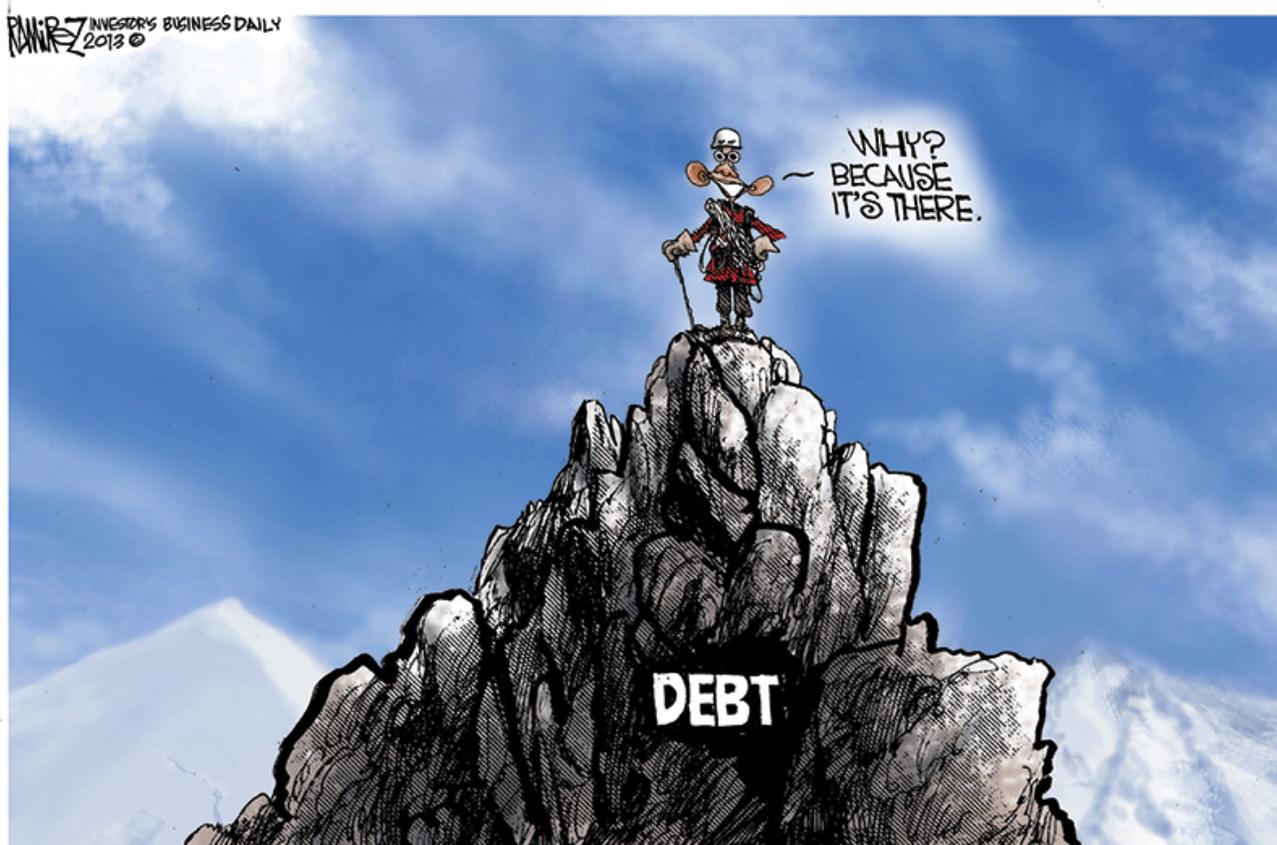
money to avoid it. The middle class will see their premiums soar and the quality of their coverage erode.

These are surreal times. Wealthy elites who help to shut down jobs in energy, timber, and mining are deemed liberal — but not always so the middle classes, who suffer the consequences in lost jobs and higher prices.

Universities voice progressive bromides, but they care mostly for the tenured and the technocrat, not the part-time lecturer and the indebted student. Thanks to soaring tuition, campus is now the haunt of the very wealthy, who can afford it, and the very poor, who are often exempted from it. The less romantic middle class goes \$1 trillion into debt for high-interest student loans.

Never has it been so good to be invested in a vastly expanding federal government — either to distribute or to receive federal subsidies. Never has it been so lucrative to work in banking or on Wall Street. And never has it been so bad to try to find a decent job making something real.

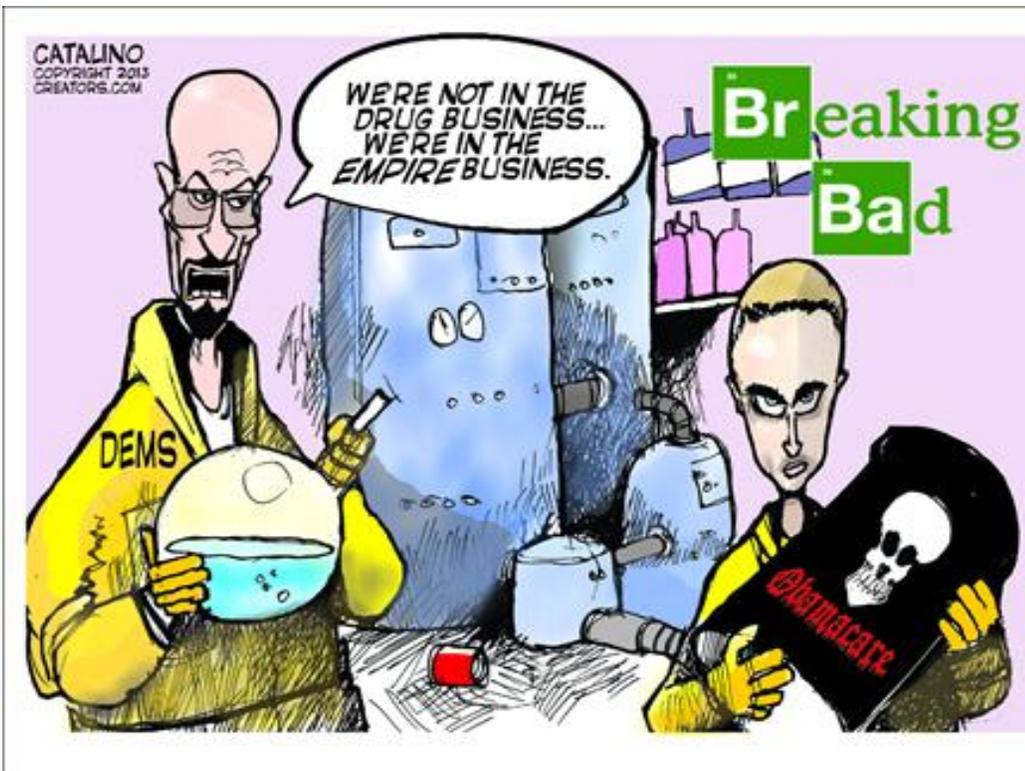
To paraphrase the Roman historian Tacitus, where we have made a desert of the middle class, we call it a recovery.



ON THE DEBT CEILING.



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CRUZ DO THAT...

... WITHOUT  
A TELEPROMPTER?

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**AFTER EVERY ACT OF TERROR WE  
ARE TOLD WE SHOULD NOT JUDGE  
ALL MUSLIMS BASED ON THE  
ACTIONS OF A FEW.**

**ISN'T IT TIME THE 80 MILLION  
GUN OWNERS IN AMERICA  
GET THE SAME TREATMENT?**

If you build anything, they will come.



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## TAKERS



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