

February 19, 2014

There can be little doubt business people as a type are held in low regard by governments, media, and the academy. In his post on Elon Musk, [Streetwise Professor](#) has a good example of why. Musk spends his time trying to get approval and monies from governments, rather than from individuals in free exchange. The bien pensants come to believe all people in business are in the same ways corrupt because that's all the business folk they see, and they do not have the imagination to realize there is a universe of people in business who want nothing other than to be left alone. *I haven't written much at all about Elon Musk and Tesla since the middle of last year. I have no reason to change my opinion that the prices of Tesla and Solar City stock were manipulated in April-May, but by the same token don't believe that their subsequent increases are primarily the result of manipulation. Those stock prices are partying like a 1999-era dot com company. I think the party will end soon, but I don't know when and I could be wrong.*

*But my main issue with Musk was not about the stock price. It was about the fact that all of his companies were heavily dependent on government subsidies and support. This support socialized the potential losses, and allowed Musk (and other major investors, notably Goldman) to capture the upside. My point was if his products and business models were so great, he could succeed on his own, by attracting private capital.*

*One company that I mentioned in passing was SpaceX, his space launch venture. Inevitably, this company is dependent on government contracts, given that a very large fraction of space launches carry government payloads. This is something different from Solar City and Tesla, where the government is providing subsidies but not receiving any product or service in return. But still, it means that Musk depends crucially on cultivating government support. Government contracting-especially big ticket contracting-is hardly a pristine activity. A firm does not succeed or fail at it primarily on the basis of the superiority of its product, but instead on the basis of its ability to influence politicians and bureaucrats. And a lack of scruple is often a feature not a bug in that regard. ...*

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*I know this is the way the game is played. And that's the problem: the game is cynical and wrong. It is mere rent seeking. Musk is particularly appalling because he is a rent seeker posing as a technological visionary. His businesses all depend on extracting rents from the government, which he pockets. ...*

[Power Line](#) posts on John Kerry's sudden realization Assad is not keeping up with his part of the bargain.

*We are ganging up on John Kerry this morning. Here's the thing-Kerry has a number of problems, but the most basic is that he isn't very bright. He doesn't have a high enough IQ for difficult work.*

*As a senator, he hid his incapacity by ignoring virtually all of his job duties. As Secretary of State, his ineptitude—one might say shocking ineptitude, if this were not the Obama administration—is being exposed.*

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*"Right now, Bashar Assad has not engaged in the discussions along the promised and required standard that both Russia spoke up for and the regime spoke up for," Kerry said during a press conference in Jakarta.*

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**More on Klueless Kerry from Power Line.**

*I see Scott has already commented on this story, but here's my 2 cents worth, too:*

*Let's see if I've got this straight: Secretary of State John Kerry, owner of five multi-million dollar mansions along with a luxury yacht, has seen fit to lecture Indonesians (average income in 2012: \$3,420) about why climate change is "perhaps the world's most fearsome weapon of mass destruction."*

*"Because of climate change, it's no secret that today Indonesia is ... one of the most vulnerable countries on Earth," Kerry told an audience of students at a high-tech U.S.-funded cultural center at a Jakarta mall. "It's not an exaggeration to say that the entire way of life that you live and love is at risk."*

*Maybe Kerry thinks every Indonesian can marry a rich condiment heiress or something.*

*Incidentally, according to World Bank figures, Indonesian per capita greenhouse gas emissions are 1.8 metric tons. The United States: 17.6. Like Al Gore, John Kerry's per capita emissions are surely a multiple of this, which suggests an obvious first step....*

**Time to look at the stunning UAW vote in Tennessee. Michael Barone is first of three. It's official: The United Auto Workers lost the representation vote at the Volkswagen Chattanooga plant. The cleverly named nooga.com has the story. The vote was close: 89 percent of workers voted, and they rejected the union by a 712-626 vote.**

*What's remarkable about this is that the company and the union colluded in trying to get the workers to vote for union representation. The reason is that Volkswagen's German union, IG Metall, which under German law has seats on the company's board, wanted to install the UAW as the workers' bargaining representatives. If you want to see evidence of this collusion, click on the link and look at the expressions on the faces of Volkswagen Chattanooga President Frank Fischer*

and UAW leader Gary Casteel. These are not happy campers. They still hold out of the prospect of some kind of workers' council on which the union would represent the workers. But they seem to clearly understand that most of the plant's employees don't want UAW representation.

Why not? My guess is that you could sum it up in one word: Detroit. ...

**John Steele Gordon** calls it the "UAW's Waterloo."

... as the American economy has undergone profound change in the last sixty years, labor law has not kept pace. The Wagner Act dates to 1935 and the Taft-Hartley Act to 1947. Like the unions themselves they are dinosaurs. So why do the unions continue to have such a large place in American politics while they have an ever-shrinking place in the American economy? The answer, of course, is the "mother's milk of politics," money. Unions are the single biggest source of funds for Democratic causes and candidates.

According to Opensecrets.org, of the top ten political donors in the last 25 years, six are unions. And they all overwhelmingly donated to Democratic causes and candidates. The UAW, for instance, has donated \$41.7 million over the last 25 years. That's well over twice what the infamous Koch brothers have donated, mostly to Republican causes. (The Koch brothers actually gave 8 percent of their money to Democratic causes and candidates.)

Of the UAW's donations, 71 percent went to Democrats and zero percent went to Republicans. The other 29 percent went to organizations not formally affiliated with either party but it's a safe bet they are left-leaning. Unions can also mobilize large numbers of "volunteers" for phone banks and get-out-the-vote efforts. ...

More from **Jennifer Rubin**.

... The Democratic Party has become reliant on Big Labor to an extent not always appreciated by the voters and pundits. If you look at groups leading in independent expenditures between 1989 and 2014, the Service Employees International Union dwarfs all others (\$83 million). In the top 15, 11 are labor unions. There is nothing to match the boots on the ground, phone banks and "volunteers" unions can enlist, almost exclusively for Democrats.

Despite its political power, or maybe in spite of it, Big Labor is dissolving in the workplace. From a high in the 1950s when membership peaked at 35 percent of the national workforce, only 6.7 percent of private-sector workers were unionized. If not for public-sector employees (about 35 percent), Big Labor — with all those dues-paying members — would be kaput. And even there, as we saw in Wisconsin, once the closed shop is abolished, employees stream out of public-sector unions.

On Friday Big Labor took a huge hit in Tennessee when, even with the help of management, the UAW couldn't organize the Volkswagen plant. As the Wall Street Journal editorial board put it, "This wasn't merely one more failed union organizing attempt. The UAW and its chief Bob King spent years working toward this vote as part of its strategy to organize plants in the American South, and all the stars were aligned in its favor." That proverbial dog company thought so, too. ...

And Jason Riley posts on the speculation president bystander tried, ineffectually of course, to interfere for the UAW.

*We may never know for certain, but some are speculating that President Obama's attempt to help the United Auto Workers organize a Volkswagen plant in Chattanooga, Tenn., may have done more harm than good.*

*The union-organizing vote failed, 712-626, despite the fact that VW management had given union officials plenty of time and opportunity to make their case. Moreover, the UAW had the White House on its side. Just hours before three days of voting ended on Friday, Mr. Obama told Democratic lawmakers in a closed-door meeting that opponents of the union's effort "are more interested in German shareholders than U.S. workers," according to Reuters.*

*Writing in the Chattanooga on Tuesday, columnist Roy Exum pondered "what unexpected role a markedly unpopular Barack Obama may have played in the stunning defeat." The president's approval rating is 43 percent nationwide, based on the Real Clear Politics average, but it's only about 30 percent in the Volunteer State.*

*When Mr. Obama "tossed in his two cents' worth in a way that was clearly designed to be leaked, it isn't that big a stretch to believe the polarizing Prez may have inadvertently swayed a few emotional votes among the solidly-conservative work force," wrote Mr. Exum*

*This is **(not)** the first time that the president has waded into a state issue on behalf of unions, only to find himself on the losing side after the dust had settled. Back in 2011 when Wisconsin Gov. Scott Walker was pushing collective-bargaining reforms that were vehemently opposed by Big Labor, Mr. Obama weighed in on behalf of his union allies. Not only did the reforms pass but Mr. Walker, a Republican, later prevailed in a recall election against a Democratic opponent backed by unions and the president.*

*At this point, labor might be forgiven for asking the president simply to butt out of such matters going forward.*

**The Atlantic** with a post on how much 401K fees can shrink your retirement funds.

*.. The answer is a lot more than you think. (No cheating with a calculator before we get to the big reveal). Now, let's say you contribute \$3,000 to your 401(k) every year, which is a little more than the national average, starting when you're 25. Let's also say that you're choosing between two investments: the lowest-cost index fund with a 0.08 percent fee, and a typical managed stock fund with, according to Morningstar, a 1.33 percent fee. And finally, let's say that, though you don't know it, they both return 7 percent a year, because, as we saw above, most managed funds don't beat the market.*

*This 1.25 percent difference in annual fees adds up to a six-figure difference in lifetime earnings. That's because you don't just lose the money you pay in fees. You lose the returns you could have had on the money you pay in fees, too. As you can see in the chart below, this compounding effect doesn't matter much for the first 20 years or so, but really accelerates after that. If you chose the*

lowest-cost index fund, you'd have \$15,000 more at age 45, \$55,000 more at 55, and \$159,000 more at 65. That would balloon to \$257,000 more if you waited to retire at 70. ...

Interesting book on JFK the Conservative reviewed by the [Washington Times](#).  
*Who would have thought it could have happened?*

*The scene: A Democrat in the White House is a supply-side tax-cutter (before Ronald Reagan, no less). Moreover, he goes out of his way to condemn communism, and not just the foreign left-wing dictators (That was easy then. Today's leftists brag about vacations in the Castros' Cuba.) Beyond that, this president condemned the infiltrators on our own soil. (Today, it would be called a "witch hunt.")*

*America, meet the real John F. Kennedy, as viewed by Ira Stoll, revisionist fact-checker. In "JFK, Conservative," this author and journalist acknowledges the liberal "reforms" the 35th president promised the nation, including education and medical care for the elderly (pre-Medicare, and surely predating today's wobbling Obamacare). ...*

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## **Streetwise Professor**

### **The Rent Seeker, Posing as Visionary**

by Craig Pirrong

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One company that I mentioned in passing was SpaceX, his space launch venture. Inevitably, this company is dependent on government contracts, given that a very large fraction of space launches carry government payloads. This is something different from Solar City and Tesla, where the government is providing subsidies but not receiving any product or service in return. But still, it means that Musk depends crucially on cultivating government support. Government contracting-especially big ticket contracting-is hardly a pristine activity. A firm does not succeed or fail at it primarily on the basis of the superiority of its product, but instead on the basis of its ability to influence politicians and bureaucrats. And a lack of scruple is often a feature not a bug in that regard.

[SpaceX was looking for a commercial launch site, and seeking state subsidies in order to build it. The company has been playing states off against one another, looking for tax benefits.](#) My current home state, Texas, has been one of his targets.

Cynically, Musk focused on one of the poorest parts of the state-Brownsville-and dangled the prospect of a mere 600 jobs, in exchange for \$20 million dollars or so in tax benefits. Some of which will come from the taxpayers of that very poor community. And sadly, the state legislature has succumbed.

I've been to downtown Brownsville. I testified at a trial there in 2008. (The reason that what was the biggest bankruptcy case in US history was being heard in Brownsville is a story in itself.) The law office for the local counsel in the case was at the edge of downtown, and during breaks I wandered around. It was an educational experience. I had just flown in from Milan (another story), and to be honest, I felt more foreign in downtown Brownsville than I did in Italy: and I certainly got far more puzzling and suspicious looks in Brownsville than around Lake Como. Let's just say it ain't the Bay area. And that Elon Musk wouldn't be caught dead there. Well, maybe if he did go there . . .

The poorest people in Brownsville will not benefit the slightest from the SpaceX venture. But he and his lobbyist successfully importuned the state and county to take taxpayer money and give it to SpaceX by invoking their poverty. It was utterly cynical for a billionaire to extract tens of millions from Texas taxpayers in the name of the poor Mexican Americans of Brownsville.

I know this is the way the game is played. And that's the problem: the game is cynical and wrong. It is mere rent seeking. Musk is particularly appalling because he is a rent seeker posing as a technological visionary. His businesses all depend on extracting rents from the government, which he pockets.

But he has a cult of personality that portrays him as some towering visionary genius.

Maybe he is. If he is, he should be able to make it all on his own, like some 19th century titan (Rockefeller, Carnegie), without collecting hundreds of millions from taxpayers.

I say let him try. And I am dismayed that the Texas legislature didn't.

## **Power Line**

### **[John Kerry, Slow Learner](#)**

by John Hinderaker

We are ganging up on John Kerry this morning. Here's the thing—Kerry has a number of problems, but the most basic is that he isn't very bright. He doesn't have a high enough IQ for difficult work. As a senator, he hid his incapacity by ignoring virtually all of his job duties. As Secretary of State, his ineptitude—one might say shocking ineptitude, if this were not the Obama administration—is being exposed.

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Secretary of State John Kerry on Monday accused Syrian President Bashar Assad of stonewalling in peace talks and called on Russia to push its ally to negotiate with opposition leaders.

“Right now, Bashar Assad has not engaged in the discussions along the promised and required standard that both Russia spoke up for and the regime spoke up for,” Kerry said during a press conference in Jakarta.

Of course he is stonewalling, you fool! He is winning.

He said the Syrian leader’s team “refused to open up one moment of discussion” of a transitional government to replace Assad’s regime. “It is very clear that Bashar Assad is trying to win this on the battlefield instead of coming to the negotiating table in good faith,” Kerry added.

Really? That’s very clear, is it? Good Lord, what a chump! Remember when Kerry [promised](#) that any military effort against Assad would be “incredibly small”? That struck fear into Assad’s heart, no doubt; and even that “incredibly small” possibility was taken off the board when Kerry started mumbling out loud about chemical weapons. Why would Assad do anything other than “try to win on the battlefield,” let alone agree to a “transitional government to replace [his] regime”? Earth to Kerry: that’s what you do when you’re **losing** on the battlefield.

Russia has told the U.S. it was committed to helping create a transitional government, Kerry said, but has not delivered “the kind of effort to create the kind of dynamic by which that could be achieved.”

Peace talks last week in Geneva ended with no progress toward breaking the impasse in the nearly 3-year-old conflict in Syria.

So Putin lied! Another shocker. Apparently he wasn’t impressed by that “reset” button. Paul told us everything we need to know about the failure of the Geneva talks [yesterday](#):

The farcical Syrian peace talks have apparently come to an end. The talks were never going to produce peace unless Russia pressured Assad into giving up or sharing power. And Russia was never going to pressure Assad into giving up or sharing power because he is Russia’s ally and is winning the civil war. Indeed, Russia recently blocked a U.N. resolution to bring aid to desperate Syrian civilians.

The Obama administration is miffed, once again, at reality. A senior official whined that Russia “can’t have it both ways” — it can’t say it wants peace and a happy Olympics while it is “part and parcel of supporting this regime as it kills people in the most brutal way.”

Actually, though, Russia is having it both ways, and can have it as many ways as it wants as long as the hapless Obama administration is in the picture.

I am starting to understand why so many liberals are isolationists. If your foreign policy is going to be this bad, isolationism might well be a better alternative: a variant on the medical injunction, “First, do no harm.”



## Power Line

### Kerry On, Dude

by Steve Hayward

I see Scott has [already commented](#) on this story, but here's my 2 cents worth, too:

Let's see if I've got this straight: Secretary of State John Kerry, owner of five multi-million dollar mansions along with a luxury yacht, has seen fit to [lecture Indonesians](#) (average income in 2012: \$3,420) about why climate change is "perhaps the world's most fearsome weapon of mass destruction."

"Because of climate change, it's no secret that today Indonesia is ... one of the most vulnerable countries on Earth," Kerry told an audience of students at a high-tech U.S.-funded cultural center at a Jakarta mall. "It's not an exaggeration to say that the entire way of life that you live and love is at risk."

Maybe Kerry thinks every Indonesian can marry a rich condiment heiress or something.

Incidentally, according to World Bank figures, Indonesian per capita greenhouse gas emissions are 1.8 metric tons. The United States: 17.6. Like Al Gore, John Kerry's per capita emissions are surely a multiple of this, which suggests an obvious first step. What Indonesia is most vulnerable to is following the policy prescriptions of mountebanks like Kerry. The good news is that they know that. India, China, Indonesia, and other developing nations have consistently told our diplomats a version of the following: "We don't understand you Americans; you expect us to remain poor forever?" Or: "You Americans got rich on fossil fuels. When we're as rich as you, then maybe we'll talk about emissions reductions."

If Kerry really wants to spot a "weapon of mass destruction," he should look in the mirror. Is it 2016 yet?

## Examiner

### Chattanooga Volkswagen workers reject the UAW

by Michael Barone

It's official: The [United Auto Workers](#) lost the representation vote at the [Volkswagen](#) Chattanooga plant. The cleverly named [nooga.com](#) has the story. The vote was close: 89 percent of workers voted, and they rejected the union by a 712-626 vote.

What's remarkable about this is that the company and the union colluded in trying to get the workers to vote for [union representation](#). The reason is that Volkswagen's German union, IG Metall, which under German law has seats on the company's board, wanted to install the UAW as the workers' bargaining representatives. If you want to see evidence of this collusion, click on the link and look at the expressions on the faces of Volkswagen Chattanooga President Frank Fischer and UAW leader Gary Casteel. These are not happy campers. They still hold out of the prospect of some kind of workers' council on which the union would represent the workers. But they seem to clearly understand that most of the plant's employees don't want UAW representation.





Why not? My guess is that you could sum it up in one word: [Detroit](#). The Chattanooga workers evidently understand that UAW contract demands and acquiescence in them by the Detroit automakers led to the bankruptcy of two of the three Detroit-based automakers -- and not entirely coincidentally to the bankruptcy of Detroit's city government. Any short-term gains they might get from union representation would, apparently in their view, be outweighed by the likelihood of long-term disaster.

As for the prospect of representation by union-shop stewards against the hideously onerous demands of the company's foremen -- well, in today's factory settings, where management understands that they have to seek workers' cooperation and rely on their conscientiousness and ingenuity, that specter didn't seem as compelling an argument as it perhaps was to [General Motors](#) employees in 1937.

I suspect that the union will try to void the election somehow by appealing to the [Obama](#) appointees on the [National Labor Relations Board](#). And the company, in collusion because of a

desire to go along to get along with IG Metall in its larger plants in [Germany](#), may not put up much of a defense. Nonetheless this is still a huge defeat for the UAW. They have not been able to even come close to organizing non-U.S.-based auto company plants in the South and in states like [Ohio](#) and [Indiana](#) (no foreign-based manufacturer, except for the joint venture between Mazda and [Ford](#), has sited a plant in what they have reason to believe is or will be UAW-dominated [Michigan](#)). The UAW hoped that they could win a vote, in collusion with the employer, in [Tennessee](#). No such luck. Most Americans, it seems, don't want to head down on the path to another Detroit.

## Contentions

### [The UAW's Waterloo](#)

by John Steele Gordon

The United Auto Workers Union suffered [a devastating defeat](#) on Friday, when its attempt to organize the workers at the Volkswagen plant in Chattanooga failed on a vote of 712-626 (53-47 percent). The company had agreed not to resist the organizing effort and gave the union access to the plant and its workers. If the union couldn't win an election under those conditions, it is a powerful sign of how weak, indeed toxic, unions have become in recent years. If the UAW couldn't win this election, it seems doubtful it can win any election.

To be sure, unions have always been weak in the South where all the states in the old Confederacy have [right-to-work laws](#) in place. That, of course, is precisely the reason why most plants built by foreign automobile manufacturers in this country in recent years have been built there. (Low taxes and mild winters are two other powerful reasons, of course.)

But they have become increasingly weak everywhere. In the early 1950s union membership in the private sector peaked at about 35 percent of the work force. Today it is about 6 percent. Manufacturing, the heart and soul of the union movement, has become much more efficient, and therefore less labor-intensive. And much of the unskilled and semi-skilled jobs, such as in garment manufacturing, have moved offshore. The UAW membership peaked at 1.5 million in the 1970s. Today it is 338,000.

Only in the public sector, which should never have been made subject to collective bargaining under the Wagner and Taft-Hartley Acts, is union membership increasing. And right-to-work laws are spreading. In 2012 both Indiana and even Michigan—the home of the UAW—became right-to-work states.

But as the American economy has undergone profound change in the last sixty years, labor law has not kept pace. The Wagner Act dates to 1935 and the Taft-Hartley Act to 1947. Like the unions themselves they are dinosaurs. So why do the unions continue to have such a large place in American politics while they have an ever-shrinking place in the American economy? The answer, of course, is the “mother's milk of politics,” money. Unions are the single biggest source of funds for Democratic causes and candidates.

According to [Opensecrets.org](#), of the top ten political donors in the last 25 years, six are unions. And they all overwhelmingly donated to Democratic causes and candidates. The UAW, for instance, has donated \$41.7 million over the last 25 years. That's well over twice what the

infamous Koch brothers have donated, mostly to Republican causes. (The Koch brothers actually gave 8 percent of their money to Democratic causes and candidates.)

Of the UAW's donations, 71 percent went to Democrats and zero percent went to Republicans. The other 29 percent went to organizations not formally affiliated with either party but it's a safe bet they are left-leaning. Unions can also mobilize large numbers of "volunteers" for phone banks and get-out-the-vote efforts.

Thus, unions have such a disproportionate influence over the Democratic Party for the simplest of reasons: they buy it. How much longer that will continue is a good question. There is no reason to think that the long-term decline in the private sector will not continue. And in places where union dues are no longer collected by governments (such as in Wisconsin), public sector union members have been leaving in droves. Obviously, they don't think they have been getting value for their money. That is also a trend that is likely to spread.

The days of the union movement, it seems, are numbered. But it's not likely to go quietly.

## Right Turn

### Americans don't buy what Big Labor and anti-immigrant groups sell

by Jennifer Rubin

There's the old joke about a dog food company that revamps its marketing, operations, sales, etc., but still isn't profitable. The boss asks why. The answer: "They won't eat the dog food." In politics the equivalent is something like: You can spin, speechify and argue, but sometimes the voters won't buy what you're selling. Both parties are finding that to be true in a very visible way.



*United Auto Workers (UAW) Secretary-Treasurer Dennis Williams answers questions after the UAW lost its bid to represent workers at Volkswagen's plant in Chattanooga, Tenn.*

The Democratic Party has become reliant on Big Labor to an extent not always appreciated by the voters and pundits. If you look at groups leading in [independent expenditures](#) between 1989 and 2014, the Service Employees International Union dwarfs all others (\$83 million). In the top 15, 11 are labor unions. There is nothing to match the boots on the ground, phone banks and "volunteers" unions can enlist, almost exclusively for Democrats.

Despite its political power, or maybe in spite of it, Big Labor is dissolving in the workplace. From a high in the 1950s when membership peaked at 35 percent of the national workforce, only [6.7 percent](#) of private-sector workers were unionized. If not for public-sector employees (about 35

percent), Big Labor — with all those dues-paying members — would be kaput. And even there, as we saw in Wisconsin, once the closed shop is abolished, employees stream out of public-sector unions.

On Friday Big Labor took a huge hit in Tennessee when, even with the help of management, the UAW couldn't organize the Volkswagen plant. As the [Wall Street Journal editorial board](#) put it, "This wasn't merely one more failed union organizing attempt. The UAW and its chief Bob King spent years working toward this vote as part of its strategy to organize plants in the American South, and all the stars were aligned in its favor." That proverbial dog company thought so, too.

The reasons for labor's decline is [multifaceted](#), but it can't blame the National Labor Relations Board, which has had its fingers on the scale in favor of unions for the last five years. It might just be that rigid work rules, the inability to be paid more for working harder and subsidizing left-wing political activities are a turnoff for the vast majority of workers. Go figure.

Republicans have their own dog food problem. Hard-right anti-immigration groups and pols have been inveighing against both legal and illegal immigration for some time now. They've used every rationalization in the book. *They steal Americans' jobs. They increase crime. They are dumber than native-born Americans.* Each of these is demonstrably false, but, more important, unpersuasive with American voters.

A raft of polling consistently shows Americans (Republicans included) think immigrants help America, that [reform](#) should focus on [those already here](#) and that there should be a [pathway](#) to at least legalization. No matter what flavor of anti-immigration sentiment is churned out, Americans remain stubbornly wedded to the vision of America as a land of immigrants and the dream of upward mobility.

To the horror of hard right-wingers who now claim to idolize him, President Ronald Reagan in his farewell address declared, "I've spoken of the shining city all my political life, but I don't know if I ever quite communicated what I saw when I said it. But in my mind it was a tall, proud city built on rocks stronger than oceans, windswept, God-blessed and teeming with people of all kinds living in harmony and peace; a city with free ports that hummed with commerce and creativity. And if there had to be city walls, the walls had doors and the doors were open to anyone with the will and heart to get here." And Americans ate it up.

If you are going to argue against the work ethic (as liberals did in arguing against welfare reform and now do in the Obamacare debate), chances are you will lose. Mitt Romney was wrong: The vast majority of Americans want to work and get ahead.

There is a link here between the left's and right's distasteful fare. Labor unions, of course, have historically opposed immigration (and free trade) in an effort to shield American workers from competition and keep wages artificially high (just as tariffs keep foreign products unaffordable). It hasn't worked for labor unions, which are themselves going out of business in the private sector. More broadly speaking, Americans are determined to cling not just to guns and their Bible but to the promise that hard work, tenacity and heart can bring you a better life and a better life for your fellow Americans. Keeping people from being rewarded for hard work or keeping hard workers out is simply an anathema to most Americans.

## WSJ - Political Diary

### Obama, Volkswagen and the UAW

by Jason L. Riley

We may never know for certain, but some are speculating that President [Obama](#)'s attempt to help the United Auto Workers organize a [Volkswagen](#) plant in Chattanooga, Tenn., may have done more harm than good.

The union-organizing vote failed, 712-626, despite the fact that VW management had given union officials plenty of time and opportunity to make their case. Moreover, the UAW had the White House on its side. Just hours before three days of voting ended on Friday, Mr. Obama told Democratic lawmakers in a closed-door meeting that opponents of the union's effort "are more interested in German shareholders than U.S. workers," according to Reuters.

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## The Atlantic

### The Crushinglly Expensive Mistake Killing Your Retirement

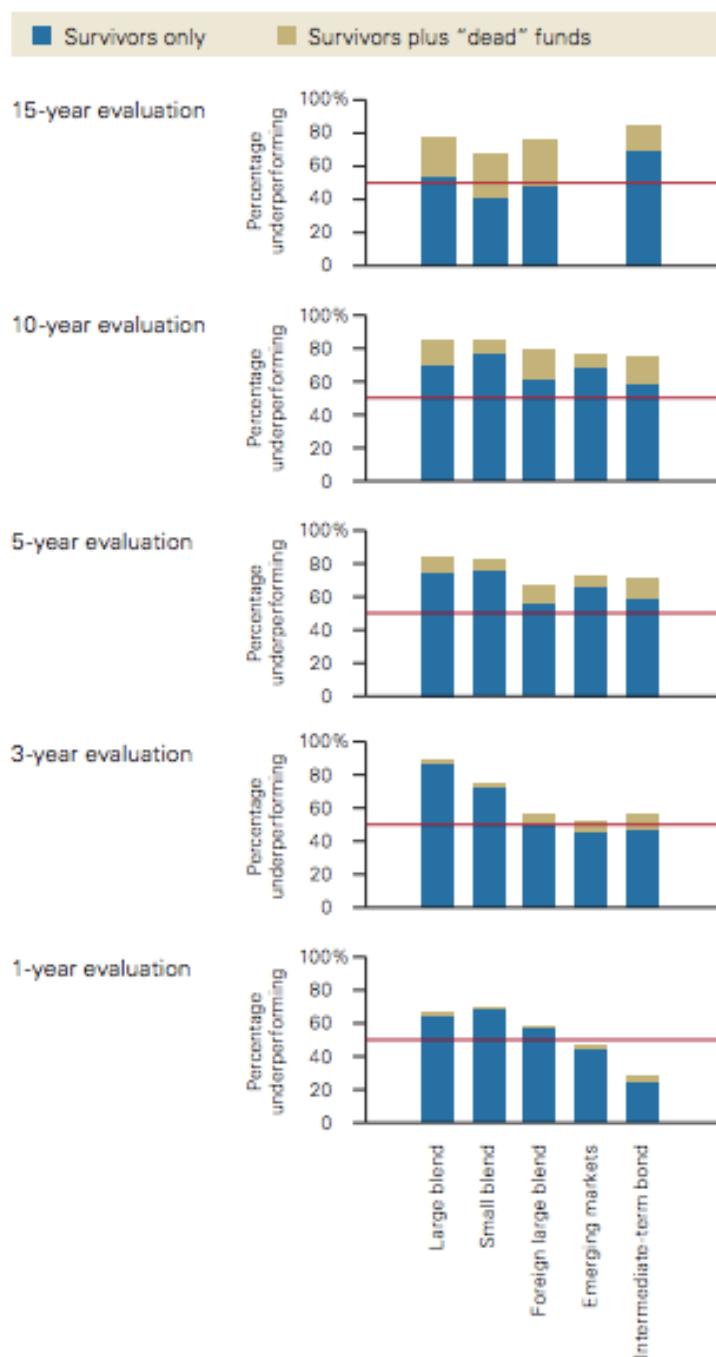
***401(k) fees are costing you hundreds of thousands of dollars over your lifetime.***

by Matthew O'Brien

Humans are horrible at understanding compound interest, and it's making our golden years much less so.

Think about your 401(k). The first thing you probably look at when you pick your funds is their returns. It's only human nature. Everybody likes to think about their nest eggs growing and growing and growing—especially if they're growing a *little* bit faster than everybody else's. But, in this case, human nature is costing you hundreds of thousands of dollars.



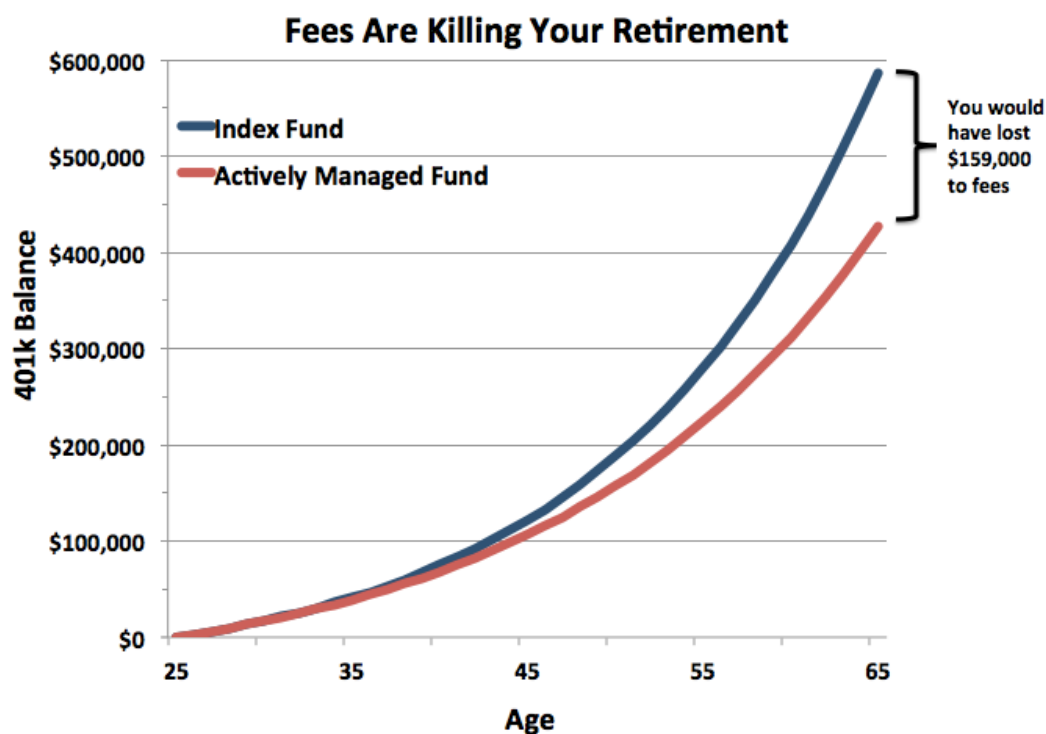


The sad fact is that returns aren't certain, but fees are. Now, maybe everything will go according to plan, and your 401(k) will be partying like it's 1999. Maybe the 1 percent—or more—that you're paying in fees will actually buy you market-beating returns. But probably not. You can see this in the chart to the left from [Vanguard](#). It shows the percentage of actively managed funds that have underperformed index funds over the short and longer hauls, net of fees. Which is to say, most of them. It's hard enough for funds to beat their benchmarks over just one to three-year periods. But that gets damn near impossible the longer you go. Once you account for survivorship bias—that bad funds go bust, and disappear from the sample—almost 80 percent of actively managed funds don't beat simple index funds over 10 to 15-year periods.

In the meantime, you're stuck paying fees. Those fees don't sound too bad—just 1 percent!—but this is where our total lack of intuition for how compounding works really hurts us. Let's try an example: what's 0.99 to the 40th power? It's not exactly a calculation you can do in your head. It's not even one you can estimate. But it's the kind of calculation that you need to do to figure out how much your 401(k) fees are costing you.

The answer is a lot more than you think. (No cheating with a calculator before we get to the big reveal). Now, let's say you contribute \$3,000 to your 401(k) every year, which is a little more than the national average, starting when you're 25. Let's also say that you're choosing between two investments: the lowest-cost index fund with a 0.08 percent fee, and a typical managed stock fund with, according to [Morningstar](#), a 1.33 percent fee. And finally, let's say that, though you don't know it, they both return 7 percent a year, because, as we saw above, most managed funds don't beat the market.

This 1.25 percent difference in annual fees adds up to a six-figure difference in lifetime earnings. That's because you don't just lose the money you pay in fees. You lose the returns you could have had on the money you pay in fees, too. As you can see in the chart below, this compounding effect doesn't matter much for the first 20 years or so, but really accelerates after that. If you chose the lowest-cost index fund, you'd have \$15,000 more at age 45, \$55,000 more at 55, and \$159,000 more at 65. That would balloon to \$257,000 more if you waited to retire at 70.



This is some brutal math. It's 27 percent of your retirement going to Wall Street for nothing. Actually, less than nothing. Remember, about 80 percent of actively managed funds do worse than index funds after you take fees into account. It's a Wall Street handout that you can't afford to make.

Skip the fees, and save your retirement.



**Washington Times**

**BOOK REVIEW: A history liberals didn't expect**

by Wes Vernon

JFK, CONSERVATIVE

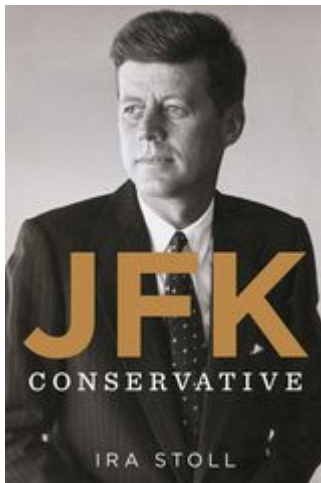
By [Ira Stoll](#)

Houghton Mifflin Harcourt, \$27, 274 pages

Who would have thought it could have happened?

The scene: A Democrat in the [White House](#) is a supply-side tax-cutter (before [Ronald Reagan](#), no less). Moreover, he goes out of his way to condemn communism, and not just the foreign left-wing dictators (That was easy then. Today's leftists brag about vacations in the Castros' [Cuba](#).) Beyond that, this president condemned the infiltrators on our own soil. (Today, it would be called a "witch hunt.")

America, meet the real [John F. Kennedy](#), as viewed by [Ira Stoll](#), revisionist fact-checker. In "JFK, Conservative," this author and journalist acknowledges the liberal "reforms" the 35th president promised the nation, including education and medical care for the elderly (pre-[Medicare](#), and surely predating today's wobbling Obamacare).



However, wearing his historian's hat, [Mr. Stoll](#) did not sit down to write about what President [Kennedy](#) promised. Politicians make lofty promises all the time. Lincoln, for one, made public pronouncements in his time that would amaze many of today's idolaters of the Civil War president's legacy.

No, this author's focus is on what [Kennedy](#) actually did or tried to do while in the [White House](#). Whether the president would have changed course had his life not been cut short by [Lee Harvey Oswald](#)'s bullet is unknown. That question mark has encouraged many partisans on the left to place JFK post-mortem in their camp. However, the author cites facts that consistently get in the way of the image.

For one thing, [Kennedy](#)'s fierce anti-communism as revealed in "JFK, Conservative" belies the image touted by today's liberals who claim his mantle. The president, for example, had warned civil rights icon [Martin Luther King Jr.](#) that two of his associates were communists. "You've got to get rid of them," he warned.

Supposedly, the Kennedy-Nixon presidential race in 1960 was the ultimate ideological showdown, with [Nixon](#) the traditional conservative versus [Kennedy](#) the liberal. Clear cut, right? Au contraire.

The pattern, [Mr. Stoll](#) points out, "in all four debates was that [Nixon](#) sounded like a tax-and-spend peacenik, and [Kennedy](#) sounded like a hard-liner against both federal spending and communism."

Religion crept into the campaign, not because [Kennedy](#) would be the first Catholic president of the United States (far less contentious than in Al Smith's time 32 years earlier), but because the candidate repeatedly linked the role of religion to the founding of America.

Note this from the Democratic candidate: "A society which seeks to make the worship of the state the ultimate objective of life cannot permit a higher loyalty, a faith in God, a belief in a religion that elevates the individual and acknowledges his true value ." Those who utter such sentiments in the current era are likely derided as "extremists" of the "religious right."

On foreign-policy concerns, Rep. (and then Sen.) [Kennedy](#) faulted President Truman and his State Department "and their academic advisers for the loss of much of mainland China to the communists." He went on to blame such targets of the congressional anti-communist investigators as Harvard's John K. Fairbank and Johns Hopkins' Owen Lattimore.

Moreover, [Kennedy](#)'s settled aversion to communists was on display into his short presidency, including the failed Bay of Pigs operation, an attempt to rid communism from its perch in [Cuba](#) 90 miles from U.S. shores, and later, of course, his successful resistance to Soviet missiles delivered to Castro's island prison state and pointed toward the United States.

Based on the above, it would be easy to describe JFK not as a "conservative" as [Mr. Stoll](#) claims, but as an anti-communist liberal. However, wait. He was a tax-cutter, too.

Whereas in the debates, as [Nixon](#) contemplated having to raise taxes, [Kennedy](#) repeatedly said the very idea of implementing tax hikes was the exact opposite of generating "growth."

When he became president, he followed through. His program aimed at steep cuts in personal- and income-tax rates, as well as corporate and capital-gains tax rates.

[Kennedy](#) wanted to lower them all, writes [Mr. Stoll](#). He made the same argument [Reagan](#) would make in 1980, but (ironically) with precisely the opposite partisan reaction: Many Republicans (and some Democrats) thought [Kennedy](#)'s plan was reckless, but centrist Democrats and a few farsighted Republicans agreed with their president.

The tax cuts' journey toward enactment was finally authorized by [Kennedy](#) following a debate within his administration. When the measure became law after the assassination, the nation embarked on a path toward a robust economy lasting for years.

Some things about his [White House](#) tenure did not please conservatives. They are for another day. Overall, [Kennedy](#) comes off as far more conservative than liberal.

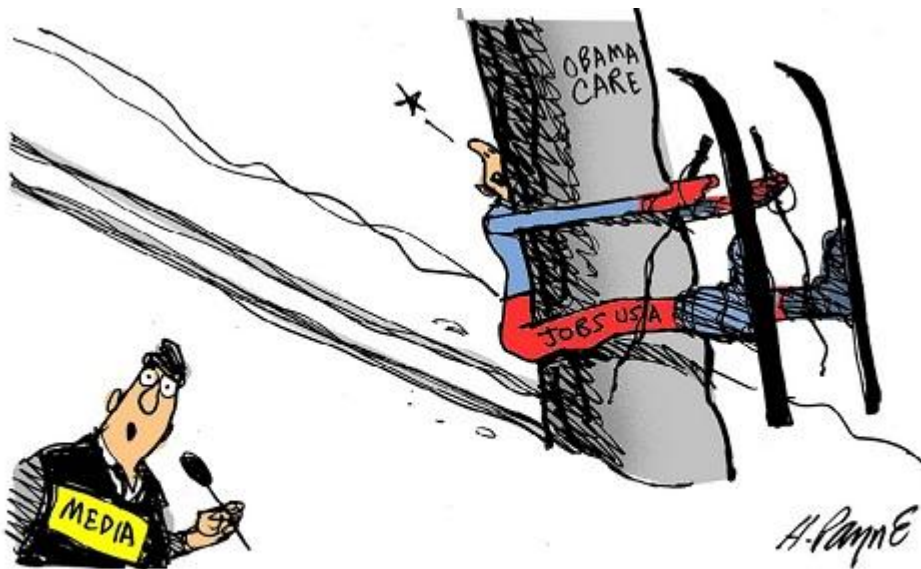
Why then does the myth of JFK the “liberal” persist? The author cites the media and biased historians, as well as friends of the president who are partial to “history” as they wish it had been.

*Wes Vernon is a writer and broadcast journalist whose career ended with 25 years at CBS Radio. His column appears at [RenewAmerica.com](#).*



# NAPOLEAN at WATERLOO

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"ANOTHER DISAPPOINTING RESULT HERE, CHRIS,  
AS WE TRY AND FIGURE OUT WHAT WENT WRONG."



The biggest problems that we're facing right now have to do with George Bush trying to bring more power into the executive branch and not go through Congress at all. And that's what I intend to reverse when I'm President...



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