

To Save Itself, America Must Return to the American Idea

BY REP. PAUL RYAN

Let me start with the good news and the bad news, and I will state the bad news first. The bad news is our country is on the cusp. It is pretty much at that proverbial fork in the road—that if we stay on our current path, we will quickly become a nation in debt, in doubt, and in decline.

But the good news is at least we have time to decide not to go down that path. The good news is that it is not too late to turn this around and get back to the American idea. We have got a clear choice of two futures ahead of us.

In Wisconsin, we have gone straight to our citizens. We have treated them like adults. We have told them the problems that we see in our state and in our federal government. And we are asking them for permission to give us the ability to fix this mess before it gets out of our control.

And when you take a look at this proverbial choice of two futures in front of us, we are basically relitigating the Enlightenment. It is between natural rights where our rights come from nature, where they come to us naturally before government, where they are ours automatically.



Rep. Paul Ryan (R-Wisc.) delivers the Keynote Address at CEI's 2012 Annual Dinner

Or this new idea, the Progressive theory of government-granted rights, that the government now gives us new, positive

rights. It is an opportunity society versus a welfare state. It is Adam Smith and John Locke versus Jean-Jacques Rousseau and Hegel and all the rest.

This is a fight we know pretty well where I come from. It is a fight that is coming to a crescendo here. It is a fight where we actually look at whether we believe in the rule of law or the rule of man. And that is a fight where the Competitive Enterprise Institute, under Fred Smith's long leadership, has been indispensable.

What CEI has done has helped shine a bright light on that darker part of government. They have put a face to the faceless bureaucracy. *Ten Thousand Commandments* does a fantastic job of highlighting that hidden tax among us, that of the regulatory state—that notion that Congress can pass big, vague laws, and then delegate the power to an unelected bureaucracy—a permanent bureaucracy of highly trained technocrats—and they can harmonize our lives and organize society.

CEI has quantified the cost of these regulations: \$1.7 trillion a year. Small businesses face a little more than \$10,000 in costs per employee.

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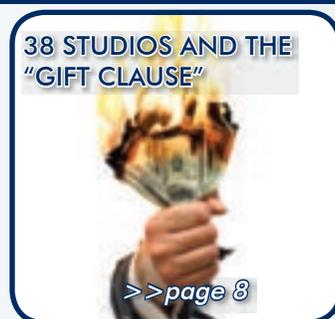
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>>A MESSAGE FROM THE PRESIDENT


Marketing Free Markets

By Fred L. Smith, Jr.

At our annual dinner, we celebrated the world of marketing, communications, advertising—concepts central

to the TV series “Mad Men.” But, while the Mad Men are brilliant at marketing products, they rarely seek—and are even more rarely asked—to market the free market system that makes their world, and ours, possible. But we at CEI do.

In the private world, Mad Men are adept at targeting their ads to us as consumers. But the Mad Men have rarely been asked to target us as *citizens*, to frame narratives that would link the business world to our political values.

The result? We love our cars but we too often champion greater regulation of automobility. We like clean dishes but we support government bans on phosphates. We love the Internet but accept political restrictions on information-sharing.

Business has asked Mad Men to do only half the job. That was not so important when government was small, but today we are paying dearly for this neglect. What makes this particularly sad is that business did communicate to us as consumers *and* citizens merely decades ago. GE brought “good things to life.” AT&T suggested we “reach out and touch someone.” DuPont promised “better living through chemistry.” And Dinah Shore regaled us with, “See the USA in your Chevrolet!”

That earlier generation of business leaders recognized that ads could and should serve a dual purpose: 1) build brand reputation to increase sales; and 2) build corporate legitimacy to reduce vulnerability to political predation.

Then companies were proud, believing they benefited consumers, but also that they advanced the diverse values of our citizenry. And they said so!

Today, sadly, few do.

They concede that our products are safer but not totally safe. Our production processes are vastly

cleaner but not clean. Our workers are better off but not rich. Essentially, the message is “We’re not as bad as you think we are!”

The BPs of the world adopt Sunflower logos and praise the “use less energy” slogans of their critics. Hotels once talked of their comfortable beds. Now they brag about not washing their sheets. Corporate annual reports once emphasized profits and innovation. Now they are filled with apologetic statements about their shortfalls in meeting “stakeholder” demands.

But, of course, one cannot apologize one’s way to respect. The result? The private sphere has steadily shrunk vis-à-vis the political sphere.

In today’s world, “sin” products are assaulted at will—tobacco yesterday, soft drinks and fast food today, and God knows what tomorrow. Cars are

designed by engineers, but for bureaucrats, as are our light bulbs and appliances. Innovations are viewed as inherently dangerous under the “Precautionary Principle.”

Activists attack business along many fronts, including via faux shareholders who push agreements to cripple

management, cyber-bullying firms into defunding their allies, mandating disclosure rules that strip businesses of their privacy, and enacting campaign laws to restrict corporate freedom of speech.

All these attacks have but one purpose: drive market voices from the marketplace of ideas. Capitalism is at risk and we at CEI take the challenge of re-legitimizing our free enterprise system seriously.

We at CEI look forward to a day when CEOs will request their Don Drapers to take on this legitimization challenge. They won’t find it easy. But business meets comparable challenges of this sort in the private world. They could do so also in the political world. And we believe that challenge is not so mad at all.

“Capitalism is at risk and we at CEI take the challenge of re-legitimizing our free enterprise system seriously.”

CEI PLANET

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Ryan, *continued from page 1*

CEI has been on the beachhead of taking on these amazing regulatory power grabs, by going after Dodd-Frank and Obamacare.

I want to simply say to CEI: Thank you for fighting for free enterprise and freedom.

As I mentioned, this whole thing is coming to a big crescendo. If you want to look at how this movie ends, look across the Atlantic and see what is going on in Europe. And then look at the two tipping points that we are on the cusp of hitting ourselves.

On the one hand, we have the tipping point of debt. This is pretty easy to quantify. Our gross debt is as big as our economy. We know that sooner or later, we are not going to be able to control our entire debt situation. Sooner or later interest rates are going to leave us and we will not be able to control our own fiscal future. Sooner or later the debt will take our economy to a point where we go beyond just managing our decline and having a lost decade.

But the more insidious tipping point is one where we become a net majority of takers versus makers in America. Where we trade in the notion of an opportunity society of limited government and economic freedom with a safety net, and exchange it for a European-style, cradle-to-grave welfare state.

We have not reached these tipping points yet. But if we keep staying on this path that we are on, we will get there.

You cannot wean yourself unless you first admit you have a problem. We must purge ourselves of this notion of crony capitalism and corporate welfare, and get back to economic liberty and clear and transparent rules for everybody.

If we get these focused principles right—reapply the founding principles, fix our entitlement time bomb, clean up our tax code, have a real energy policy where we actually get to use our own energy that we have in this country, and tame the regulatory state by just reading what CEI puts out—we will return to the American idea.

Rep. Paul Ryan (R-Wisc.) is Chairman of the House Budget Committee. Rep. Ryan delivered the keynote address at the 2012 CEI Annual Dinner and Gala, from which this article is adapted.

My legacy?

I need to provide for my loved ones. But like my family, I want CEI to carry on for generations to come. What can I do?

It's easy to do both. Talk to us about your options, like...

- ▶ Designating your retirement plan
- ▶ Leaving a life insurance policy
- ▶ Making a bequest through your will
- ▶ Making a gift now, and receiving income for life
- ▶ And much more

Any of these options could help you now and provide for your family in the future. Some you can even put into place today without losing any income.



WANT TO LEARN MORE?

Contact Al Canata at acanata@cei.org
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This publication is intended to provide general gift planning information. Our organization is not qualified to provide specific legal, tax or investment advice, and this publication should not be looked to or relied upon as a source for such advice. Consult with your own legal and financial advisors before making any gift.

START OF DARKNESS FOR AMERICA'S SHINING CITIES

BY ANDREW FOLLETT AND MYRON EBELL

For months, we've heard about President Obama's "all of the above" energy policy, but recently, it has become clear that it would be more accurate to call it "none of the above." The administration has launched a war on affordable energy through actions such as the Environmental Protection Agency's (EPA) new Utility MACT (for Maximum Achievable Control Technology) regulation. Senate opponents failed to overturn this rule in a 53-46 vote on June 20.

The Utility MACT Rule, which forces utilities to meet stricter air quality standards or shut down, would raise electricity rates by approximately 20 percent and cost users \$10 billion. The EPA contends mercury emissions endanger a speculative computer-modeled population of unborn children whose mothers annually consume more than 225 pounds of local freshwater fish caught from the most polluted 10 percent of U.S. inland waterways.

This massive governmental overreach is an attempt to prevent a predicted loss in IQ by an undetectable 0.00209 IQ points for each of the 240,000 infants guesstimated to be born in subsistence-fishing households.

Electric utilities—and ultimately, ratepayers—will be forced to spend \$10 billion to prevent an infinitesimal and unverifiable decrease in IQ, even though in the more than 20 years which the EPA has studied the health effects of mercury, the agency has not identified a single child who has been harmed by his mother's consumption of fish.

The EPA clearly has gone beyond protecting the environment to actively targeting entire industries with virtually

no justification. The agency estimated that approximately 10,000 megawatts' worth of grid capacity would shut down because of Utility MACT and other regulations. In fact, utilities already have announced plans to shut down 26,000 megawatts—equivalent to blacking out Nevada, Utah, and Wyoming.

Independent groups have suggested that when those regulations take full effect, up to 81,000 megawatts of generation capacity could be taken

Cutting American coal power generation will increase costs on American energy users, reduce Americans' standard of living and fail to decrease worldwide carbon-dioxide emissions one iota. It truly will be the start of darkness.

offline—equivalent to plunging Nevada, Utah, Wyoming, Arizona, Colorado and Idaho into darkness. Such large declines in electricity supply would reduce economic output by billions of dollars and destroy tens of thousands of jobs.

The Obama administration's energy strategy is to artificially raise the price of electricity generation above its market value by increasing compliance costs via regulation. Supported by its environmental lobby allies, the administration is attempting to dramatically raise the price of coal-fueled electricity generation to make high-cost wind and solar power more competitive by fiat.

Overregulation is thus part of a market-rigging strategy that also includes crony capitalist corporate welfare subsidies for

economically unsustainable alternative-energy companies like Solyndra, the solar-panel manufacturer that went bankrupt after spending half a billion of our tax dollars.

But don't we need to move "beyond coal" to reduce the carbon-dioxide emissions that supposedly cause global warming? Ironically, the EPA's regulations won't decrease carbon-dioxide emissions. Let's assume the United States scraps 40 percent of its generation capacity from coal. U.S. domestic demand for coal would decline, and so would the price.

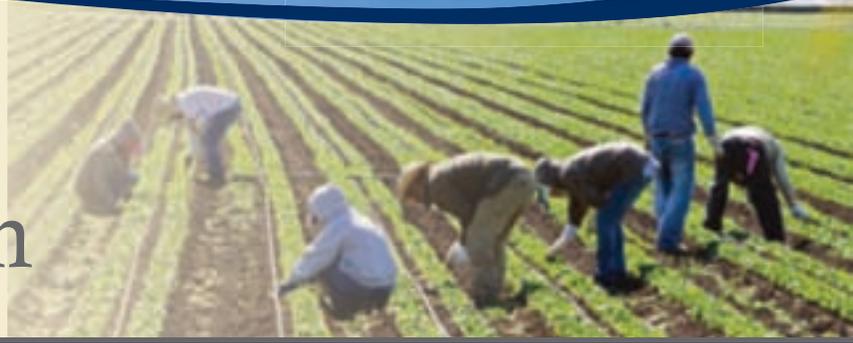
Consequently, foreign demand for U.S. coal would increase. That would encourage developing nations to burn more coal. The likely result would be global carbon-dioxide emissions remaining constant or increasing.

Cutting American coal power generation will increase costs on American energy users, reduce Americans' standard of living and fail to decrease worldwide carbon-dioxide emissions one iota. It truly will be the start of darkness.

The administration is just beginning with the Utility MACT Rule. Other EPA regulations are on the way that will raise energy prices even higher. We must hope that once the American people see the full extent of President Obama's war on affordable energy, there will be enough votes in the Senate (as there already are in the House) to overturn those rules.

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Obama's Secret Anti-Immigration Campaign



BY DAVID BIER

President Obama's recent decision to defer deportations for certain children of undocumented immigrants and his administration's lawsuit against Arizona's tough immigration law could leave the impression that he wants to encourage immigration. Some have even claimed that he has failed to enforce immigration laws. But behind the scenes, the president has waged an anti-immigration regulatory campaign as tough as any in recent history.

This administration has raised fees, added new regulations, and targeted employers with greater zeal than any other. Almost immediately upon their arrival in Washington, Obama administration officials made hiring legal migrant workers more difficult. In May 2009, the U.S. Department of Labor finalized a rule that reversed changes to the H-2A agricultural visa program by the Bush administration, which had made employing temporary workers easier. Other new rules essentially guarantee that few farmers will ever be able to hire legal immigrants.

These regulations implemented in 2010 increased the minimum hourly wage for foreign workers by more than a dollar to \$9.48. Should it be raised again, employers would have to pay the higher wage, even if the raise occurred while a previously established H-2A contract was in effect. The new rules also prohibit migrants from performing "incidental agricultural work" outside their job description—employers can be banned from the program if such work occurs.

"We're trying to do it right, and we're the ones who are getting punished," Al Pedigo, a Kentucky tobacco farmer, told his local newspaper last year. "I feel like the government is discouraging us from using these workers, and I'm sure they are, but there just aren't other workers to do

Increased fees, fines, and burdensome regulations punish legal immigrants, causing labor shortages and decreased American productivity

this physical, seasonal work." Pedigo said his labor consultant increased his fee by 70 percent in 2011 from \$2,000 to \$3,400—a cost that comes on top of the H-2A paperwork, which takes Pedigo at least an hour each day to complete correctly.

Even one missed document could lead to fines of up \$1,500 per employee. To make matters worse, the Obama administration seems determined to ensure that farmers pay the hefty fines that come with the regulations. Previously, state workforce agencies were required to verify the documentation for immigrant work referrals, but the 2010 rules shifted that responsibility to employers, exposing them to liability should they be audited.

Such audits—known as "silent raids"—have also escalated since President Obama assumed office. In the past, Immigration and Customs Enforcement (ICE) typically averaged around 400 audits per year, but 2011 saw the number rise to nearly 2,500. At the current pace, this year's total could surpass 3,000. The audits have led to a huge increase in penalties and fines. In just three and a half years, ICE has imposed nearly \$100 million in fines, more than in the previous eight years combined.

New regulations also substantially increase employers' risk of being sued. For example, Labor Department requirements mandate that U.S. employees be treated similarly to migrants, but Obama administration officials created a new definition of "corresponding" treatment that could be interpreted by courts to include the housing, transportation, and in some instances, meals that H-2A regulations require employers to supply to

migrants. Disgruntled employees who are citizens or permanent residents could sue under the ambiguous definition and potentially collect damages.

The Obama administration has also targeted highly skilled workers. As part of its 2009 stimulus package, the administration issued regulations that essentially prohibit companies that participated in the financial bailouts from hiring H-1B temporary highly skilled foreign workers, making the program even more inefficient. The following year, officials increased H-1B visa processing fees for firms with more than 50 employees from \$325 to as much as \$2,300. At the same time, officials began to deny an unprecedented number of highly skilled visa applications.

After his deportation deferral decision, the president claimed he wants to "mend our nation's immigration policy, to make it more fair, more efficient." But he has not made it fairer or more efficient for employers—quite the opposite. As deportation levels have risen to record highs, farmers throughout the country struggle with labor shortages and have cut acreage and output. Meanwhile, technology firms have expanded operations in Canada and other countries to more easily hire the skilled workers they need.

President Obama may benefit politically from a pro-immigration image, but it is about time he actually earned it.

David Bier (dbier@cei.org) is an Immigration Policy Analyst in the Center for Economic Freedom at CEI. A version of this article originally appeared on RealClearPolicy.

38 STUDIOS AND THE “GIFT CLAUSE”

BY TREY KOVACS AND
JESSICA MILLER

Rhode Island’s \$75 million loan guarantee to former baseball star Curt Schilling, like most government subsidies, promised to fulfill certain public objectives. Supporters of the deal cited economic growth, good paying long-term jobs, and increased tax revenue to justify pledging taxpayer funds and risking the state’s credit.

However, Curt Schilling’s 38 Studios never brought the economic growth and long-term jobs its supporters promised. Rhode Island citizens found out the hard way that government and private enterprise do not mix.

Taxpayer money spent in the interest of politically connected private entities rarely benefits the public. Yet somehow, Schilling, someone with no prior programming or business experience off the baseball diamond, convinced state officials to invest enthusiastically in his venture. After striking out with Wall Street venture capitalists and the Massachusetts government, Schilling scored a hit with the Rhode Island Economic Development Corporation (RIEDC) in 2010.

Presumably star-struck, the RIEDC agreed to expand its funding commitment from \$50 million to \$125 million in order to accommodate a \$75 million loan guarantee for the retired pitcher’s firm. The agency did this with the expectation that 38 Studios would create 450 permanent jobs in Rhode Island and help kick-start a thriving technology industry.

These expectations were not met. Last month Schilling’s 38 Studios filed for bankruptcy and laid off its entire staff of over 400 without warning. Bankruptcy court documents indicate Schilling’s video game venture owes more than \$150 million, mostly to the RIEDC, and smaller sums to over 1,000 different companies and individuals.

The reasons for 38 Studios’ demise are many, but elected officials and bureaucrats moonlighting as venture capitalists share a great deal of the blame. REIDC officials overlooked the fact that private investors, dating back to 2009, had declined investing in Schilling’s company deeming the venture too risky.

Many professional venture capitalists strike out on investments, but also stand to reap rewards based on merit. Government officials risk taxpayer dollars, not their own. The success or failure of 38 Studios didn’t carry the same consequences for bureaucrats as it would for individual investors.

In addition, REIDC officials appear to have acted in haste and failed to uphold the agency’s own standards. The procedure and regulations to qualify for a REIDC loan guarantee had not even been finalized before 38 Studios received its check.

If there is a silver lining to all this, it is that a solution is readily at hand, if politicians are willing to use it. Rhode Island’s constitution contains a provision known as the “Gift Clause” that prohibits incurring state debt for private gain.

The Rhode Island provision states that the “general assembly shall have no powers, without the express consent of the people, to incur state debts... nor shall it in any case, without such consent, pledge the faith of the state for the payment of the obligations of others.” Rhode Island is not alone; another 47 state constitutions contain similar provisions—but they are often neglected or subverted.

The purpose of the Gift Clause is to protect taxpayers from public financing fiascos like 38 Studios, but Rhode Island elected officials circumvented its prohibition on subsidies by issuing “moral obligation bonds,” which are issued at higher interest rates due to the fact Rhode Island can default on the loan. These moral obligation bonds deny taxpayers a say on how their money is invested. As a result, Rhode Island taxpayers will be paying off 38 Studios’ debt for years to come.

As *The International Business Times* reported, “Bondholders say that the state sold moral obligation bonds to skirt voters’ approval.”

Rhode Island policy makers, as well as those of other states, have an opportunity to put an end to this abuse of taxpayer money to benefit private interests. If the state were to actually abide by its gift clause, taxpayers would be free to choose whether they want to subsidize the 300-plus private companies or back the \$357 million in moral obligation bonds they currently support. This would reinstate fair competition for all Rhode Island businesses and create an environment where businesses are rewarded for their quality rather than their connections. Ultimately, that would benefit all residents of the state.

Trey Kovacs (tkovacs@cei.org) is a Labor Policy Analyst in the Center for Economic Freedom at CEI. Jessica Miller (jmiller@cei.org) is a Research Associate at CEI. A version of this article originally appeared in The Providence Journal.



CEI's *Annual Gala*

The Competitive Enterprise Institute held its Annual Gala on Capitol Hill in Washington D.C., celebrating free markets and limited government on June 5. This year's keynote speaker is one of the more recognizable advocates for limited government in Washington today, Rep. Paul Ryan (R-Wisc.). He addressed the crowd on the same night in which voters in his home turned back the big government policies that has brought federal and state governments to the edge of fiscal calamity, by rejecting a union-sponsored recall of Governor Scott Walker, whose budget and public sector labor reforms have helped put Wisconsin on the path to fiscal stability.

Wall Street Journal columnist and renowned Matt Ridley received the Simon Award. Judge Loren Smith of the U.S. Court of Claims served as the master of ceremonies.



U.S. Court of Federal Claims Judge Loren Smith, Master of Ceremonies for CEI's 2012 Annual Dinner



CEI President Fred Smith welcomes everyone to CEI's 2012 Annual Dinner



Left to right: Susan DeMuth, Hudson Institute Distinguished Fellow Chris DeMuth, and Tara McFeeley



Left to right: Doug Crandall of the National Forest Service, Kathy Benedetto of the House Natural Resources Committee, and John Peschke of the Federal Energy Regulatory Commission

2012 JULIAN L. SIMON MEMORIAL AWARD WINNER
Matt Ridley

Matt Ridley is a British scientist, journalist, and author. He has written several highly regarded works of popular science, including the *The Red Queen* (1994), *Genome* (1999), and *The Rational Optimist: How Prosperity Evolves* (2010). Ridley has been short-listed twice for the Samuel Johnson Prize for non-fiction. In 2011, he won the Manhattan Institute’s Hayek Prize, which “honors the book published within the past two years that best reflects Hayek’s vision of economic and individual liberty.” Ridley also gave the Angus Millar Lecture on “scientific heresy” at the Royal Society for the Encouragement of Arts in 2011, and his TED.com talk on “when ideas have sex” has been viewed over 1.4 million times. He was recently elected a member of the American Academy of Arts and Sciences.

Ridley was educated at Eton College from 1970 to 1975 and then went on to Magdalen College of the University of Oxford. He completed a BA with first class honors in zoology and then a DPhil in zoology at Oxford in 1983. Ridley worked as the science editor of *The Economist* from 1984 to 1987, as its Washington correspondent from 1987 to 1989, and its American editor from 1990 to 1992.



Left to right: Sarah Hoffman and Michelle Fields of the Daily Caller, Nicki Neily, Richard Rahn, and Lotta Moberg



Dan Schmidt (left) and Mike Hartmann of the Bradley Foundation



Richard Rahn (left) and former Virginia Governor Jim Gilmore



Left to right: Masami Tanaka and Russell Smith of the Japanese Auto Manufacturers Association (JAMA), Melanie Chafuen, Peter Weaver of the International Liquid Terminals Association, Kristin Weaver, Sheldon Holen, and Ron Bookbinder of JAMA



Left to right: Fox News Contributor Jim Pinkerton, Donald Devine, and Robert Luddy



Left to right: Federalist Society Vice President and State Courts Director Jonathan Bunch, Case Western Reserve University law professor Jonathan Adler, George Mason University law professor Todd Zywicki, Atlas Network Executive Vice President of Academics and CEI Board Member Leonard Liggio, and Thomas Kramer of the Federalist Society



Sitting, left to right: Radio announcer and former MTV VJ Kennedy, Reason Foundation President David Nott, Jack Gillespie, reason.tv and reason.com Editor Nick Gillespie, Denise Curley, DUNN Capital Management President and CEI Board Member William Dunn, Shelda Bond, Rebecca Dunn; standing: Jim Curley



Left to right: CEI Vice President for Strategy Iain Murray, Beach Foundation Executive Director Jon Beach, Students for Liberty President Alexander McCobin, and CEI Vice President for Policy Wayne Crews



Left to right: David Gaugh, Ralph Neas, and Robert Billings of the Generic Pharmaceuticals Association



Left to right: Robert Strassberger of the Alliance for Automobile Manufacturers, William Carty of the Senate Commerce Committee, Marc Morano of Climate Depot, Bill Dunn, Bill Noack and Gloria Bergquist of the Alliance for Automobile Manufacturers, CEI Director of Environmental and Energy Policy Myron Ebell, Shane Karr of the Alliance for Automobile Manufacturers, Dan Houton of the Motor and Equipment Manufacturers Association, and Victoria Ebell



THE GOOD

CEI Joins Lawsuit to Force the TSA to Follow the Law

The Transportation Security Administration (TSA) should be compelled to at last give the public an opportunity to comment on its use of full-body scanners in airports, a new brief of *amici curiae* filed by CEI urges. The TSA has already been directed by the D.C. Circuit Court of Appeals in its *EPIC v. DHS* decision in July 2011 to “promptly” begin a legally required notice-and-comment rulemaking on the use of these scanners. CEI’s brief is in support of a petition for writ of mandamus filed on July 17 in the D.C. Circuit by the Electronic Privacy Information Center (EPIC), which aims to compel the TSA to begin the court-ordered rulemaking proceeding within 60 days. “All we are asking is that the TSA follow the law. They failed to initiate a notice-and-comment rulemaking proceeding as required under the Administrative Procedure Act, and they are now failing to comply with a court order telling them to do just that. The TSA is out of control, and we believe the court will recognize this and grant EPIC’s petition,” said CEI Land-use and Transportation Policy Analyst Marc Scribner.

THE BAD

Highway Bill Signed into Law, Contains Dangerous Pension Provisions

In late June, Congress passed a 27-month reauthorization of surface transportation programs, which was signed into law by President Obama in early July. In addition to relying on dubious direct revenue provisions that will further weaken the Highway Trust Fund, the legislation also contained several extremely troubling offsets. One is what is known as “pension smoothing.” Specifically, this provision would expand the range of allowable projection figures, starting this year at a 20 percentage point range, to 60 percentage points after 2015. This is essentially a license to make up numbers for income projections four years out from now. Supporters of the bill claim that this change is expected to bring in \$9.5 billion over 10 years, to partially offset the Senate’s \$13.5 billion general revenue bailout of the ailing Highway Trust Fund. Due to the modified pension contribution formula, employers are expected to contribute less toward untaxed pension fund assets, which will increase the total amount of taxable income.

THE UGLY

Supreme Court Concocts “Rational Tax Test” in Health Ruling

On June 28, the U.S. Supreme Court in a 5-4 decision upheld Obamacare’s individual mandate as a constitutional tax. CEI Senior Fellow Gregory Conko blasted the majority opinion. “Today’s decision says Congress does not need to call a regulation a tax—Congress and the President can even insist it is not a tax—if the Supreme Court can rationalize it as one: the Rational Tax Test,” said Conko. CEI Senior Attorney Hans Bader added, “This is a perverse decision that allows politicians to avoid political heat by denying that something is a tax in order to pass it, as Obama and congressional leaders did, when they pretended they had kept Obama’s pledge not to raise taxes on anyone making less than \$250,000 a year. By doing so, it undermines political accountability, despite the fact that ensuring such accountability was a chief purpose of the Constitution.”

MediaMentions

Compiled by Nicole Ciandella

Senior Fellow **John Berlau** disputes President Obama's claim that entrepreneurs don't build their own businesses:

At a campaign event Friday evening in Roanoke, Va., Obama laid out his contempt for business men and women who somehow thought they earned their wealth. "If you've got a business—you didn't build that," he proclaimed to the crowd. "Somebody else made that happen."

That line made the speech even more extreme than the earlier screed against self-made business people by Elizabeth Warren. Warren repeated the line that no one gets rich "on his own," but never went so far as to say that the entrepreneurs didn't "build" their businesses or "make it happen" for themselves. Obama, by contrast, was basically saying, "Don't you dare take any credit for your own business success."

But both Obama and Warren's attacks on entrepreneurs suffer from the same basic flaws. First, the existence of general government programs that future entrepreneurs may benefit from, such as roads and schools (as opposed to specific aid to entrepreneurs selected by the government, i.e. Solyndra), does not take away from entrepreneurs' achievements or create any kind of individual debt.

-July 17, 2012, *Forbes*

In a letter to the editor, Editorial Director **Ivan Osorio** explains why politicians cater to labor special interests:

Government unions contribute generously to political campaigns, giving the unions enormous clout in negotiating with their bosses—whom they are helping to elect. Union-backed politicians, therefore, have a strong incentive to enrich their union supporters.

This unsustainable cycle has served politicians and government unions well for decades, but taxpayers are fed up. Elected officials who are serious about bringing public finances in order need to

curb the power of government unions. Necessary reforms would include giving a worker the choice of whether to join a union and requiring union officials to obtain members' permission before spending their dues on politics.

-July 9, 2012, *The Washington Post*

Policy Analyst **William Yeatman** debunks anti-coal ad campaigns:

One reason Congress has yet to rein in Obama's out-of-control EPA is the use of sleazy, fact-free attack ads produced and distributed by environmentalist special interests. Most of these enviro scare ads share a tasteless commonality: unfounded allegations of child abuse. Lawmakers hesitate to vote to stop EPA's anti-energy agenda because they know environmentalists will run TV advertisements that accuse them of hurting children.

So let's examine just how false and misleading are the ad campaigns produced by MoveOn.org, the Sierra Club, the Natural Resources Defense Council, Environment Ohio, and the American Lung Association. Each advertisement equates abused children (including toddlers smoking, babies coughing, and even an infant being fed a spoonful of poison) with a vote to rein in the Environmental Protection Agency. And each ad also lacks a factual foundation.

-July 1, 2012, *Green Watch*

Vice President for Strategy **Iain Murray** explains why Britain should leave the European Union:

The reason for the increasing likelihood of what some are terming a "Brixit" (short for British exit, like Grexit for Greek exit) is quite simple. It is becoming more and more apparent that the only viable solution for the debt problems of the southern



EU nations is some form of closer integration, in the form of a political or fiscal union or (as has been suggested recently) a banking union of the Euro Zone members.

It is now widely accepted on the Continent that monetary union without these other policies was a huge mistake, producing massive economic disparities within the currency union—as Euroskeptics warned it would back in the 1990s. As so many times before, the solution now being proposed for problems caused by European integration is ... more European integration.

Yet the idea of Britain being involved in closer European integration is anathema to the British people.

-June 22, 2012, *The Daily Mail*

Warren Brookes Journalism Fellow **Matt Patterson** talks about Bank of America's decision to spend over \$50 billion fighting climate change:

The green energy boondoggle has been a failure as a business model—wind and solar power are vastly more expensive to produce and buy and far less reliable to use, than good old-fashioned fossil fuels. As Myron Ebell, director for the Center for Energy and Environment at the Competitive Enterprise Institute, told me, the only reason companies get involved in this nonsense at all is because the government both mandates and subsidizes it. Government sauce is the only gravy on this train.

Even if the government has nothing to do with Bank of America's green commitment, it's still a colossally bad idea—an institution that was in dire straits that recently required assistance from the feds is throwing tens of billions of dollars down the global-warming sinkhole. It just goes to show the real danger that the modern environmental movement poses by persuading us to waste money we don't have.

-June 20, 2012, *The Washington Times*



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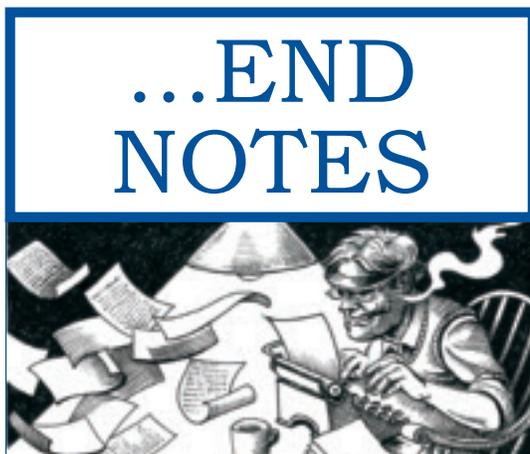
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Your Apple Shall Not Fall Far from Our Tree

A small food company in Canada has grown an apple that doesn't turn brown after being sliced. Not everyone thinks it's a great idea. A representative for incumbent apple growers told *The New York Times*, "We don't think it's in the best interest of the apple industry of the United States to have that product in the marketplace at this time." This translates roughly to, "We think consumers will prefer this product to ours, and will hurt our bottom line. Therefore, regulators should keep these things off the market for us." I'd rather consumers decide on the non-browning apple's merits, thank you.

Yabba Dabba Do Not Offend the Regulatory State

Sebastian Trager is an engineer in Germany who loves *The Flintstones*. He recently built a replica of Fred Flintstone's car that looks almost exactly like the original. The only significant nod to modernity is that instead of being foot-powered, it has a 1.3 liter engine. Regulators, ever afraid that someone, somewhere might be having fun, quickly told Trager that he may not drive his car on German roads. One reason is that German regulations require all cars to have windshield wipers. Trager didn't think to install them, mainly because his Flintstone-mobile doesn't have a windshield. Other items are more substantive. Looking at pictures of the car, it also lacks side and rearview mirrors and seat belts. One imagines that it also lacks airbags. It also lacks turn signals, though Trager could use hand signals to alert fellow motorists when he's about to turn.



D.C. Doesn't Like Classy Taxicab Competition

A cool startup company called Uber operates in about half a dozen cities in the U.S. and Canada, and is growing fast. Think of them as an on-demand cab service. Using their smartphone application, you request a car, and a few minutes later a professional driver in a black Lincoln Town Car will pick you up where you stand and take you where you need to go. There are two ways incumbent cab drivers can deal with it. One is to compete. The other is to use regulation to drive it out of business. Guess which option they chose in the nation's capital? The D.C. City Council was set to vote on

an amendment that would make it illegal for Uber to charge less than five times the initial \$3.00 fixed-rate "flag drop" in D.C. taxis. It was withdrawn at the last minute due to a public outcry, but is expected to return for a vote this November. If it passes, this would put a stop to UberX, a cheaper service using less flashy cars. UberX is already available in New York, and the company is planning on bringing it to Washington.

Bureaucrats Save Us from Ill-Defined Pasta

According to federal regulations, you may not, in fact, stick a feather in your hat and call it macaroni. I'm serious. At 21 CFR 139, Subpart B, § 139.110, macaroni is defined as "the class of food each of which is prepared by drying formed units of dough made from semolina, durum flour, farina, flour, or any combination of two or more of these, with water and with or without one or more of the optional ingredients specified in paragraphs (a) (1) to (6), inclusive, of this section." If it doesn't meet that definition, you can't call it macaroni. And Yankee Doodle began to cry.