

# The EU Searches for a Monopolist, Finds Google

BY WAYNE CREWS AND ALBERTO MINGARDI

Google isn't a monopoly now, but the more it tries to become one, the better it will be for us all.

Competition works in this way:

Capitalist enterprises strive to gain profits and market share. In turn, competitors are forced to respond by improving their offerings. Innovation is the healthy output of this competitive game. The European Commission, while pondering complaints against the Internet search giant, might consider this point.

Google has been challenged by websites from Germany, Britain, and France for its dominant position in the market for Web search and online advertisement. The U.S. search engine is accused of imposing difficult terms and conditions on competitors and partners, who are now calling regulators into action. Business partners and competitors claim that Google's search algorithm is "biased."



Before resorting to the old commandments of antitrust, we should consider that the Internet world is still largely impervious and unknown to any one individual—including regulators. We are in terra incognita, and nobody knows how the market will evolve. But one thing is for sure: Online search can't evolve properly if it's improperly regulated—no matter the stage of evolution.

While the exact form of "remedy" is anyone's guess depending upon the petitioner and the whims of regulators, intervention would mean shortcuts for Google's competitors, such as regulatory guarantees of future search ranking or placement, limitations on future Google services that could undermine an emerging

rival, oversight of pricing or advertising practices, coerced changes to the Google interface, or bureaucratic oversight of paid search results. The net effect would be to rescue Google's competitors from the requirement to compete, and to give them access to Google customers whom they didn't attract on their own merits.

Public policy is often schizophrenic, but using the language of monopoly to attack information services and communications is particularly perverse. Speech is the core freedom, and today's competitive technologies, including search, vastly extend it for us all.

Google isn't being targeted by regulators in Brussels alone. It enjoys declining popularity in many capitals, from Beijing to Washington, D.C. In the U.S., conservatives have been complaining about bias in Google's search results, such as a purported deference toward Al Gore.

But so what? Let Google be the MSNBC  
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>>FROM THE PRESIDENT



## *Liberty is too Important to Remain an Abstraction*

By Fred L. Smith, Jr.

Statists know what they want—government and more of it! But, what do free market advocates seek?

Blocking the Bush-Obama blitzkrieg attack on the economy—yes—but then what? Is our goal simply to stabilize the economy of today? Surely we wish to expand the entrepreneurial sphere and move toward the more limited government envisioned by our Founders.

Occasionally, limited government advocates find a leader—the rare Reagan or Thatcher—who helps foster economic liberalization. As the late economist Hendrik Houthakker noted, the dominant trend *is to roll up the regulatory carpet by the foot while laying it out by the yard!* This is true not only for regulations, but entitlements, government mandates, and guarantees.

Our challenge is to expand liberty—not stand pat. As Lincoln duly noted, America “cannot endure, permanently half *slave* and half *free*.” Free market advocates are effective at communicating the virtues of economic liberty, but we have yet to clearly map out the path to that end.

To combat statism our ideals must be translated into practical, incremental steps towards freedom. At CEI, we think these baby steps should be:

**Stop Digging.** It is more important to control the future than to discipline the present. Why should our children be born into entitlement slavery? Why must immigrants be drafted into the regulatory welfare state? Ensuring voluntary options for the future limits the budgetary trap that has so far paralyzed entitlement reform.

**No Regulation without Representation.** Regulations have become the preferred tool for statist intervention. The regulatory process is dominated by economic and ideological interest groups. The citizenry are missing from

those (no longer) smoke-filled back rooms. CEI has long advocated restoring congressional accountability: Each proposed major rule should be examined by relevant congressional committees and when finalized sent back to Congress for an up or down vote.

**Restart the Evolution of the Institutions of Liberty.** The greatest success of the progressive movement was to block the evolution of property rights in environmental resources, groundwater, the electromagnetic spectrum, and many other areas. New homesteading legislation could encourage the development of property rights in these resources, reopening the door to a freer America.

**Create a Viable Risk Assumption Process.** In health care and other areas, risks are real and cannot be regulated away. The Precautionary Principle (don’t let people try anything until we know everything) is a recipe for stagnation.

We have successful procedures for mitigating risk in some areas, such as the Qualified Investor Rule, which allows individuals to assume the risks of their investments. Why not extend this concept into health care? A Qualified Patient Rule would allow individuals to explore the future for all of us.

Our goal must be to combine the ideals of freedom with the incremental practicality necessary for a democratic marketplace. For too long, we’ve pointed out the virtues of a freer world and naively expected others to develop the implementation plan. CEI and others must outline the practical steps toward economic liberty and remain vigilant that our principles not be distorted by our statist adversaries. The goal of liberty is too important to remain an abstraction.

“*To combat statism our ideals must be translated into practical, incremental steps towards freedom.*”

*Fred Lee Smith, Jr.*

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## Google, continued from page 1

of search engines. Somebody else can be the Fox News if consumers want it. Today, as in the mid-1990s when Sergey Brin and Larry Page got started, if you create a search engine, nobody can stop you. Nobody can stop Microsoft from creating one either. Oh, wait...

Everyone seems to think Google is theirs to regulate, that they have more of a right to prescribe Google's algorithm or business policies than Google itself does.

In search, as in the media itself, competing biases are good; pretended or forced objectivity, not so good. The decisions about how to rank search or what to reveal in a search are integral to Google's free speech, not anyone else's to decide. Differences of opinion and preferences about rankings are properly dealt with by competition from Microsoft or Yahoo; Teoma, the "theory of everything" Steven Wolfram engine; or something we don't know about yet being hatched in a dorm room. Other pressures include consumer demands, and Google's own business partners. Monopoly leads to reduced demand, and if Google truly "monopolizes," then its own business partners are hurt by its behavior and will defect and go elsewhere.

The policy environment should maximize the possibility of rival search technologies emerging in response to inappropriate bias. Today's approach is the opposite. It creates a stunted search environment because everyone is afraid or reluctant to create an aggressive new search algorithm—why invest, if success means regulation and confiscation? The search capabilities needed for tomorrow's Internet won't come to be if policy makers freeze 2010 conditions into regulation.

Various types of search already optimize for various types of biased results. As centuries of experience with freedom of speech tell us, biases in information services are perfectly appropriate, perhaps even necessary in free societies. If regulators do not know this, they need to be removed from their jobs.

Any European Commission inquiry should be a short one. Would that global recessions selectively disemploy government regulators and academics who make a living by tearing down what others have created. Regulators rarely bring anything to the table but an appetite for more power.

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# STAY CLASSY, SACRAMENTO

BY WILLIAM YEATMAN AND JEREMY LOTT

In many countries, electric utilities struggle to keep up with demand, and often fail. The World Bank estimates that almost 1.5 billion men, women, and children lack reliable access to electricity. They want it, but they can't have it. In new-agey California, it's the other way around. The centerpiece of California's energy policy is *the absence of energy*.

If that sounds crazy—and it is!—consider this impressive web of regulation that the government has spun:

- New nuclear power plants cannot be built because of a moratorium.
- New coal plants are illegal.
- Large scale hydropower is unthinkable for California's environmentally sensitive voters, because it harms fish.
- Natural gas plants emit half as much carbon as coal plants, but they are banned in much of California because they cannot get air quality permits for particulate emissions.

In 2006, the State Water Resources Control Board (SWRCB) ruled that 19 coastal natural gas power plants were in violation of the Clean Water Act for using a process called "once-through cooling," by which ocean water is pumped into a power plant in order to condense

steam into water to be reused. This can harm aquatic wildlife, so, at the behest of environmental groups, the SWRCB ordered coastal power plants to make costly refurbishments. According to the Energy Commission, "[I]t is likely that plant operators will choose retirement in the face of costly retrofits."

California doesn't have generation capacity to spare, so it will have to replace these plants, most of which are located in the southern part of the state. But the south California air basin is out

*“The centerpiece of California's energy policy is really the absence of energy.”*

of compliance with air quality standards for particulate emissions. It is well nigh impossible for utilities to obtain an air quality permit for a natural gas plant from the South Coast Air Quality Management District.

Existing nuclear power is also under attack. In 2006, the legislature passed a bill requiring the Energy Commission to assess the nuclear plants' vulnerability to earthquakes. In fact, the legislation was designed to stack the deck against nuclear power when these plants come

up for relicensing. It is unlikely that California utilities can meet demand for electricity without these 21 power plants. Yet California's elected officials, in Sacramento and elsewhere, seem to think that conventional energy is unnecessary as long as the Golden State aggressively pursues conservation and renewable energy.

That's the theory anyway. However, the state's anti-energy policies make even the generation of alternative energy difficult.

California is the country's leading dairy state, and the Energy Commission has identified methane emitted by cows as a major source of renewable energy. But it is impossible to make use of this "bio-methane" from California's dairy farms because air quality agencies refuse to permit a generating facility. The state's deserts are obvious locations for generating solar power. Yet California Senator Dianne Feinstein is trying to block the construction of solar power plants in the Mojave in order to protect a species of turtle.

California's mountain ranges are ideal for wind power. However, many environmentalists find wind turbines unacceptable because the giant, rotating blades kill animals that fly. A California wind power developer recently told *The New York Times*: "Regulators are concerned about birds; now they're

concerned about bats.” Next they’ll be concerned about taxpayers.

Just kidding on that last point. Renewable energies are far more expensive than burning fossil fuels, but that’s only a start. To meet the state’s current renewable energy targets (20 percent of the state’s electricity was supposed to come from renewable energy sources by this year), the Public Utilities Commission reports that California utilities would have to build seven transmission lines, at a cost of \$12 billion, to move electricity generated by renewables in remote regions to the urban centers where the electricity is consumed.

However, there could be a catch. Transmission lines are almost impossible to build in California due to the onerous permitting process designed to mitigate environmental impact.

No problem, said Governor Arnold Schwarzenegger. When it became clear that the state couldn’t meet its 2010 goals, he simply moved the goalposts. He signed an executive order that increased the unworkable renewable energy targets and postponed them—by a decade.

California’s story should be a cautionary tale of how not to manage energy policy. Instead, it is touted by politicians and all too often swallowed hook, line, and sinker by gullible journalists.

There is something like a consensus among economists that “greening” the energy industry harms economic growth. But Schwarzenegger claims California “can grow the economy and simultaneously protect the environment,” and Sen. Barbara Boxer maintains that California’s energy policies have boosted employment by creating “green jobs.”

Los Angeles congressman and chairman of the powerful Energy and Commerce Committee Henry Waxman ushered major climate change legislation through the House of Representatives last year. He based the renewable energy parts of the bill on his own state’s flawed model.

Barack Obama bragged in an Earth Day speech last year that the average Californian uses 50 percent less energy than the average American because the state government “put in some good

policy early on that assured that they weren’t wasting energy.” (It’s worth batting that down, briefly. California has a moderate climate, high urban density, and an energy policy that drives up the cost of

**“California’s story should be a cautionary tale of how not to manage energy policy. Instead, it is touted by politicians and all too often swallowed hook, line, and sinker by gullible journalists.”**

electricity. So, less air conditioning + less heat + high energy prices + fewer energy intensive industries because most have fled the state = lower per capita energy usage.)

Writing in *The Atlantic*, Ronald Brownstein celebrated the “California Experiment,” which “has consistently defined the forward edge of energy policy in America.” In *Time*, Michael Grunwald argued that, “California is not just ahead of the game” when it comes to energy, but that, “it’s playing a different”—altogether better—“game.” Think of it as Monopoly, except in this version everybody goes broke and has to sleep on the street.

Everybody except the well-connected, that is. One California program that’s being celebrated at the moment is called “decoupling plus.” It is supposed to give utilities an incentive to pursue energy efficiency. Here’s how it works: California regulators allow utilities to increase electricity rates to fund programs that lower energy consumption. If these programs reduce energy use below targets set by the state, then the utilities get to keep some of the value of the saved electricity.

Decoupling plus is supposed to restructure the utilities’ interest calculus so that they give priority to energy efficiency. In practice, it’s a huge transfer of wealth from taxpayers to favored utilities, with little enforcement. In September, the Public Utilities

Commission slashed the utilities’ savings targets for 2012 by 42 percent. According to a staff analysis, “review of the PUC’s actions relating to energy efficiency incentives ... reveals how the scales have been tipped further and further in favor of utility shareholders.”

Brownstein writes that decoupling plus has “changed the motivation of utility companies.” He’s right, just not in the way he thinks. The program has given the utilities the motivation to lobby politicians and regulators in order to reap windfall profits.

For 2010-2012, the Public Utilities Commission has increased electricity rates by \$3.1 billion to pay for energy efficiency programs, and it has complete discretion over how much of this rate increase will end up with the utilities. So a utility’s success will be achieved by overcharging rate payers and currying favor with politicians, who will then, no doubt, blather on about how Sacramento has saved us from ourselves.

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# No Need to Seize Land to Revive Cities

BY MARC SCRIBNER

If history is any guide, Detroit Mayor Dave Bing's recent announcement that he intends to pursue aggressive central planning in order to shrink the city is bad news. For a city notorious for eminent domain abuse and corruption, Detroit residents should be vigilant about Bing's plan.

The reason that the mayor wants to downsize Detroit is understandable. Many people and businesses have departed, leaving huge swaths where the city provides police, fire and garbage services for very few residents. By forcing some residents to move, the city can consolidate neighborhoods, save money as well as put together coherent tracts of property for sale to potential developers.

But many of the areas in question are sparsely populated by mostly low-income residents or dilapidated to the point where the city has a reasonable case designating the properties as public nuisances. Because of these two facts, the city should neither forgo the normal bargaining process nor condemn the dilapidated parcels through eminent domain.

Normal bargaining to buy property likely would be relatively cheap given the small, lower-income population. And if property is truly blighted, it would be a public nuisance and could be seized through traditional police authority granted to government without using eminent domain—and without compensating the owners.

Detroit residents are more protected than many Americans from eminent domain abuse, but they are by no means immune. Bing and the city government may face constraints on manipulating takings compensation settlements, but there are still opportunities for abuse.

Officials have strong incentives to systematically undervalue property when determining "market value." Even if the city were to pay 125 percent of "market value" plus additional relocation costs, as required by the state Constitution, the odds of the owner getting anywhere close to the property's actual subjective value—the price at which the owner would willingly sell—are slim.

The law ought to reflect the reality that officials cannot know how much owners value their property, which is what makes the bargaining process superior to takings in the first place.

But Detroiters aren't alone; eminent domain abuse remains a serious problem across the nation.

Five years ago in its *Kelo v. New London* ruling, the U.S. Supreme Court upheld the city of New London, Connecticut's authority to condemn homes to transfer the parcels to a wealthy private developer. The Takings Clause of the Fifth Amendment to the U.S. Constitution—"nor shall private property be taken for public use, without just compensation"—was interpreted to permit property seizures for a "public purpose"—in this case, the city's expected increase in tax revenue following redevelopment.

Many were outraged that homeownership had essentially been rendered meaningless in the name of corporate welfare. According to polls, nearly 90 percent of Americans opposed the decision.

Moreover, the entire takings process tends to be heavily biased against lower-income businesses and households. Poorer areas are far more likely to be declared "blighted" for spurious reasons and targeted for economic redevelopment, so eminent domain takings can kill off wealth creation there before it even begins.

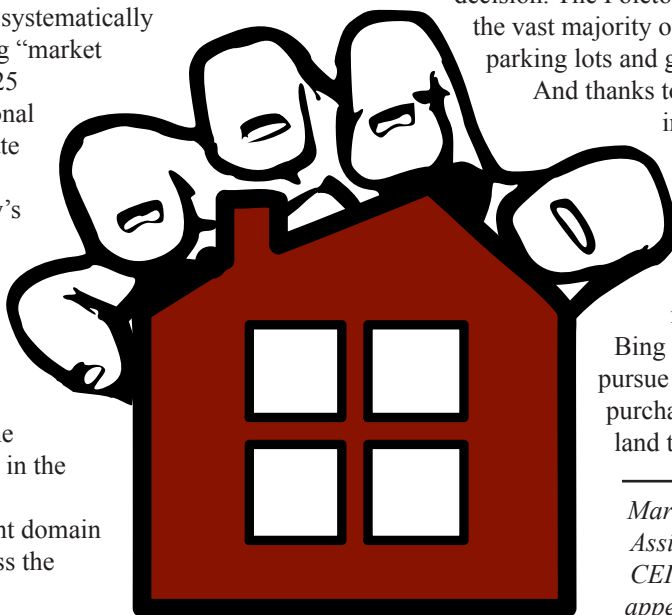
A classic example is the razing of Detroit's Poletown neighborhood. Then-Mayor Coleman Young conspired with General Motors to seize and demolish historic working-class Poletown to build a new auto plant. In addition to the 1,300 homes and six churches slated for destruction, 140 businesses stood in the way of this unholy alliance of government and big business.

Neighborhood groups filed lawsuits, staged sit-ins and held rallies to oppose the development plan. In the end, this was not enough, the Michigan Supreme Court gave Young and GM the victory they needed, and the once-thriving immigrant neighborhood was soon demolished.

Thankfully, the Michigan Supreme Court later reversed its decision. The Poletown plant is still in operation, but the vast majority of the razed property now consists of parking lots and green space.

And thanks to the passage of a 2006 ballot initiative, Michigan residents now enjoy some of the strongest protections against eminent domain abuse in the nation.

Detroit city government already has a bad reputation from its past land grabs. That's why Bing and other Detroit officials should pursue downsizing through normal parcel purchases instead of politically charged land takings.



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# How to Really Stand up to Terrorists

BY RYAN YOUNG

President Obama's recent difficulties in finding someone to head the Transportation Security Administration (TSA) gives America a golden opportunity to fundamentally rethink its approach to aviation security.

That approach is based on fear. Terrorism became a top priority issue again following the underwear bomber's failed Christmas day attempt. And polls are showing that a majority of us are willing to give up some liberty to be more secure.

Public figures aren't helping. Newt Gingrich hyperventilated on Fox News recently that, "We are not safe."

According to the data, that isn't true. Over the last 10 years, slightly fewer than one out of every 10.4 million airline passengers were attacked by terrorists. Your odds of being struck by lightning are more than 20 times greater.

Even with people like Umar Farouk Abdulmutallab out there, flying is far safer than everyday activities like driving. Car crashes kill at least 200 times as many Americans as terrorists do each year. And on a per-mile basis, walking is eight times more dangerous still.

Compared to what we face on a daily basis, it is irrational to be scared of terrorists. I mean that literally. Humans have a built-in cognitive bias, something probability theorist Nassim Nicholas Taleb might call "black swan bias." The lone

black swan gets all the attention, while its thousands of white brethren are ignored as background scenery. Terrorist attacks dominate the news, while the scores of people who die every single day in car crashes and homicides are statistics.

And so we are scared of a one-in-10.4 million shot. Not just scared, but terrified. That's why the Abdulmutallabs of the world are winning.

Terrorism's long odds would shorten without some security measures. Fortunately, the two most effective security measures we have are already in place. Security expert Bruce Schneier identified them years ago. Not only are they inexpensive, but they also respect civil liberties. Reinforced cockpit doors make hijacking almost impossible.

And passengers like Flight 253's Jasper Schuringa know that sometimes they have to take matters into their own hands.

A third effective measure is screening checked baggage. The U.S. has been doing this since 1973.

Terrorism can never be completely eliminated. All security measures are fallible, and determined attackers will find ways around them. The U.S. is now requiring 14 heavily Muslim countries to subject all U.S.-bound fliers to thorough screens and searches. But a terrorist can simply fly in from somewhere else.

And yet that hardly ever happens. And it's not because of tightened security. It's because terrorists are rare.

They are so rare that they can't possibly win by killing people. There are too many of us and too few of them. Terrorists can only win by scaring people, making them overreact and trade away their freedom for the illusion of security.

Fear is their only weapon. Let's take it away, then.

Stop listening to Homeland Security Secretary Janet Napolitano and Mr. Gingrich. Rise above black swan bias. Society only has so much money to spend saving lives. Much of the TSA's \$7-billion budget is spent looking for black swans, and does little to actually save lives.

More good would be done by spending that money on automobile safety, or researching heart disease and cancer. An irrational one-in-10.4 million fear is the only thing holding us back.

Any man who would murder hundreds of his fellow human beings is a monster. Whatever punishment Umar Farouk Abdulmutallab ultimately gets, he will deserve a thousand times more.

We can begin his punishment by making sure his victory does not last. We can do that by standing up and saying, "I'm not scared."

Here, I'll start: I'm not scared.

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# Why Conservatives Should *Support* Immigration

*If competition really makes us wealthier, we should welcome immigrants, not shun them.*

BY ALEX NOWRASTEH

U.S. Citizenship and Immigration Services recently began accepting applications for the H-1B visa, a six-year company-sponsored work visa for 85,000 U.S.-trained and skilled foreign workers. That may sound like a large number, but in 2007 and 2008 the number of H-1B applications was more than double the amount of jobs available. The recession in 2009 dampened demand, but this year applications will be up again. Many talented individuals may well forgo this rigmarole and opt instead to immigrate to other developed countries like Canada, Britain, or Australia.

Yet this dysfunctional policy does more than just economic harm; it also undermines conservative principles.

Conservatives have a healthy appreciation for free market capitalism. They recognize that business competition improves standards of living. It is totally inconsistent to recognize that and to not allow foreign competitors into our job market. If competition really makes us wealthier, we should welcome more immigrants, not shun them. Real conservatives are not afraid of economic competition.

Yet competition for jobs—the oft-repeated mantra that they “take” American jobs—is the most persistent argument against immigration. This argument rests on a flawed zero-sum view of the economy worthy of the Left. There is no fixed pool of jobs over which people must fight. Jobs are constantly being created and destroyed, and in a healthy economy a lot of obsolete jobs must fall by the wayside for new ones to arise.

Moreover, employers compete for talent in the form of highly skilled workers who can add value to a business, and that greater value can translate into more jobs and better pay. The non-partisan National Foundation for American Policy recently reported that for every H-1B position requested, U.S. technology firms increased their employment by five workers.

A study by Giovanni Peri of the University of California, Berkeley, and Gianmarco I.P. Ottaviano of the University of Bologna concluded that immigration between 1990 and 2004 increased the wages of all Americans with at least a high school diploma while slightly decreasing the wages of Americans



without one. Yes, failing out of high school will hurt your future income potential, but protecting unambitious U.S.-born workers to the detriment of everybody else is not a legitimate goal of immigration policy.

The cliché that immigrants tapping into U.S. social services are creating a permanent underclass of lazy, foreign-language speaking welfare dependents is totally divorced from reality. The 1996 welfare reform act prohibited federal welfare payments for illegal immigrants and people with work visas. Of the college degree-holding foreign population residing in the U.S., only 2.3 percent are unemployed. Moreover, H-1B visa holders must be company-sponsored and employed to stay in the country. There is no real possibility of them soaking up welfare benefits.

Conservatives also place great value on the rule of law and security. Security provides an environment where the law can be applied equally while the law provides a framework through which security can be legitimized. But our current immigration laws would require a police state to be enforced consistently. Conservatives rightly pride themselves on advocating policies based on reality, not wishful thinking. Our immigration policy is plagued by a disconnect between the legality and reality, and reality—as always—is winning.

Immigrants, skilled and unskilled, will continue to come to the United States no matter how strict the border controls. That is a fact. It is also a fact that the government cannot regulate an underground economy. It is inconsistent to call for stricter border controls while complaining about the quality of present immigrants. The only way the government can control the quality of immigrants is by making it substantially easier to come to America legally. We should start with the highly skilled.

Conservatives understand the threat of Islamist terrorism in the post-9/11 world. Instead of wasting scarce security resources keeping out the thousands of Indian, Chinese, or Irish computer programmers and engineers who can make a positive contribution to this country, we should devote those resources to blocking out true undesirables. An immigration policy that only weeds out suspected terrorists or criminals will focus law enforcement, not continually dissipate it.

To maintain free markets and their competitive outcomes, individual responsibility, the rule of law, and security, conservatives should support removing the caps on legal immigration to the U.S., especially for high skilled workers. Like most policies that are good for America, it is the conservative thing to do.

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Crasher-in-Chief Lee Doren speaks to student liberty activists.  
 (Photo by Chad Swarthout.)

In mid-February, Crasher-in-Chief Lee Doren was invited to speak at the Third Annual International Students for Liberty Conference held at American University, where he gave a presentation on harnessing YouTube for liberty activism. The three-day event also featured speeches by Cato Institute Founder and President Ed Crane and former New Mexico Governor Gary Johnson.

On February 22, crashers again demonstrated outside the Egyptian Cultural and Education Bureau in Washington, D.C., in support of incarcerated dissident blogger Kareem Amer. The date marked the three-year anniversary of Amer's sentencing for "contempt of religion" and "defaming the President of Egypt." Crasher-in-Chief Lee Doren called on liberty lovers everywhere to show solidarity with Kareem and other peaceful political prisoners across the globe. And on March 18-21, Doren attended the Free State Project's 2010 Liberty Forum in Nashua, New Hampshire.



# the GOOD, the BAD & the UGLY

## THE GOOD

### CEI Challenges EPA Power Grab

On February 16, the Competitive Enterprise Institute filed a lawsuit challenging the Environmental Protection Agency's plan to regulate carbon dioxide (CO<sub>2</sub>) as a pollutant under the Clean Air Act. Several other groups joined CEI, including FreedomWorks and the Science and Environmental Policy Project, in the suit, which asks a federal appeals court to review the proposed EPA regulation. "EPA states that 'the greatest warming occur[ed] over the last 30 years,'" the petitioners state. "But according to Dr. [Phil] Jones, [who until recently headed the University of East Anglia's Climate Research Unit] for the periods 1860-1880, 1910-1940, 1975-1998, and 1975-2009, the warming rates did not show any accelerating trends. In his words, 'the warming rates for all 4 periods are similar and not statistically significantly different from each other.'" "If there has been no change in warming rates, this contradicts one of EPA's basic contentions."

## THE BAD

### Obama Targets Foreign Insurers' Status

In a particularly protectionist move, the Obama administration took aim at foreign insurers and reinsurers, claiming that their favorable foreign tax statuses amounted to unfair competition. Foreign insurers and reinsurers play a vital role in American commercial insurance markets, including terrorism insurance, and pass along the savings from incorporating in tax-friendly locales such as Bermuda back to their customers in the form of lower premiums. "What this would do is make it more expensive for these foreign insurance companies to do business in the U.S.," said CEI Director of Insurance Studies Michelle Minton. "They will either need to charge their U.S. operations more or they'll leave. Both options would please the domestic insurance companies that are pushing for this action because they can continue charging high premiums and have less competition."

## THE UGLY

### New CARD Regulations Undermine Credit

The Credit Card Accountability, Responsibility, and Disclosure (CARD) Act of 2009 went into effect on February 22. While the law, passed in May 2009, is being hailed as pro-consumer, it's already having unintended consequences. If you think tightening credit through new regulation while lawmakers are attempting to jump-start lending seems a bit strange, you're not alone. But as CEI's Director of the Center for Investors and Entrepreneurs John Berlau notes, increasing regulation on the payment card industry doesn't just harm consumers, it harms entrepreneurs as well. "Startups often have limited collateral, making credit cards one of the only sources of financing for getting off the ground," he says. "The Kauffman Foundation has found that almost half of all small businesses rely on personal credit cards for financing. One such entrepreneur is Sergey Brin, who used his personal credit cards as a college student in the 1990s to start the company that today is known as Google." Congress could be killing off the next Google before it even has a chance to get off the ground.

# MediaMENTIONS

Compiled by **Richard Morrison**



**Director of the Center for Investors and Entrepreneurs **John Berlau** and Research Associate **Jonathan Moore** make a case for real competition in the market for health insurance:**

Competition isn't the end goal of some public option advocates, who most likely see the public option as a way station for a single-payer system like Canada's. But if that's the case, why not have an honest debate, as *Washington Post* economist Robert Samuelson suggests, between single payer and "genuine competition among health plans over price and quality"?

To bring real competition, let customers buy health insurance across state lines and remove provisions of the tax code favoring employer-based health insurance.

But let's not bring the "too big to fail" model, which proved such a disaster for the financial industry, into our health care system, under the guise of the public option.

—*Politico*, March 11

**Policy Analyst **Alex Nowrasteh** warns of a new anti-immigration power grab:**

The Senate is working toward a ghastly compromise on immigration reform that includes a biometric national identification card for all Americans. The stated purpose of this national ID, which an employee must present before getting a job, is to prevent undocumented workers from being employed. Back in December I warned that a national ID is the inevitable conclusion of the anti-immigration movement. The failure of E-Verify to catch 54 percent of undocumented workers is only accelerating the call for a national ID.

A national ID hurts American workers while pretending to help them.

—*Fox Forum*, March 9

**Senior Fellow **Christopher C. Horner** on the political battle over wind power and the future of renewable energy:**

In 2008 and 2009, Mr. Obama told Americans on no fewer than eight occasions to "think about what's happening in countries like Spain [and] Germany" to

see his model for successful "green jobs" policies, and what we should expect here.

Some Spanish academics and experts on that country's wind and solar energy policies and outcomes took Mr. Obama up on his invitation, revealing Spain's policies to be economic and employment disasters. The political embarrassment to the administration was obvious, with White House spokesman Robert Gibbs asked about the Spanish study at a press conference, and the president hurriedly substituted Denmark for Spain in his stump speech.

Team Obama was not amused, and they decided to do something about it. The crew that campaigned on change pulled out the oldest plan in the book—attack the messenger. The U.S. government's response to foreign academics, assessing the impact in their own country of that foreign government's policies, was to come after them in a move that internal emails say was unprecedented. They also show it was coordinated with the lobbyists for "Big Wind" and the left-wing Center for American Progress (CAP).

What emerged was an ideological hodgepodge of curious and unsupported claims published under the name of two young non-economist wind advocates. These taxpayer-funded employees offered green dogma in oddly strident terms and, along the way, a senior Obama political appointee may well have misled Congress.

—*The Washington Times*, March 9

**Vice President for Strategy **Iain Murray** and Research Associate **Roger Abbott** document the crisis of confidence in NASA's climate science:**

The "Climategate" scandal, which broke in November 2009, revealed what many skeptics had privately suspected. Prominent climate scientists at the University of East Anglia's Climate Research Unit (CRU) had collaborated to keep data out of skeptics'

hands, subverted the peer review process, and used questionable methods to construct the temperature record on which the United Nations Intergovernmental Panel Climate Change (IPCC) based its recommendations.

Now a new "Climategate" scandal is emerging, this time based on documents released by NASA's Goddard Institute for Space Studies (GISS) in response to several Freedom of Information Act (FOIA) suits filed by the Competitive Enterprise Institute. The newly released emails further demonstrate the politicized nature of climate science, revealing a number of questionable practices that cast doubt on the credibility of scientific data provided by NASA.

—*The American Spectator*, March 2

**Editorial Director **Ivan Osorio** details the cozy relationship between the White House and Big Labor:**

President Barack Obama has appointed Service Employees International Union President Andrew Stern to a new commission tasked with coming up with recommendations to help reduce the federal deficit. While disappointing, this is not surprising. Stern's appointment is merely the culmination of a series of appointments by the Obama administration of individuals closely associated with SEIU to government posts.

These include Patrick Gaspard, a former vice president for politics and legislation for SEIU Local 1199, a giant New York health care workers union, who was named White House political director following Obama's election, and SEIU Treasurer Anna Burger, who was named to Obama's Economic Recovery Advisory Board. Then there's former SEIU associate general counsel Craig Becker, whose nomination to the National Labor Relations Board failed in a Senate cloture vote.

Stern himself, according to White House visitor logs released in November, visited the White House at least 22 times in 2009, making him the most frequent visitor during that time (the Alliance for Worker Freedom has filed a request for an investigation of Stern for possible lobbying disclosure violations, including during those visits).

—*The Daily Caller*, March 1



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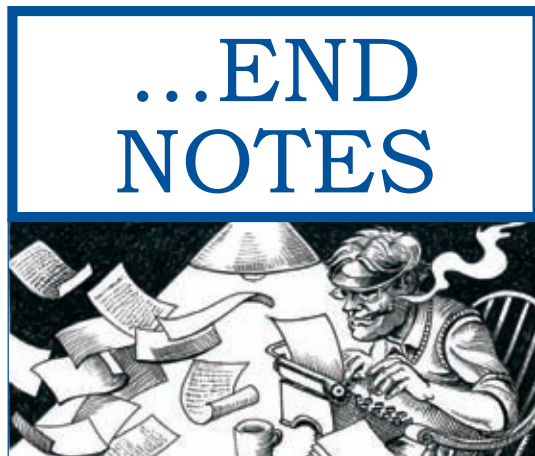
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### Study: Capitalism Makes for a “Kinder” Society

Left-wing ideologues frequently denounce the free enterprise system as “cruel” and “inhumane,” blaming capitalism for every conceivable social ill. However, new research published in *Science* concludes that markets have likely led to a freer, more cooperative, and less violent society. “We live in a much kinder, gentler world than most humans have lived in,” says University of British Columbia anthropologist Joe Henrich, lead author of the study. The authors propose that markets have created a level playing field that enforces “fair” behavior, even though market interactions tend to be impersonal. They suggest that thousands of years of trading have rewired neural networks in the brain in a manner that fosters cooperative market behavior.

### Parking Authorities Ticket Flooded Cars

After the River Ouse flooded downtown York, England, many cars left on the streets were half-submerged by the dirty water. Adding insult to injury, several unfortunate drivers discovered they had been ticketed for parking illegally once the floodwaters had subsided. Pub owner Shaun Binns was shocked, telling reporters, “The inspector must have seen the cars had been flooded and you’d think they’d have a bit of compassion.” A city official claimed parking attendants were “unaware” that some cars had been flooded, and told owners of the ticketed cars that they were welcome to appeal the tickets.



### Cuba to Require Health Insurance for Tourists

In March, communist Cuba announced that it planned to require all foreign tourists to purchase health insurance at their points of entry beginning on May 1. The move was met with disbelief. After all, this is the same Cuba that left-wing celebrities like Michael Moore and Sean Penn champion for its universal, cradle-to-grave health care coverage. But even communists aren’t immune to global economic downturns. While the Cuban regime refuses to provide the relevant data, most observers believe this measure

was needed to alleviate crushing health care costs and increasing shortages of basic pharmaceuticals and medical devices.

### Criticizing Coffee Shop Photo-Op “Un-Canadian”

A day after Canadian Finance Minister Jim Flaherty called for government fiscal restraint in order to balance the budget, he flew from Ottawa to London, Ontario, on a private jet to participate in a photo-op at a Tim Hortons coffee shop. Total cost to taxpayers: \$3,100. Critics blasted Flaherty for “hypocrisy,” noting that this is not the first time he has used private planes for questionable purposes. The transport minister answered critics by claiming they held an “un-Canadian” bias “against Tim Hortons.” But if Flaherty’s appearance was so crucial to Canadian national identity, why couldn’t the photo-op have been held at one of the other nearly 3,000 Hortons locations in Canada, including the 30 in Ottawa?