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CAPITALIST PROTEST I:

Washington Tea Party Comes to CEI

BY CORD BLOMQUIST

It's tough to have a tea party these days. Regulations and permits were not a part of the first one. The good folks from MillionTeaBags.org ought to know. They dropped by CEI on April 15 with a problem. The Park Service told them that while they had a perfectly legal permit to demonstrate in Lafayette Park, across from the White House, that day, they hadn't specifically asked if they could display the one million bags of tea they had trucked in.

Thankfully, some of the tea partiers were friends of CEI, so they were able to stack the tea bags to the ceiling in our conference room. It took some effort to get them all in there. As our resident Briton Iain Murray said afterward, "That's a lot of tea!"

It is also something more significant. Each bag of tea represented the donation of somebody who wanted to make a statement as part of the tea-party project. What that means is that over 1 million Americans are sick and tired of being treated like Nancy Pelosi, Harry Reid, and Barack Obama's ATM.

Thus, the photo-op still happened. *The Washington Independent* reported that, "[D]espite steady, driving rain," the Lafayette Park protest was "more than twice as large as the February 27 protests at the same site." Well over 1,000 people attended (however, the event ended early when some rogue protester lobbed a few tea bags onto the White House lawn, which sent the Secret Service scrambling).

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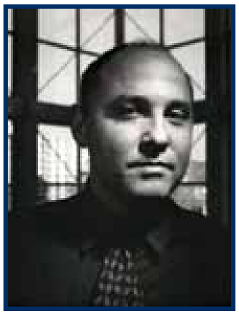
>>FROM THE VICE PRESIDENT FOR POLICY



The Hidden Trillion-Dollar Tax

By Wayne Crews

If government spending were a poker game, we'd be entering uncharted high-stakes territory around now. President Obama has seen President Bush's $3 trillion budget, and raised him another trillion.

We need a breather to take it all in: Troubled Assets Relief Program (TARP), a $787-billion stimulus bill, and a projected $1.845 trillion budget deficit. But lost among all the spending commotion is yet another trillion-dollar hand—federal regulation.

Compliance costs from thousands of regulations—pouring out from over 60 departments, agencies, and commissions—amounted to $1.17 trillion in 2008. The federal government spends another $49.1 billion just to administer and enforce its rules. This figure is on par with federal income tax revenues ($1.2 trillion) and Canada's entire 2006 GDP ($1.265 trillion).

When doing business becomes so expensive, there tends to be a lot less of it. Of course businesses pass on their costs, so regulation becomes a hidden trillion-dollar tax on consumers. This is bad policy at any time. During a recession, it's economic hara-kiri.

The numbers are up as well as the costs. The 2008 *Federal Register* reached a record 79,435 pages, up 10 percent from the previous year. Even as the economy dipped into recession, agencies issued 3,830 new final rules. As you read this, 4,004 new federal regulations fill the pipeline, 753 of which affect small businesses.

"Economically significant" is the bureau-speak description for rules costing at least $100 million per year. There are 180 of such rules in the 2008 *Register*, up by 13 percent from 2007—which was itself up by 14 percent from 2006.

Some rule makers are more active than others. Out of 61 rulemaking agencies, just five—the departments of Treasury, Agriculture, Commerce, and Interior and the Environmental Protection Agency—account for 46 percent of all rules in the pipeline.

This economy needs stimulus. Taxing and government spending are anti-stimulants—and so is regulating. The administration's fiscal "stimulus" amounts to taking money out of the economy and putting it back in. That is like ladling water out of the deep end of a pool only to pour it back in at the shallow end—all the while paying somebody to make the pointless transfer.

Worse, today's deficits are tomorrow's tax increases. And more spending is usually followed by more regulation. The Bush spending explosion was accompanied by over 30,000 new regulations.

What the economy needs instead is a deregulatory stimulus. There are three fronts in the battle to achieve it.

The first is disclosure. The more that policy makers and the public know about overregulation, the more likely they are to do something about it. To that end, our organization, the Competitive Enterprise Institute, issues the annual *Ten Thousand Commandments* report. Official Washington needs its own such report card. Each year's federal budget, or the annual Economic Report of the President, should include in-depth chapters exploring the regulatory state.

The second front is installing sunset provisions. Like a carton of milk, every newly created regulation should have an expiration date, beyond which it gets discarded unless renewed by Congress. Obsolete rules should not be on the books at all.

The third front involves Congress reasserting its lawmaking authority. Article I, Section 1 of the Constitution says, "All legislative powers herein granted shall be vested in a Congress." Much of that power has been given away to federal agencies. Congress passed 285 laws last year, compared to 3,830 final rules enacted by agencies. The alphabet soup of agencies should answer to Congress for the regulatory burdens they impose.

At the very least, Congress should take the time to review the most onerous rules. Over-delegation allows Congress to shift blame to the agencies for excessive or unpopular regulations. But the people's elected representatives should perform their rightful duty and approve all new laws, not just 285.

In this age of trillions, we cannot afford the regulatory state as it now stands. It is a hidden trillion-dollar tax on consumers, on top of what they already pay. A deregulatory stimulus is in order, the sooner the better. In the game of government poker, perhaps it is time to fold.

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CAPITALIST PROTEST II:
Celebrating the Warmth of Coal on a Cold Day


BY MYRON EBELL

Capitol Climate Action—a coalition of radical environmental and other far-left activist groups—held what it termed a "massive" anti-coal protest in front of the power plant that supplies the U.S. Capitol on Monday, March 2. Six to seven hundred protesters marched down the street and shouted—amidst a major snowfall. The Capitol Police were out in force, yet the organizers failed in their efforts to provoke them into arresting the demonstrators.

> ***"For all the Capitol Climate Action protesters' posturing, our per capita carbon footprint was much smaller than theirs. Many of them were university students who flew to Washington for the protest."***

Meanwhile, about 30 of us gathered next to the Greenpeace truck—apparently Greenpeace prefers motorized vehicles to bullock carts—for a counterdemonstration to "Celebrate Coal and Keep Energy Affordable!" The Greenpeace truck had a big solar panel, but it was covered by at least three inches of snow, so the activists had to run a generator instead to power the truck's PA system.

In addition to the CEI, a number of groups belonging to the Cooler Heads Coalition were represented at Celebrate Coal!, including the National Center for Public Policy Research, FreedomWorks, and Americans for Prosperity. Also attending were Ann McElhinney and Phelim McAleer, the Irish filmmakers whose new documentary about global warming, *Not Evil Just Wrong*, masterfully debunks global warming hysteria.

For all the Capitol Climate Action protesters' posturing, our per capita carbon footprint was much smaller than theirs. Many of them were university students who flew to Washington for the protest and to attend an environmental conference the previous weekend. Most of us took the Metro and a few walked to our Celebrate Coal! Rally.

Unfortunately, House Speaker Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.) wrote a letter to the anti-coal zealots recently announcing that they would direct the Capitol power plant to switch over to run entirely on natural gas. This will increase the cost of the electricity and heat used by the Congress substantially, but the only people for whom this represents an added burden are taxpayers.

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Capitalist Protest I, *continued from page 1*

Hopefully, the lessons learned about the labyrinthine rules of protests in D.C.—there are dozens of agencies that govern public spaces in this city—allow for an even bigger protest to occur soon. I heard whispers of 5 million bags making their way to D.C. in the near future.

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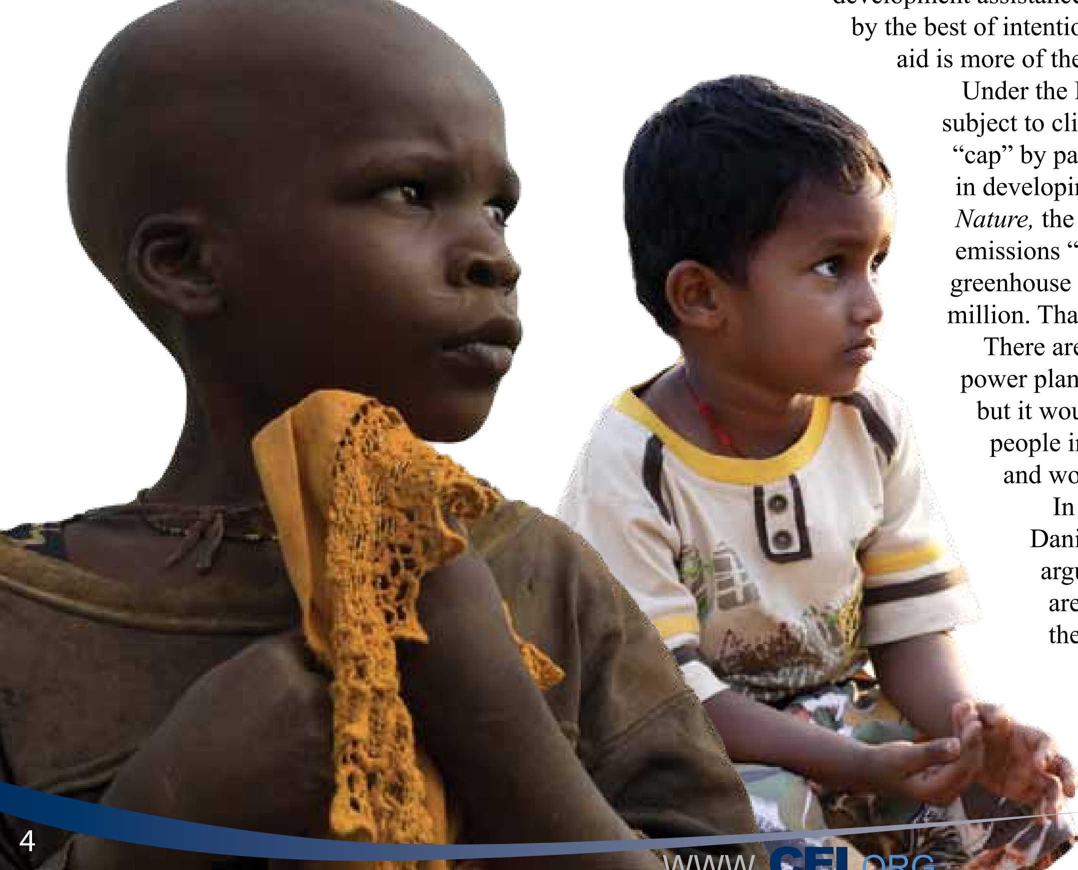
Growth Will Save More Lives than Green Gimmicks

BY FRED L. SMITH, JR. AND WILLIAM YEATMAN

Why are international development agencies pushing an anti-development agenda? It's an inconvenient truth, but curbing the planet's carbon footprint necessarily slows economic growth. Prosperity is essential for human well being, so international aid organizations need to carefully consider the impact of the climate "solutions" they advocate, lest they do more harm than good.

The International Energy Agency estimates that it would cost $45 trillion through 2050 to mitigate global warming through efforts aimed at "greening" the global economy. Most of that would be spent in developing countries, to prevent them from fueling their growing economies with hydrocarbon energy sources like coal and oil. These fossil fuels are cheap and plentiful, but they also emit greenhouse gases thought to cause climate change.

In fact, raising hundreds of billions of dollars a year to finance a global green energy revolution is a key component of current negotiations for a successor climate treaty to the Kyoto Protocol. Last month, European Union Environment Commissioner Stavros Dimas declared, "No money, no deal." And clean energy aid was a topic of discussion at last week's Major Economies Meeting, hosted by the administration of U.S. President Barack Obama.



Naturally, international aid agencies are jockeying for position to broker this wealth transfer.

United Nations Secretary General Ban Ki-moon said that his organization is the "natural arena" for coordinated international action on climate change. To that end, the U.N. operates two programs to facilitate the flow of climate mitigation aid to developing countries—the Global Environment Facility and the Clean Development Mechanism.

Not to be outdone, the World Bank recently unveiled a "Strategic Framework" for global warming and development that calls for "unprecedented global cooperation" for the "transfer of finance and technology from developed to developing countries." The Bank established a Carbon Finance Unit and several Carbon Investment Funds to distribute climate change mitigation aid.

There are major problems with this approach to development. For starters, it is unlikely that Western bureaucrats can create a green energy infrastructure in developing countries. The history of development assistance is littered with abandoned projects backed by the best of intentions. Already there is evidence that climate aid is more of the same.

Under the Kyoto Protocol, for example, companies subject to climate regulations can meet their carbon "cap" by paying for emissions reduction projects in developing countries. According to the journal *Nature,* the U.N. certified $6 billions' worth of emissions "savings" for reductions in HFC-23, a potent greenhouse gas. Yet removing the HFC-23 cost $130 million. That's a lot of waste.

There are also ethical considerations. A coal-fired power plant may offend environmentalist sensibilities, but it would be a blessing for the almost 2 billion people in the world today who use charcoal, dung, and wood to heat and cook.

In his book, *Global Crises, Global Solutions*, Danish statistician Bjørn Lomborg persuasively argues that humanity faces many problems that are more pressing than warmer decades down the road. After all, what good is a slightly cooler planet a century from now to a child dying of malaria today? In terms of saving lives, Lomborg shows why climate change mitigation is an inferior investment to water sanitation, controlling HIV/AIDS, and halting disease.

Aid agencies should also consider forgone economic development. The U.N. and the World Bank want to redistribute trillions of dollars to create new "green" energy infrastructure, whereas in the free market these scarce resources would be allocated to create wealth. In a globalized world, inefficiencies of this magnitude lower all boats.

Slowing economic growth has human consequences, such as fewer schools, worse health care, and lower environmental quality. That's why human and environmental well being will be highest under the richer-but-warmest scenario and lower for the poorer-but-cooler scenarios, at least through 2100, according to Indur Goklany, author of *The Improving State of the World*.

Instead of economically harmful global warming policies, development agencies should concentrate their considerable institutional knowledge on advancing pro-growth policies, like trade liberalization. Today, free trade needs an influential booster such as the World Bank. Energy intensive export industries in developing countries are threatened by carbon taxes imposed by rich countries, under the pretext of fighting climate change. Retaliatory tariffs would be likely, which could easily escalate into a global trade war.

That would be a tragedy. By allowing developing countries to use their comparative advantage—inexpensive labor—international free trade has proven the fastest route out of poverty for hundreds of millions of people.

To avoid giving atmospheric chemistry priority over human welfare, the aid industry should ensure that the risks of global warming policies are considered as rigorously as the risks of global warming itself.

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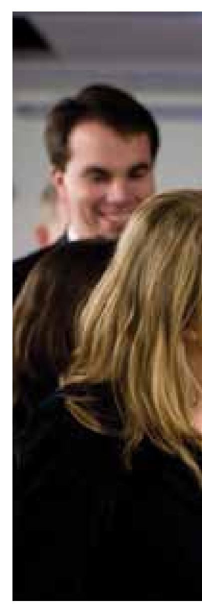
CEI Celebrates Its

(Above) Left to right: Institute for Humane Studies Director of Allied Relations Elisabeth McCaffrey, Washington Examiner Assistant Managing Web Editor James Dellinger, Cato Institute Manager of External Relations Nicole Kurokawa, and Cato Vice President Gene Healy

(Right) Washington Examiner columnist Melanie Scarborough (left) and CEI Director of Environmental and Risk Policy Angela Logomasini



New Headquarters

In December 2008, the Competitive Enterprise Institute moved into new and bigger offices in downtown Washington, D.C.

To celebrate the move, CEI hosted an open house on February 4, 2009, which was attended by supporters, members of the media, and friends and colleagues from around the D.C. free-market public policy community.

In addition to more office space, CEI's new headquarters also features a conference room designed to host public events as well as meetings, state-of-the-art audio and video systems for events, and a spacious film and audio studio. (See page 3 for the tax day Tea Party in CEI's conference room and page 9 for details on the LibertyWeek podcast, produced at CEI's new studio.)

(Top left) Distilled Spirits Council of the United States Chief Economist David Ozgo (left) and FreedomWorks Chief Economist and Vice President of Research Wayne Brough

(Middle left) CEI Advisory Board member Tom Haynes (left) and CEI Board Chairman and American Enterprise Institute John G. Searle Scholar Michael Greve

(Bottom left) Joanna Andreasson of the Mercatus Center and Nick Gillespie, Editor-in-Chief of Reason.com and Reason.tv

(Above) Left to right: American Conservative Union Vice Chairman Donald Devine, CEI Director of Global Warming and Energy Policy Myron Ebell, and Washington Examiner columnist and former CEI Brookes Fellow Tim Carney

California's Sorry State Points to America's Future

BY IAIN MURRAY AND WILLIAM YEATMAN

As goes California, so goes the nation. Nowhere is this adage truer than in environmental policy, thanks to Democrats' eagerness to impose the Golden State's radical eco-agenda on all Americans. Yet it is exactly such policies that have helped lead California to financial ruin.

President Barack Obama has announced his intention to apply California's fuel efficiency regulation to all 50 states. You might think that the Constitution reserves such lawmaking to Congress. After all, there is a robust interstate trade in automobiles and in 2007 Congress revised the Department of Transportation's Corporate Average Fuel Economy (CAFE) standards to require cars and trucks sold in America to become 40 percent more fuel efficient by 2020.

The 2020 CAFE standards are ambitious—they require efficiency improvements at nearly two-and-a-half times the historical rate. Yet they weren't ambitious enough for liberal California legislators, who passed a law to accelerate Congress's timeline by four years.

Of course, it doesn't make any sense for automakers to conform to two different fuel efficiency regulations, which is why the Bush administration refused to allow California to set its own standard. President Obama simply substituted Congress's 2002 CAFE targets with California's.

An automobile's carbon footprint is proportional to vehicle weight, so the new regulation will make larger cars more expensive—work trucks will cost a lot more for blue collar Americans in the country's heartland. But that's of little concern to Prius-driving coastal urbanites.

At the same time that the President was announcing the Californication of the country's automobile fleet, House Energy and Commerce Committee Chairman Henry Waxman (D-Beverly Hills) is pushing through an anti-energy bill designed to export the Golden State's failed energy model to the rest of the country. The bill, the Clean Energy and Security Act, borrows liberally from California's climate initiatives, including a cap-and-trade scheme, a renewable energy requirement, and a low-carbon standard.

"California energy policy is an unmitigated disaster. California's expensive energy has driven industries out of the state."

That should worry all Americans, because California energy policy is an unmitigated disaster. California's expensive energy has driven industries out of the state. According to the Energy Information Agency, California has some of the highest electricity prices in the country, due in part to the laughably misnamed "deregulation" of California's electricity industry. Californians were actually left with an overregulated energy supply that cannot deliver energy at the affordable prices the rest of the country can. No wonder, then, that it has exported most of its electricity generation to other states.

Governor Arnold Schwarzenegger (R) was left bemused recently when it became apparent he cannot even build a solar power plant in the middle of the Mojave Desert. And when demand gets really high and the state's remaining hydropower plants are offline because of drought, rolling blackouts like those of 2005 will be inevitable. This is the energy policy that President Obama is now trying to impose on the rest of the nation—to cut out all affordable sources of energy and cause bills to, as he said, "skyrocket," to encourage development of alternative energy sources.

The effect on California's economy has been disastrous. Heavy manufacturing in the state is dead. The industries it has left—entertainment in Hollywood and technology in Silicon Valley—are not enough to supply the tax base the state needs to support its expansive social welfare programs, which in turn have seen demand spike because of high unemployment caused by the energy policy.

Voters have decisively rejected Proposition 1A, which would have raised taxes to cover spending. The Governator will therefore have to become the Terminator again if he wants to avoid the state going bankrupt.

In the past, America becoming more like California might have been a good thing. If the President still believes that, he hasn't been paying attention.

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*Iain Murray (*imurray@cei.org*) is Director of Projects and Analysis and Senior Fellow in Energy, Science and Technology at CEI. William Yeatman (*wyeatman@cei.org*) is an energy policy analyst at CEI. A version of this article appeared in FoxNews.com.*

CEI is embracing new media tools, from the RSS feeds on OpenMarket.org to our profile on Twitter (CEIdotorg). Podcasting—producing a regular series of downloadable audio files—is also part of our strategy for using Web 2.0 tools to spread the message of freedom.

CEI's popular podcast, LibertyWeek, brings listeners the best in news, views, and interviews from the perspective of free markets and limited government. The regular hosts, Director of New Media Richard Morrison and CEI Planet Editor and former Brookes Fellow Jeremy Lott, comment on the week's headlines, highlighting CEI's work on the issues most prominent in the news.

Recent episodes have focused on the anti-tax "Tea Party" protests, cap and trade legislation in Congress, Federal Trade Commission threats against online advertisers, and how a free society should respond to a threat like the Somali pirates.

LibertyWeek has also been a useful tool for promoting CEI's other online ventures—like EnjoyBottledWater.org, which takes on radical environmentalist efforts around the country to tax, restrict, and even ban the sale of bottled water. Similarly, we are featured at CEIonDemand.org (our video site), GlobalWarming.org, and FactsAboutEthanol.org.

In addition to the regular hosts, LibertyWeek brings in a series of CEI analysts and staffers to contribute to the show, to tell listeners about their work. Recent guest co-hosts include Energy Policy Analyst William Yeatman and Policy Analyst Michelle Minton.

Most episodes also include an interview with a policy expert—either a CEI analyst or outside ally. LibertyWeek hosts have interviewed authors such as Steve Milloy and freedom fighters like Second Amendment hero Dick Heller.

New episodes of LibertyWeek are available via audio stream online at www.LibertyWeek.com every Monday afternoon. It's also available on iTunes, where listeners can subscribe to—and review and rate—the show. LibertyWeek has also joined the Liberty Radio Network, a continuously updated stream of the most recent liberty-oriented radio shows and podcasts put together by our friends at Free Talk Live.

The hosts encourage listener interaction, and invite anyone with questions, comments, or critiques of the show to direct them to feedback@libertyweek.org.

THE GOOD

The End of Mark to Market

On April 2, the Financial Accounting Standards Board relaxed strict application of "mark to market" accounting mandates. A major culprit in the financial meltdown, mark to market was a set of relatively new accounting regulations that could force banks into making massive and unwarranted write-downs that could jeopardize their balance sheets. Needless and economically harmful, these rules are another example of how government intervention, rather than so-called market failure, helped to cause the current recession.

John Berlau, director of CEI's Center for Investors & Entrepreneurs and a leading advocate for relaxing mark to market rules, said "it is heartening that on this issue, Republicans and Democrats worked together to push for this common-sense free-market reform that will do much to get our economy going and could save taxpayers billions in avoiding the need for bailouts." The stock market rallied in response to the news.

THE BAD

Letting the Bedbugs Bite

Also in April, the Environmental Protection Agency held a conference to address a problem many had thought confined to the past: bedbugs. "Don't let the bedbugs bite," is a cute saying with a troublesome past. In the past, tiny, flesh-eating bugs would often live inside wooden bed frames and feed on unsuspecting people as they slept. Bedbugs had been essentially eradicated in the U.S. and much of the developed world, but now they're making a comeback. Why?

Angela Logomasini, CEI's Director of Risk and Environmental Policy, points out that we once "believed that bed bugs were a thing of the past having been brought under control—and essentially eradicated in the U.S.—due in part to the pesticide DDT." However, now that the highly effective DDT "has been banned for more than three decades bedbugs are making a resurgence absent pesticide effective enough to zap them and thanks to increased global travel." Worse, "Not only is DDT gone, but many other useful products have been regulated out of existence without weighing the risks of not having them."

THE UGLY

Shut Up, Zola, They Explained

On April 2, Rep. Linda Sanchez (D-Calif.) introduced a bill to address the supposed problem of "cyberbullying," H.R. 1966. Under this bill, bloggers would face up to two years in prison if they "harass" public figures by criticizing them in a "severe, repeated, and hostile" manner, and thereby cause them "substantial emotional distress." Many constitutional scholars, including UCLA's Eugene Volokh, have objected to the bill on constitutional grounds.

Counsel for Special Projects Hans Bader joins this chorus. "Under this bill, a blogger like Emile Zola, the courageous writer who exposed an anti-semitic witchhunt a century ago in the infamous Dreyfus Affair through his repeated and 'vehement public' denunciations of public officials, would be subject to prosecution," argues Bader. "His 'severe, repeated, and hostile' denunciations resulted in many public figures being discredited and removed from office, which no doubt caused them 'substantial emotional distress.'"

Media**MENTIONS**

Compiled by Richard Morrison

President Fred L. Smith, Jr. explains the political origins of the current recession:

A driving force behind [the recent housing collapse] has been radical egalitarianism–the idea that something that can be afforded by some should be made available to everyone. Our universal housing-ownership passion transformed the housing market. ... The moral hazard problems created by our bipartisan egalitarians (the Community Reinvestment Act, the mandates on Fannie Mae and Freddie Mac) enticed far too many Americans into purchasing homes priced beyond their means. There is a critical distinction between the democratizing tendency of the market and the coercive egalitarian policies of politics.

-*Wall Street Journal*, April 8

Special Projects Counsel Hans Bader corrects the conventional wisdom on Herbert Hoover and balanced budgets:

Hoover inherited a large budget surplus, which he quickly turned into a deficit. By 1932, when he lost his bid for reelection, the deficit had reached $2.7 billion—the third-largest budget deficit America had ever experienced. Hoover increased government spending from $3.1 billion to $4.7 billion in a failed effort to stimulate the economy. And he increased marginal tax rates to 63 percent.

[William] Hettinger claimed that "economists of all stripes" agree with him that a balanced budget "helped bring on the Great Depression." None of the economists I know—liberal or conservative—believe this.

-*Washington Post*, April 7

Director of Projects and Analysis Iain Murray takes the British Conservative Party to task for foolishly adopting trendy environmental policies:

The political failure of David Cameron's environmentalism has been reflected in the Conservative Party's serial shifting of its position. The party had promoted the slogan, "pay as you burn, not pay as you earn," but has now retreated from green taxes. Most of the Tories' more radical environmental policies have been quietly dropped—including forcing supermarkets to charge for parking spaces and halting all road widening and airport expansion.

Unfortunately, however, the Tory leadership continues to support measures that will hit people's pocketbooks without their knowing, and such policies are already taking a huge toll on British families and businesses. For example, according to government estimates, the average British home electric bill has already increased by 14 percent due to climate-change policies. The public doesn't know that it's paying such a high price for policies such as the European cap-and-trade scheme and subsidies for renewable energy. British businesses have enough trouble competing with rising industrial powers like India and China without having their energy bills inflated by climate-change programs.

-*National Review*, April 1

Senior Fellow Gregory Conko warns of trouble ahead for drug companies, thanks to an ill-considered court verdict:

The Supreme Court handed down its decision last month in the case of *Wyeth v. Levine*, ruling that federal law did not bar plaintiff Diana Levine from suing pharmaceutical maker Wyeth over allegedly insufficient drug safety warnings, even though the warnings had been approved by the Food and Drug Administration (FDA). This decision establishes the troubling precedent that a sympathetic jury can now supersede the expert opinions of the FDA on what qualifies as adequate safety labeling.

-*Product Liability Law & Strategy*, April 2009

Senior Fellow Eli Lehrer explains how, even solvent, AIG continues to destabilize insurance markets:

Sometimes, it seems like AIG's crisis couldn't get any worse. After all, what was once the world's largest insurance company has already consumed over $120 billion in taxpayer funding, paid big bonuses to some of the very executives that helped run it into the ground, and attracted so much anger that its employees have been warned not to wear company apparel in public.

In fact, however, two factors—AIG's own activities in the insurance market and the stability of its state-regulated insurance business—suggest that the AIG crisis will probably get worse before it gets better.

Ever since the government first infused capital into AIG, the company has cut rates on a variety of products. Many other insurers have cried foul but none has proven that AIG has violated any laws requiring "rate adequacy"…

But accusing AIG of violating existing laws probably misses the point. Due to the massive cash infusions it has received from taxpayers, AIG probably can keep its promises. And that presents an even bigger problem: AIG's continued presence in the market destabilizes its competitors.

-*Washington Examiner*, March 26

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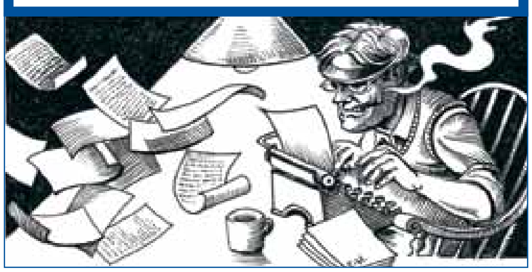

Time to Renew that Westlaw Subscription

In April, the Minnesota Department of Public Safety sent written notices to 11 Internet service providers ordering them to block Minnesotans' access to 200 gambling websites. State officials are claiming that ISPs and network providers are subject to "common carrier" regulation, citing a 1961 federal law that restricts wagering over the telephone. But it appears Minnesota officials didn't bother checking *recent* federal case law. Following the 2005 *Brand X* Supreme Court decision, the Federal Communications Commission treats network providers as "information services," which explicitly are not subject to common carrier regulation.

Breakfast Club, Low Fat Edition

A new Iowa state law to curb junk food consumption may make it much harder for school cafeterias to feed students. "Based on a strict interpretation of these new guidelines, six of our top revenue-producing food items would be eliminated," Dianne Duncan-Goldsmith, director of food service for the Iowa City school district, told *The Daily Iowan*. That would amount to nearly $200,000 in lost profits at a time when budgets everywhere are tight.

A Green Offer You Can't Refuse

Who would have thought that Italian subsidies for building wind farms at the world's highest guaranteed rates would attract the mob? And yet, that is exactly what is alleged to have occurred. According to the *Financial Times*, in May, Sicily's anti-Mafia magistrates "opened a sweeping investigation into the wind power sector where local officials, entrepreneurs, and crime gangs are suspected of collusion in the construction of lucrative wind farms before their eventual sale to multinational companies." Think of it as a different shade of green.

In the (Snail) Mail

The U.S. Postal Service has fallen on tough times, thanks to a lousy economy and competition from email. According to *The Economist*, last year's 4.5-percent decline in mail volume represented the largest single-year decline since the Great Depression. This produced a $2.8-billion reported loss (real losses could be even higher, since the Postal Service does not have to follow the same accounting rules as private firms). In January testimony before Congress, Postmaster General John Potter said that the government mail carrier could lose $6 billion next year and admitted, "No one knows at what point mail volume will bottom out."