

CUT OR BE CUT



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From the President



In 2010, the federal deficit will be more than a trillion dollars. The problem is runaway spending. To make matters worse, entitlement spending for Social Security, Medicare, and unfunded public pension liabilities are scheduled to skyrocket out of control. Spending simply needs to be slashed.

So far, there has been no will to make cuts.

Instead, there appears to be an appetite for more spending and more government programs. Soon it seems we will buy our car from the government, send our kids to a government school, bank with the government, and go to a government doctor—but only if we flash our biometric government-issued ID card. Everywhere you look, there is mission creep. We need fundamental reconsideration of the core functions of government as well as the wholesale elimination of failed programs.

This collection of eight essays by *Reason* authors from the *Washington Times* series “Cut or Be Cut”, illustrates just a small fraction of how “government as usual” is spending your tax dollars. As you’ll see, it’s on a whole range of programs ranging from unnecessary SWAT teams to the massive

amount of land owned by the federal government. Special interest legislation means that mandated union wages keep driving up the costs of federal construction projects. Billions in gasoline taxes are diverted to non-highway uses instead of improving critical infrastructure. And federal agencies like the FCC pull in huge budgets so that they can enforce arbitrary guidelines of “dubious constitutionality.”

These *Washington Times* citations are just a handful of the roughly 8,400 print and web citations for *Reason* authors in the last year. And those publications reach a combined circulation of over 900 million readers. As your voice in the national media, *Reason* is educating policymakers, media, and general audiences by raising the alarm against the enormous expansion of government, while demonstrating the limitless possibilities of freedom.

Thank you for your participation in this pursuit. Together, we are changing minds and changing public policy.

David Nott

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Bulldozing the dream

It's time to kick Fannie Mae and Freddie Mac out of the housing market.

By Anthony Randazzo

Taxpayers have already spent more than \$111 billion bailing out mortgage giants Freddie Mac and Fannie Mae, and that's going to be just the tip of the iceberg. Instead of limiting Fannie's and Freddie's bailouts to \$400 billion as first planned, the Treasury quietly announced (on Christmas Eve, no less) that it would offer the two firms unlimited bailouts. This puts taxpayers on the hook for any losses the two firms suffer. And there will be lots of losses.

Last week, Fannie announced it lost \$15.3 billion in just the fourth quarter of 2009, bringing its 2009 losses to \$74.4 billion. The Congressional Budget Office expects Fannie and Freddie to cost taxpayers a whopping \$290 billion this year alone. Collectively, the two firms hold or guarantee more than \$5 trillion in debt. In December, 3.8 percent of Freddie's mortgages were at least 90 days late and 5.2 percent of Fannie's mortgages were delinquent. Those numbers will continue to rise as the economy rights itself.

Since their founding, Fannie and Freddie have been used by politicians to distort the housing industry. They were technically privatized but had a tacit promise that the government (read taxpayers) would pick up any major financial losses. Fannie and Freddie used this silent guarantee to borrow against the credit of the U.S. government. At one point, they were leveraged as high as 100-to-1 by some estimates. And you thought AIG was bad.

Congress manipulated the mortgage market, and helped the housing bubble, by pursuing a political goal: home loans for everyone. When it comes to congressional exploitation of the housing market, few could be considered more culpable than Rep. Barney Frank, Massachusetts Democrat. For the past two decades, Mr. Frank and others have encouraged Fannie and Freddie to lend to risky borrowers who did not meet traditional requirements. As recently as last summer, Mr. Frank wrote a letter demanding that Fannie and Freddie further reduce loan-qualifying standards for condo buyers. This excessive risk-taking gave more families access to homeownership, a political boon. Unfortunately, it also meant a massive

buildup of subprime debt.

At a hearing in February, Mr. Frank changed his tune, calling for "abolishing Fannie Mae and Freddie Mac in their current form and coming up with a whole new system of housing finance."

He's half-right. The answer is to abolish Fannie and Freddie. But the government should stop there. We don't need a "whole new system of housing finance." The federal government doesn't need to be involved in the mortgage business at all. Plenty of healthy, viable banks are willing to do that.

The central role that Fannie Mae and Freddie Mac played in the financial crisis shouldn't be ignored. Without the lowered lending standards at Fannie and Freddie, mortgage originators would have paid more attention to the loans they were issuing, because the risk wouldn't have been shifted onto taxpayers so easily. And without the failure of Fannie and Freddie in September 2008, the market might not have destabilized, leading to the bankruptcy of Lehman Brothers, the quasi-nationalization of AIG and, eventually, the bailout of the financial industry.

The process of eliminating Fannie and Freddie is going to be complicated and hotly debated. They cannot be shut down right now because virtually the entire mortgage market is dependent on them as a wastebasket for toxic mortgage debt. But a long-term strategy for dissolving Fannie Mae and Freddie Mac can and should be created now. The ideal plan would break them up and sell their assets over five to 10 years, with any remaining government activities related to housing consolidated in another agency.

Fannie and Freddie have hurt the economy and distorted the housing market long enough. As the losses pile up, it is time for the government to start getting itself out of the mortgage business. ■

This article can be found at:

<http://www.washingtontimes.com/news/2010/mar/03/bulldozing-the-american-dream/>



Outdated union red tape strangles recovery

How prevailing wage laws benefit unions at the expense of taxpayers.

By Damon W. Root

For nearly 80 years, contractors working on federally funded construction projects have been forced to pay their workers artificially inflated wages that rip off American taxpayers while lining the pockets of organized labor. The culprit is the Davis-Bacon Act of 1931, which requires all workers on federal projects worth more than \$2,000 to be paid the “prevailing wage,” which typically means the local union wage.

Here’s what happens. Unskilled construction workers possess one clear advantage over their skilled, unionized competitors: They’re willing to work for less money. But Davis-Bacon destroys that advantage. After all, why would contractors working on a federal project hire any unskilled workers when the government forces them to pay all of their workers what amounts to a union wage? Contractors make the rational choice and get their money’s worth by hiring skilled unionized labor even when the project calls for much less.

Davis-Bacon is a blatant piece of special-interest, pro-union legislation. It hasn’t come cheap for taxpayers. According to research by Suffolk University economists, Davis-Bacon has raised the construction wages on federal projects 22 percent above the market rate.

James Sherk of the Heritage Foundation finds that repealing Davis-Bacon would save taxpayers \$11.4 billion in 2010 alone. Simply suspending Davis-Bacon would allow government contractors to hire 160,000 new workers at no additional cost, according to Mr. Sherk.

To make matters worse, the Davis-Bacon Act has explicitly racist origins. It was introduced in response to the presence of Southern black construction workers on a Long Island, N.Y. veterans hospital project. This “cheap” and “bootleg” labor was denounced by Rep. Robert L. Bacon, New York Republican, who introduced the legislation. American Federation of Labor (AFL) president William Green eagerly testified in support of the law before the U.S. Senate, claiming that “colored labor is being brought in to demoralize wage rates.”

Emil Preiss, business manager of the New York branch of the International Brotherhood of Electrical Workers (a powerful AFL affiliate that banned black workers from its ranks) told the House of Representatives that Algernon Blair’s crew of black workers were “an undesirable element of people.” The bill’s co-sponsor, Republican Sen. James Davis of Pennsylvania, was an outspoken racist who had argued in 1925 that Congress must restrict immigration in order “to dry up the sources of hereditary poisoning.”

The result was that black workers, who were largely unskilled and therefore counted on being able to compete by working for lower wages, essentially were banned from the upcoming New Deal construction spree. Davis-Bacon nullified their competitive advantage just when they needed it most.

More recently, the Obama administration extended Davis-Bacon via the American Recovery and Reinvestment Act of 2009, known as the stimulus bill. According to an All-Agency Memorandum issued by the Department of Labor, Davis-Bacon now applies to all “projects funded directly by or assisted in whole or in part by and through the Federal Government.”

In other words, even projects that are only partially funded by the stimulus must obey the costly pro-union requirements of Davis-Bacon. With the economy floundering and the government apparently set on another New Deal-style construction spree, the last thing taxpayers needed were rules that force stimulus projects to cost even more.

In sum, we have a law that drives up the costs of federal projects, hurts unskilled workers, unfairly advantages organized labor and has explicitly racist roots. It’s time for Davis-Bacon to go. ■

This article can be found at:

<http://www.washingtontimes.com/news/2010/mar/20/outdated-union-red-tape-strangles-recovery/>



Federal dollars for federal roads

Federal highway taxes should be spent on interstate highways, not urban transit.

By Robert W. Poole, Jr.

America's highway system is not delivering the high-quality transportation a competitive economy needs. Congestion gridlocks our urban expressways, costing Americans \$76 billion per year in wasted time and fuel. The interstate highways, begun 50 years ago, are wearing out and will need repairs and reconstruction costing many hundreds of billions of dollars. Two national commissions have estimated that the shortfall in productive highway investment (federal, state and local) is in the vicinity of \$60 billion to \$90 billion per year.

We invented the federal Highway Trust Fund in 1956, promising motorists and truckers that all proceeds from a new federal gas tax would be spent on building the interstate system. They aren't. Congress has expanded federal highway spending beyond interstates to all types of roadways. And ever since 1982, a portion of those "highway user taxes" have been diverted to urban transit. Today, the federal role in transportation includes mandating sidewalks, funding bike paths and creating scenic trails.

As a result, spending exceeds gas-tax revenues and the Highway Trust Fund is broke. Some claim this is because the 18.3-cents-per-gallon federal gas tax needs to be raised. But drivers can fairly put the blame on the fact that 25 percent of gas-tax funds are diverted to non-highway uses.

A key to fixing the problem is to identify what should be federal and what should be state and local responsibilities. In principle, only the interstate highways—our key arteries for interstate commerce—should rise to the level of the federal government. Other highways, streets, sidewalks, bike paths, local transit lines, etc., are more properly state and local concerns.

Reserving the federal Highway Trust Fund just for highway improvements would mean a 25 percent boost in federal highway investment—about \$11 billion per year, a good start toward repairing our aging infrastructure.

But what would happen to urban transit if gas taxes went back to being spent solely on highways? Proper federalist principles would make transit a matter for metro areas and local governments to fund themselves, but realistically, that's not going to happen anytime soon—this Congress will continue to

fund local transit projects. But a good case can be made that if the federal government is going to support transit, bikeways and sidewalks, it should do so out of general revenues, not highway-user gas taxes.

Under the Obama administration, the Federal Transit Administration is increasingly partnering with the Department of Housing and Urban Development (HUD) and Environmental Protection Agency to promote "livable and sustainable communities." In fact, they are evaluating transit and streetcar proposals on this "livable" basis rather than on their transportation cost-effectiveness. If transit is primarily for community development and not for moving large numbers of people from point to point, Congress should fund it like community development. After all, today's Federal Transit Administration started as the Urban Mass Transit Administration and was located within HUD.

With the Highway Trust Fund drowning in red ink, taxpayers have twice bailed it out using general-fund monies—\$8 billion in 2008 and \$7 billion in 2009. Congress is likely to shore up the deficit in the same way this year. Those sums are roughly equal to what the transit administration gets from the Highway Trust Fund each year, so it would be more straightforward simply to shift them to general-fund support. Highway money then goes to highways. Congress sends money to its preferred "livable" transit projects from the general fund.

The bottom line is that our interstate system is deteriorating, which could be devastating to our economy. Trucks haul 66 percent, by value, of all goods moved in America on these highways, and projections show that this volume will increase 2.5-fold by 2035. We can't continue to siphon money away from them.

President Obama frequently talks about how government needs to regain the trust of taxpayers. Congress can reclaim some trust by spending highway taxes on what they said they would: highways. ■

This article can be found at:

<http://www.washingtontimes.com/news/2010/mar/01/federal-dollars-for-federal-roads/>



Paramilitary police don't make us safer

The case for disbanding SWAT teams.

By Radley Balko

If it's of any size at all, the odds are pretty good that your town has its own SWAT team. If it does and it's like most other towns, the SWAT team is expensive. All of that equipment needs to be maintained, and the SWAT team itself needs regular training. In fact, if the SWAT team isn't expensive, that's a big problem. It means the officers who serve on it aren't getting the proper training, and the equipment they're using may be deteriorating.

Back in the 1970s, only big cities had SWAT teams, and they were used only in emergency situations such as bank robberies, barricades and hostage takings. But beginning in the early 1980s, that began to change. The federal government started taking the term "drug war" all too literally. Over the next 30 years, with federal funding and surplus equipment provided by the Pentagon, paramilitary police units, including SWAT teams and anti-narcotics task forces, started springing up all over the country. Criminologist Peter Kraska, who surveyed the use of those police teams from the 1980s until the 2000s, estimates that the total number of SWAT deployments across the country increased from a few hundred per year in the 1970s to a few thousand per year by the early 1980s to around 50,000 per year by the mid-2000s.

In this era of tight budgets, smaller cities and towns should consider disbanding the local SWAT team.

Today, every decent-sized city has a SWAT team, and most have several. Even absurdly small towns like Eufaula, Ala., (population 13,463) have them. In even more sparsely populated areas, federal funding has allowed for multijurisdictional task forces—SWAT teams that serve several counties. SWAT teams today overwhelmingly are used to serve search warrants on suspected drug offenders. Where their purpose once was to defuse an already violent situation, today they break into homes to look for illicit drugs, creating violence and confrontation where there was none before.

Whatever you think of drug prohibition, this is the wrong way to enforce it. Even if the police nabbed a drug dealer and contraband every time they broke into a home on a SWAT raid, there would be reason to object to these tactics. There's an old Cold War saying commonly attributed to Winston Churchill (though I haven't found any hard documentation

that he said it) that goes, "Democracy means that when there's a knock on the door at 3 a.m., it's probably the milkman." The idea is that free societies don't send armed government agents dressed in black to raid the private homes of citizens for political crimes. Given that all parties who participate in a drug transaction do so voluntarily, the prohibition of drugs is at heart a political policy. SWAT raids are being used increasingly to break up poker games and suspected houses of prostitution, too.

Of course, the police don't always get the people they're after in these raids. In a paper I wrote for the Cato Institute in 2006, I documented dozens of incidents in which police raided the wrong home, terrorizing, wounding and sometimes killing innocent people. Since that paper came out, there have been more high-profile incidents, including the 2006 Atlanta raid in which police shot and killed innocent, 92-year-old Kathryn Johnston, and the 2007 raid on the home of Berwyn Heights, Md., Mayor Cheye Calvo in which the police shot and killed Mr. Calvo's two black Labradors. Small towns considering forming a SWAT team might want to consider the lawsuits and settlements Atlanta and Prince George's County inevitably will be financing in coming years.

It's also far from clear that SWAT teams make the communities they serve any safer. The odds of a school shooting, terror attack or mass shooting hitting a given town are astronomical, and even when these events do happen, a SWAT team is usually of little use. The event is often over by the time the team assembles and arrives at the scene.

Cities should return to a less aggressive, less militaristic, more community-oriented method of policing.

As for drugs, the massive 30-year increase in the use of SWAT teams doesn't seem to have done much to diminish the drug supply. Supporters of using SWAT teams for drug enforcement often argue that they are reserved for high-level, heavily armed and particularly dangerous drug suppliers. But when newspapers have surveyed the use of no-knock raids after a high-profile incident in their respective cities over the years, they usually have found that the raids don't turn up huge supplies of drugs and high-powered weapons and, more often than not, result in little more than misdemeanor charges

against the suspect.

After the raid on Mr. Calvo's home, the Maryland General Assembly became the first in the country to pass a bill requiring every police agency in the state to issue a quarterly report on how often and for what purpose it deploys its SWAT team. In the last half of 2009, there were 4.5 SWAT raids per day in the state and one per day in Prince George's County, where Mr. Calvo lives. More than half the raids in Prince George's County were for misdemeanors or what the FBI calls "nonserious felonies," usually low-level drug crimes. Despite one SWAT raid per day for six months, does anyone think illicit drugs are more difficult to obtain now in Prince George's County than they were in June 2009?

In this era of tight budgets, smaller cities and towns should consider disbanding the local SWAT team. They'll save money on training, equipment and overtime. They'll be returning to a less aggressive, less militaristic, more community-oriented method of policing. And though there always will be crime, it seems unlikely that should they do away with SWAT, towns like Eufaula will suddenly find themselves overwhelmed by school shootings, bank robberies and terrorist attacks. ■

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This land is your land; this land is my land

Why do the feds spend so much to make our Western wilderness theirs?

By Leonard Gilroy

The federal government owns nearly 30 percent of all the land in the country. In the West, those numbers soar even higher. The federal government controls more than 84 percent of the land in Nevada, more than 50 percent of the land in Alaska, Utah, Oregon and Idaho, and more than 40 percent of California, Arizona, New Mexico and Wyoming.

It's safe to say that many of these states are getting tired of the feds. Utah recently passed a law authorizing it to seize federal land through eminent domain. The law, while likely unconstitutional, reflects a widely felt sentiment in Western states: Let states control the land within their borders.

The U.S. Forest Service holds more than 156 million acres of land—nearly equivalent to the size of Texas—west of the Mississippi River. It controls 155 national forests and 600 ranger districts. With an ever-growing federal bureaucracy and massive budget deficits, it is time to let states manage this land, taking up to \$5 billion a year off the federal books.

It is highly unlikely that the feds would simply give valuable land to the states for free. And deficit-riddled states are in no position to purchase expensive land right now. But a pay-back period of 30 years (like your standard mortgage) could make deals feasible.

Once in state hands, what would they do with the land? There would be political pressure to keep large portions of it, especially parks and recreation areas, undeveloped. But there are huge portions of land that could be put to better use. The supporters of the Utah law, for example, hope to sell certain parcels for development and apply the proceeds to fund education programs.

Since the federal deficit could top \$1.5 trillion this fiscal year, now more than ever it doesn't make sense for the federal government to be the biggest landowner in the West.

Still, even if a state does buy land from the feds, would they simply absorb those areas into their own state park systems—and thus add large new budget items to their own budgets? No, that doesn't have to be the case.

Private companies already operate the commercial activities—lodges, shops, restaurants and the like—in treasured national parks, including the Grand Canyon, Yosemite and Yellowstone. Similarly, the Forest Service makes extensive use

of concessionaires to operate and maintain complete parks and campgrounds better and cheaper than government could.

States could use this model to take over parks—without absorbing them into the state budget. One Forest Service contractor in Arizona recently offered to take over six state parks that were going to be closed owing to budget cuts. The company would collect the same visitor fees the state charges today while taking the operations and maintenance costs off the state's books entirely. Not only that, but the company would also pay the state an annual “rent” based on a percentage of the fees collected, turning parks into a state revenue generator instead of a loss leader. The state would still own the land, and the company would be subject to strict state controls on operating rules, fee-setting and development restrictions.

The devolution of Forest Service land could be implemented over time, starting with pilot programs in select Western states, like Utah or Nevada, to test the model and refine best practices. Once perfected, the process could be extended throughout the Forest Service system, and then expanded throughout the Bureau of Land Management system, which owns roughly the same amount of Western land and costs taxpayers another \$1.1 billion a year.

All sides of the political spectrum should be able to agree that decisions about how to most wisely use land are best made at the local or state level, by officials with accountability to those residents. And since the federal deficit could top \$1.5 trillion this fiscal year, now more than ever it doesn't make sense for the federal government to be the biggest landowner in the West. ■

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Get the government out of airport screening

The TSA's conflicts of interest prevent better, cheaper security.

By Robert W. Poole, Jr.

Following the terrorist attacks of Sept. 11, 2001, governments across the world increased airport security, and rightly so. But in a hasty overreaction to that tragic day, Congress gave the job of screening passengers and baggage to a new federal agency: the Transportation Security Administration (TSA). As a result, taxpayers pay for more than 48,000 airport security screeners and TSA has requested nearly \$8.2 billion in funding for 2011.

Creating the massive bureaucracy was a mistake. Even though the quality of airport screening was low before Sept. 11, it was not a failure of the “rent-a-guard” screeners that let those 19 terrorists board planes “armed” with box cutters. Those “weapons” were perfectly legal at the time. The real failure was one of policy, which didn’t make use of passenger history and law enforcement information that should have flagged most of the terrorists as suspicious characters who warranted enhanced scrutiny.

Even with today’s bloated TSA, that problem still exists. Consider that our various intelligence agencies failed to share vital information, and a suspected terrorist, the underwear bomber, was allowed to board—and tried to blow up—an international flight bound for Detroit on Christmas. Thankfully, the Obama administration last week took some needed steps to help fix this problem.

Following Sept. 11, most other countries increased their standards for airport security by letting each airport implement its own procedures under government supervision. In Europe, that led to nearly all major airports hiring certified private security firms to do their screening. Canada created a new federal agency to implement better screening but outsourced the actual screening. This kind of high-performance contracting permits better training and airport-specific flexibility (e.g., higher pay scales in Canada’s jobs-rich oil patch) and it better matches screener numbers to changing travel patterns and airport passenger levels.

In contrast, the system Congress and the George W. Bush administration created came with a massive conflict of interest: TSA serves as both the aviation-security regulator and the provider of key security. Who’s watching the watchmen? When it comes to baggage and passenger screening, TSA is regulating itself. As with any bureaucracy, its natural incentive is to hide errors and make itself look good. In addition to the obvious conflict of interest, this also makes for fragmented airport security.

Consider that airport perimeters, air cargo and other aspects of security are not operated and managed by TSA, but by airports. This lack of cohesion can create security gaps. In Europe, each airport is directly responsible for every aspect of its security, under strict government oversight.

The other mistake of the Bush administration and Congress was to let general taxpayers get stuck with well more than half the cost of airport security. Canada’s security ticket tax pays for 100 percent of airport security. In most European countries, a combination of airport charges to airlines and security taxes on tickets covers the complete cost of airport security.

Those who object to making airlines and passengers pay the full cost will argue that protecting against terrorism is like national defense, for which everyone properly pays via general taxes. However, many taxpayers never fly, and numerous others rarely fly. Airlines and frequent travelers like me get far more benefits from aviation security, and we should be paying the costs.

So now what?

First, TSA should be divested of its airport screening duties. TSA should regulate and oversee security, but each airport should be responsible for all aspects of its security (passenger and baggage screening, perimeter security, etc). Airports would be free to hire their own security forces or contract with TSA-certified firms.

Second, the cost of airport security should be paid for by those who use airports: a combination of airlines and passengers. This change would cut billions from the federal budget, eliminating the large portion of airport security costs not covered by current airport or airline security taxes. It also would make the costs of airport security more visible to airlines and travelers.

If these two changes are made, they will put much-needed scrutiny on the expensive, one-size-fits-all airport screening procedures in place now. Giving airports control over their security and moving to a more risk-based approach to passenger screening might well cut the cost of airport screening in half. It also would focus more attention on high-risk passengers like those we should have spotted on Sept. 11. ■

This article can be found at:

<http://www.washingtontimes.com/news/2010/apr/09/get-the-government-out-of-airport-screening/>

Whimsical FCC encroaches on First Amendment rights

Why we should abolish the Federal Communications Commission.

By Peter Suderman

As exercises in bureaucratic hairsplitting go, it is tough to beat the sheer audacity of Federal Communications Commission Chairman Julius Genachowski's recent declaration, "I've been clear repeatedly that we're not going to regulate the Internet." In reality, between its recently released National Broadband Plan and proposed Net neutrality guidelines, that's exactly what the agency is planning to do.

The FCC doesn't have clear legal authority to regulate the Internet—in court filings, it has relied on the dubious concept of "ancillary jurisdiction," so it's not surprising that Mr. Genachowski doesn't want to be seen as the No. 1 Net Nanny. And it is telling that not even the head of the FCC wants to court the public perception that Washington is sending bureaucrats to meddle in the nation's communication networks. Indeed, Mr. Genachowski has inadvertently raised the issue of his agency's fundamental value, or lack thereof. Step back, and the real question isn't whether the agency has the authority to regulate the Internet—it's why the FCC has authority to regulate anything.

Forget the agency's \$338 million price tag for a moment and ask, "What does the FCC do?" Its task is to oversee the nation's communications infrastructure—which, these days, means everything from TV and radio to wireless phones and Internet connections. But how many of these tasks constitute core government functions? From nagging the Net to regulating broadcast speech, just about everything the FCC does is either onerous or ineffective. Either way, it's unnecessary.

In addition to its own \$338 million budget, FCC regulations cost consumers up to \$105 billion a year in additional costs and missed services.

Take its role as broadcast censor: The agency has spent years enforcing an arbitrary, inscrutable code governing what speech and images are acceptable. Are four-letter words forbidden or not? Which ones? And when? What about breasts or bottoms or lower backs? Does it matter if the context is medical, accidental or unattractive? The FCC's answer to all of those questions is yes, no, maybe or all three, depending on whether the words and pictures in question meet its definition of indecency. But that test is performed using guidelines that are clear as mud: "An average person, applying contemporary

community standards, must find that the material as a whole appeals to the prurient interest." Who counts as an average person? And how is one to determine current community standards in a country that contains both the joyous vulgarity of downtown Manhattan and the quiet piety of Pennsylvania's Quaker communities? The answer, unfortunately, is that these judgments are left to the FCC's whim.

But its rules are not only capricious, they are of dubious constitutionality. The Supreme Court ruled in a 5-4 decision last year that the FCC has the power to fine broadcasters for so-called "fleeting expletives"—expletives used as exclamations on live TV, for example. But the court did not definitively settle the First Amendment implications of allowing a federal agency to censor broadcasts. The judgment here should be a no-brainer and one upon which liberals, libertarians and conservatives can all agree: When it comes to speech, Washington should have no power to decide what is, or is not, permissible to say.

The FCC's entire approach is to rule by impulse and expand its reach whenever and wherever possible. Recent FCC actions include investigating the approval process Apple employs in its iPhone App Store, mulling whether and how phone companies might upgrade their networks and passing judgment on various consumer devices of minimal likely importance, such as the Palm Pixi.

When the FCC was launched in 1934, backers argued that airwave scarcity justified its existence. In an age of information overload, with a nearly infinite array of media choices available to anyone with a mobile phone or broadband connection, no such argument can be made. Yet rather than shrinking, the FCC has ballooned, growing its budget by more than 60 percent between 1999 and 2009.

If something exists anywhere near the realm of technology or communications, the FCC tries to make it its business. But to what end? And at what cost? A 2005 study by economist Jerry Ellig estimated FCC regulations cost consumers up to \$105 billion a year in additional costs and missed services. Throw in its own \$338 million budget, and it is time to pull the plug on the FCC. ■

This article can be found at:

<http://www.washingtontimes.com/news/2010/mar/31/whimsical-fcc-encroaches-on-first-amendment-rights/>

Busting the well-endowed

It's time to cut federal funding for the arts.

By Shikha Dalmia

In the face of crushing deficits, is Washington finally serious about curbing its profligate ways? The clearest indication that the answer is “no” is the continued existence of the three national endowments and the Corporation for Public Broadcasting. Together, they constitute no-brainer cuts—not only because the original rationale of these programs was daft but because their impact is so negligible that nixing them requires no forethought.

To be sure, the \$1 billion or so these agencies consume amounts to a spitlet in Uncle Sam's \$3.8 trillion budget. Eliminating them won't make even a minor dent in the country's \$1.56 trillion budget deficit, which stands at an eye-popping 10.6 percent of the gross domestic product, five times greater than what it was just three years ago. Any serious attempt to stanch the red ink flowing out of Washington must involve Social Security and Medicare reform, which together already ingest a quarter of the budget. However, tackling them will be the political equivalent of containing a Mount Vesuvius eruption, given the vast constituency that depends on them.

By contrast, few besides the government employees who run the no-brainer programs would even notice they were gone—especially because they have long outlived their uselessness.

Both the Corporation for Public Broadcasting and the National Endowment for the Arts (NEA), which together rake in about \$600 million in federal money annually, were founded more than four decades ago to support artistic endeavors that the mass media supposedly didn't. The fear then was that without the enlightened intervention of government bureaucrats, our homes would be flooded with cheap, “Dallas”-type soap operas—and high-brow “Masterpiece Theater”-style programming would go the way of the do-do. Since then, the world has experienced a communications revolution, unleashing a whole host of new media—cable, Internet, the Web—catering to every taste imaginable. The nonprofit arts sector is a \$63 billion industry today. Surely it could support the Jim Lehrer “NewsHour.”

Likewise, the National Endowment for the Humanities (NEH), NEA's sister organization, was supposed to strengthen teaching and research in the humanities by offering grants to non-mainstream research and scholars. But intellectual philanthropy has become a mega-billion-dollar industry that is supporting a plethora of political and intellectual causes through think tanks, advocacy outfits and all kinds of research institutions. What justification is there anymore for taxpayers spend-

ing \$161 million (NEH's proposed appropriation this year, up \$6 million since 2009) to support struggling scholars by taxing, say, struggling electricians?

But the most egregious of all the agencies might be the National Endowment for Democracy (NED). It was founded by President Reagan in the heyday of the Cold War to contain communism. Communism has since evaporated, and democracy has spread like wildfire in the former Soviet Union. Still, President Obama proposes to hand the NED \$109 million this year. This despite the fact that NED has been dogged by controversy, the least of which being that it once spent \$1.5 million to defend democracy in that Soviet bastion called France. Worse, although NED gets all its funding from the government, it is structured like a private entity over whose board—an improbable hybrid of representatives of business, unions and other concerns—Congress has little control. The upshot is that sitting presidents have used it to do things abroad that Congress wouldn't approve. In the mid-1980s, for instance, it directed funding to the political opponents of the then-president of Costa Rica—long a beacon of democracy—simply because he opposed Reagan's Nicaragua policy.

Nor is NED alone in such abuse. The arts endowment notoriously bankrolled Andres Serrano's picture of a plastic crucifix submerged in a jar of his own urine. Meanwhile, NEH got into trouble in the mid-1990s for funding research into history standards in schools that didn't adequately emphasize America's founding and Constitution.

None of this should come as a surprise, given that these agencies were created precisely to support activities and causes the general public didn't. But the Founders didn't include matters of conscience and aesthetics in Uncle Sam's job description. And now that the private sector is providing the services these organizations were supposed to deliver, there is no reason to force already strained taxpayers to keep subsidizing them.

Sen. Byron L. Dorgan, North Dakota Democrat, lamented after the National Endowment for Democracy was founded: “If we cannot cut this, Lord, we cannot cut anything.” That goes for all of them. If Washington wants to demonstrate its seriousness about digging this country out of its fiscal hole, cutting these programs would be a good place to begin. ■

This article can be found at:

<http://www.washingtontimes.com/news/2010/feb/24/busting-the-well-endowed/>



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