



## Free Press Viewpoint

### Why keep shooting recovery in its foot?

Some days, we wonder if the Obama administration really wants the economy to recover. Of course, the government has spent billions on bailouts, job programs and public works, but while the right hand gives stimulus, the left hand takes it away. Example: The whole thing started with the mortgage scandal and the resulting bust in the homebuilding and resale markets. You'd think the administration, and the Democrats running Congress, would make restarting the housing market a prime concern. Instead, they've got their foot on the industry's neck. In the wake of the "subprime" lending scandal, the government ratcheted up controls on home lending. Though interest rates are at record lows — and one key Federal Reserve rate is at 0 — few banks are making home loans. It's tough to qualify and in the end, bankers are simply afraid to make loans. The result: nothing. No one is building houses. No one is buying them. Because there isn't any money.

Or take consumer credit. You'd think the government would want consumers to be spending more and saving less right now. But most spending today involves credit cards. Most credit cards come from big nationwide or regional banks, outfits like Bank of America or Chase. A couple of things came together to kill expansion of consumer credit. One was a bill passed by Congress tightening rules for credit-card issuers. Congress gave banks a year to get their houses in order, and they used it to purge lists of marginal or non-performing accounts, the ones many consumers had. The bill threatened to increase the banks' costs by limiting fees and interest rate hikes. In response, banks got rid of their least desirable customers and made cards hard to get. Essentially, right now, you can get a credit card if you don't much need one and can afford to pay high interest.

While that wasn't the intent — Congress wanted to "protect" consumers from supposedly unconscionable rates and behavior by banks — it was the outcome. Then there's business. You'd think the government would want business to get growing, boost sales and hire people. That's not happening, despite new tax breaks designed to increase employment. Why? Businesses are scared. They have no idea how a national health-care plan, once it passes Congress, if it passes Congress, will affect worker costs. They found that with the recession, their unemployment taxes took a steep jump. The tax breaks turned out not to be very attractive. And no one knows when the recovery will really take hold. Until that happens, no one has any confidence and no one is hiring. Maybe the right hand doesn't know what the left hand is doing. Maybe the Democrats would rather have programs, like health care and the credit-card "protection" bill than jobs. Maybe the jobless really aren't the priority. But they should be. — *Steve Haynes*

We encourage comments on opinions expressed on this page. Mail them to the *Colby Free Press*, 155 W. Fifth St., Colby, Kan., 67701, or e-mail [colby.editor@nwkansas.com](mailto:colby.editor@nwkansas.com). Opinions do not necessarily reflect those of the *Free Press*, its staff or the owners.

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### Computerized vacation hit a glitch

Steve and I took our computers on vacation to Mexico for the first time last month and ran into some interesting problems.

We travel a lot, and we always take our computers with us so that we work no matter where we are. We've never done that during our one week each year in Mexico, however. The place where we stay has no phones in the rooms, no televisions, no nada.

We've had a time share to this little place at the tip of the Baja for many years and have always considered the January week as our nonworking vacation. Since our laptops are essentially a working tool, we leave them and the cell phones at home.

Over the last two years, however, the resort has put in a wireless Internet system. First it was at an Internet cafe near the front desk and then a "hot spot" by the condo sales office near the beach.

So this year we took our computers. I vowed I was going to learn to "play" on mine. It sounded like a fun idea to sit under an umbrella at a table near the beach, sip a rum-filled drink and surf the 'net, check Facebook, learn to play new games and generally try to figure out why people spend their free time sitting in front of a computer.

I was somewhat successful, but discovered that basically I'm too lazy to spend that much time and energy staring at a little screen when I could be reading a trashy novel, spending time



**Cynthia Haynes**

• Open Season

in the hot tub or just enjoying a walk to town in the almost-80-degree weather.

Then there was the problem with the Internet. It went down all over town the day after we arrived.

They warned us of this problem when we went to the front desk to get our user name and password. Basically, they said, here it is, but it won't work.

We tried anyway. We set up shop near the beach, under an umbrella with rum-filled drinks at hand and a beautiful view of the bay, where a huge ocean liner gently bobbed up and down awaiting passengers to return from the shopping trip in downtown Cabo San Lucas.

The only network we could find belonged to the cruise ship, and we weren't nerdy or needy enough to try to hack it.

OK, so we put the computers away and headed for town. We needed the exercise and some groceries anyway.

At the store, we bought a great steak and some fixings. Supper would be cooked in our

condo, saving both money and calories.

At the checkout, however, our credit card would not run. The Internet was down.

Dang, we knew that, but hadn't equated that with using our credit card.

We emptied our pockets of cash. We put a few things back, something I haven't had to do since I was a college student.

We gathered our steak and pared-down fixings and headed home to make supper.

What, we wondered, had all those tourists from the cruise ship done? Maybe they had cash or maybe commerce in Cabo came to a screeching halt that day because the Internet was down. That could be hard on an economy based on visitors.

Back at the condo, we had our supper and the next day the Internet was back up. But we never did get back into grabbing our computers and heading for the beach. I didn't get on Facebook even once and learned no new games. I did, however, read three mysteries, drink more than I normally do in a year and enjoy the hot tub.

Ahh, vacation.

*Cynthia Haynes, co-owner and chief financial officer of Nor'West Newspapers, writes this column weekly. Her pets include cats, toads and a praying mantis. Contact her at [c.haynes@nwkansas.com](mailto:c.haynes@nwkansas.com)*

### Tax breaks aid businesses, farms, families

Information gathered from recent Legislative Post Audit reports and other sources gives us a look at the state's current tax status.

Kansas currently has 99 sales tax exemptions costing the state an estimated \$4.2 billion last year. Thirteen of those account for \$4.1 billion, or 96 percent, of the forgone sales tax revenue.

Some of the costliest exemptions cover machinery and equipment for farms and businesses (\$231 million a year), educational and youth activities (\$58.5 million), labor services (\$182 million), utility bills (\$136 million) and health care (\$70 million). Although there may be good public policy reasons for having such exemptions, they do erode the state's tax base.

A report issued by the Department of Revenue says state tax exemptions have cost government billions of dollars in lost revenue over the last few years. Most of the exemptions on that list were implemented in the mid-1990s, when state revenues were exploding. In fact, State General Fund revenues increased 107 percent between 1987 and 1997.

That is much faster than was needed to sustain necessary spending, so the legislature responsibly granted some tax breaks. The beneficiaries were mostly those who probably needed it the most, as evidenced by some of the largest amounts on the Department of Revenue report: car tax reductions, single-income rate reductions, earned income tax credit, food sales tax rebate and increasing the personal exemption.

Some degree of government spending is necessary, but all government spending is a drag on the economy. Government has no money of its own; it only has what it takes from taxpayers and redistributes.

Any money that government spends must first — or eventually — be taken out of the econ-



**Ralph Ostmeyer**

• State Senator

omy. And when businesses and individuals must spend more on taxes, they have less to spend on goods and services ... and on hiring people.

There are no easy answers to our current budget crisis. We must examine our policies and take action with clear, precise goals in mind that cause the least harm with the most benefit.

Here is an update on Senate activity last week.

**Smoking Ban Update:** On Thursday, the House concurred with the Senate on HB 2221, the Clean Indoor Air Act, 68-54. The bill now heads to Gov. Mark Parkinson.

**Appointments:** The Senate unanimously approved:

- John P. Smith as credit union administrator.
- Ed McKechnie to the Board of Regents.
- James Needham to the state Banking Board.
- Joanne M. Budler as state librarian.

**HB 2411, Schedule I Drugs, add K2:** HB 2411 amends the Kansas Uniform Controlled Substances Act to expand the list of Schedule I controlled substances to include the chemical compounds HU-210, JWH-018, JWH-072, BZP and TFMP. The bill is nearly identical to SB 348, which passed earlier this session, except that it includes TFMP. Passed 37 to 1 on Thursday.

**SB 478, Kansas Cigarette and Tobacco Products Act:** SB 478 amends the Kansas Cigarette and Tobacco Products Act by redefining cigarettes and defining little cigars. The bill defines a little cigar as a roll of tobacco wrapped in leaf tobacco or material with tobacco that weighs no more than three pounds per 1,000 units and makes them subject to cigarette taxes. The measure also requires cigarette stamps to have legible characteristics with serial numbers and eliminates the requirement that packs have water-applied stamps or meter imprints. SB 478 failed 18-21 on Thursday.

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