

# OPINION

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COMMENTARY | STATE SEN. TOM O'MARA

# Give and take on many issues

State Assemblyman Phil Palmesano and I are about to get started on a series of local, town hall-style meetings that I'll be holding together with area assemblymen across the Southern Tier and Finger Lakes regions in the weeks and months ahead.

These community meetings get underway this week in Steuben County. On Wednesday, we'll be at the Howard Town Hall, beginning at 5:30 p.m., to hear from our constituents there. On Thursday, also at 5:30 p.m., we'll visit the Erwin Town Hall in Painted Post. You can find a more specific listing of the meetings, as well as an updated schedule as we go along, on my Senate website ([www.omara.nysenate.gov](http://www.omara.nysenate.gov)).

The forums are informal and open to the public. They're aimed, very simply, at giving local residents, business owners, educators — anyone who wants to attend — an opportunity to directly share their concerns, opinions and suggestions for better government. We hope constituents will take advantage of the chance to learn more about Governor Andrew Cuomo's recently proposed state budget, for example, or share their own thoughts on this year's debates over taxes, regulations, mandates, economic development, health care and other key issues.

But it's the oft-repeated line from Forrest Gump: these meetings are like a box of chocolates, we never know what we're going to get. However if the meeting discussions reflect what we're hearing and reading from area residents by phone, letter and email, we can make a few good guesses.

Common Core may be the hottest topic at the moment. The governor recently called for revisiting the Common Core rollout. The State Senate Education Committee directly questioned State Education Commissioner John King late last week at a public hearing at the Capitol. It gave senators, on a bipartisan basis, the chance to directly deliver the message that's swiftly taking hold throughout the Legislature: the Common Core implementation has gone too far, too fast, and it's time to delay it.

But Common Core's just one hot topic. It's been a little over one year since the enactment of the NY SAFE Act — which, by the way, I strongly opposed and voted against, and continue to co-sponsor legislation to repeal — and I can tell you that the anger and frustration has not subsided.

The same goes for Albany's heavy-handedness when it comes to high taxes, overregulation and mandates.

Of course all of the above was stirred anew by Governor Cuomo's comments during a recent radio interview during which, as widely reported, he wondered aloud of

state Republicans, "Who are they? Are they these extreme conservatives, who are right to life, pro-assault weapon, anti-gay? Is that who they are? Because if that is who they are, and if they are the extreme conservatives, they have no place in the state of New York. Because that is not who New Yorkers are."

The governor's comments have proven particularly divisive and inflammatory. I've been hearing from many constituents who feel the governor revealed an intolerance toward the strong beliefs and principles they hold together with thousands upon thousands of "conservative" New Yorkers — many citizens, in fact, I'm particularly proud to represent and work alongside to seek a better future for our children and grandchildren in Upstate New York where many of us were born, raised and still live our lives and try to raise our own families with the same sense of traditions and values.

Governor Cuomo has been fond of talking about "one New York," so it's raised questions for many, to say the least, about whether this governor always truly means what he says. It hasn't helped build the trust that this governor has repeatedly held up as one of the building blocks of effective government for all New Yorkers.

Respecting life, protecting the Second Amendment and continuing to believe in the importance of many long-held traditions are deeply rooted and meaningful commitments across the Southern Tier and Finger Lakes regions. We all don't agree on every single issue, and that's the way it should be. But the proudly conservative business owners, farmers, grape growers, sportsmen and sportswomen, community leaders, and hard-working taxpayers and families that I hear from, from all walks of life and no matter what their views, have long been and will always be proud New Yorkers who make important contributions to this state's culture and economy.

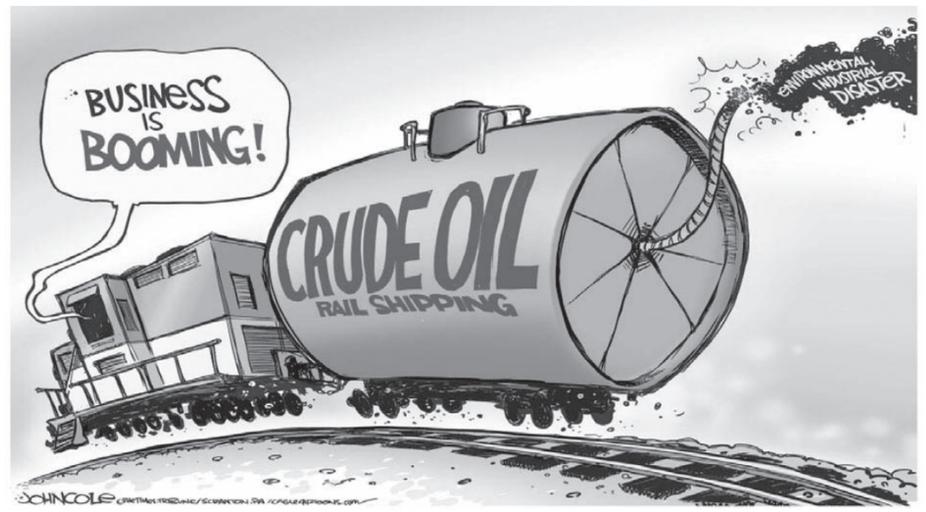
One final thought might be this: Many of us simply don't believe it will ever be any governor's place to judge if we're welcome here or not.

So, yes, the community meetings that get underway this week offer the kind of direct give and take that's fundamental to effective representation. We usually get an earful. That's good. It's also an opportunity for us to share information and insights that attendees may not have heard or read anywhere else.

All in all, it's a good exercise in government, and we always look forward to the input and participation.

*State Sen. Tom O'Mara, R-Big Flats, represents New York's 58th Senate District, which includes Steuben, Chemung, Schuyler and Yates counties, and part of Tompkins County.*

## ANOTHER VIEW



## POINT-COUNTERPOINT

# THE TOP 5 DOMESTIC ISSUES WE FACE IN 2014

### Daunting challenges loom in major areas of economy

As the U.S. economy continues to sputter, American Enterprise Institute economists identify five areas that could heavily affect an American recovery in 2014: trade, the Federal Reserve, housing, taxes and the Internet.

■ **Trade (Claude Barfield):** The most important priority for the U.S. trade agenda in 2014 will be the successful conclusion of the Trans-Pacific Partnership Agreement, with 11 trading nations in the Asia Pacific.

The imperatives are both economic and diplomatic: the TPP is a central element of President Obama's "pivot" to Asia and it forms the central core of a broader Asia regional economic architecture. Failure to conclude this agreement would have large-scale negative consequences for U.S. leadership in the Asia Pacific region, and risk ceding the game to Beijing.

■ **Federal Reserve (John H. Makin):** The Fed faces extraordinary challenges in 2014. Under the new leadership of Janet Yellen, the Fed's successful management of its pro-stimulus policy is an essential element of economic expansion in 2014. Its aggressive stance aimed at lowering the unemployment rate does not conflict with its two percent inflation target.

If inflation rises, however, the Fed will need to tighten — even if its lower unemployment rate target has not been reached — and the stock market will fall.

If, however, inflation keeps falling, the Fed will need either to buy even more securities and/or commit to a more extended period of zero short term interest rates. Otherwise, persistent disinflation or deflation will boost real interest rates and weaken growth. Either way, the Fed will have a tough 2014.

■ **Housing (Edward Pinto and Stephen Oliner):** A strong economy relies on a stable housing market, which depends on the preponderance of home loans being low risk. However, the government's control of housing finance promotes risky lending: nearly one-half of home loans guaranteed recently by government agencies — FHA, Fannie Mae or Freddie Mac — had down payments of 5 percent or less. Consequently, even a small drop in home prices would leave these borrowers underwater. The Fed's policy of keeping interest rates at historically low levels is driving up house prices faster than rents and incomes.

This makes it difficult for first-time home buyers to purchase a home and creates the risk of another housing bubble. The solutions: increase the market's reliance on private capital, return the FHA to traditional, sustainable lending practices, and allow interest rates to return to market levels.

■ **Tax Reform (Alan Viard, Aparna Mathur, Matt Jensen):** Over the last 25 years, many countries have lowered their corporate tax rates leaving the United States with the highest rate in the developed world.

This discourages investment here, which holds down productivity and reduces wages. Congress and the President have failed to address this problem. Furthermore, the reforms being considered would barely reduce the tax burden on investment in the United States.

One solution would eliminate the corporate tax and instead tax corporate income fully at the stockholder level. Another approach would allow all investment costs to be immediately deducted rather than written off over years. Either of these reforms would simplify the tax system, encourage investment, and boost wages.

■ **The Internet (Jeffrey Eisenach):** Since being privatized in the mid-1990s, the Internet has operated with minimal government intrusion.

This free-market digital environment is fertile ground for American entrepreneurial spirit. Eight of the top 10 Internet properties — including Facebook, Google and Microsoft — are "Made in the USA," and U.S. firms dominate markets from smart phones to main frames.

Yet less market-oriented governments would have the United Nations as an international Internet regulator. They have gotten a big boost from the NSA spying revelations, which they say demonstrate the need for international oversight. These forces will try again in April at a U.N. meeting in Buenos Aires. Nothing could be worse for the United States.

*Claude Barfield, John H. Makin, Edward Pinto, Stephen Oliner, Alan Viard, Aparna Mathur, Matt Jensen and Jeffrey Eisenach specialize in various areas of the economy at the American Enterprise Institute for Public Policy Research.*

### Income inequality, climate change must top agenda

The U.S. economy is still weak, with 7 percent unemployment, many millions more underemployed and fewer people employed in November than there were six years ago.

At the same time — and not unrelated — we are still devolving along a path toward increasingly ugly inequality, with 95 percent of the income gains since the Great Recession going to the top 1 percent of the income distribution.

Meanwhile, the crisis of global climate change is moving toward more irreversible catastrophic damage each year that the United States, which is responsible for more of the cumulative carbon emissions than any other country and procrastinates in making the necessary changes to reduce fossil fuel consumption.

There are feasible policy changes that can address all of these problems — and we don't have to sacrifice employment or a more just and decent society in order to make progress on climate change. Here are five of them:

■ **A carbon tax:** This one is so simple that it even gets overwhelming majority support among economists. If we tax the use of fossil fuels, less will be used and production and investment will shift to lower carbon dioxide and more renewable forms of energy like solar. We can even use the revenue to fund alternative energy sources — as in France — or if that is not politically feasible, simply refund the money to the public or cut other taxes as in the Canadian province of British Columbia.

■ **Pursue full employment:** We had full employment in 2000, when unemployment was 4 percent, and it didn't lead to inflation or anything bad. In addition to reducing the suffering of millions of unemployed and their families, full employment is what enables workers to bargain for their share of the productivity gains that have, over the past 35 years, been withheld from the majority of the labor force. This means we have to keep the Fed's quantitative easing and near-zero interest rates as long as necessary. But

that has not been enough; the economy is still short more than 8 million jobs. So we also need expansionary fiscal policy, which means federal spending that creates employment.

■ **Labor law reform:** Another main reason for the Latin Americanization of the United States, in term of income distribution, is the decline of collective bargaining. Only 11.3 percent of workers are in unions today, as compared with 35 percent in the 1950s. President Obama pledged in his first campaign to support The Employee Free Choice Act, which would have restored some of workers' rights to collective bargaining that have been lost over the past three decades. This will have to be restored if we are to reverse the country's widening inequality.

■ **Public Investment in Energy:** The federal government can retrofit its own buildings for energy savings of about 30 percent, and subsidize others. A "smart" electricity grid can yield a lot of energy savings, and so can investment and subsidies to mass transit. These can be part of the expansionary fiscal policy needed to create jobs.

■ **A Financial Speculation Tax:** A tiny tax along the lines of 3 cents per \$100 — as currently proposed in Congress — on financial transactions such as stocks, bonds, futures and options — would raise tens of billions of dollars annually while reducing speculative, destabilizing trading. It has popular support and it wouldn't hurt ordinary investors who are, for example, saving for their retirement.

Some of these proposals may seem far from the political agenda, but remember that the Federal Reserve's quantitative easing to stimulate the economy was uncharted territory until they actually did it in 2008. It was accepted by all but the far right; and it has helped. The public is more than ready for new economic policies to civilize this country and save the planet from climate disaster.

*Mark Weisbrot is a co-director of the Center for Economic and Policy Research.*