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September 30, 2009

Daily Roundup

Haley Barbour has followed in former Gov. Palin's footsteps by [traveling](#) to Asia to deliver an economics-related speech:

Gov. Haley Barbour's office has announced he's in Malaysia today for one stop on an Asian economic development trip expected to take him to Singapore and Japan.

Today, the governor is speaking at the 9th Annual Forbes Global CEO conference. While at the Kuala Lumpur conference, leaders will discuss the world's credit crisis, the recession and how investors and those in the private sector can help bring stability to the world's economy.

Barbour will be featured in a session with Gov. Bill Richardson, D-New Mexico, and Steve Forbes. That meeting will focus on the influence U.S. politics has on world affairs.

While in Singapore, he'll talk with those who have Mississippi operations who are considering setting up here. He and his wife, Marsha, also will be guests at a luncheon sponsored by Singapore's Ministry of Foreign Affairs.

Could the Governor simply hope to attract foreign investment for Mississippi, or does he harbor a larger, more presidential, agenda?

Federal Reserve officials recently [discussed](#) the need to increase interest rates in order to stave off inflation if the economy begins to recover:

"I expect that when it comes time to tighten monetary policy, my colleagues and I will move with an alacrity that, if needed, will be equal in speed and intensity" to when the Fed was slashing rates to battle the recession and the financial crisis, said Richard Fisher, president of the Federal Reserve Bank of Dallas.

Although Fisher has a reputation for being one of the Fed's toughest inflation fighters, it marked the second such warning by a central bank official in recent days. Fed member Kevin Warsh on Friday said the central bank will need to move swiftly when the time comes to raise rates.

Charles Plosser, president of the Federal Reserve Bank of Philadelphia and also a hawk against inflation, waded into the debate in a speech Tuesday in Easton, Pa., saying the Fed may need to act "well before" unemployment — now at a 26-year high of 9.7 percent — returns to normal. The Fed, he said, will need to be on guard "to prevent the Second Great Inflation."

It's all part of a high-wire act that the Fed has to perform as the economy transitions from recession to recovery.

If the Fed raises rates and reels in the unprecedented support too soon, it could short-circuit the rebound. If the central bank waits too long to rein in its stimulus, inflation could be unleashed.

...Some investors found Warsh's comments confusing, especially coming just two days after the Fed decided to hold its key bank lending rate at a record low near zero and pledged to keep it there for an "extended period." Most economists read that to mean the Fed would keep rates at super-low levels through this year and into part of 2010.

Warsh's comments led some investors to believe that rate increases could come sooner. The last time the Fed raised rates was in June 2006, around the time that the housing bubble reached its peak.

As the article notes, these deliberations highlight the terribly difficult balancing act the central bank faces.

Daniel Griswold, of the Cato Institute, has written [an insightful analysis](#) of the impact of Pres. Obama's protectionist inclinations on low-income Americans. I encourage everyone to read the entire piece, but here are a few highlights:

The tariff the president imposed on Chinese tires earlier this month was heavily biased against low-income American families. The affected tires typically cost \$50 to \$60 each, as compared with the unaffected tires that sell for \$200 each. The result of the tariff will be an increase in lower-end tire prices of 20 percent to 30 percent. Low-income families struggling to keep their cars on the road will be forced to postpone replacing old and worn tires, putting their families at greater risk.

The "cash for clunkers" program the president championed, while not a trade measure, betrays the same indifference to markets that serve the poor. The program forced the disposal of the 700,000 cars and light trucks that were traded in, reducing supply and raising prices of used vehicles for families that cannot afford to buy new. Because of this president's policies, low-income drivers will find it more difficult to buy a car and to keep it running safely. The president's policy appears to be to let the rich drive their new, subsidized hybrid cars while the poor walk or take a bus.

...When he was running for president, Mr. Obama explicitly endorsed higher prices for T-shirts for every American family to save jobs in the small and declining apparel sector. At a debate before union members in Chicago in August 2007, he said, "People don't want a cheaper T-shirt if they're losing a job in the process. They would rather have the job and pay a little bit more for a T-shirt."

Lastly, as many may already know, Gen. Stanley McChrystal [informed](#) CBS's David Martin that he has spoken to Pres. Obama only once since assuming control in Afghanistan. Despite all his faults, former Pres. Bush spoke to military commanders on the ground on a weekly basis. Obama's apparent indifference to the operations in Iraq and Afghanistan and the well-being of our troops risking their lives for us provide colossal cause for concern.

by Anthony Dalke @ 10:42 am. Filed under [Barack Obama](#), [Haley Barbour](#), [Issues](#), [R4'12 Essential Reads](#) [[Comments \(3\)](#)] [[Trackback URL](#)] [[link](#)] [[Print This Post](#)]

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1. *Knickers in a twist* Says:
[September 30th, 2009 at 10:59 am](#)

Barbor has more cred's to go to asia than the other (former) gov from a north west state.

2. *Kevin* Says:
[September 30th, 2009 at 11:41 am](#)