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## The Watcher

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## Financial Taxes Can Raise Revenues, May Help Stabilize Markets

The congressional [Super Committee](#), tasked with forging a \$1.2 trillion deficit reduction package by Thanksgiving, is currently deliberating [on which revenues – if any – to raise](#) and to include in its plan. With Wall Street at the center of the 2008 economic collapse, the committee should look to a pair of revenue options that would fulfill the dual roles of addressing risks to the economy posed by Wall Street and raising much needed revenue: a financial speculation tax and a financial crisis responsibility fee on large financial institutions.

A financial transactions fee, or financial speculation tax, would affix a small fee to purchases and sales of certain financial products. The fee is based on the price of the product, and generally, the buyer and seller split the cost of the fee equally. The tax can focus on stock and stock options trading, or it can cover the vast array of financial transactions, including bonds, derivatives, foreign exchange, futures, and swaps trading.

Advocates of a financial transactions fee generally propose a tax of between 0.1 and 0.5 percent on stock and stock options trading, and much smaller taxes – between 0.002 and 0.005 percent – on other transactions. Taxing all transactions and taxing both sellers and buyers would produce a high-end estimate of \$1.3 trillion over 10 years, according to Dean Baker, founder of the Center for Economic and Policy Research. This tax on Wall Street would fill the aggregate gap between state budgets and state revenues across the country in 2012.

On the lower end, Rep. Peter DeFazio (D-OR) [introduced](#) the Let Wall Street Pay for the Restoration of Main Street Act in 2009. The bill would have imposed a 0.25 percent tax on stock transactions and a 0.02 percent tax on futures, swaps, and credit default swap transactions, excluding investments made by retirement accounts and mutual funds. It would also provide a credit to taxpayers for the first \$100,000 of stock transactions per year, helping to shield the middle class. These exemptions would have reduced the revenue raised by a third (\$100 billion a year rather than the \$130 billion from the Baker proposal). DeFazio proposed that half the funds be used for a Job Creation Reserve linked to transportation funding, and the other half for deficit reduction.

A financial transactions tax could also cut down on the amount of speculative trading that occurs and help stabilize financial markets. Over the last several decades, the financial sector – narrowly defined as security and commodity trading and investment banking – has accounted for [an ever-increasing share](#) of the private economy, and questionable transactions helped to drive the financial collapse of 2008. The immediate impact of a transactions tax would be to lower trading volumes in markets, thereby tamping down an inefficient use of resources, freeing them up to "be employed in a sector where [the resources] can have measurable economic benefit."

A financial transactions tax would also raise the cost of trading, making short-term trading, which serves little to no productive purpose, less profitable. This would force "actors in financial markets to focus on more long-term investment opportunities rather than opportunities for short-term gains," helping financial markets "more effectively allocate capital in ways that support growth" in the productive economy. What's more, technological advancements over the last few decades have made the transactions tax one of the easiest and cheapest taxes to collect. The United Kingdom's transactions tax, which costs 0.05 percent of revenue collected to manage, is thrifty compared to the administrative costs of the UK's income tax, which costs 0.7 percent of personal income tax collected.

A second tax on Wall Street – the financial crisis responsibility fee, or systematic risk fee – would apply to financial institutions with assets above \$50 billion. A 2010 Congressional Budget Office (CBO) [study](#) estimated that the tax would affect roughly 60 bank holding and insurance companies. Originally proposed by President Obama in his fiscal year (FY) 2011 [budget](#), the responsibility fee would apply a tax of 0.15 percent to the total liabilities of these financial institutions each year, less any banks' deposits assessed by the Federal Deposit Insurance Corporation (FDIC) and any insurance companies' insurance policy reserves.

Proposed by the president in the wake of the financial collapse and the use of public funds to rescue some of the nation's largest financial firms through the Troubled Asset Relief Program (TARP), the responsibility tax attempts to recoup taxpayer losses due to the bailout. The tax would run until the covered financial firms repay the costs associated with TARP – currently estimated at \$117 billion – likely taking about 12 years. The Office of Management and Budget (OMB) projected the responsibility fee to raise \$9 billion in 2015 and \$90 billion over 10 years.

The CBO observed that because the fee would represent "a small fraction of the rate charged on an average bank loan to businesses, which currently is in excess of 3 percent," the tax "would not have a significant impact on the stability of financial institutions or significantly alter the risk that government outlays will be needed to cover future losses." Also, "[b]ecause of its modest size, the fee would probably not have a measurable impact on" economic growth.

For these reasons, both financial taxes enjoy significant support within political and economic communities. Noted conservative economists Greg Mankiw (President George W. Bush's chair of the Council of Economic Advisers) and David Stockman (a director of OMB under President Ronald Reagan) [have supported](#) the responsibility tax. The transactions tax is also widely supported within the economics community; a 2009 [letter](#) calling on Congress to adopt the tax drew the signatures of over 200 highly respected economists. Moreover, nearly half of the deficit reduction plans released by nonprofits and think tanks over the last year in reaction to the president's fiscal commission included one or both of the taxes.

The public also supports both the speculation and crisis responsibility taxes. A January 2010 Lake Research poll [found](#) that 8-in-10 Americans supported a transactions tax. Similarly, the *Wall Street Journal* [reported](#) around the same time that nearly 6-in-10 voters supported a "responsibility fee" that would "discourage big bonus payouts and ensure big banks that caused the crisis [to] pay for the bailout."

Detractors of these financial taxes exist, however. Ken Rogoff, former chief economist at the International Monetary Fund (IMF), recently [opined](#) against a financial transactions tax for the European Union (EU), arguing that the tax would significantly reduce market liquidity with "no obvious decline in volatility" and "increase the cost of capital, ultimately lowering investment."

Baker [counters](#) that because "[c]omputerization and deregulation has led to a sharp decline in transactions costs over the last three decades," the small fees the EU is considering charging would only raise transactions costs and liquidity back to levels seen in the early to mid nineties.

## **Congress Should Streamline Budget Process**

Along with all the attention the federal budget is receiving these days, the budget process itself is coming under greater scrutiny. Both the [House](#) and [Senate](#) budget committees held hearings recently to discuss how to reform the budget process. The panels featured former budget directors and academics, but curiously, there was little talk of fixing the immediate problem of budgetary gridlock.

The primary objective of federal budgeting is to ensure that national priorities, like education and food safety, are adequately funded. But in the recent House hearing, witnesses instead focused on inventing new ways to *restrict* funding, as if the purpose of the federal budget process is, first and foremost, to reduce the debt and deficit. The witnesses before both committees suggested that Congress should reform the budget process by placing arbitrary caps on federal spending and cutting mandatory spending.

In the Senate hearing, witnesses focused on moving to a two-year budgeting cycle. In principle, biennial budgeting would allow lawmakers to focus on budgeting for one year and then spend the second year performing oversight of federal programs. This seems unlikely.

Each budget would be subject to more intense political battles under biennial budgeting, as the stakes of victories and defeats would be doubled, with double the money on the table to fund programs for twice as long. Under such a process, there would be even less motivation to compromise, as program funding levels would be locked in longer. (It should be noted that there is nothing in the current budget process that prevents appropriators from funding the government in two-year increments should they choose to do so.) Moreover, since social needs change with economic ups and downs and events like natural disasters occur unexpectedly, federal appropriators sometimes need to revise spending levels outside of the normal budget process. A biennial budget process would only increase the instances in which Congress would have to circumvent budget rules and hastily assemble spending packages that might not receive proper scrutiny from Congress or the public.

Biennial budgeting would do little to increase oversight; oversight is handled by other (non-budget) committees. Congress's concerns about the effectiveness and efficiency of federal programs can be addressed under the current process. [For more on biennial budgeting, see our article [here](#).]

1994 marked the last time the budget process followed a regular schedule and all twelve spending bills were approved before the end of the fiscal year. In the past seven years, only four budget resolutions were approved by conference committees. This has prompted observers ideologically opposed to higher spending to blame the process for an outcome they don't like (more spending) and to advocate for more spending restrictions, such as caps, supermajorities, and automatic spending cut triggers, or biennial budgeting.

However, it would be a mistake to permanently reshape the federal budget process in an effort to fix a short-term problem. The nation's debt and deficit problems, as shown in [a chart](#) by the Center on Budget and Policy Priorities, are primarily caused by the Bush tax cuts (which are currently set to expire at the end of 2012), two wars financed by debt, and lower revenues due to the recession. When the wars end and the tax breaks expire, the "budget crisis" will disappear (although the need to contain medical costs will remain).

Indeed, much of the current national debt is the result of instances when Congress decided to ignore the rules (like paying for two wars through supplemental appropriations). Congress routinely votes to extend the Bush tax cuts, to delay the expansion of the alternative minimum

tax, and to refuse to reduce payments to doctors under Medicare, all of which cost the government hundreds of billions of dollars. Fixes for the underlying problems require reforms in the tax code and mandatory spending programs; neither of these problems can be addressed through a modified appropriations process.

Also important to consider: the budget process is slow because of the checks and balances built into the process – which requires (at least on paper) budget resolutions, authorizations, and appropriations, any one of which can hold up funding for federal programs. In addition, the president can veto any budget Congress produces. As [Alice Rivlin](#), the first director of the Congressional Budget Office, said in the House Budget Committee hearing, “Our Constitution was not designed for efficiency.”

The current budget process may be broken, but not in the ways described by hearing witnesses. The budget process does not work because it is not open and does not support citizen participation. When the budget “process” becomes a series of continuing resolutions that are crafted at the last minute behind closed doors, democracy is frustrated. Outside public interest stakeholders have little chance of having their voices heard in the final stages of debate, while campaign contributors and high-priced lobbyists are always available to guard their special interests. If we are going to change the budget process, let’s create one that is more transparent, more democratic, and more reflective of the investments that the majority of Americans say they want.

## **Despite Delays and Threats, EPA Finally Classifies TCE as a Cancer-Causing Chemical**

After more than 20 years, the U.S. Environmental Protection Agency (EPA) has finally determined that trichloroethylene (TCE), a chlorinated solvent used primarily for removing grease from metal, causes cancer. The assessment was finalized by the EPA’s [Integrated Risk Information System](#) (IRIS), an important but troubled program that is tasked with providing the public with critical information about dangerous chemical exposures.

During the George W. Bush administration, the program released only two assessments annually; under the Obama administration, the number climbed to nine annually, leaving the program with an accumulated backlog of at least 255 chemicals to assess. The delays keep dangerous chemicals in commercial use much longer than warranted, without warnings to the public about their health risks. The risks from many of these chemicals, which the public comes in contact with everyday, remain unknown.

### **The Findings**

The EPA’s long-anticipated assessment, released on Sept. 28, formally classified TCE as a known human carcinogen. Specifically, the report found that exposure to TCE can lead to kidney and liver cancer and non-Hodgkin lymphoma; to a lesser extent, it may also be linked to bladder, esophageal, prostate, cervical, and breast cancers, as well as leukemia. TCE easily evaporates

from water into the air and contaminates groundwater and land. According to the agency's findings, any route of exposure can be carcinogenic to humans.

The greatest use of TCE has been as a degreaser for metal parts, including aircraft. The chemical is also found in household products, such as paint removers, glues, correction fluid, electronic equipment cleaners, rust removers, adhesives, and gun-cleaning fluids. Until 1977, TCE was even used as a general anesthetic, and until the 1980s, it was used in pharmaceuticals and food. Given the widespread usage, it is not surprising that TCE is one of the most common man-made chemicals found in the environment and is often found among the pollutants at Superfund sites, military bases, and industrial sites across the country.

### **Communities React to the TCE Assessment**

EPA's announcement came as a bittersweet victory for communities that have long suffered from TCE contamination, confirming long-held suspicions about the chemical. An estimated 750,000 people were exposed to TCE contamination at North Carolina's Camp Lejeune (a Marine Corps base) from the 1950s to the 1980s. Several expressed relief at the EPA's final assessment. Mike Partain, who survived male breast cancer nearly four decades after his birth at Camp Lejeune, [said](#), "This is confirmation of what we've known all along."

For Jerry Ensminger, who lost a daughter to childhood leukemia in 1985, "This was 20-plus years in the making. . . . It's a crying shame that it takes that long for our regulatory agencies to finally getting around to protecting public health and the environment."

The TCE findings may assist in passage of the [Caring for Camp Lejeune Veterans Act of 2011 \(S. 277\)](#), which would provide hospital care, medical services, and nursing home care for veterans and family members who suffered effects from contamination. The bill was approved by the Senate Committee on Veterans' Affairs with bipartisan support in June 2011.

For parents of elementary school children in the North Bronx, New York City, the assessment is bone-chilling. The Bronx New School was closed in August after tests showed that the building was contaminated [at levels far in excess](#) of TCE limits, determined by state health department standards. The industrial plant that previously occupied the school building used TCE.

Victims of TCE exposure have leveled strong accusations at the federal government and industries for covering up TCE contamination of military bases and local communities. The victims from Camp Lejeune have created a website called [The Few, The Proud, The Forgotten](#) to inform everyone about the betrayal of trust that occurred at the base. TCE exposure victims from Beaverton, OR, established a nonprofit organization called [Victims of TCE Exposure. A Lasting Legacy](#) to assist other victims and fight the TCE contamination from a View-Master plant.



## **The Delay in Finalizing TCE Assessment**

EPA's long and arduous process to review TCE began in 1987, when the agency issued an initial assessment classifying the chemical as a "probable" human carcinogen. Almost 15 years later, in 2001, the agency issued a draft assessment, finding that the chemical was "highly likely" to cause cancer, identifying children as a vulnerable group.

According to the [Natural Resources Defense Council](#), the 2001 draft triggered a 10-year assault by the chemical industry, the Department of Defense, and the Department of Energy. Together, the three entities are responsible for about 750 TCE-contaminated sites throughout the country.

Though peer reviewed by independent scientific experts from the Science Advisory Board, the George W. Bush administration forced the EPA to put the 2001 draft assessment on hold. The Pentagon further delayed the report by requesting a review by the National Academies of Science (NAS) – a request that cost more than \$1 million in taxpayer money. The Bush administration followed these delays with a 2007 rule that exempted the military and certain industries from having to limit air emissions of TCE. The Obama administration agreed to reconsider the exemption in 2009, but an outcome has yet to be reached.

## **The IRIS Program**

Created in 1985, IRIS is a publicly searchable database containing scientific assessments of the human health effects of industrial chemicals and chemical substances. The assessments can form the basis of standards, safeguards, and agency actions, such as Superfund site clean-ups.

A key factor in EPA's difficulty in finalizing the TCE assessment is the ongoing assault on the IRIS program. The Bush administration added several bureaucratic steps to the rulemaking process, which enabled the Office of Management and Budget (OMB) and other federal agencies, such as the Department of Defense, to influence and delay the EPA's findings. The Government Accountability Office (GAO), in a 2008 report, admonished the Bush administration's "restructuring" of IRIS, since the result was a dramatic slowing of chemical assessments.

Since 2009, the Obama administration has taken action to improve and reinvigorate the program. Based on the GAO's 2008 recommendations, the EPA proposed measures to make it more difficult for other federal agencies to influence or delay the chemical review process. A [June 2009 GAO report](#) concluded that, if implemented effectively, these new reforms would "represent a significant improvement" by restoring EPA's control and establishing transparency.

In June, the EPA announced further [improvements](#) to increase transparency and address criticisms in the program. The improvements, based on recommendations by the NAS, include providing more transparent, easy-to-understand, concise, and visual assessments. In addition, the methods, data, and decision criteria used to assess chemicals will be more transparent and will include a discussion of strengths and weaknesses behind the assessments' scientific

rationale. The GAO expects to finalize an analysis of EPA's proposed improvements for the program by the end of 2011.

### **The Future of the Chemical Risk Assessment Program**

The EPA has several high-profile assessments still pending, including hexavalent chromium, formaldehyde, and styrene. The chemical industry and congressional Republicans seem intent on preventing the EPA from finalizing those assessments or at least in delaying the assessments for years. Billions of dollars and the health of millions of Americans are at stake.

Industry has [attacked](#) IRIS assessments as "overly stringent" and selective in their use of data. It wants EPA's assessment of hexavalent chromium to be halted until new industry-sponsored studies can be completed. In addition, industry has sued the National Toxicology Program, which concluded, based on current studies, that styrene is "reasonably anticipated to cause cancer in humans."

In the most recent congressional assault on the IRIS program, Sens. James Inhofe (R-OK) and David Vitter (R-LA) sent letters to the EPA, calling for the agency to suspend all current chemical reviews "where serious concerns have been raised." The letters were sent on [May 10](#) and [Sept. 26](#), respectively, to EPA Administrator Lisa Jackson and Paul Anastas, EPA Assistant Administrator for the Office of Research and Development. In their letter to Anastas, Inhofe and Vitter assert that they "do not think the agency should be proceeding with controversial IRIS assessments at this time." Additionally, in an [Oct. 6 hearing](#) of the House Committee on Energy and Commerce, Republicans further attacked the assessments in a hearing entitled, "Chemical Risk Assessment: What Works for Jobs and the Economy?"

In the meantime, the final TCE assessment will enable the EPA (or states) to move forward with setting more health-protective TCE standards for drinking water, air emissions, and clean-up of contaminated soil. Public interest advocates have hailed the assessment, calling it a testament to Jackson's determination to protect human health and push for expedited assessments of high-risk chemicals.

### **Libraries Can Connect the Public to Open Government**

In recent years, government has increasingly embraced the proactive disclosure of information and created online tools to increase transparency. But how do Americans discover that information? Who helps them learn how to use complex government databases and tools? The answer may be a surprisingly familiar one: libraries.

Libraries have traditionally played a leading role in helping the public discover and use government information. However, the rapid expansion of e-government creates new opportunities and challenges for empowering the public with such information. The Government Printing Office (GPO) is now considering a proposal that could help libraries around the country to modernize and expand their government information services, supporting



equitable public access to information and amplifying the impact of open government initiatives.

### **Government information services in libraries**

Even as government information is increasingly available online, libraries continue to play an important role in supporting public access. [One in four American adults does not have Internet access at home](#), and [in almost two-thirds of communities](#), libraries are the only source of free Internet access. Moreover, libraries are well practiced at assisting the public in discovering and using government information, through reference services, information literacy training, and curation.

However, government services in libraries have typically focused on providing assistance with government programs, such as applying for unemployment benefits or filing taxes, or traditional information sources, such as statutes and congressional records. These limitations have been kept in place by libraries' resource constraints: public library budgets in particular have suffered throughout the most recent economic downturn, even as demand for library services has grown.

Many Americans might be interested in exploring information from new government websites, such as the Consumer Product Safety Commission's [SaferProducts.gov](#) complaints database or the U.S. Environmental Protection Agency's [MyEnvironment](#) tool. It's unclear, though, to what extent libraries are helping connect their patrons to such tools.

### **Federal Depository Library Program**

A proposal under consideration at GPO could change that. The proposal arises from a review of the agency's Federal Depository Library Program (FDLP). FDLP distributes free copies of government publications to participating libraries that agree to provide public access to and preservation of those documents, helping to ensure equitable access to government information.

GPO commissioned a study to explore and recommend reforms to the program, which was completed by consulting firm Ithaka S+R in May 2011. GPO rejected the Ithaka report, but nevertheless [released it for public consideration](#), stating, "The models proposed by Ithaka are not practical and sustainable to meet the mission, goals, and principles of the FDLP. Nonetheless, GPO believes that the final report has some value." In addition, GPO [solicited comments](#) responding to the Ithaka report and will host a day-long [public meeting](#) to discuss potential reforms on Oct. 20.

The report paints a picture of a program that is struggling to fulfill its core responsibility of ensuring equitable public access to government information in the light of technological changes. The number of participating libraries in FDLP has declined in recent years – [more than 1,200 today](#), down from about 1,400 in 1992 – as libraries question the relevance of the traditional FDLP collection and preservation activities in today's digital environment. Libraries' formal responsibilities under the program do not include the user services and outreach needed

to support the public's use of government information, and the program has lagged in its inclusion of new e-government tools.

### **Supporting a new generation of government information services**

In [its comments on the Ithaka report](#), OMB Watch argued that a change in strategy is necessary to fulfill the FDLP's core mission in a digital age, echoing many of the report's recommendations. In addition to modernizing the program's collection and preservation activities, OMB Watch recommended three priority reforms:

- *Create a services role.* The new role would identify key opportunities for libraries to connect patrons with federal government information. For instance, the program would promote resources available to help libraries train patrons on the use of information tools, such as the [training resources under development for GPO's FDsys](#). In addition, the program could promote innovative outreach strategies that libraries could use to increase patron awareness of government information tools, thus extending their reach.
- *Broaden the information sources supported.* The program should seek to modernize the materials supported by library services, adding new databases and online tools. GPO should leverage its vantage point as the government's publisher to keep abreast of agencies' newest online information services. The need for coordination between agency e-government services and libraries was recognized in the Federal Communications Commission's 2009 [National Broadband Plan](#). The Institute of Museum and Library Services (IMLS) is currently funding a [pilot project](#) to develop partnerships between libraries and federal agencies in delivering e-government, which could inform these collaborations.
- *Expand the libraries participating.* More than 1,200 libraries currently participate in the FDLP, many of which are academic libraries. By comparison, there are [more than 9,000 public libraries](#) in the U.S., many of which have multiple branches. By expanding the number of libraries participating in the new services role, FDLP could make it easier for many Americans to access expert assistance with using government information. A marketing campaign could make more Americans aware of the services available to them.

Although many of these changes could be implemented administratively, the reforms would be more effective if enacted through legislation. In particular, Congress could require agencies to coordinate with the program, ensuring that new information tools would be supported.

In addition, Congress would need to provide adequate resources in order to ensure the program's success. Increased funding will be difficult to find amidst the deep federal budget cuts that Congress is pursuing. Tight budgets at the state and local level already have libraries across the country limiting hours, cutting staff, and closing branches, so Congress would likely also need to allocate additional resources to IMLS to support libraries in implementing these new services. However, even modest investments in these areas could pay big dividends in expanding

the use of open government tools, thus strengthening the relationship between citizens and their government and supporting a flourishing of civic imagination.

## **Ongoing Listeria Outbreak Illustrates the High Stakes of Food Safety Regulation**

The multistate outbreak of listeriosis, linked to cantaloupes from Colorado-based Jensen Farms, is the deadliest foodborne disease outbreak in a decade. Infections caused by listeria have taken 23 lives, caused at least one miscarriage, and sickened over 100 people in 24 different states. The grim effects of recent foodborne illness outbreaks illustrate the need for continuous improvements to our food safety programs. Public health depends on agencies having the authority and resources to issue necessary safeguards, conduct adequate inspections, and enforce food safety rules.

As the number of dead and ill from this recent outbreak continues to climb, the totals near the most fatal *listeria* outbreak in U.S. history, the [1985 listeria cheese outbreak](#) that caused 29 deaths.

*Listeria* outbreaks are particularly alarming because symptoms can take up to three months to appear. In addition, *listeria* poses the greatest risk to the most vulnerable – pregnant women; people with weakened immune systems, cancer, diabetes, or kidney disease; and the elderly. On Sept. 14, Jensen Farms voluntarily recalled its whole cantaloupes produced from the end of July to Sept. 10, but infections and outbreak-related fatalities are still being reported. The Food and Drug Administration (FDA) is conducting a root-cause investigation, which it says can lead to preventative practices in the future.

On the same day Jensen Farms announced the recall, FDA launched the Coordinated Outbreak Response and Evaluation ([CORE Network](#)), “created to manage not just outbreak response, but surveillance and post-response activities.” One of the goals of CORE is to enhance preventive food safety practices by utilizing all of FDA’s field resources. Prevention is also an integral part of the 2011 [FDA Food Safety Modernization Act](#) (FSMA), which “aims to ensure the U.S. food supply is safe by shifting the focus of federal regulators from responding to contamination to preventing it.”

House members are also calling for an investigation into the outbreak, along with a hearing to better understand how to prevent similar foodborne illness outbreaks. Reps. Henry Waxman (D-CA) and Diana DeGette (D-CO), ranking members of the House Energy and Commerce Committee and Subcommittee on Oversight and Investigations, respectively, requested an investigation and hearing in an Oct. 3 [letter](#) to Energy and Commerce Committee Chairman Fred Upton (R-MI) and Subcommittee Chairman Cliff Stearns (R-FL). Waxman and DeGette wrote that taking such measures could help “understand actions that could be taken by industry and the Food and Drug Administration (FDA) to prevent similar outbreaks in the future.”

The letter also urged Upton and Stearns to request, as part of the investigation, a list of documents from Jensen Farms including the dates that company officials first notified, or were notified by, federal, state, and local officials of the contamination, all inspection records related to Jensen Farms facilities, and all communications to or from the FDA, the U.S. Department of Agriculture (USDA), or Colorado state authorities concerning inspections of Jensen Farms facilities or possible *listeria* contamination.

## **Remaining Challenges**

Despite the importance of FDA's focus on preventing contamination, some advocates worry that food safety will continue to suffer from funding cuts to regulatory agencies, inadequate rules, and lax inspections. As part of the 2011 Food Safety Project, a [News21 investigation](#) found that "food safety in the U.S. depends on ineffective regulations and underfunded government agencies that lack the authority to protect consumers."

At the annual National Food Policy Conference on Oct. 4, FDA Commissioner Margaret Hamburg [discussed](#) the major challenges facing the agency, including budget restrictions. "While in recent years we've seen some increases that have been valuable . . . there remains a very large gap between what we have and what we need," she said. Hamburg also emphasized the importance of regulatory compliance assurance. "If we want to ensure that our food is safer, we need to be able to invest in compliance. . . . We need to educate and train our own work force, because we're asking them to inspect facilities with an eye on prevention and problem-solving—not just effectively writing 'speeding tickets' for infractions."

An effective and consistent regulatory system also benefits food producers by providing regulatory certainty and maintaining consumer confidence in food safety. Unfortunately, there are plenty of illustrations of the unanticipated costs of allowing contaminated food to reach consumers. Only two months ago, the USDA's Food Safety and Inspection Service (FSIS) [announced the recall](#) of ground turkey linked to a *salmonella* outbreak that sickened over 100 and killed at least one. In response to the outbreak, the producer of the ground turkey, Cargill Meat Solutions, issued a voluntary recall of its product and closed operations to conduct inspections. As a result, the company was forced to lay off employees at its Springdale, AR, plant. The Centers for Disease Control and Prevention (CDC) [announced](#) Sept. 29 that *salmonella* cases are still being reported.

It can be easy to take our food safety systems for granted until high-profile outbreaks and recalls highlight remaining weaknesses and regulatory failures. The need for effective rules, inspections, and enforcement has never been more evident. Consumers are counting on policymakers and regulators to strengthen food safety efforts and prevent the devastating consequences of foodborne illness outbreaks in the future.

## **Pulpit Freedom Sunday Clarifies the Need for Clarity**

Hundreds of pastors took to their pulpits on Sunday, Oct. 2, to engage in an annual civil disobedience ritual known as Pulpit Freedom Sunday. Initiated by the Alliance Defense Fund and supported by Glenn Beck, Pulpit Freedom Sunday aims to challenge the current prohibition on partisan electioneering by churches and other 501(c)(3) organizations.

Pastors involved with Pulpit Freedom Sunday argue that the current law threatens their First Amendment rights. "The freedom of speech and freedom of religion promised under the First Amendment means pastors have full authority to say what they want to say," the Rev. James Garlow [told](#) *The New York Times*.

[According to the Alliance Defense Fund](#), the more than 475 pastors who registered to participate in Pulpit Freedom Sunday "committed to preach sermons that present biblical perspectives on the positions of electoral candidates." Garlow described his sermon in two parts: in one section, he would discuss *issues* like same-sex marriage and abortion, and in another, he would discuss *candidates*.

Like leaders of all other 501(c)(3) organizations, pastors in their official capacity are [prohibited](#) only from intervening for or against particular candidates. As individuals speaking for themselves alone, they may endorse or denounce whichever candidate they choose. Both as individuals and as representatives of their organizations, they are free to take positions on public policy issues, including controversial ones, so long as they do not cross the line into favoring or opposing a particular candidate.

The [American public](#), as well as most [religious leaders](#), agree with these commonsense restrictions. Without them, candidates could, for example, donate funds to the church of an endorsing minister and then get a tax break for doing so.

While the Alliance Defense Fund [claims](#) that the project is not about endorsing or opposing candidates, the speech they are aiming to "protect" is already legal. The more vexing question, however, is how precisely to know when speech about a particular issue crosses the line and becomes an implicit statement about a candidate. While [Revenue Ruling 2007-41](#) lists a series of factors that may play into that determination, there has never been a clear statement of precisely what qualifies as prohibited electioneering.

Both supporters and critics of the electioneering ban are frustrated by limited action from the Internal Revenue Service (IRS). Even though the first Pulpit Freedom Sunday was held in 2008, the IRS has yet to clarify the rules or take strong enforcement action in response. In fact, there are signs that the agency is becoming less interested in investigating political speech by churches: while it launched the Political Activities Compliance Initiative to investigate whether churches and other charities were engaged in illegal electioneering during the 2004 and 2006 elections, the IRS discontinued the program in 2010.

Religious leaders are, and should be, free to instruct their parishioners about the intersection of their faith with the issues of the day. However, it is a decided matter of public policy that they cannot enjoy the advantages of tax exemption while simultaneously using their pulpits to endorse candidates. Pulpit Freedom Sunday is an outlier example of activist preachers being spurred into action by a nonprofit organization with a particular agenda: such an action would never have occurred if the IRS had issued clear, comprehensible guidance about when commentary becomes an endorsement.

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