

Prospects cloudy for Corbett's Harrisburg bailout

By Bill Keisling: ...Some of the problems that could sink the plan are procedural, while others are political or financial. Looming, and obvious, problems include:

- **Critics of the plan have not been allowed to file objections to the plan in court.** Last Thursday, September 19, leadership of Harrisburg's black churches and minority communities, as well as political figures, was told by Commonwealth Court Judge Bonnie Leadbetter that they could not file objections to the plan. Nor could they appeal, the judge said....

No objections or appeals allowed? Whoever heard of such a thing? What happens if a higher court overrules Leadbetter and sends the case back down to Commonwealth Court to hear community objections? The plan could unravel.

- **Act 47 was hurriedly implemented and may be unconstitutional.** ...The hasty implementation of the Act has led to vagueness and confusion in the wording of the Act about who can object to the plan, and when objections can be filed, among other issues. .. If a higher court declares Act 47 unconstitutional, the whole plan could be thrown out.

- **Bond sales may fail.** Several bond issues, including LCSWMA's proposed \$130+ million in bonds to buy the \$30 million incinerator, have yet to be offered to the bond market. If the bond issue(s) fail, the plan fails.

- **State may not provide money as specified in plan.** The plan says the Commonwealth of Pennsylvania will make payments to Harrisburg for fire protection and parking spaces of upwards of \$15 million a year, for decades in the future... The administration budget report also notes, "Rating agencies have already begun to downgrade the commonwealth's bond rating, which increases borrowing costs and which has already had an impact on agencies' workers' compensation rates."

- **Prosecutions.** What happens if pending criminal investigations throw the net over insider beneficiaries of the plan? A criminal taint could destroy the plan.

- **Citizens may actually read the plan.** The highly complicated plan was rushed through before citizens could understand it. High tipping fees and other long-term demands of the plan already upsets Harrisburg taxpayers. More hidden Easter eggs are surfacing daily.

This week it was learned that, under the plan, Harrisburg will repay \$125 million for a \$50 million bond issue to compensate bond insurer Ambec. Will taxpayers, already unsupportive of the plan, read the fine print, and really not like the plan? Without lasting public support, Receiver Lynch's lawyer told the court last week, the plan could easily fail.

LANCASTER SUNDAY NEW

"Lancaster Newspapers will sponsor city mayoral debate" is featured on LancasterOnLine with a photo of Mayor Rick Gray.

According to the article, "*Panelists will ask each candidate questions relating to city government and city life.*"

WATCHDOG: Is there any significance that the photo was not rotated with that of former mayor Charlie Smithgall? Also, there is no mention

concerning who will be the members of the panel posing questions.

LETTER: “Slippery slope of unethical journalism”

Re: Lancaster Newspapers sponsoring debate between Rick Gray and Charlie Smithgall

“Rest assured; LNP will orchestrate this ‘debate’ to insure that ‘their’ candidate of choice and their ‘pet issues’ will receive the most attention and favorable press. LNP has no business ‘sponsoring’ (what exactly is the cost of sponsorship for a debate???) anything that has to do the political arena....they have fed at that trough for too long already.”

“What a disgusting, self-serving, ‘look at me’ article. LNP continue to slide down the slippery slope of unethical journalism. Someone needs to stop this!!!!!!!!”

EDITOR: Lancaster Newspapers is running a business and doing what it can to remain viable at a time when many newspapers are folding. It is not our political leaders. It is not our clergy. Perhaps the writer and the rest of us expect too much.

Is business investment gap stalling recovery?

USA TODAY: ...Corporate reticence, at a time of outsize profits, puzzles economists and policymakers. In a sign of the gap’s persistence, PPI estimates that businesses invested \$508 billion less in 2012 alone than they would have if spending had kept growing at its 1997-2007 pace. Investment saw little growth in the first half of this year, according to the Commerce Department, even after Congress and President Obama avoided the fiscal cliff.

By one arcane measure that the Federal Reserve tracks, U.S businesses are investing less than during any recovery since at least 1952 — even though they’re so awash in cash, they needn’t borrow to invest at a more normal clip, Barclays economist Dean Maki said.

The problem is still getting worse, according to some studies. Global corporate investment is likely to drop 1.5% this year and is set to fall as much as 5% next, Standard & Poor’s economist Garth Williams said. In the U.S., investment will drop 1% this year and 3% next, he added...

EDITOR: *Businesses don’t invest because they are making money. Businesses invest because they are experiencing increased demand from which investment will enable them to make even more money. The problem is the lack of demand. And the lack of demand is the result of wide scale unemployment, underemployment, and shrinking wages in real terms.*

As virtually every noted economist and we have said for five years, we needed fiscal stimulus. Instead, the Federal Reserve has had to resort to immense monetary stimulus which has served to push up stock market prices and drive down interest rates but has not done that much to end the recession.

Had the federal government spent an additional trillion dollars in 2010 and 2011, the country would have been back to prosperity by now, balancing the budget and likely again paying down the national debt, as occurred during the final Clinton years.

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