

PERSPECTIVES

The First Amendment to the U.S. Constitution:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

Excuse me professor, but I disagree

RESPONSE TO: THE BANKING MELTDOWN: WHY IT HAPPENED AND WHO IS TO BLAME

I am writing in response to Professor Edward Miseta's article "The Banking Meltdown: Why it Happened and Who is to Blame." In Miseta's article, he asks for an apology from the politicians who supposedly created the very economic crisis we face today. Miseta argues the reasoning for the economic crisis is "a very different picture" than what the media has portrayed. The author makes the claim that idea of "greedy investors on Wall Street, if not capitalism itself" is not to blame.

In Miseta's article, he blames the politicians who implanted a policy that encourages home ownership. The author criticizes a policy that gives help to people who are purchasing a home.

I take the strong stance that it is not this policy to be blamed for the economic crisis we face today. I feel it is a lack of governmental regulations and a lack of responsibility by the financial companies that is to blame.

It is easy to point fingers at politicians that when things are bad and play the blame game. However, I look at the situation we are in today and try to find solutions on how it might have been prevented and how we can rescue the current market.

Where it seems to me that Miseta is promoting less governmental regulations, I believe with more governmental regulations we would be better off today and looking at a more sustainable future.

The lack of government regulations on banks, financial institutions, and insurance companies allowed them to unconsciously run the market into a crisis. Companies such as the insurance company AIG were able to invest in these once popular mortgages with limited restrictions.

When we faced the mortgage crisis these companies crashed and severely hurt Wall Street, and thus Main Street.

It was the lack of responsibility by these companies that has caused a problem for everyone. They were irresponsible with their own investments. The fact that the government implemented a policy to encourage home mortgages does not give the right for the financial companies to be irresponsible with the home mortgage business.

Miseta says he is annoyed by "the complete and utter lack of responsibility" from a single politician. This man, who has taken responsibility, is the chairman of the Federal Reserve, Alan Greenspan. In a congressional hearing, Greenspan admits that he "made a mistake in presuming" financial institutions could regulate themselves.

Through this economic downfall, we must learn that we cannot presume that these financial institutions won't be as greedy as possible and take every penny that they possibly can with no regard to the stability of the market.

People like Republican Phil Gramm should be the ones to take responsibility. Gramm served as the chairman of the Senate Banking Committee for five years from 1995 to 2000. Gramm supported financial deregulation. Gramm pushed through Congress the 1999 repeal of the Depression-era Glass-Steagall Act and put a provision in the 2000 Commodity Futures Modernization Act. This allowed credit-default swaps, allowing unregulated insurance on a fixed income, which led to a 150 plus billion dollar bailout of AIG.

The author blames politicians who,

along with a majority of their constituents, supported a policy that helped Americans move into homes.

Over the last decade we have seen Americans move away from the big cities and into homes in the suburbs. Millions were able to afford to move into homes and truly live the American dream. The government policy that helped affordable mortgages is to be thanked for making so many dreams come true.

The policy gives an opportunity to people who are young and have no credit history a chance to buy their first home.

Who is the truly guilty? The guilty are the men who control these mortgage lenders who offered unreasonable mortgages to home buyers with questionable ability to repay them. The government made mortgages more accessible but that does not legitimize the lenders to offer them to unjustified buyers.

It is the irresponsibility of the appraisers to the mortgages lenders. Poor decisions of investment companies to the lack of concern by the insurance companies that has caused the whole country to suffer. The carelessness, when things look so great, is the devastating attitude that has caused the countries' economic downfall. It is strictly the actions of themselves that has driven the market to record lows.

However, I do not ask for an apology from the "capitalist." I only ask that someday they repay the billions of dollars they had to borrow.

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More bandwidth please

4 GIGABYTES IS NOT ENOUGH

By Jennifer Juncosa
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I am a sophomore who takes 20 credits per semester, an upper classman senator for the Student Government Association (SGA), and an editor for the Behrend Beacon. This means my schedule is not so flexible. The one thing that gets me through a rough day or week is knowing that I can, at some point, catch up on my television shows.

The best idea anyone has ever had was when ABC, NBC, Fox, and other channels started putting full episode players on their websites. This was obviously for the people like me who are too busy or have to put schoolwork before television. So far, it's been great.

The only problem I run into is that Penn State doesn't like it when I watch *Desperate Housewives*, *Lost*, or *The Office* online. More often than not, I get a bandwidth warning and I have to stop. The problem with that is that I don't have enough to watch a week worth of my favorite TV shows without using all of my bandwidth, which means I fall behind and essentially never catch up.

I understand that Penn State recently gave students more bandwidth and I understand why there is a bandwidth limit. The reason on the ResTECH website is understandable, but not good enough. Most students know that downloading movies and music is a bad idea, but that doesn't stop students from doing it; a bandwidth limitation does.

However, doing things perfectly legal and free will use a student's bandwidth, like watching *Lost* or *The Office*.

Personally, I don't think that a stu-

dent should be unable to watch TV shows online without getting penalized. Our Internet shouldn't be slowed down if all we are doing is seeing if McDreamy and Meredith are still together.

It says on the ResTECH website that Penn State doesn't know what is using your bandwidth; it just knows that it is being used. However, it does know that downloading documents from Penn State websites, like ANGEL, won't use your bandwidth. If ResTECH can put an exception on a Penn State website, then there should be an exception for websites associated with television shows.

What about the students that pay for Netflix? Most will pay around five dollars a month and are allowed to watch movies instantly off the Netflix website, but they can't because of a bandwidth limitation. Why not make an exception for that too?

There must be a perfectly reasonable explanation as to why there is a bandwidth limitation for students. Having students download or upload, whether legal or not, can slow down a whole system which is obviously a problem as every computer on campus needs to share the same bandwidth. But it should be revised.

Students should be able to watch television shows or legal movies online without worrying about bandwidth. The only reason we have to is because we are too busy being Penn State students.

So there are two options: no homework so students have time to watch their shows during their regular scheduled time, or make an exception made for legal and free websites like Netflix and ABC so that students can watch after their student responsibilities.

Want something to do?

RESPONSE TO: DEAR ERIE,

Contrary to popular opinion, Erie is a hoppin' place. The city alone features a good number of locally owned shops and restaurants worth checking out, plus museums, parks, historical buildings, hobby shops, and people worth meeting from various backgrounds and every corner of the globe.

If you like to travel, you can drive in less than forty-five minutes to just about anywhere in the county. Take someone who knows their way around and head out to North East,

Edinboro, Corry, Albion, Girard, or anywhere in between.

On the way to these lake and valley towns, you'll find dense woodlands full of centuries old pathways, trestles, and swimming holes. The Gorge is merely a peek at what Erie County has to offer you outdoors people.

So, talk with residents who know the area. Read the Showcase section featured every Thursday in the Erie Times News. Get online and google "Erie, PA" people, places, events,

organizations, history, etc. Get a map and take a day or ten just to explore. Plan an adventure and make it happen. There are limitless opportunities to enjoy yourself here, you need only to find them.

By Raul Montejo
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The Beacon is always looking for more writers.

Have an opinion?
Want to write about sports?
Want to get a front row seat to an event?
Want to write about movies or music?
Like to take pictures?

All you have to do is email any of the editors or stop by the Beacon office in the basement of REED or submit articles online at thebearendbeacon.com

Stimulus through tax reform

By Mladen Grgic
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Every four years we witness a spectacle, that is American democracy. Change is usually discussed but seldom implemented. Simplification of the tax system is a kind of change we can implement and be a more prosperous country. One of the most efficient ways of doing so is to introduce taxation modeled on the flat tax, or a flat tax itself. A flat tax keeps the marginal rate of taxation constant, though it can be modified into different forms. A flat tax will make our economy more efficient, hence it will be an instant stimulus that is needed so desperately now.

Most importantly, a flat tax will instantly create wealth as it has mini-

mal lag time when implemented.

How? It is very simple: an increase of capital in circulation in the free market. A flat tax eliminates other taxes, thus ending double taxation of saving and investment. This would logically lead to the following conclusion: an asset that produces income would most likely see an increase in its value since the cost of possessing it is decreased. This will help the economy be more socially efficient because more capital will eventually be held by individuals and businesses, who better represent their own self-interest than the government.

Moreover, a flat tax will virtually eliminate costs of tax preparation reducing the influence of special interest groups such as accounting firms, realtors and tax lawyers. According to many economists,

including Robert Ernest Hall and Alvin Rabushka, who are authors of a 1995 Heritage Foundation study on the flat tax, tax preparation is a \$100 billion a year industry, which only further proves why some are so invested in keeping our current system inefficient. Hall and Rabushka also point out that there almost 500 tax forms currently, with a flat tax this would be reduced to one or two.

Critics of the flat tax and of similar proposals might claim that such a tax would not be progressive enough and that the rich would not pay their share of the burden to the society. Their thinking is wrong as they wrongly assume that only a graduated tax can be progressive. Today's graduated tax works on the basis that everyone should contribute their fair share to society. One must

remember that the definition of fair share is reached by a loose consensus in Washington that are subject to lobbyists and nefarious types of political deal making. A politician does what is in his best interest, not what is most efficient for society. A flat tax is more progressive than a graduated tax because a graduated tax effectively punishes production and work. It works on the premise the more a person earns the more one pays in both percentage and absolute number. Therefore, it is a discouragement to labor; a flat tax on the other hand mitigates this problem by not increasing the percentage of taxable income as a person earns (or works) more. In addition, as I mentioned earlier a flat tax would replace all other taxes, perhaps even state taxes if it is placed in

legislation. This would be another marker of progressivity, by virtue of eliminating regressive sales taxes.

A flat tax will stimulate our economy by increasing government revenues. As it takes effect and more wealth is created for reasons mentioned above; there is more taxable income for the government from both individuals and businesses. It would also increase government revenue by closing loopholes such as deductions and credits. The rich would have a harder time exploiting such gimmicks because a flat tax can only be avoided through a flagrant violation of the law. All in all, a real stimulus and real change is something that will make businesses more efficient and increase wealth, and that is a flat tax.

Beacon Thumbs Up



- Siestas
- March Madness
- Chinos
- Spring-like weather

Submission Guidelines:

Letters should be limited to 350 words and commentaries 700 words. The more concise the submission, the less we will be forced to edit it for space concerns and the more likely we are to run it.

The Beacon does not publish anonymous letters. Please include your major, faculty or administration position, and semester standing. Deadline for any submission is 8 p.m. Wednesday afternoon for inclusion in the Friday issue.

The Behrend Beacon reserves the right to edit any submissions prior to publication.

Please keep complaints as specific as possible.

Email submissions to jdj5061@psu.edu or drop them off at the Beacon office.

Beacon Thumbs Down



- Post Spring break
- Threat of more snow
- Bandwidth
- The economy