

Politics of student loans

President Obama set off yet another cacophony of partisan bickering in Washington by warning that interest on some student loans would skyrocket if Congress didn't act soon. Last week lawmakers from both parties hinted that they were ready to solve the problem, albeit in a temporary and superficial way. But first they ginned up another meaningless political battle, leaving roughly 7 million students in the lurch.

At issue is the interest on subsidized Stafford loans, which the federal government issues directly to low- and moderate-income students. In 2007, Congress cut the interest rate gradually from 6.8 percent to 3.4 percent, but only for loans issued before June 30, 2012, after which the rate jumps back to 6.8 percent.

The rationale for keeping the rate low is stronger today than it was in 2007, considering the alarmingly rapid increase in college tuition. But with student loan debt at historic highs, the availability of cheap loans may be a double-edged sword: It helps families cope with fast-rising college fees, but it encourages students to take on more debt.

It's worth exploring whether the federal government has enabled colleges to raise tuitions by making loans and grants available to more students, as well as the broader question of how to make college more affordable. There's precious little time left to do so, however, before the interest rate on Stafford loans is set to jump. Leaders of the House and Senate education committees say they're pursuing a one-year extension of the lower interest rate to buy time to work out a more comprehensive approach.

The seeming consensus on a temporary fix, however, has given way to sniping over how to cover the \$6-billion cost. Senate Democrats first proposed collecting more payroll taxes on high-income workers in small professional services firms; then their House counterparts called for cutting tax breaks for oil and gas drilling. House Republicans, meanwhile, offered a bill, passed Friday on a largely party-line vote, that would eliminate a fund in the 2010 healthcare reform law that finances state and local preventive care projects. It's doubtful these cuts were chosen for their policy merits. Instead, the goal seems to be making the other side look bad.

That's how the game is played now in Washington. Even when Democrats and Republicans agree on a destination, they can't help but pick a fight along the way.

LETTER TO THE EDITOR

Code governs flag lowering

TO THE EDITOR | The Painted Post Village Board, who cannot recite the Pledge of Allegiance because it would be a distraction from the meeting, saw fit to lower the American flag for a longtime Painted Post public servant.

I have no doubt that Vernon Patterson was an asset to his community, but lowering the American flag was not the right thing to do because I'm sure the nation was not mourning.

The Flag Code calls for the American flag to be ordered flown at half staff on land by the president when the nation mourns.

If a state, city, village or service organization mourns, then the flag of the state, city, village or service group should be lowered. At sea of course it would be flown at half mast.

E. Vincent Magaw
Horseheads

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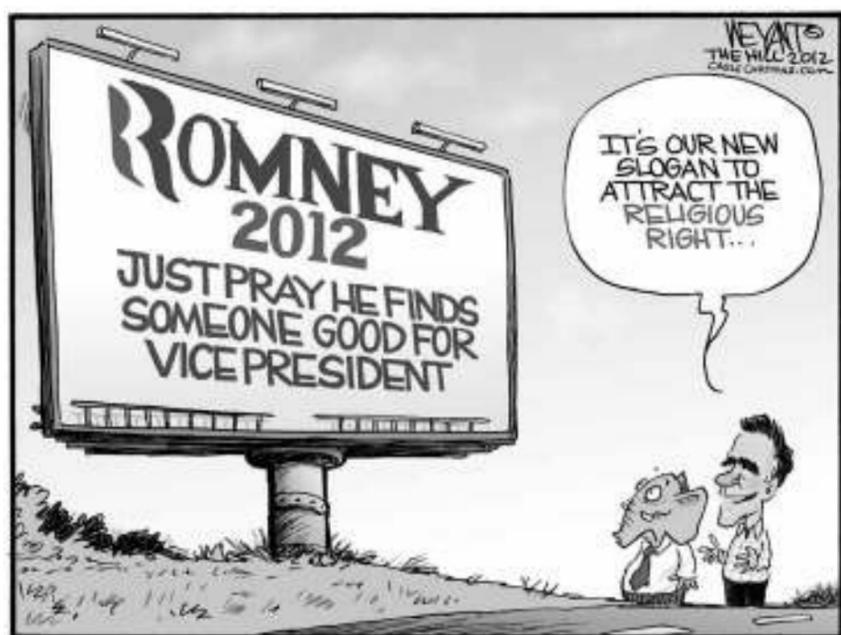
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One year	\$308.88	One year	\$397.98

ARTIST'S VIEW



COMMENTARY | PETER MANTIUS

Aubrey's World

Aubrey McClendon, CEO of Chesapeake Energy, stands as one of the great snake oil salesmen of our age.

Critics may nip at his ankles, but he endures because magical thinking sells. It's because he endures – and because Chesapeake holds gas drilling leases on so much of the Southern Tier – that he matters.

Exactly what is Aubrey selling?

The notion that the United States has enough underground natural gas to painlessly wean itself from its crippling dependence on imported oil. In Aubrey's World, that gas can be extracted economically and with negligible impact on the environment. He says natural gas will spur a cheap-energy revolution in America that will alleviate our unemployment and debt crises -- without the need for difficult environmental or health tradeoffs. All that stands in the way is a short-sighted politician or two.

This storyline works wonders for tapping Wall Street for billions in financing to fund exceptionally aggressive land leasing and drilling. Chesapeake has borrowed to the hilt to become the nation's No. 2 gas driller, using the controversial process known as high-volume hydrofracking, or fracking. Even as natural gas prices tumble today to less than 20 percent of 2005 levels, cash-strapped Chesapeake just sells a few billion dollars in assets to energy giants worldwide. This sort of financial churning is catnip for Wall Street.

Sure, Aubrey's had a rough couple of weeks. Turns out he borrowed about \$1 billion to buy personal stakes in his company's gas wells, using the wells themselves as collateral on his loans. This was news to company shareholders, and it has spurred an investigation by the Securities and Exchange Commission into possible conflicts of interest. Meanwhile, debt rating agencies have lowered Chesapeake bonds to "junk" status. A few financial analysts have even called for his head. And on May 1 the company said Aubrey would give up the title of chairman. He will remain CEO.

But don't bet against this guy. He's really good at what he does: leasing land, drilling wells, financing deals, hyping his energy revolution "story" and demonizing anyone who stands in his way.

In the wake of a recent week of bad press, Aubrey visited a safe place: the editorial board of *The Wall Street Journal*. There, where magical thinking met credulity, Aubrey reportedly declared: "I think we're moving beyond the whole fracking controversy ..."

But fracking – a shorthand term for the use of millions of gallons of water along with sand and chemicals to free gas trapped in shale rock – is still a big deal in the Southern Tier and across the country. Scientists have expounded on fracking's potential to ruin water supplies, and the state has banned it in the New York City watershed. People who live near fracking operations

report troubling health symptoms.

Aubrey challenges these naysayers with spin assaults. He's had plenty of practice. In 2004 he helped finance the Swift Boat attack ads against presidential nominee John Kerry. A few years later he poured money into the Sierra Club to promote a PR war against "dirty coal," an initiative that undermined a prominent energy industry competitor and left a thick layer of soot on the reputation of an iconic environmental group.

Aubrey's lobbyist in Albany, Thomas West, recently alleged in a blog post that resistance to fracking in New York state emanates from something he calls the "Ithaca Conspiracy" (<http://thewestfirm.typepad.com>). West seeks to diminish the grassroots nature of the fracking resistance by arguing that it's all coordinated by the Park Foundation in Ithaca.

Right. The foundation and any individuals who challenge pro-fracking orthodoxy regularly get pilloried by the pseudo-local industry front group Energy In Depth, a product of "around the clock" work by pros at the Independent Petroleum Association of America, according to a June 2009 IPAA document. (Aubrey spoke at the oil and gas trade group's April event in New York.)

For example, Energy In Depth has published numerous broadsides against Deborah Rogers, a Texan who has hinted that Chesapeake is on the verge of collapse in speeches across the Finger Lakes. Rogers argues that Chesapeake and other gas drillers have been hyping the potential of shale gas simply to raise capital. She claims they have vastly overstated their reserves and the life expectancy of their wells.

In Pennsylvania and New York, industry-friendly academics say the potential of the Marcellus shale is enormous. But their widely touted estimates are about five times too high, according to the U.S. Geological Survey. Meanwhile, actual production in other shale plays, including Barnett, Fayetteville and Haynesville, is falling short of early billing, Rogers claims.

How ironic that Chesapeake holds gas leases on so much of the Southern Tier, which was once inhabited by the Iroquois.

The Iroquois Nation sought to live by the principle that decisions should be made in light of their impact on the next seven generations. While the Iroquois lived in the "dark ages," many in the renewable energy crowd see that ideal as at least partly applicable today.

Not Aubrey. He buys land to flip it or drill it without a thought to long-term consequences.

■ Peter Mantius is a former reporter for the Atlanta Journal-Constitution and the former editor of two business weeklies in the Northeast. He lives in Burdett and is a freelance writer who has closely followed Marcellus Shale gas drilling and related issues.

LETTERS POLICY

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LETTERS TO THE EDITOR
THE LEADER

Public has right to know

The Federal Communications Commission has a great idea as the crush of the political season gets nearer. It wants broadcasters to post specific data such as the timing of any political ad, how much it costs and the names of the people involved on the Internet.

This information is already public but the only way you can get it is to go the station and inspect its paper files.

The FCC

wants it put on the internet for all to see.

The idea is being opposed by some of the biggest names in journalism including

THE INSIDER



Bob Rolfe

NBC News, ABC News, USA Today and others.

Opponents favor a counter proposal that would provide significantly watered down information.

If we've got to put up with thousands of political ads – most of them negative – we should be able to tell quickly and easily specifically who's paying the bill.

This is an excellent idea and it deserves public support.

...

It took one of the most specific threats I've ever seen from the boss man of New York's Committee on Open Government but the Village of Painted Post has finally admitted it could earn up to \$4 million a year selling water to hydraulic fracturing companies in Pennsylvania.

Dr. Robert J. Freeman, executive director of the commission, told *The Leader* in no uncertain terms that not only should Painted Post provide the information the newspaper has been seeking since March 1st but he strongly suggested the village would have no leg to stand on in court.

The trouble started when Painted Post Mayor Roz Crozier tried to cover up the amount of a signed contract with a Houston-based subsidiary of Shell Corporation which agreed to pay \$0.01106 a gallon for 314 million gallons from the village's aquifer. The Susquehanna River Basin Commission says Painted Post can sell up to a million gallons a day and if it does could take in more than \$4 million a year. That's half the amount the aquifer is capable of producing.

In a way, I can understand Crozier's desire to protect the purchaser but he did so at the expense of his own taxpayers.

Hats off to Dr Freeman. Once more he came through.

...

Got an amusing email from a college buddy who now lives in Florida which puts in place much of the current health kick.

If walking is so good for your health, the postman should be immortal.

A whale swims all day, only eats fish, drinks gallons of water – and is very fat.

A rabbit runs and hops all day – and it only lives 15 years.

A tortoise doesn't run and it does nothing yet it can live for 450 years.

And you tell me to exercise?

I don't think so. I'm retired. Go around me.

■ Bob Rolfe, a retired Leader reporter/editor, can be reached by writing The Leader, PO Box 1017, Corning, N.Y. 14830 or theinsider1@aol.com.