

The Press & Dakotan

THE DAKOTAS' OLDEST NEWSPAPER | FOUNDED 1861
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Published Daily Monday-Saturday
Periodicals postage paid at Yankton, South Dakota, under the act of March 3, 1979.
Weekly Dakotan established June 6, 1861. Yankton Daily Press and Dakotan established April 26, 1875.
Postmaster: Send address changes to Yankton Daily Press & Dakotan, 319 Walnut, Yankton, SD 57078.

MEMBERSHIPS
The Yankton Daily Press & Dakotan is a member of the Associated Press, the Inland Daily Press Association and the South Dakota Newspaper Association. The Associated Press is entitled exclusively to use of all the local news printed in this newspaper.

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OPINION

Ethics Board Is Good Idea, But ...

South Dakota lawmakers should give serious consideration this winter to resurrecting the ethics commission — a nonpartisan, independent panel that would hear complaints and reviews of governmental ethics violations — that this state ditched in 1979.

Yes, they SHOULD ... but smart money says they won't. A proposal calling for such a panel is promised from Democratic Rep. Peggy Gibson. South Dakota is one of only nine states lacking a watchdog ethics board, according to StateIntegrity.org

However, you can't escape the feeling that the proposal will be one of those ideas that will die in some committee far removed from the main legislative floors.

Such an off-hand fate, should it come about, feels rather ironic these days. It would come after so much time was spent on the EB-5 visa scandal last year, an ethics case that broke open with the suicide of a public official.

Now, we face the ethical matters surrounding the case involving the Mid-Central Educational Cooperative, based in Platte. Again, public knowledge of this was prefaced by tragedy: a house fire that turned out to be a murder-suicide of a family of five. It came in the wake of an investigation of the personal finances of a manager who was also involved in the federal GEAR UP grant program in South Dakota.

The EB-5 incident prompted Gibson to propose an ethics commission last year but to no avail.

The Mid-Central incident will compel her to do the same this winter.

Most Republicans are opposed to it, arguing that the legislative oversight panel essentially performs the same function of an ethics panel — except it involves legislators policing themselves.

However, in the wake of two high-profile scandals, something more seems needed.

The ethics commission would be an independent, nonpartisan board that could deal with such issues without possible political pressures.

And that kind of board makes sense — and it would do so even without the recent scandals.

Democrats favor this measure, noting the longtime control Republicans have had on the Legislature. While that tends to cast this issue in a partisan light, the fact is that one-party dominance of any governing body can lead to abuses, large and small, in part because of diminished systemic accountability.

Beyond the party labels, our legislative branch is structured to allow lawmakers of either party to have long careers in Pierre, provided they are willing to switch chambers every few years. This creates a culture of bureaucratic entrenchment that really demands an outside watchdog to serve as a balance.

StateIntegrity.org. gave the state an "F" rating for its governmental ethics, noting: "South Dakota has neither comprehensive state ethics laws nor an ethics commission to oversee state officials and bureaucrats. And it comes up short in requiring public officials to disclose financial details." (It also noted the lack of open government, but acknowledged that issue has been addressed somewhat in recent years.)

In the wake of what we've seen in the last two years — and frankly, what we still don't see now — an ethics commission seems like a reasonable consideration for this state. It's too bad the idea probably won't go anywhere this winter. On the other hand, maybe that fact only reinforces the case for such a panel.

kmh

ABOUT THIS PAGE

The View page provides a forum for open discussion of issues and interests affecting our readers. Initialed editorials represent the opinion of the writer, but not necessarily that of the PRESS & DAKOTAN. Blinked columns represent the view of the author. We welcome letters on current topics. Questions regarding the Views page should be directed to Kelly Hertz at kelly.hertz@yankton.net/.

IN HISTORY

By The Associated Press
Today is Wednesday, October 14, the 287th day of 2015. There are 78 days left in the year.

Today's Highlight in History: On October 14, 1890, Dwight D. Eisenhower, 34th president of the United States, was born in Denison, Texas.

On this date: In 1066, Normans under William the Conqueror defeated the English at the Battle of Hastings.

In 1586, Mary, Queen of Scots, went on trial in England, accused of committing treason against Queen Elizabeth I. (Mary was beheaded in February 1587.)

In 1912, former President Theodore Roosevelt, campaigning for the White House as the Progressive ("Bull Moose") candidate, went ahead with a speech in Milwaukee after being shot in the chest by New York saloonkeeper John Schrank, declaring, "It takes more than one bullet to kill a bull moose."

In 1939, a German U-boat torpedoed and sank the HMS Royal Oak, a British battleship anchored at Scapa Flow in Scotland's Orkney Islands; 833 of the more than 1,200 men aboard were killed.

In 1944, German Field Marshal Erwin Rommel committed suicide rather than face trial and certain execution for allegedly conspiring against Adolf Hitler.

In 1947, Air Force test pilot Charles E. ("Chuck") Yeager broke the sound barrier as he flew the experimental Bell X-1 (later X-1) rocket plane over Muroc Dry Lake in California.

In 1959, actor Errol Flynn died in Vancouver, British Columbia, Canada, at age 50.

In 1960, Democratic presidential candidate John F. Kennedy suggested the idea of a Peace Corps while addressing an audience of students at the University of Michigan in Ann Arbor.

In 1964, civil rights leader Martin Luther King Jr. was named winner of the Nobel Peace Prize. Soviet leader Nikita S. Khrushchev was toppled from power; he was succeeded by Leonid Brezhnev as First Secretary and by Alexei Kosygin as Premier.

In 1977, singer Bing Crosby died outside Madrid, Spain, at age 74.

In 1987, a 58-hour drama began in Midland, Texas, as 18-month-old Jessica McClure slid 22 feet down an abandoned well at a private day care center; she was rescued on October 16.

In 1990, composer-conductor Leonard Bernstein died in New York at age 72.

Ten years ago: The Treasury Department reported that the federal deficit hit \$319 billion for just-ended budget year

2005, down from the previous year, but still the third highest to that time. Blond, blue-eyed British actor Daniel Craig was named the star of the next James Bond film, "Casino Royale."

Five years ago: Chile's 33 rescued miners posed with President Sebastian Pinera and were examined by doctors a day after they were freed from their underground prison. Iranian President Mahmoud Ahmadinejad taunted arch-enemy Israel from just across the tense border in Lebanon, rallying tens of thousands of Hezbollah supporters.

One year ago: A second nurse at Texas Health Presbyterian Hospital Dallas came down with Ebola after contracting it from a dying patient. (The nurse, Amber Joy Vinson, was later declared free of the disease.) After a conspicuous public absence of nearly six weeks, North Korean leader Kim Jong Un appeared in images released by state media attending a pair of events, dispelling rumors that he was gravely ill, deposed — or worse. Cuban-American actress Elizabeth Pena, 55, died in Los Angeles. The San Francisco Giants topped the St. Louis Cardinals 5-4 for a 2-1 lead in the NL Championship Series. The Kansas City Royals a commanding 3-0 lead in their AL Championship Series with a 2-1 victory over the Baltimore Orioles.

Today's Birthdays: Actor Roger Moore is 88. Classical pianist Gary Graffman is 87. Movie director Carroll Ballard is 78. Former White House counsel John W. Dean III is 77. Country singer Melba Montgomery is 78. Fashion designer Ralph Lauren is 76. Singer Sir Cliff Richard is 75. Actor Udo Kier is 71. Singer-musician Justin Hayward (The Moody Blues) is 69. Actor Harry Anderson is 63. Actor Greg Evigan is 62. TV personality Arleen Sorokin is 60. World Golf Hall of Famer Beth Daniel is 59. Singer-musician Thomas Dolby is 57. Actress Lori Petty is 52. MLB manager Joe Girardi is 51. Actor Steve Coogan is 50. Singer Karyn White is 50. Actor Edward Kerr is 49. Actor Jon Seda is 45. Country musician Doug Virden is 45. Country singer Natalie Maines (The Dixie Chicks) is 41. Actress-singer Shaznay Lewis (All Saints) is 40. Singer Usher is 37. TV personality Stacy Keibler is 36. Actor Ben Whishaw is 35. Actor Jordan Brower is 34. Director Benh Zeitlin is 33. Actress Skyler Shaye is 29. Actor-comedian Jay Pharoah (TV: "Saturday Night Live") is 28.

Thought for Today: "If a problem cannot be solved, enlarge it." — Dwight D. Eisenhower (1890-1969).

FROM THE BIBLE

He is like a man building a house, who dug deep and laid the foundation on the rock. Luke 6:48. Portals of Prayer, Concordia Publishing House, St. Louis.



Robert B. Reich

What Do We Do About Big Banks?

BY ROBERT B. REICH
Tribune Content Agency

Giant Wall Street banks continue to threaten the well-being of millions of Americans, but what to do?

Bernie Sanders says break them up and resurrect the Glass-Steagall Act that once separated investment banking from commercial banking.

Hillary Clinton says charge them a bit more and oversee them more carefully.

Most Republicans say don't worry.

Clearly, there's reason to worry. Back in 2000, before they almost ruined the economy and had to be bailed out, the five biggest banks on Wall Street held about 25 percent of the nation's banking assets. Now they hold more than 45 percent.

Their huge size fuels further growth because of the near certainty they'll be bailed out if they get into trouble again.

This hidden federal guarantee against failure is estimated to be worth more than \$80 billion a year to the big banks. In effect, it's a subsidy from the rest of us to the bankers. And they'll almost certainly get into trouble again if nothing dramatic is done to stop them.

Consider their behavior since they were bailed out.

In 2012, JPMorgan Chase, the largest bank on Wall Street, lost \$6.2 billion betting on credit default swaps tied to corporate debt — and then publicly lied about the losses. It later came out that the bank paid illegal bribes to get the business in the first place.

In May, the Justice Department announced a settlement of the biggest criminal price-fixing conspiracy in modern history, in which the biggest banks manipulated the \$5.3 trillion-a-day currency market in a "brazen display of collusion," according to Attorney General Loretta Lynch.

Wall Street is on the road to another crisis. This would take a huge toll. Although the banks have repaid the billions we lent them in 2008, many Americans are still living with the collateral damage from what occurred — lost jobs, savings and homes.

Rather than prevent this by breaking up the big banks and resurrecting Glass-Steagall, Hillary Clinton advocates a more cautious approach. She wants to impose extra fees on the banks, with the amounts based not on a bank's size but on how much it depends on short-term funding (such as fast-moving capital markets), which is a way of assessing riskiness.

Clinton would also give bank regulators more power than they have under the Dodd-Frank Act (passed in the wake of the last bank-

ing crisis) to break up any particular bank that they consider too risky. And she wants more oversight of so-called "shadow" banks — pools of money (like money market mutual funds, hedge funds and insurance funds) that act like banks.

All this makes a great deal of sense. In a world where the giant Wall Street banks didn't have huge political power, these measures might be quite enough.

But, if you hadn't noticed, Wall Street's investment bankers, key traders, top executives, and hedge-fund and private-equity managers wield extraordinary power. They're major sources of campaign contributions to both parties.

In addition, a lucrative revolving door connects the Street to Washington. Treasury secretaries and their staffs move nimbly from and to the Street, regardless of who's in the Oval Office.

Key members of Congress, especially those involved with enacting financial laws or overseeing financial regulators, have fat paychecks waiting for them on Wall Street when they retire.

Which helps explain why no Wall Street executive has been indicted for the fraudulent behavior that led up to the 2008 crash. Or for the criminal price-fixing scheme settled in May. Or for other excesses since then. And why even the fines imposed on the banks have been only a fraction of the banks' potential gains. And also why Dodd-Frank has been watered down into vapidity.

For example, Dodd-Frank requires major banks to prepare "living wills" describing how they'd unwind their operations if they get into serious trouble.

But so far, no big bank has come up with one that passes muster. Federal investigators have found them all "unrealistic."

That's not surprising, because if they were realistic, the banks would effectively lose their hidden "too big to fail" subsidies. But there's no penalty for failure to come up with a realistic living will.

Given all this, it's likely that Clinton's proposals would invite more dilution and finagling.

The only way to contain the Street's excesses is with reforms so big, bold and public, they can't be watered down.

That means busting up the biggest banks and resurrecting Glass-Steagall.

Robert Reich is Chancellor's Professor of Public Policy at the University of California at Berkeley and Senior Fellow at the Blum Center for Developing Economies. His new book, "Saving Capitalism: For the Many, Not the Few," is out now.

LETTERS TO THE EDITOR

It's Time To Wake Up!

Joe Becvar, Tyndall

John Magnuson's letter, "We Deserve Better," was one of the most intelligent opinions expressed in the Letters to the Editor section (*Press & Dakotan*, Oct. 5). I totally agree with him: We need more citizens in this state who are as well informed as he is.

I studied economic and political science in college after I returned from military service in 1949. I have a master of science degree in economics and political science. Economists who examine tax policies agree on a nationwide basis that the property tax levied today is the most unfair tax because it taxes without regard to benefit of taxed property to the taxpayer. The fairest tax is the income tax, as

it taxes on ability to pay at the time of earned income. Sales tax is the second fairest because it taxes spending.

South Dakota's tax system is unfair because we do not have a state income tax program. Most states that impose an income tax exempt up to the first \$25,000 of retirement benefits from Social Security, military retirees and other such benefits.

This move is long past due, as it could help resolve our recent shortage of tax dollars to pay a fair salary to teachers and invest in education. I have lived in several states with a state income tax program; my home property taxes in South Dakota have been double to quadruple those same taxes where an income tax was in place.

Wake up, voter citizens!

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