WILLIS REPORT for December 5, 2012 - Part 2

Gerri WillisAssociated Press

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Major League Baseball start B.J. Upton, take a look at this, just signed a five-year contract with the Atlanta Braves, worth more than $75 million. Now, what they included in the deal, a $3 million singing bonus, something Major League Baseball rarely does outside the draft. That bonus have to be paid out by guess what, December 31st. If Upton gets paid just one day later, he would have to pay an additional $120,000 in taxes.

And he is not alone. His former Tampa Bay teammate, Evan Longoria, signed a $100 million contract extension including a million dollar signing bonus payable next week. Who can blame them? It is like a tax revolt all over the place.

If Washington doesn't act fast, Major League owners will be forced to shell out a lot of money and fast. Coming up, the iPad still maybe number one, but consumers are getting more and more options when it comes to tablets. We'll take a look. And a new report shows just how wasteful New York has been with the money it got after

9/11, how consumers and taxpayers are squeezed. Next.

(COMMERCIAL BREAK)

WILLIS: Well, it is this nation's symbol of strength and unity in the face of horrible tragedy. The rebuilding of one World Trade Center. The massive building is nearing completion, ready for tenants within 18 months. But it hasn't reached this milestone without major complications. Especially for commuters and the city's transportation agency.

With more on the government's misuse of 9/11 funds, Nicole Gelinas, a Manhattan Institute scholar and "New York Post" columnist Michael Goodwin. Welcome to you both. Nicole, I'm going to start with you, because you just wrote this huge article on this, and you have done a ton of research. Let's talk about the dollars and cents. How much money has the Port Authority, that's the agency responsible for this, how much money they've gone through and how much are they over budget?

NICOLE GELINAS, MANHATTAN INSTITUTE SCHOLAR: Well, originally in the first months after 9/11, in the Port Authority's first financial report they put out, they said we are not going to have to pay for any of the financial costs of rebuilding the complex, which the Port Authority was in charge of it, so they therefore were in charge of rebuilding. And they said we are going to get all of this money from the federal government. Don't worry. Ten years later, they had borrowed nearly $8 billion in money from their own, you know, riders on the bridges and tunnels that they run, just for rebuilding ...

WILLIS: That's their only real source of income, right?

GELINAS: Exactly. Just for rebuilding downtown. And so why is that? And this is a lesson for Sandy, too. After the storm, they thought they were just getting all this free money from Washington, and they didn't spend it very well in New York City.

WILLIS: All right, well, why is the Port Authority involved in the first place? Aren't they supposed to run the bridges and the tunnels and transportation? I don't get it.

MICHAEL GOODWIN, "THE NEW YORK POST" COLUMNIST: Well, one of the things about the Port Authority is that it's a bi-state agency. Both New York and New Jersey governors run it. And so, what they have essentially done is use it as a slush fund, as a development arm, as kind of off the books' government.

You know, voters don't really have any say in it. So, they collect all of their money through tolls and sort of the - what makes Nicole's piece so timely is that the tolls just went up in all of the Hudson River crossings that the Port Authority controls. It is now $13 to go across the George Washington Bridge if you are paying cash at rush hour. And these things, and it's gone, or going to go up five years out of six. So you're going to have this never-ending stream of money.

WILLIS: $13 bucks.

GOODWIN: Yeah, 13 ...

WILLIS: $13 bucks to go over a bridge.

GOODWIN: And the Holland tunnel, the Lincoln Tunnel is the same thing. And Gerri, this is money that once drivers pay it, of course, but then it is baked into every product that is sold and distributed in New York City. Because all the trucks to bring those goods in have to pay enormous amounts of money for tolls. That raises the cost of living for everybody.

WILLIS: So, we are looking at $19 billion in debt, I believe, the Port Authority has. And let's take a look at the amount of money they have coming into the front door. Bridge and tunnel tolls, some 260 million, airport fees, 447, there is a longer list than this, but this just doesn't even add up to me, Nicole.

GELINAS: Well, the problem is, as Michael mentioned, with the tolls and fares going off on the bridges, the tunnels to get into Manhattan, in the past train system as well. That would be fine if people were paying for a better commute. A better tunnel, the upgrade and so forth. But they are really paying for all of this debt to build -- One World Trade Center used to be known as the Freedom Tower. This was supposed to cost a little bit more than a billion dollars. It's going to cost $4 billion. So, you've got a quadrupling of cost nearly, and then the path station that they are building downtown, also supposed to cost just over a billion, now also close to 4 billion. So, you see these massive, massive cost overruns, and that they were saying ....

WILLIS: And let me tell you, the payoff for consumers is just not that great. First of all, this path station -- there is no extra capacity.

GELINAS: No.

GOODWIN: Right.

WILLIS: And here's my big question. So, we are going to have a brand- spanking new office building downtown, is anybody going to be able to afford it?

GOODWIN: Well, one of the biggest - the biggest tenants are going to be other government agencies.

(LAUGHTER)

GOODWIN: I mean, they sort of have guaranteed that they would fill it up with government agencies. So, it wouldn't sit empty. So, the economics of this don't work. And part of it is the way the Port Authority runs itself. Another point that Nicole makes in her piece, and there is another report about the price that the Port Authority pays police officers. Its police officers earn about 50 percent more than New York City police officers, which is why you constantly have New York City police officers wanting to quit and go work ...

GELINAS: Work for the Port Authority.

GOODWIN: So, the highest paid police officers than anyone in the region. So, it's this kind of squandering the money because they are unelectable, because they are sort of off the books.

WILLIS: We just have no control over any of this, and I think that is what is so frustrating. Nicole, I wanted to ask you, so we've seen the track record here. It's not pretty. There is a lot of money wasted. What does that say about how the money from Superstorm Sandy is going to be used? Because as you know, the governors have asked for more money than ever in dealing with the aftermath of that storm.

GELINAS: It's the same thing all over again. What Governor Cuomo is doing is focusing on a very big number. Had everyone focuses on first 30 billion, and then 42 billion that he wanted from Washington. He really has no idea what the damages, how much is it going to cost, for example, to fix the signal system in the subways. You know, they say 4.8 billion - they really don't know, they won't know until they've got the bid out. And they have no idea how much do they need ...

WILLIS: So, it is a guessing game.

GELINAS: Exactly. And what happens is, that the local and state politicians think of this is free money, coming from Washington ...

WILLIS: Look.

GELINAS: They don't spend it well.

WILLIS: I saw the list of the things that Cuomo wanted in New York City. He asked for everything but a pony.

(LAUGHTER)

WILLIS: I mean let me tell you, I was ...

(CROSSTALK)

WILLIS: I live here, I don't want to pay for that.

GOODWIN: Right. Well, there was a story recently, too, the "Wall Street Journal" had it, that New York City is paying hundreds of dollars a night for hotel rooms that are sitting empty for more than a month. And why? The mayor said well, it's federal money, essentially. It's free money, as Nicole said. That's the kind of attitude where nobody really watches. Everybody assumes somebody else is going to pay later. But we all pay because this - this cost of living is reflected in the way government wastes money.

WILLIS: Amen and amen. Thank you both for coming in. Great jobs, guys. Nicole and Michael, I really appreciate your time. It's an important story. Still to come, "My Two

Cents More" plus tablets seem to be topping many Christmas lists this shopping season. But it's not all about the iPad. A look at all your options next

(COMMERCIAL BREAK)

WILLIS: Fox Business alert for you now: a terrible day for Apple stock. Shares of the world's biggest company plummeted more than six percent today after analyst issued warnings about the tech giant. This is the biggest drop for Apple since December of 2008. One of the reasons, a research report saying that company will lose share in the tablet computer market next year to under 54 percent. We'll have more on that in a moment.

Apple is still up 36 percent so far this year. Don't cry for Apple yet. But the recent weakness dropped it into the bear market territory. The stock down 22 percent from its all time high of 705 bucks in September. And if you are considering buying a tablet this holiday season, as a gift, maybe for yourself, you are in luck.

Here with a look at features and prices, he is going to navigate this whole thing for you. Lance Ulanoff, editor-in-chief of Mashable.com. This is getting trickier and trickier because there was so many of them.

LANCE ULANOFF., MASHABLE.COM EDITOR-IN-CHIEF: Yeah.

WILLIS: OK.. So, we are going to take this step by step.

ULANOFF: OK.

WILLIS: It's very complicated.

ULANOFF: OK.

WILLIS: What are the main things to consider for a shop?

ULANOFF: So once you know what is your budget., you know, and they range from, you now, 199 - 200 all the way up to $800. So it's a really big range. So with all technolologies. Start with your budget. Then what do you need, what are you are going to do with it? Are you going to (inaudible) that?

WILLIS: You need to know that.

ULANOFF: Right. What if you are only going to read.

WILLIS: All right, I'm going to get you there.

ULANOFF: OK.

WILLIS: I'm going to get you there. But I have to ask you this question because I am an Apple owner. You are familiar with all of these - which one is best?

ULANOFF: OK. That is a tough question. It has really gotten a lot harder. It used to be very quick, I'd go "the Apple iPad, that is it." And end of story. But now it's got some real competition. I do have to say that I still think that the Apple iPad still is a level - just a small level above the other guys in performance, ease of use and apps, of course.

WILLIS: Apple iPad or iPad Mini? You know they've got the Mini now.

ULANOFF: OK, the iPad Mini is probably the best looking merely seven inch tabloid, 7.9 inches. But it is also more expensive than any of the other guys with for 329 at a base level. So, if you value design and the Apple ecosystem over everything else, that is going to be your choice.

WILLIS: All right. So, the Amazon Kindle Fire, my husband ...

ULANOFF: Yes.

WILLIS: ...loves it.

ULANOFF: OK.

WILLIS: He likes it for all kinds of things.

ULANOFF: Yes.

WILLIS: What do you make of it? You spend time?

ULANOFF: I've spent time - actually, I've spent time not just with the Kindle Fire. And this is actually the Amazon Kindle Fire right here. And one of the reasons I am not always crazy about it, is I can't find the buttons on it. But it's a gorgeous looking device. These are actually two versions, there is the Amazon Kindle Fire, and there is the Amazon Kindle Fire and they are both HD, HD 8.9. That's the large screed device again. What - you know, from 129 up to like 299 for the large one. If ...

WILLIS: OK.

ULANOFF: ... if you get a Kindle Fire HD with 3G in it you are going to pay like 369. But excellent devices, they are actually Android devices. But two companies, Barnes & Noble and Amazon have done something interesting. They have hidden Android, so they have their own sort of custom interfaces. Amazon has even put its own custom browser on here, which is pretty good, though not as good some of the other browsers.

WILLIS: What would you do with the Kindle Fire? I mean ...

ULANOFF: That's the thing. You can do everything with it.

WILLIS: Yes.

ULANOFF: Now, one of things we did not talk about is, you make a size decision, right? If you are somebody who likes to carry around a tablet, you want to get a seven-inch device.

WILLIS: Right. They are getting better.

ULANOFF: You need to do ...

WILLIS: That's a rule of the day, Lance.

ULANOFF: Not necessarily. You can read, you can listen to music, you can browse the Web, you can do e-mails. You can watch movies, and all of that - I've done all of that with ...

(CROSSTALK)

WILLIS: Baseball, watch baseball.

ULANOFF: Works very well, they all have dual core processes, they are quite powerful, this, actually, one that sort of standout features are these Dolby speakers here, so this actually pumps out some real sound.

WILLIS: All right. We are going to do more here, the Nook. Let's talk about the Barnes & Noble Nook.

ULANOFF: So, this is the Barnes and Noble Nook HD plus. And here's the thing about this. Again, another Android 4.0 device, really affordable, you know, they have the seven-inch device for just 1.99, or this device, which is like, I think ...

WILLIS: And those prices are coming down.

ULANOFF: Yeah. This is like 269. You know, here is the thing about this, I keep doing that. You'll notice that it has these profiles, so this is really designed, this guy is really designed for use with like a family. And why are profiles important? If you have a kid, you can set up the device and control what content they see. By the way, Kindle Fire also has Free Time (ph), which is ...

(CROSSTALK)

WILLIS: All right. We've spent too much time with the iPad.

ULANOFF: I'm going to do it fast.

WILLIS: Just do - just quickly do the others.

ULANOFF: All right, I'm going to grab, and I'm going to grab all the way over here. Google Nexus Seven, another 199 Android based device, based - it is basically, it's Android all the way. So, nothing special about the design on top of its Google play.

WILLIS: OK.

ULANOFF: ... which is also ...

WILLIS: For the videogame (ph).

(CROSSTALK)

ULANOFF: Well, right, for all of your apps. This is the best selection of Android apps when you go through Google play.

WILLIS: All right.

ULANOFF: Really fast.

WILLIS: How about the surface?

ULANOFF: OK, so Microsoft, this is the device that's built for productivity. So, this is really kind of a unique product, right? So, Microsoft designed this surface tablet. It's actually got a kick stand on it. It comes with ...

WILLIS: A keyboard.

ULANOFF: A keyboard. And that is something, I mean you could not really do with any other. So, this is a really powerful device that actually comes with Office inside of it. OK, so you can do a lot more with this.

WILLIS: This reminds me of work.

(LAUGHTER)

ULANOFF: Right, you know, it's funny- that's what some people said tom me, that they think they are going to buy this, but they know they are going to have to do work on it. And a lot of the other devices that tablets are all about content consumption. Microsoft designed this ...

WILLIS: They are more for play?

ULANOFF: Right. And Microsoft designed this with productivity in mind. It's actually wider, because, you know, again, this is one of the widest devices on the market.

WILLIS: All right, Lance, thanks for coming on.

ULANOFF: Sure.

WILLIS: I think that is a big help to people. I really do.

ULANOFF: I should hope so ...

WILLIS: And maybe we can get some of those full-screens on the Website, because it really lays out how it works, how to make that decision. It's great anyway.

ULANOFF: We have a ton of information on Mashable.com, too.

WILLIS: Mashable.com.

ULANOFF: Navigate.

WILLIS: Oh, we'll point people to you.

ULANOFF: I've got so many tablets.

(LAUGHTER)

WILLIS: We'll be right back with "My Two Cents More." And the answer to our question of the day: Does President Obama owe Detroit another bailout?

(COMMERCIAL BREAK)

WILLIS: The City of Detroit in dire financial straits. One city councilwoman there has the solution, she says. Joan Watson said President Obama owes the city another bailout, because, well, more than 75 percent of residents voted for him last month. Do you agree? We asked the question on gerriwillis.com. Three percent said yes. Who are those people? 97 percent said no.

And finally tonight, there's at least one company who thinks the economy is doing A-OK. First, there was the $7 cup of coffee, now Starbucks offering a $450 gift card made of stainless steel. The card will be available starting through the gilt.com Web site and includes gold level membership for the Starbucks rewards program. That includes free drinks on your birthday - whoa! And a free item after 12 purchases.

There are only 5,000 cards. I want to make fun of this idea, but the chain also announced today that sales are so good they are adding 1,500 locations nationwide. So I guess somebody's buying all this stuff. It's not me. I'm not spending that much money on coffee, people. I hope you're not either.

Coming up tomorrow, what was once a dark spot in this economy, housing, is fast becoming the shining star in the recovery. Why the quick turnaround? We'll talk to Barbara Corcoran.

That's it for tonight's WILLIS REPORT. Thanks for joining us. Have a great night. We'll see you right back here tomorrow.

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