

December 21, 2011

Thomas Friedman tries to walk back his slurs against Israel and its supporters.

[Jonathan Tobin](#) calls BS on him.

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*“In retrospect I probably should have used a more precise term like ‘engineered’ by the Israel lobby — a term that does not suggest grand conspiracy theories that I don’t subscribe to,” Friedman said. “It would have helped people focus on my argument, which I stand by 100 percent.”*

*But this weasel-worded attempt at walking back his brief foray into anti-Semitism shouldn’t convince anyone. There is no real difference between “engineered” and “bought and paid for.” Both terms seek to describe the across-the-board bi-partisan support for Israel that the ovations Netanyahu received as the result of Jewish manipulation, not a genuine and accurate reflection of American public opinion. ...*

[Elliot Abrams](#) writes on the subject in the Weekly Standard.

*If you were an anti-Semite dedicated to spreading your hatred of Jews, what charges exactly would you make in 21<sup>st</sup> century America?*

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**Robert Samuelson** suggests time has run out for the theories of John Maynard Keynes.

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*Countries then lose control over their economies. They default on maturing debts or must be rescued with loans from friendly countries, the International Monetary Fund (IMF), government central banks (the Federal Reserve, the European Central Bank) or someone. There are other reasons why Keynesian policies might fail or be weakened. But they pale by comparison with the potential veto now posed by bond markets. Ironically, the past overuse of deficits compromises their present utility to fight high unemployment.*

*There is no automatic tipping point beyond which a country’s debt — the sum of past annual deficits — causes bond markets to shut down. But Greece, Portugal and Ireland have already reached that point, with gross debt in 2011 equal to 166 percent, 106 percent and 109 percent of their national incomes (gross domestic product), [according to IMF figures](#). Heavily indebted Italy and Spain could lose access to bond markets.*

*Thankfully, the United States is not now in this position. Interest rates on 10-year Treasury bonds hover around 2 percent; investors seem willing to lend against massive U.S. deficits. Just why is unclear. It’s not that U.S. budget discipline is noticeably superior. Economists Pedro Amaral and Margaret Jacobson of the Cleveland Federal Reserve recently compared U.S. budget performance [against that of the weak European nations](#). ...*

**James Pethokoukis** marks the end of the year with the five worst economic ideas of the year. Then he suggests twelve policies that would help next year.

*The longer the Great Stagnation/Long Recession/New Normal continues, the greater the risk that some profoundly terrible ideas — spawned by economic desperation and political opportunism — will pop up, gain a foothold and start to spread. Indeed, the past twelve months evidence the risk of a devastating policy error by Washington is escalating.*

*Here are the worst economic ideas of 2011, in reverse order: ...*

**... 1. The Occupy movement.** *An obsession over income inequality runs through this entire list. And Occupy Wherever — so praised and embraced by Elizabeth Warren and Obama and the MSM — is a big reason why. But what would the rabble — a mix of communists, union pros, the mentally deranged, and a few truly heartbreaking stories — have us do? Time travel so as to prevent the microchip revolution and reinstate command-and-control economies in Asia? Sadly — and tellingly — the protesters haven’t uttered a peep about teachers unions or Hollywood. Just the banks.*

*Please. What we should be focusing on is a) the level of income mobility in society and b) the absolute income gains of the broad middle. Income inequality zoomed in the late 1990s but since incomes were rising broadly, no one much cared if the rich got richer even faster. Everybody was winning. There was no Occupy Silicon Valley back then, despite the fantastic northern California weather.*

*Occupy and its fellow travelers have no apparent interest in advocating policies that would boost innovation and growth and incomes. But I do. So here are 12 ideas for 2012, some of which I gleaned from two of this year's best economic policy books, Race Against the Machines and Launching the Innovation Renaissance:*

*1. Pay teachers more but get rid of tenure so the bottom five percent of teachers can be replaced by even average ones.*

**Nile Gardiner** has fun with Joe Biden's embarrassing prescriptions for Europe.

*Joe Biden has caused a bit of a stir this week with his bizarre suggestion that “the Taliban per se is not our enemy”, just a decade on from the 9/11 attacks, carried out by al-Qaeda, and aided and abetted in Afghanistan by none other than the Taliban. The comments formed part of a wider interview on foreign policy given by Biden to Leslie Gelb of Newsweek. The stupidity of the vice president's remarks on the war in Afghanistan were matched only by his reckless, almost surreal advice on the European financial crisis, which is so out of touch with reality that I doubt even the delusional Herman Van Rompuy would agree with him. Joe Biden's solution for the EU's massive debt crisis? A mammoth Obama-style bailout across the Atlantic, but this time in euros not dollars: ...*

*... Fortunately, as I've noted previously, the views of the Obama administration, with its history of economic failure, have become an irrelevance on the EU crisis. After all, the US administration's \$787 billion taxpayer-funded "stimulus" was a failure, notable largely for its contribution to fueling the biggest budget deficit since World War Two. With their track record, Barack Obama and Joe Biden are probably the last two leaders on earth to be giving advice on a debt crisis issue, and the message coming from Washington is clearly the wrong one. The best thing that European leaders can do is to study the economic policies of the Obama presidency and do exactly the opposite, by cutting spending, ending excessive borrowing, slashing the size of the public sector, lowering taxes, freeing businesses from red tape, and taking a huge axe to big government.*

**WSJ Editors** closely examined the EPA's complaints about Wyoming drinking water and natural gas fracking.

*... the EPA's credibility is also open to review. The agency is dominated by anticarbon true believers, and the Obama Administration has waged a campaign to raise the price and limit the production of fossil fuels.*

*Natural gas carries a smaller carbon footprint than coal or oil, and greens once endorsed it as an alternative to coal and nuclear power. But as the shale gas revolution has advanced, greens are worried that plentiful natural gas will price wind and solar even further out of the market. This*

could mean many more of the White House's subsidized investments will go belly up like Solyndra.

The other big issue is regulatory control. Hydraulic fracturing isn't regulated by the EPA, and in 2005 Congress reaffirmed that it did not want the EPA to do so under the Safe Drinking Water Act. The states regulate gas drilling, and by and large they have done the job well. Texas and Florida adopted rules last week that followed other states in requiring companies to disclose their fracking chemicals.

But the EPA wants to muscle in, and its Wyoming study will help in that campaign. The agency is already preparing to promulgate new rules regulating fracking next year. North Dakota Governor Jack Dalrymple says that new EPA rules restricting fracking "would have a huge economic impact on our state's energy development. We believe strongly this should be regulated by the states." Some 3,000 wells in the vast Bakken shale in North Dakota use fracking.

By all means take threats to drinking water seriously. But we also need to be sure that regulators aren't spreading needless fears so they can enhance their own power while pursuing an ideological agenda.

**[Michael Barone](#)** posts on the pipeline blunder.

*How misguided was Barack Obama's decision to refuse to approve the Keystone XL pipeline?*

*How misguided was Custer's decision to ride into Little Big Horn?*

Pollster [Scott Rasmussen reports](#) that Americans favor building the Keystone XL pipeline by a 60%-24% margin. The fact that only 16% are unsure represents a very high level of knowledge about a project that was largely unknown except to readers of the oil and gas trade press a few months ago. And why shouldn't Americans favor a pipeline that allows us to import oil from friendly nearby Canada rather than from unfriendly Venezuela or distant and dicey Saudi Arabia? ...



## **Contentions**

### **[Friedman's Slur Swap Changes Nothing](#)**

by Jonathan S. Tobin

Last week, [New York Times](#) columnist Thomas Friedman let his anger with Israel and its American supporters, including some Republican presidential candidates, get the better of him. In the course of [a diatribe](#) in which Friedman falsely claimed increasing numbers of American Jews were turning on Israel, he asserted that the ovations Congress gave Israeli Prime Minister Benjamin Netanyahu were "bought and paid for by the Israel lobby." This invocation of the Walt-Mearsheimer canard about a Jewish conspiracy manipulating American foreign policy earned

him the rebukes of even liberal Jewish groups who normally laud his every utterance. That has caused Friedman to backtrack on his slur, though only just a bit. In [an interview](#) with the *New York Jewish Week's* Gary Rosenblatt, he said the following:

“In retrospect I probably should have used a more precise term like ‘engineered’ by the Israel lobby — a term that does not suggest grand conspiracy theories that I don’t subscribe to,” Friedman said. “It would have helped people focus on my argument, which I stand by 100 percent.”

But this weasel-worded attempt at walking back [his brief foray into anti-Semitism](#) shouldn’t convince anyone. There is no real difference between “engineered” and “bought and paid for.” Both terms seek to describe the across-the-board bi-partisan support for Israel that the ovations Netanyahu received as the result of Jewish manipulation, not a genuine and accurate reflection of American public opinion.

The interesting thing about Friedman’s rant and his subsequent clarification is not so much his dim view of the Republicans, Netanyahu or even his litany of Israeli sins that, at least in his view, justify American abandonment of Israel. Rather, it is the easy way in which a person who claims to be an ardent supporter of Israel slipped into the traditional themes of Jew-hatred.

Friedman rightly says that dissent against particular Israeli policies does not make him an enemy of the Jewish state. But what we are talking about here is not political give and take but engaging in rhetoric that seeks to smear the state, undermine its right of self-defense and brand those who do back it as acting against America’s best interests. Such rhetoric is anti-Semitic in nature and purpose.

Friedman may think the use of the offending phrase distracted readers from his argument, but he’s wrong about that. At the core of his piece — which contained the astounding suggestion that a left-wing campus such as the University of Wisconsin at Madison is more representative of American opinion than those elected by the people to Congress — is a belief that Israel must be put in its place and that those Americans who speak up for it are supporting a bad cause. He claims his “deep concerns” about Israel’s future and its democracy are well-intended. However, his resentment of Israel’s democratically elected leaders as well as his frustration with the support they are given by both Republicans and Democrats here is enough to blur the distinctions between such a friend of the Jewish state and its enemies. The applause that he has gotten from leftist foes of Zionism speaks volumes about how his writing has now crossed the line from friendly criticism of Israel to delegitimization.

What really ticks Friedman off is Israel’s decision to ignore his advice. That is something the *Times* columnist cannot abide. While he may not wish to see it destroyed, he clearly believes it should be punished for its temerity.

It remains to be seen whether his attempt to explain himself will allow Friedman to worm his way back into the good graces of liberal Jewish groups that have been paying him generous honorariums for speaking engagements for the last two decades. I wouldn’t bet against it. If groups do continue to honor Friedman in the future, it will be proof that even dabbling in anti-Semitism isn’t enough to wean some Jews from their worship of the *Times* and its liberal icons.

## Weekly Standard

### Blaming the Jews—Again

by Elliott Abrams

If you were an anti-Semite dedicated to spreading your hatred of Jews, what charges exactly would you make in 21<sup>st</sup> century America?

You would avoid the blood libel—too medieval to write of sacrificing Christian children to make Passover matzo. That kind of stuff circulates in Arab lands or Pakistan, but won't sell in suburban America. And the "Christ-killer" material is also dated, what with Vatican II, Evangelical support for Israel, and the like.

There are two charges you would make. First, the rich Jews control our government. Second, those Jews are trying to push America into war so your sons will have to fight for Israel.

In the last week that is exactly what we have seen. First came the Thomas Friedman column in the *New York Times*: "I sure hope that Israel's prime minister, Benjamin Netanyahu, understands that the standing ovation he got in Congress this year was not for his politics. That ovation was bought and paid for by the Israel lobby." Perhaps it was jealousy from seeing Walt and Mearsheimer sell all those books with this line, but Friedman here tips right into the swamps.

And now we have Joe Klein, in *Time* magazine, in a section accurately entitled "Swampland": "Iowa Republicans are not neoconservatives. Ron Paul has gained ground after a debate in which his refusal to join the Iran warhawks was front and center. Indeed, in my travels around the country, I don't meet many neoconservatives outside of Washington and New York. It's one thing to just adore Israel, as the evangelical Christians do; it's another thing entirely to send American kids off to war, yet again, to fight for Israel's national security."

Now, Klein has chosen his medium well: *Time* has a history of anti-Semitism, illustrated by its famous 1977 story about Israel's prime minister that began "Menachem Begin (rhymes with Fagin)." But Klein's thoughts are about as ugly as ever appear outside of Pat Buchanan's publications. "There are only two groups that are beating the drums for war in the Middle East—the Israeli Defense Ministry and its amen corner in the United States," Buchanan said in 1990.

How different is that from what Klein just wrote? After all, Klein is saying (1) neoconservatives are Jews, and Jews are neoconservatives; (2) Evangelicals like Israel but they are real Americans who put their own country first, unlike Jews; (3) and what those Jews/neoconservatives really want is to send American boys off to fight Israel's wars, sparing Israeli kids and of course their own kids, who are apparently not "American kids" and anyway do not fight for their country. Of course Klein simply ignores the possibility that concern about the Iranian nuclear program does not make one a warmongering neoconservative, and actually extends even to Christians. Yesterday Secretary of Defense Leon Panetta said, "The United States does not want Iran to develop a nuclear weapon. That's a red line for us and that's a red line, obviously, for the Israelis. If we have to do it we will deal with it....If they proceed and we get intelligence that they are proceeding with developing a nuclear weapon then we will take whatever steps necessary to stop it." Bought and paid for? Sending American kids off to fight for Israel's security?

These two recent statements are as vicious as it gets in the mainstream media, and here we have two Jews—Friedman and Klein—spreading the two major themes of contemporary American anti-Semitism. Why? Why now?

Why does it matter? Perhaps it is their hatred of Israel's right of center government, or of modern Israel, or of the rise of Orthodoxy in Israel and in the American Jewish community. Let us not descend into such analyses when what matters is not abnormal psychology but the bounds of public discourse. Once upon a time, William F. Buckley banned Pat Buchanan from the pages of *National Review* and in essence drummed him out of the conservative movement for such accusations. Today, where are the Anti-Defamation League, and the American Jewish Committee, and all the Jewish "defense" organizations? Where are all the Jewish groups which have given Klein and Friedman awards, demanding them back? Where are Jewish Democrats in Congress, who have no doubt wined and dined both Klein and Friedman in a thousand dinner parties, and Congressional leaders from Nancy Pelosi to Harry Reid? And what about our other supposed moral leaders, religious, intellectual, or political?

It isn't a small matter, because as we have learned the hard way with Walt and Mearsheimer, once the infection of anti-Semitism enters the mass media and the academy, it grows and grows. What begins as a "controversial statement" ends up on every reading list. Klein and Friedman, whatever their personal motivations for these statements, are helping popularize and make acceptable anti-Semitism in America. Their own publications will no doubt reward them for their advanced thinking. Will the rest of our society?

## **Washington Post** **Bye-bye, Keynes?**

by Robert J. Samuelson

*"Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist."*

— John Maynard Keynes, 1936

The eclipse of Keynesian economics proceeds. When Keynes wrote "The General Theory of Employment, Interest and Money" in the mid-1930s, governments in most wealthy nations were relatively small and their debts modest. Deficit spending and pump priming were plausible responses to economic slumps. Now, huge governments are often saddled with massive debts. Standard Keynesian remedies for downturns — spend more and tax less — presume the willingness of bond markets to finance the resulting deficits at reasonable interest rates. If markets refuse, Keynesian policies won't work.

Countries then lose control over their economies. They default on maturing debts or must be rescued with loans from friendly countries, the International Monetary Fund (IMF), government central banks (the Federal Reserve, the European Central Bank) or someone. There are other reasons why Keynesian policies might fail or be weakened. But they pale by comparison with the potential veto now posed by bond markets. Ironically, the past overuse of deficits compromises their present utility to fight high unemployment.

There is no automatic tipping point beyond which a country's debt — the sum of past annual deficits — causes bond markets to shut down. But Greece, Portugal and Ireland have already

reached that point, with gross debt in 2011 equal to 166 percent, 106 percent and 109 percent of their national incomes (gross domestic product), [according to IMF figures](#). Heavily indebted Italy and Spain could lose access to bond markets.

Thankfully, the United States is not now in this position. Interest rates on 10-year Treasury bonds hover around 2 percent; investors seem willing to lend against massive U.S. deficits. Just why is unclear. It's not that U.S. budget discipline is noticeably superior. Economists Pedro Amaral and Margaret Jacobson of the Cleveland Federal Reserve recently compared U.S. budget performance [against that of the weak European nations](#).

In 2012, the American budget deficit is projected at 7.9 percent of GDP; Greece's is 6.9 percent; Italy's 2.4 percent. In 2012, U.S. government borrowing — the deficit plus renewing maturing debt — is estimated to be 27 percent of GDP; Greece's is 24 percent; Ireland's 19 percent. On the plus side, the U.S. debt-to-GDP ratio is smaller than Europe's worst. Also, a "safe haven" effect — reflecting the size of the U.S. economy and past political stability — contributes to America's good fortune.

Considering this, some economists urge more "stimulus." In a paper, Christina Romer — former head of President Obama's Council of Economic Advisers — argued that [scholarly studies support the administration's view](#) that its \$787 billion stimulus in 2009 cushioned the recession. Another big stimulus "would be very helpful . . . to really create a lot of jobs."

I am less sure. For the record, I supported Obama's stimulus — though disliking some details — and, under similar circumstances, would again. The economy was in a tailspin; the stimulus provided a psychological and spending boost. But how much is less clear. As Romer notes, estimating the effect is "incredibly hard." For example, the [Congressional Budget Office's estimate](#) of added jobs from the stimulus ranged from 700,000 to 3.3 million for 2010.

Suppose a new stimulus — beyond renewal of the payroll tax cut — did succeed at significant job creation. By piling up more debt, it would still risk aggravating a larger crisis later. There is no long-term plan to curb deficits. Americans seem to think they're invulnerable to a bond market backlash. [Economist Barry Eichengreen](#), a leading scholar of the Great Depression, is dubious:

"Given low interest rates and the still-weak U.S. economy, it will be tempting for the U.S. government to continue running deficits and issuing additional debt. At some point, however, investors will recognize this behavior for the Ponzi scheme it is. ... If history is any guide, this scenario will develop not gradually but abruptly. Previously gullible investors will wake up one morning and conclude that the situation is beyond salvation. They will scramble to get out. Interest rates in the United States will shoot up. The dollar will fall. The United States will suffer the kind of crisis that Europe experienced in 2010, but magnified."

Governments have ceded power to bond markets by decades of shortsighted behavior. The political bias is to favor short-term stimulus (by lowering taxes and raising spending), which is popular, and to ignore long-term deficits (by cutting spending and raising taxes), which is unpopular. Debt has risen to hazardous levels, undermining Keynesian economics as taught in standard texts.



Were Keynes alive now, he would almost certainly acknowledge the limits of Keynesian policies. High debt complicates the analysis and subverts the solutions. What might have worked in the 1930s offers no panacea today.

**American.com**

## **[The 5 worst economic ideas of 2011 \(and 12 great ones for 2012\)](#)**

by James Pethokoukis

The longer the Great Stagnation/Long Recession/New Normal continues, the greater the risk that some profoundly terrible ideas — spawned by economic desperation and political opportunism — will pop up, gain a foothold and start to spread. Indeed, the past twelve months evidence the risk of a devastating policy error by Washington is escalating.

Here are the worst economic ideas of 2011, in reverse order:

**5. The “[People’s Budget](#)” from House Democrats.** This proposal from congressional “progressives” claims to balance the budget balance by 2021. It does this by ... wait for it ... imposing massive tax hikes (on income, corporate profits and investments) and by cutting defense spending by \$2.3 trillion over a decade — and then shifting most of those savings into government “investments” that would supposedly supercharge the economy.

*Please.* Macroeconomic Advisers, one of the White House’s favorite economics consultants, examined the plan and even they concluded the following: “We find this estimated impact on long-term growth to be implausibly high. ... Nor does it even mention the potential deleterious supply-side effects of raising marginal tax rates.” In other words, the Dems assume all those tax hikes don’t hurt growth a smidgen. Plus the plan does nothing about the real debt drivers — entitlements.

**4. The Brandeis inequality tax.** Two liberal law professors cooked up [this one](#) (which they named after jurist and progressive hero Louis Brandeis): Legally cap income inequality. Here’s how it would work: ” ... we propose an automatic extra tax on the income of the top 1 percent of earners — a tax that would limit the after-tax incomes of this club to 36 times the median household income.”

*Please.* Forget, for a moment, the tax-planning mess this would create. And forget that Yale’s Ian Ayres and Berkeley’s Aaron Smith would explicitly enshrine an ideology of class envy and wealth distribution into the U.S tax code. What problem would they be solving, exactly? To the extent [income inequality](#) has risen — and it is much less than wealth inequality, a better measure — you should “blame” technology (for increasing rewards to education), globalization (for creating a worldwide market for CEOs, athletes and rock stars), teachers unions (for dragging down the once world-class U.S. education system), Hollywood (for contributing to harmful cultural pathologies), and Big Government (for backstopping favored industries such as Wall Street). Which of those does the Brandeis tax begin to fix? None.

**3. Doubling U.S. income tax rates.** It’s now the liberal economic consensus that tax rates need to be returned to where they were before the Reagan tax cuts — and possibly before the JFK tax cuts, as well. As one liberal economist [told the New York Times](#), “The inequality problem is not going away and won’t until drastic policy changes are made (as happened during the New Deal).” The economist, Emmanuel Saez, has published [research](#) arguing the top U.S. income

tax rate should more than double to 80 percent. Saez has also done research with Peter Diamond, a failed Obama nominee to the Federal Reserve, that suggests the top income tax rate should go at least to 70 percent. Other advocates include influential liberal economists Paul Krugman and Brad DeLong.

*Please.* We are in an extended period of economic stagnation, and these guys want to return tax rates – punishing wealth and job creators in the process — to the level they were at during the last extended period of economic stagnation, the 1970s? The only thing such a policy blunder would create would be a hiring boom for tax attorneys. Oh, and even more economic misery for America. Instead, the U.S. needs to be lowering rates and removing economic distortions to boost growth. Doing that might [improve annual U.S. GDP growth half a percentage point or more](#).

**2. President Obama’s call to reject the past 30 years of economic policy.** During his recent speech in Osawatimie, Kansas, Obama [repeatedly pointed out](#) how the U.S. economy had gone off track over the “last few decades.” In other words, America’s 30-year economic experiment in enhanced economic freedom—lower tax rates, less regulation, freer trade—has been a failure. Indeed, Obama says that although the “theory fits well on a bumper sticker ... it has never worked.”

*Please.* (First a fact check: The U.S. economy grew at an average pace of 3.3 percent from 1983-2007, inflation—the scourge of the 1970s—was defeated, and the stock market rose by 1,400 percent. Median middle-class incomes rose by roughly 50 percent.) What what policies would Obama prefer? Well, the liberal economic consensus wants a) higher taxes, b) more income equality, c) more inflation to reduce debt, and d) higher energy prices to reduce dependence on fossil fuels. Clearly, Obama wants to return to some Golden Age that had all those attributes — high taxes, high inflation, high energy prices and high income equality. Again, hello 1970s.

**1. The Occupy movement.** An obsession over income inequality runs through this entire list. And Occupy Wherever – so praised and embraced by Elizabeth Warren and Obama and the MSM — is a big reason why. But what would the rabble — a mix of communists, union pros, the mentally deranged, and a few truly heartbreaking stories — have us do? Time travel so as to prevent the microchip revolution and reinstate command-and-control economies in Asia? Sadly — and tellingly — the protesters haven’t uttered a peep about teachers unions or Hollywood. Just the banks.

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1. Pay teachers more but get rid of tenure so the bottom five percent of teachers can be replaced by even average ones.
2. Encourage more high-skilled immigration.
3. Reduce regulatory barriers to new business creation.
4. Replace payroll taxes with more economically efficient ones.
5. Phase out and eliminate pricey and market-distorting subsidies like the mortgage interest deduction.
6. End Too Big To Fail.
7. Eliminate the tax code's bias against investment.
8. Move toward market-friendly entitlement reform like Wyden-Ryan.
9. Create a patent system with the length of legal protection depending on the cost of innovation and imitation.
10. Establish more innovation prizes.
11. Have fewer kids in college getting liberal arts degrees, more in business-run worker training programs.
12. More investment in basic research, not in crony-capitalist, industrial policy schemes like Solyndra.

These would be great policies for Washington to implement in 2012. Please!

### **Telegraph Blogs, UK**

#### **[Joe Biden's mad solution for the euro debt crisis: a huge Obama-style bailout](#)**

by Nile Gardiner



*Joe Biden (right) with David Cameron*

Joe Biden has caused [a bit of a stir this week](#) with his bizarre suggestion that [“the Taliban per se is not our enemy”](#), just a decade on from the 9/11 attacks, carried out by al-Qaeda, and aided and abetted in Afghanistan by none other than the Taliban. The comments formed part of [a wider interview on foreign policy](#) given by Biden to Leslie Gelb of *Newsweek*. The stupidity of the vice president’s remarks on the war in Afghanistan were matched only by his reckless, almost surreal advice on the European financial crisis, which is so out of touch with reality that I doubt even [the delusional Herman Van Rompuy](#) would agree with him. Joe Biden’s solution for the EU’s massive debt crisis? A mammoth [Obama-style bailout across the Atlantic](#), but this time in euros not dollars:

**NEWSWEEK:** I know you feel strongly and correctly that economics is really at the heart of not only our country’s future, but our power in the world. You have a bank crisis in Europe right now. And Goldman Sachs just said that at a minimum this means a 1 percent drop in our gross domestic product. And it’s likely to be much worse, as you know, because the Europeans can’t seem to conjure up the courage to tackle their problem seriously. What are we planning to do about it?

**VICE PRESIDENT BIDEN:** We’re using every bit of influence, cajoling — from my getting in a plane, to the president appearing, talking to [Treasury Secretary Timothy] Geithner, engaging, and being very blunt. I was in Greece [earlier this month]. The president has been meeting with our G8 partners and specifically — very, very specifically on the phone with everyone from [German Chancellor Angela] Merkel to [French President Nicolas] Sarkozy, [British Prime Minister David] Cameron. I mean we are engaged in making it clear to them that there is an answer. They’ve got to step up.

**NEWSWEEK:** But they’re looking to us for something we can’t give anymore, which is cash to bail them out.

**BIDEN:** We’re not going to. These guys at the end of the day are going to have to choose: they either lose now or lose later. And if they lose later, they lose real, real big.

**NEWSWEEK:** And it’s got to be their bailout, not ours?

**BIDEN:** Exactly right. We did our bailout. They’ve got to do their bailout.

Biden’s comments shouldn’t come as a surprise considering his risible track record on Europe and US foreign policy in general. After all, this is the man who declared [in a speech to the European Parliament last year](#) that Brussels was the real “capital of the free world” ([watch the video here](#)):

As you already know, ladies and gentlemen, not only am I pleased to be back here in Brussels for the second time as Vice President — as you probably know, some American politicians and American journalists refer to Washington, DC as the “capital of the free world.” But it seems to me that this great city, which boasts 1,000 years of history and which serves as the capital of Belgium, the home of the European Union, and the headquarters for NATO, this city has its own legitimate claim to that title.

In the same speech Biden heaped praise on the fundamentally undemocratic Lisbon Treaty, and ludicrously described the European Parliament as [“the bastion of European democracy”](#):

As a lawmaker for more than 36 years in our Parliament, I feel particularly honored to address the European Parliament. President Obama and I were the first running mates in the last 50 years in America to make it to the White House from our legislative bodies. So we both come to our executive jobs with a deep appreciation for the work you do here in the bastion of European democracy.

Together with my former colleagues in the United States Congress, you and I represent more than 800 million people. Stop and think about that for a moment: two elected bodies that shape the laws for almost one-eighth of the planet's population. That's truly remarkable.

And now under the Lisbon Treaty, you've taken on more powers and a broader responsibility that comes with that increased influence. And we welcome it. We welcome that, because we, the United States, need strong allies and alliances to help us tackle the problems of the 21st century, many of which are the same but so many are different than the last century.

Fortunately, as [I've noted previously](#), the views of the Obama administration, with its history of economic failure, have become an irrelevance on the EU crisis. After all, the US administration's \$787 billion taxpayer-funded "stimulus" was a failure, notable largely for its contribution to fueling the biggest budget deficit since World War Two. With their track record, Barack Obama and Joe Biden are probably the last two leaders on earth to be giving advice on a debt crisis issue, and the message coming from Washington is clearly the wrong one. The best thing that European leaders can do is to study the economic policies of the Obama presidency and do exactly the opposite, by cutting spending, ending excessive borrowing, slashing the size of the public sector, lowering taxes, freeing businesses from red tape, and taking a huge axe to big government.

## **WSJ - Editors**

### **[The EPA's Fracking Scare](#)**

#### ***Breaking down the facts in that Wyoming drinking water study.***

The shale gas boom has been a rare bright spot in the U.S. economy, so much of the country let out a shudder two weeks ago when the Environmental Protection Agency issued a "draft" report that the drilling process of hydraulic fracturing may have contaminated ground water in Pavillion, Wyoming. The good news is that the study is neither definitive nor applicable to the rest of the country.

"When considered together with other lines of evidence, the data indicates likely impact to ground water that can be explained by hydraulic fracking," said the EPA report, referring to the drilling process that blasts water and chemicals into shale rock to release oil and natural gas. The news caused elation among environmentalists and many in the media who want to shut down fracking.

More than one-third of all natural gas drilling now uses fracking, and that percentage is rising. If the EPA Wyoming study holds up under scrutiny, an industry that employs tens of thousands could be in peril.

But does it stand up? This is the first major study to have detected linkage between fracking and ground-water pollution, and the EPA draft hasn't been peer reviewed by independent scientific analysts. Critics are already picking apart the study, which Wyoming Governor Matt Mead called "scientifically questionable."



*Natural gas wellheads and other production facilities are shown around the rural community of Pavillion, Wyoming in 2007.*

The EPA says it launched the study in response to complaints "regarding objectionable taste and odor problems in well water." What it doesn't say is that the U.S. Geological Survey has detected organic chemicals in the well water in Pavillion (population 175) for at least 50 years—long before fracking was employed. There are other problems with the study that either the EPA failed to disclose or the press has given little attention to:

- The EPA study concedes that "detections in drinking water wells are generally below [i.e., in compliance with] established health and safety standards." The dangerous compound EPA says it found in the drinking wells was 2-butoxyethyl phosphate. The Petroleum Association of Wyoming says that 2-BE isn't an oil and gas chemical but is a common fire retardant used in association with plastics and plastic components used in drinking wells.
- The pollution detected by the EPA and alleged to be linked to fracking was found in deep-water "monitoring wells"—not the shallower drinking wells. It's far from certain that pollution in these deeper wells caused the pollution in drinking wells. The deep-water wells that EPA drilled are located near a natural gas reservoir. Encana Corp., which owns more than 100 wells around Pavillion, says it didn't "put the natural gas at the bottom of the EPA's deep monitoring wells. Nature did."
- To the extent that drilling chemicals have been detected in monitoring wells, the EPA admits this may result from "legacy pits," which are old wells that were drilled many years before fracking was employed. The EPA also concedes that the inferior design of Pavillion's old wells

allows seepage into the water supply. Safer well construction of the kind normally practiced today might have prevented any contaminants from leaking into the water supply.

- The fracking in Pavillion takes place in unusually shallow wells of fewer than 1,000 to 1,500 feet deep. Most fracking today occurs 10,000 feet deep or more, far below drinking water wells, which are normally less than 500 feet. Even the EPA report acknowledges that Pavillion's drilling conditions are far different from other areas of the country, such as the Marcellus shale in Pennsylvania. This calls into question the relevance of the Wyoming finding to newer and more sophisticated fracking operations in more than 20 states.

The safety of America's drinking water needs to be protected, as the fracking industry itself well knows. Nothing would shut down drilling faster, and destroy billions of dollars of investment, than media interviews with mothers afraid to let their kids brush their teeth with polluted water. So the EPA study needs to be carefully reviewed.

But the EPA's credibility is also open to review. The agency is dominated by anticarbon true believers, and the Obama Administration has waged a campaign to raise the price and limit the production of fossil fuels.

Natural gas carries a smaller carbon footprint than coal or oil, and greens once endorsed it as an alternative to coal and nuclear power. But as the shale gas revolution has advanced, greens are worried that plentiful natural gas will price wind and solar even further out of the market. This could mean many more of the White House's subsidized investments will go belly up like Solyndra.

The other big issue is regulatory control. Hydraulic fracturing isn't regulated by the EPA, and in 2005 Congress reaffirmed that it did not want the EPA to do so under the Safe Drinking Water Act. The states regulate gas drilling, and by and large they have done the job well. Texas and Florida adopted rules last week that followed other states in requiring companies to disclose their fracking chemicals.

But the EPA wants to muscle in, and its Wyoming study will help in that campaign. The agency is already preparing to promulgate new rules regulating fracking next year. North Dakota Governor Jack Dalrymple says that new EPA rules restricting fracking "would have a huge economic impact on our state's energy development. We believe strongly this should be regulated by the states." Some 3,000 wells in the vast Bakken shale in North Dakota use fracking.

By all means take threats to drinking water seriously. But we also need to be sure that regulators aren't spreading needless fears so they can enhance their own power while pursuing an ideological agenda.

**Washington Examiner**  
**[Obama's Keystone pipeline blunder](#)**  
by Michael Barone

How misguided was Barack Obama's decision to refuse to approve the Keystone XL pipeline?

How misguided was Custer's decision to ride into Little Big Horn?

Pollster [Scott Rasmussen reports](#) that Americans favor building the Keystone XL pipeline by a 60%-24% margin. The fact that only 16% are unsure represents a very high level of knowledge about a project that was largely unknown except to readers of the oil and gas trade press a few months ago. And why shouldn't Americans favor a pipeline that allows us to import oil from friendly nearby Canada rather than from unfriendly Venezuela or distant and dicey Saudi Arabia?

Most Americans seem to understand that the arguments from the environmental groups against the pipeline are laughably weak. The enviros don't like the way Canadians extract oil from tar sands. But Canadians are going to extract oil that way whether we allow the pipeline to be built or not; if we don't they'll sell the oil to China.

The enviros say that the pipeline poses a terrible risk to the Ogallala aquifer in the Sand Hills of Nebraska. But pipelines are the safest way to ship oil, which is something we have to do, and Americans have been building pipelines since the nineteenth century. There are pipelines all over the place in heavily populated parts of the country (see [this map](#)) and somehow we manage to survive. The idea that the Keystone XL pipeline poses some unique and terrible danger is obviously nonsense.

The Republicans are smart to keep raising the pipeline issue, which is all gain for them and all pain for Obama. I wrote earlier this year that approving the pipeline was a "no-brainer" for Obama. I was wrong about that, but his refusal to approve it I think is pretty clearly an unforced error, an own goal (as the Brits would say), a self-inflicted wound. It may not prove as politically fatal as Custer's decision proved literally fatal, but it sure doesn't help his campaign. Perhaps only someone who has chosen to live in university neighborhoods all his adult life could have so overestimated the appeal of environmental restriction groups' arguments and failed to understand the common sense of the great majority of ordinary Americans.





WHOSE IDEA WAS IT TO TRUST  
JON CORZINE WITH THE GOLD???



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1936-2011  
PLAYWRITE, PRESIDENT



STOOD UP TO  
TOTALITARIAN  
STATE LIES

**GIANT**

KIM JONG-IL,  
?-2011  
GOLFER, DEAR LEADER



SHOT 38  
UNDER  
PAR WITH  
11 HOLES-IN-  
ONE THE  
VERY FIRST  
TIME HE  
PLAYED

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