December 29, 2011

James Pethokoukis with seven graphs that sum up the record of this administration.
My Magnificent Seven. Some bust myths. Others highlight a reality the media is ignoring. Enjoy!

1. The overly optimistic unemployment forecast of the Obama White House. *This may be the most infamous economic prediction in U.S. political history (helpfully updated by The Right Sphere). For the original January 2009 chart from White House economic advisers Jared Bernstein and Christina Romer, see here.*

2. The real unemployment rate. *The official (U-3) unemployment rate is 8.6 percent. But the labor force has been shrinking as discouraged workers have been disappeared by government statisticians rather than counted as unemployed. But what if they weren't? What if the Labor Department added those folks back into the numbers? Well, you would get this: ...*

Jennifer Rubin cites the worst 12 political moves of the past year.
In 2011 we saw some impressive political moves. For example, Rep.Paul Ryan (R-Wis.) figured out how to make himself as the House Budget Committee chairman the chief opponent to President Obama on fiscal issues. But there were also some boneheaded plays. In the spirit of the holiday, I have 12 that stand out.

1. New Jersey Gov. Chris Christie (R) decides not to run for president. He would certainly be the front-runner by now and could very likely have galvanized disparate elements of the GOP.

2. Texas Gov. Rick Perry (R) decides to run for president.Lacking preparation, policy ideas and verbal skill, he soon crashed and burned as a candidate. Barring a miraculous comeback, he will have permanently harmed his political stature.

3. Presidential candidate Newt Gingrich decides to attack Mitt Romney on his Bain Capital experience. This may have been the key turning point in the race, when Gingrich lost support of many on the right and Romney stood up for free market capitalism. ...

OK, so what do left-liberals think of the administration? **Two Washington Post writers** come up with a scathing report on the administration's green investments.
Linda Sterio remembers the excitement when President Obama arrived at Solyndra last year and described how his administration's financial support for the plant was helping create hundreds of jobs. The company's prospects appeared unlimited as Solyndra executives described the backlog of orders for its solar panels.

Then came the August morning when Sterio heard a newscaster announce that more than a thousand Solyndra employees were out of work. Only recently did she learn that, within the Obama administration, the company's potential collapse had long been discussed.

"It's not about the people; it's politics," said Sterio, who remains jobless and at risk of losing her home. "We all feel betrayed."

Since the failure of the company, Obama's entire $80 billion clean-technology program has begun to look like a political liability for an administration about to enter a bruising reelection campaign.

Meant to create jobs and cut reliance on foreign oil, Obama's green-technology program was infused with politics at every level, The Washington Post found in an analysis of thousands of memos, company records and internal e-mails. Political considerations were raised repeatedly by company investors, Energy Department bureaucrats and White House officials.

The records, some previously unreported, show that when warned that financial disaster might lie ahead, the administration remained steadfast in its support for Solyndra.

The documents reviewed by The Post, which began examining the clean-technology program a year ago, provide a detailed look inside the day-to-day workings of the upper levels of the Obama administration. They also give an unprecedented glimpse into high-level maneuvering by politically connected clean-technology investors.

They show that as Solyndra tottered, officials discussed the political fallout from its troubles, the "optics" in Washington and the impact that the company's failure could have on the president's prospects for a second term. Rarely, if ever, was there discussion of the impact that Solyndra's collapse would have on laid-off workers or on the development of clean-energy technology.

"What's so troubling is that politics seems to be the dominant factor," said Ryan Alexander, president of Taxpayers for Common Sense, a nonpartisan watchdog group. "They're not talking about what the taxpayers are losing; they're not talking about the failure of the technology, whether we bet on the wrong horse. What they are talking about is 'How are we going to manage this politically?'" ...

And **David Brooks** thinks they need better historians.
The members of the Obama administration have many fine talents, but making adept historical analogies may not be among them.

When the administration came to office in the depths of the financial crisis, many of its leading figures concluded that the moment was analogous to the Great Depression. They read books about the New Deal and sought to learn from F.D.R.

But, in the 1930s, people genuinely looked to government to ease their fears and restore their confidence. Today, Americans are more likely to fear government than be reassured by it.

According to a Gallup survey, 64 percent of Americans polled said they believed that big government is the biggest threat to the country. Only 26 percent believed that big business is the biggest threat. As a result, the public has reacted to Obama's activism with fear and anxiety. The Democrats lost 63 House seats in the 2010 elections.

Members of the administration have now dropped the New Deal parallels. But they have started making analogies between this era and the progressive era around the turn of the 20th century.

Again, there are superficial similarities. Then, as now, we are seeing great concentrations of wealth, especially at the top. Then, as now, the professional class of lawyers, teachers and journalists seems to feel as if it has the upper hand in its status war against the business class of executives and financiers.

But these superficial similarities are outweighed by vast differences. ...

Alana Goodman posts on Canada's pipeline warnings.

The Obama administration has spent three years reviewing the Keystone XL pipeline, and the Canadian government is understandably frustrated that the decision has been kicked further down the road. After the White House insinuated earlier this week that it might reject the pipeline, Prime Minister Stephen Harper threatened to take the oil elsewhere (via HotAir):

Canada could sell its oil to China and other overseas markets with or without approval of the Keystone XL oil pipeline in the United States, says Prime Minister Stephen Harper.

In a year-end television interview, Harper indicated he had doubts the $7-billion pipeline would receive political approval from U.S. President Barack Obama, and that Canada should be looking outside the United States for markets.

"I am very serious about selling our oil off this continent, selling our energy products off to Asia. I think we have to do that," Harper said in the Monday interview with CTV National News.

Right now, there's no avenue for Canada to get the oil to the Pacific for shipping, so any deal with China would be far down the road.

Proposals to build a pipeline extension to reach Canada's West Coast are also likely to get major pushback from environmentalists. But it is possible. At Huffington Post Canada, Christopher Sands explains:

Canada's best move now would be to quietly build the pipeline to the West Coast, regardless of the outcome of the U.S. 2012 elections or the progress of Keystone XL construction. Canada needs real options to avoid being repeatedly held captive to American political caprice. To earn U.S. respect and stop the bullying by environmental groups and politicians, Canada must turn its Keystone threats into credible promises, and act on them when necessary.

This would be a major disappointment, but it would be hard to blame Canada for taking that route. Let's say Obama gets reelected, and the Keystone XL decision comes due in 2013. There's a good chance Obama will approve the pipeline once he's free of reelection constraints, but it's far from certain. Who knows what the political dynamic will be like in a year?

Robert Bradley in Forbes writes about the unlimited energy potential of North America. If only we had leadership in DC that would take advantage of it.
The fossil-fuel energy era is not waning. Quite the opposite; it is still young.

For decades, activists have been trying to convince the American people that declining resources would forever make us dependent on expensive foreign oil. But according to a new report from the Institute for Energy Research (IER) on North America's energy resources, that line of thinking is flat-out false. Based on the latest official statistics, domestic oil, natural gas, and coal deposits are much more extensive than commonly realized.

The real problem is that much of our resources are not being developed because of antiquated, heavy-handed government regulations. As a consequence, the American economy is being deprived of significant job creation and new investments.

Consider this. Total recoverable oil in North America exceeds 1.7 trillion barrels, which is more oil than the entire world has used over the last 150 years. And that amount alone could meet the energy needs of the United States for the next 250 years.

An estimated 1.4 trillion of those barrels are buried under American soil. For some perspective: the total proven reserves in Saudi Arabia is just about 260 billion barrels.

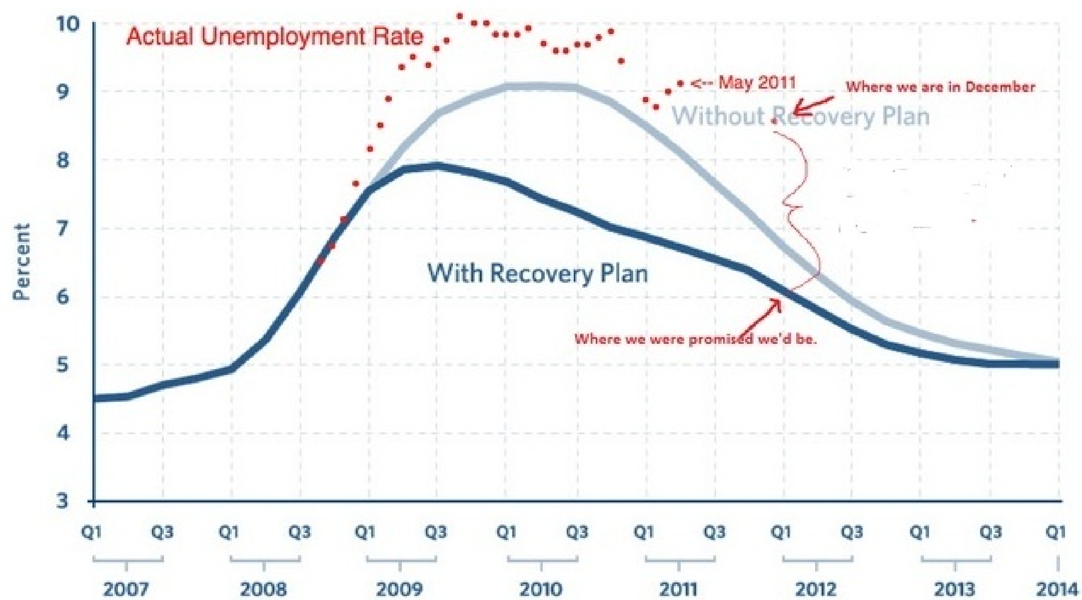
And even that 1.4 trillion figure might be an underestimation. Future technological innovation may well lead to improved detection techniques, helping us locate oil deposits currently uncovered. Or innovation could improve extraction techniques, enabling us to tap into reserves previously thought unreachable. ...

American.com
The 7 most illuminating economic charts of 2011
by James Pethokoukis

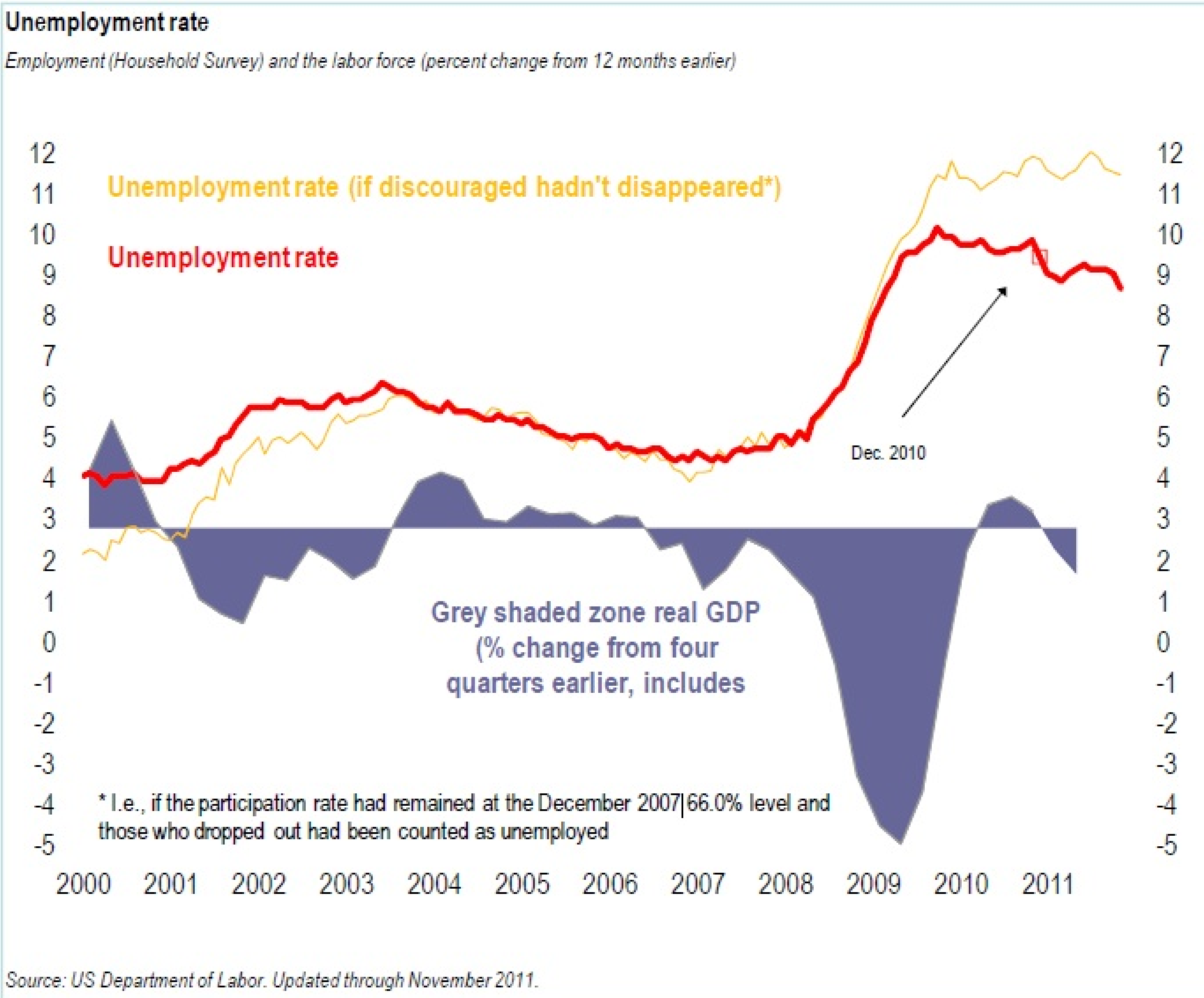
My Magnificent Seven. Some bust myths. Others highlight a reality the media is ignoring. Enjoy!

1. The overly optimistic unemployment forecast of the Obama White House. This may be the most infamous economic prediction in U.S. political history ([helpfully updated by The Right Sphere]()). For the original January 2009 chart from White House economic advisers Jared Bernstein and Christina Romer, [see here]().

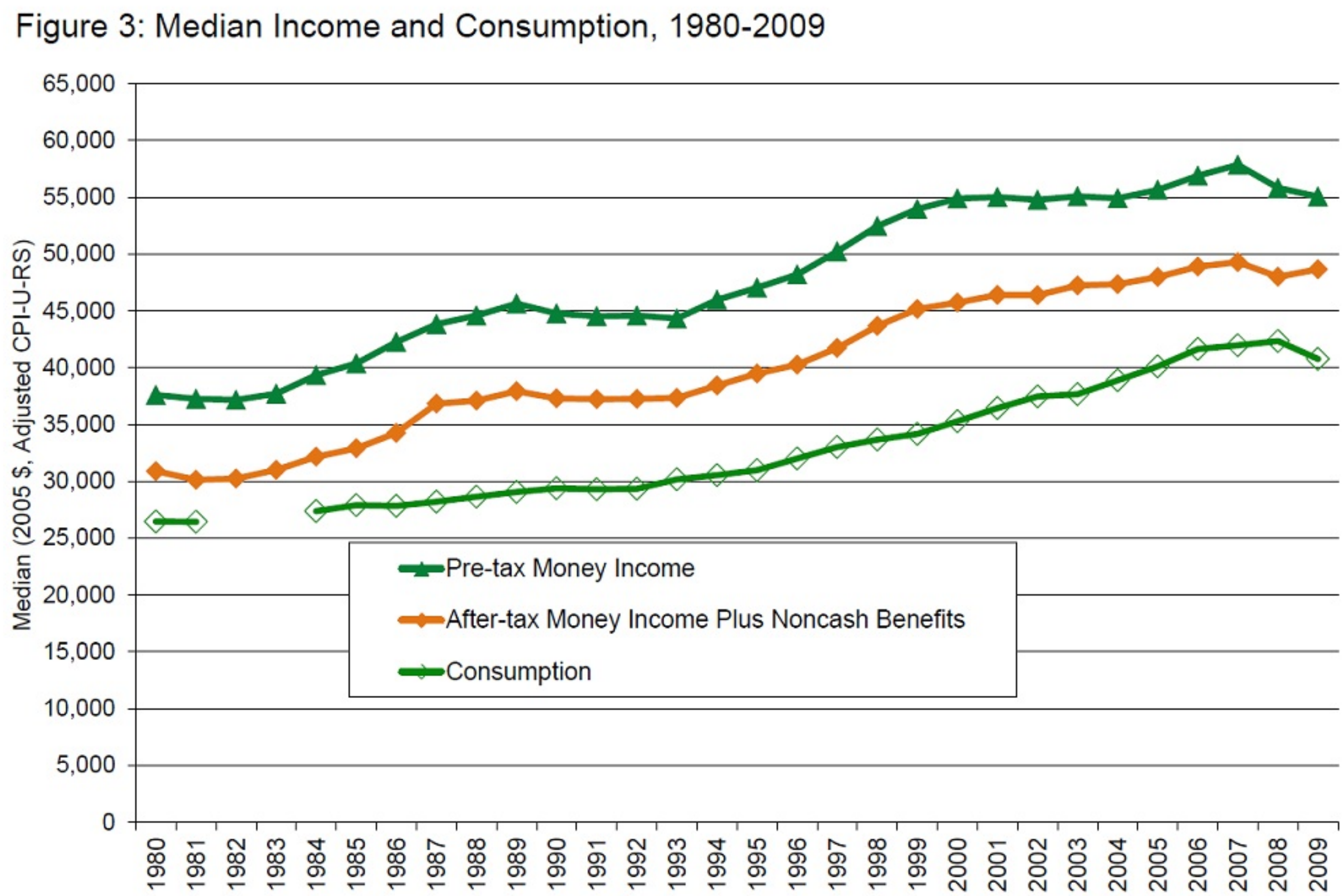
Figure 1
Unemployment Rate With and Without the Recovery Plan



2. The real unemployment rate. The official (U-3) unemployment rate is 8.6 percent. But the labor force has been shrinking as discouraged workers have been disappeared by government statisticians rather than counted as unemployed. [But what if they weren't?]() What if the Labor Department added those folks back into the numbers? Well, you would get this:



3. Middle-class incomes have been stagnant for decades—not. It is an oft-repeated liberal talking point, one that President Obama himself used in his populist Osawatomie Speech: The rich got richer the past 30 years while the middle-class went nowhere. In short, the past few decades of lower taxes and lighter regulation have been a failure. Or, rather, pro-market policies have been a failure … except that new research from the University of Chicago's Bruce Meyer and Notre Dame's James Sullivan find that "median income and consumption both rose by more than 50 percent in real terms between 1980 and 2009."



4. Inequality has exploded—not. According to the MSM and liberal economists, U.S. inequality has exploded to levels not seen since the 1920s or perhaps even the Gilded Age of the late 19th century. And to prove their point—that the 1 percent has gotten amazingly richer in recent decades—the inequality alarmists will inevitably trot out a famous income inequality study from economists Emmanuel Saez and Thomas Pike. But why not instead look at wealth—all financial and nonfinancial assets—instead of income? It's less volatile and a truer measure of all the economic resources at an individual's command. Turns out that Saez has done research on that subject, too. And he even created a revealing chart documenting the ups and downs of U.S. wealth over the past century. It reveals a very different picture of inequality in America:

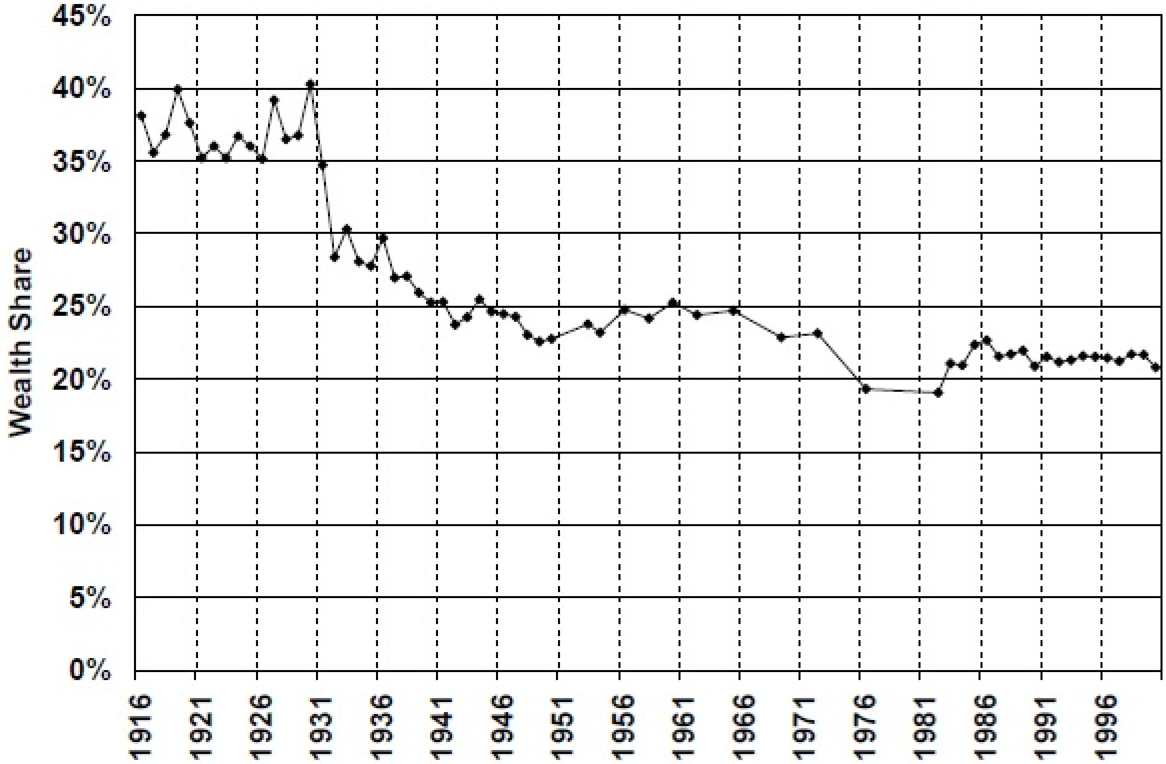
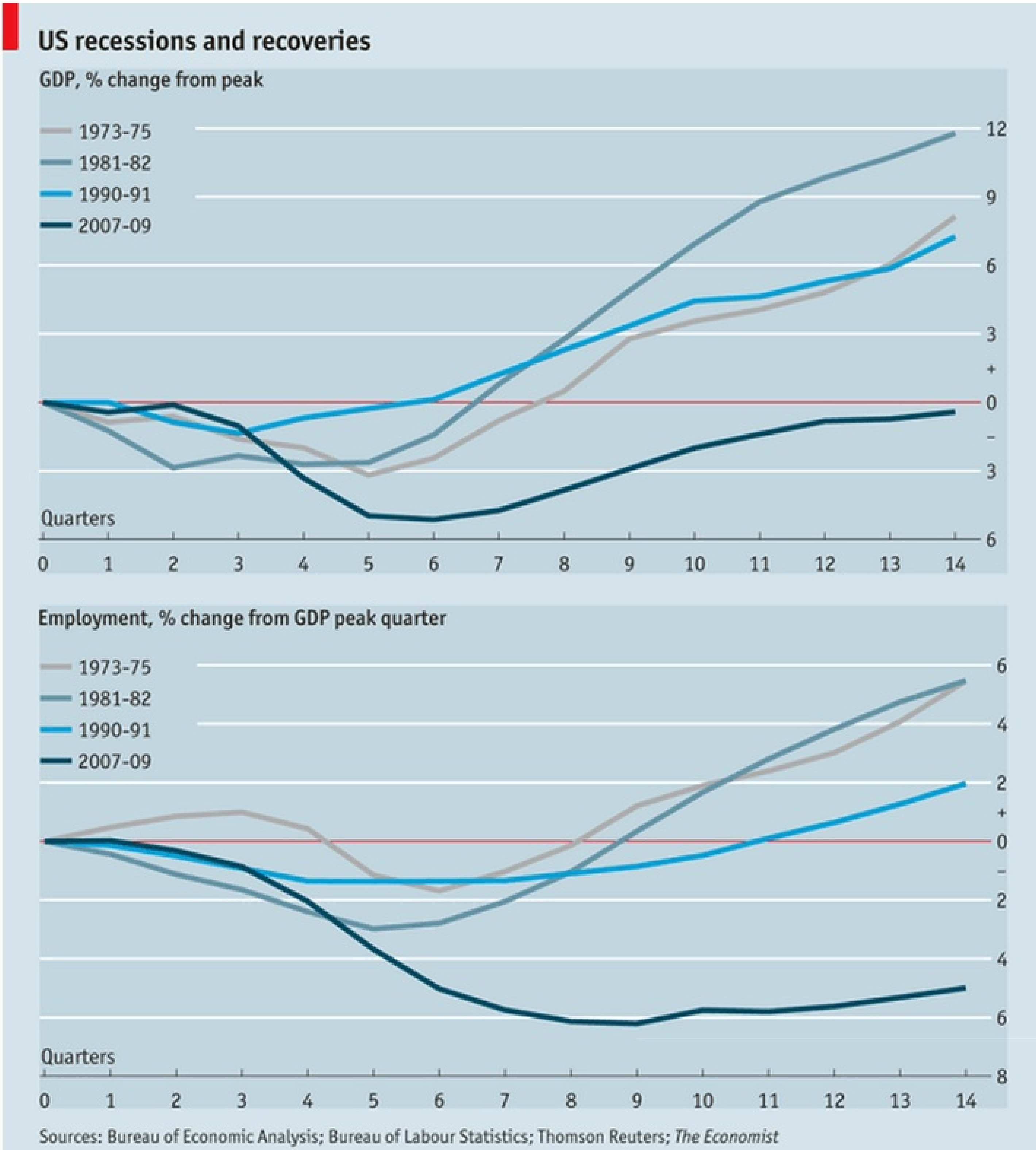
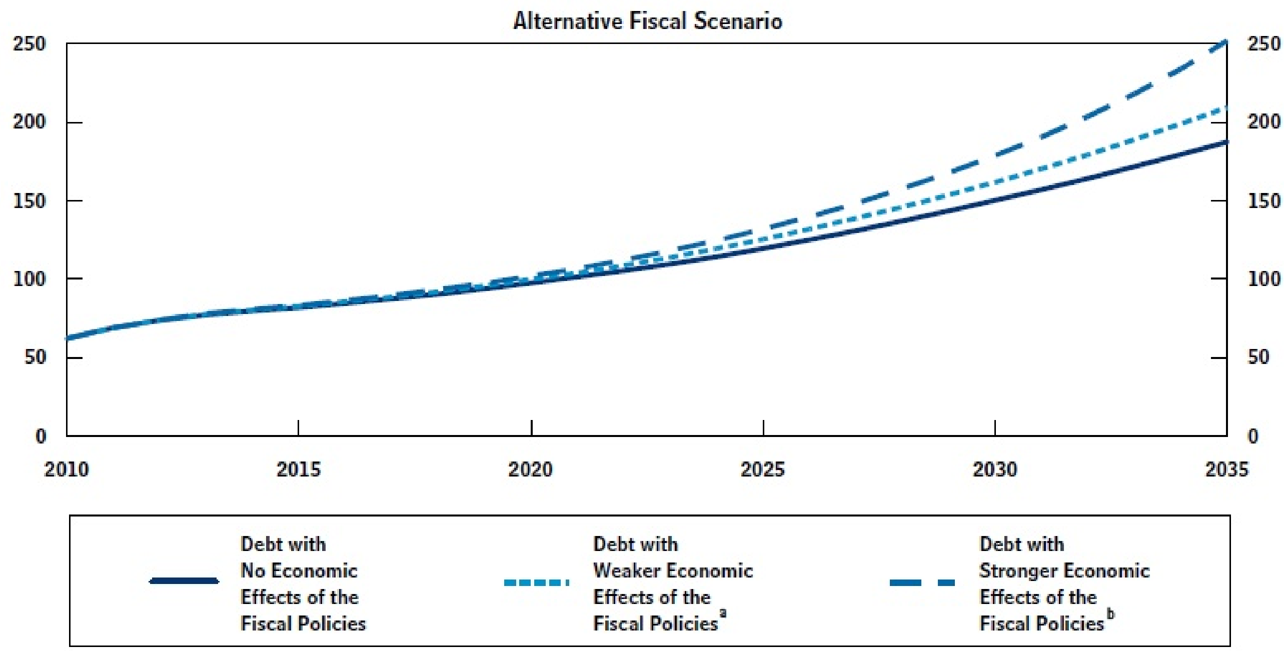


FIGURE 2
The Top 1% Wealth Share in the United States, 1916-2000

5. and 6. The underwhelming Obama recovery. When you compare the current recovery to those of the past, it looks pretty anemic. And it doesn't matter if you look at GDP growth or unemployment (via The Economist).


US recessions and recoveries
GDP, % change from peak
1973-75
1981-82
1990-91
2007-09
12
9
6
3
+
0
–
3
6
Quarters
0 1 2 3 4 5 6 7 8 9 10 11 12 13 14
Employment, % change from GDP peak quarter
1973-75
1981-82
1990-91
2007-09
6
4
2
+
0
–
2
4
6
8
Quarters
0 1 2 3 4 5 6 7 8 9 10 11 12 13 14
Sources: Bureau of Economic Analysis; Bureau of Labour Statistics; Thomson Reuters; *The Economist*

7. America's debt picture is worse than you think. If you factor in the [long-term impact of rising federal debt] on U.S. interest rates and economic growth—raising borrowing costs and lowering tax revenue—you'll find that federal debt could be almost 50 percent higher by 2035 than the estimates usually bandied about in the media.



Source: Congressional Budget Office.

Right Turn

12 political screw-ups

by Jennifer Rubin

In 2011 we saw some impressive political moves. For example, Rep.Paul Ryan (R-Wis.) figured out how to make himself as the House Budget Committee chairman the chief opponent to President Obama on fiscal issues. But there were also some boneheaded plays. In the spirit of the holiday, I have 12 that stand out.

1. New Jersey Gov. Chris Christie (R) decides not to run for president. He would certainly be the front-runner by now and could very likely have galvanized disparate elements of the GOP.

2. Texas Gov. Rick Perry (R) decides *to* run for president.Lacking preparation, policy ideas and verbal skill, he soon crashed and burned as a candidate. Barring a miraculous comeback, he will have permanently harmed his political stature.

3. Presidential candidate Newt Gingrich decides to attack Mitt Romney on his Bain Capital experience. This may have been the key turning point in the race, when Gingrich lost support of many on the right and Romney stood up for free market capitalism.

4. Right-wing media decide to buy into the racial conspiracy theory to defend presidential candidate Herman Cain. They looked like boosters, not journalists and damaged their credibility.

5. Supreme Court Justice Elena Kagan decides not to recuse herself on Obamacare litigation. She has done harm to her integrity at the onset of her judicial career and will, if she is the deciding vote, shroud the ruling in suspicion and controversy.

6. Palestinian Authority President Mahmoud Abbas decides to short-circuit the Oslo Accords and go to the U.N. for a unilateral declaration of statehood. He didn't get it, and in the process undermined his own leadership position and alienated his patrons in the Obama White House.

7. President Obama decides to ambush Israeli Prime Minister Benjamin Netanyahu in a speech ostensibly on the Arab Spring with a declaration that it was now U.S. policy for Israel to revert in negotiations to "1967 borders" with land swaps. He isolated himself even from liberal Democrats, worsened his problems with Jewish Democrats, gave Netanyahu the chance to upstage him in a Joint Session of Congress and turned the AIPAC conference into a referendum on Obama's Israel policy. Senate Majority Leader Harry Reid (D-Nev.) and House Minority Leader Steny Hoyer (D-Md.) were among those giving a thumbs down.

8. The White House decides to play Mediscare rather than pursue Medicare reform. It thereby set up the 2012 election as one in which Obama is the do-nothing president who won't make hard decisions. It also provoked most of the major GOP candidates to offer serious fiscal plans that include entitlement reform. Obama permanently lost the mantle of the "adult in the room."

9. A faction of House Republicans decide to revolt on the speaker's debt-ceiling proposal. Had it passed the House, the Senate would have been obliged to go along. The final bill, which included the now-dreaded defense sequestration provision, was worse for conservatives than Boehner's proposed plan.

10. The conservative media and GOP presidential candidates decide for most of the year to ignore Rep. Ron Paul's extreme associations, conspiracy theories and publications of racist, apocalyptic newsletters in the 1980s and '90s. That allowed him to gain a huge following and successfully raise millions of dollars, and do so without any assurance he will forgo a third-party race.

11. The administration decides to delay a decision on the XL oil pipeline. Obama was pummeled as turning his back on thousands of jobs and gave the Republicans a consolation prize in an otherwise disastrous debate on the payroll tax cut.

12. The Human Rights Campaign (HRC) pressures King & Spaulding to drop its defense of the House in the Defense of Marriage Act case. Lawyers on the right and left (including the attorney general) decry HRC's tactics. When the partner handling the case, Paul Clement, leaves the firm in protest, K&S winds up bloodied, and the House gets its lawyer of choice.

Washington Post

Solyndra: Politics infused Obama energy programs

by Joe Stephens and Carol D. Leonnig

Linda Sterio remembers the excitement when President Obama arrived at Solyndra last year and described how his administration's financial support for the plant was helping create hundreds of jobs. The company's prospects appeared unlimited as Solyndra executives described the backlog of orders for its solar panels.

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They show that as Solyndra tottered, officials discussed the political fallout from its troubles, the “optics” in Washington and the impact that the company’s failure could have on the president’s prospects for a second term. Rarely, if ever, was there discussion of the impact that Solyndra’s collapse would have on laid-off workers or on the development of clean-energy technology.

“What’s so troubling is that politics seems to be the dominant factor,” said Ryan Alexander, president of Taxpayers for Common Sense, a nonpartisan watchdog group. “They’re not talking about what the taxpayers are losing; they’re not talking about the failure of the technology, whether we bet on the wrong horse. What they are talking about is ‘How are we going to manage this politically?’□”

The administration, which excluded lobbyists from policymaking positions, gave easy access to venture capitalists with stakes in some of the companies backed by the administration, the records show. Many of those investors had given to Obama’s 2008 campaign. Some took jobs in the administration and helped manage the clean-energy program.

Documents show that senior officials pushed career bureaucrats to rush their decision on the loan so Vice President Biden could announce it during a trip to California. The records do not establish that anyone pressured the Energy Department to approve the Solyndra loan to benefit political contributors, but they suggest that there was an unwavering focus on promoting Solyndra and clean energy. Officials with the company and the administration have said that nothing untoward occurred and that the loan was granted on its merits.

Most documents that have been made public in connection with a congressional investigation relate to the period after the loan was granted. The process began in the George W. Bush administration but resulted in the first loan in the program being granted under Obama. As a result, many factors that led to Solyndra winning a half-billion-dollar federal loan remain unknown.

White House officials said that all key records regarding Solyndra’s loan approval have been released.

Officials acknowledged that some of the records provide an unvarnished view that they might have preferred to keep private — such as a senior energy adviser’s reference to a conference call about Solyndra as a “[expletive] show,” or a company investor writing that when Solyndra was mentioned in a meeting, Biden’s office “about had an orgasm.”

Officials said those unflattering disclosures reinforce their position that they are not hiding their actions and that, despite the blemishes, nothing suggests political considerations affected the original decision to extend the loan to Solyndra. They stressed that the administration disregarded advice to avoid political problems by replacing senior Energy Department managers and moving to abort Obama's visit to Solyndra.

"Everything disclosed . . . affirms what we said on day one: This was a merit-based decision made by expert staffers at the Department of Energy," White House spokesman Eric Schultz said in a statement.

Officials said that concern for workers was reflected in the administration's decision to allow Solyndra employees to receive aid under a program for workers displaced by foreign competition.

"When Solyndra's liquidity crisis became clear, the Department of Energy underwent a robust effort to find a viable path forward for the company," the White House's prepared statement said. "This administration is one that will fiercely fight to protect jobs even when it's not the popular thing to do."

Star power in D.C.

Like most presidential appearances, Obama's May 2010 stop at Solyndra's headquarters was closely managed political theater.

Obama's handlers had lengthy e-mail discussions about how solar panels should be displayed (from a robotic arm, it was decided). They cautioned the company's chief executive against wearing a suit (he opted for an open-neck shirt and black slacks) and asked another executive to wear a hard hat and white smock. They instructed blue-collar employees to wear everyday work clothes, to preserve what they called "the construction-worker feel."

White House e-mails suggest that the original idea for "POTUS involvement" originated with then-Chief of Staff Rahm Emanuel. Emanuel, now mayor of Chicago, did not respond to a request for comment from The Post.

Well beyond the details of the factory photo op, raw political considerations surfaced repeatedly in conversations among many in the administration.

Just two days before the visit, Obama fundraiser Steve Westly warned senior presidential adviser Valerie Jarrett that an appearance could be problematic. Westly, an investment fund manager with stakes in green-energy companies, said he was speaking for a number of Obama supporters in asking the president to postpone the visit because Solyndra's financial prospects were dim and the company's failure could generate negative media attention.

"The president should be careful about unrealistic/optimistic forecasts that could haunt him in the next 18 months if Solyndra hits the wall," Westly wrote. Westly did not respond to a request for comment from The Post.

Similar concerns arose repeatedly among officials inside the White House. One staffer at the Office of Management and Budget suggested to a colleague that the visit could "prove embarrassing to the administration in the not too distant future." Even Ron Klain, Biden's chief of staff, acknowledged "risk" in the trip.

But administration officials ultimately waved off the jitters, after assurances from Energy Department officials that their policy was sound and that Solyndra's troubles would be fleeting. After Obama's trip, the administration hung a photo from his visit on a wall in the West Wing, to underscore good things to come.

Solyndra's financial picture did not improve, however, and by year's end the company was crumbling. Its investors pitched bailout plans, seeking help from what a Solyndra executive referred to as the "Bank of Washington" — his apparent term for U.S. taxpayers. The Energy Department rebuffed the plans, at least initially.

In late 2010, Solyndra board member Steve Mitchell told his associates that Energy Department officials had conceded that additional financing was necessary yet said in private meetings that they lacked the political muscle to deliver it. "The DOE really thinks politically before it thinks economically," Mitchell concluded. A spokesman for Mitchell said he would have no comment for this article. An Energy Department spokesman said that all decisions regarding the loan were based on merit.

Solyndra eventually realized that it had to lay off workers to stay afloat — no small step for a company that the president had backed to create jobs in a recession. But records indicate that the Energy Department urged company officials to delay the move until after the contentious November 2010 midterm elections, which imperiled Democratic control of Congress.

Despite the effect that timing might have on workers, one e-mail among company investors ended the discussion by asserting: "No announcement till after elections at doe request." An Energy Department spokesman did not respond to requests for comment for this article.

More than once, investors wrote that the administration appeared to be making particular decisions to avoid looking "bad." A December 2010 e-mail between administration officials' staffers seemed to confirm the suspicions, concluding that "a meltdown" at Solyndra "would likely be very embarrassing for DOE and the Administration."

An outside energy adviser foresaw serious political damage, writing to senior West Wing officials in February to warn that because federal loans went to companies linked to Obama donors, a wave of Republican attacks "are surely coming." He recommended that Obama consider replacing Energy Secretary Steven Chu and his deputies, perhaps with a bipartisan management team.

A Solyndra board member, in a memo, described at length mistakes he thought that company founder Christian Gronet had made, saying that some of the stories about his actions "border on moronic" and that Gronet's missteps had sparked an executive mutiny. Gronet survived, the board member suggested, only because of his close relationship with Energy Department leaders and because he had "star power in D.C."

Gronet's attorney, Miles Ehrlich, said in a statement last week that Gronet did his best but - acknowledged that there had been internal debate about the business strategies he chose.

Political calculus was especially on display in an e-mail early this year between administration staffers who calibrated the damage that could result from pushing back Solyndra's collapse by a few months at a time.

“The optics of a Solyndra default will be bad whenever it occurs,” an OMB staff member wrote to a colleague. “If Solyndra defaults down the road, the optics will arguably be worse later than they would be today. . . . In addition, the timing will likely coincide with the 2012 campaign season heating up.”

Solyndra executives and investors were attuned to the value of playing politics. Memos from Solyndra’s lobbying firm, McBee Strategic Consulting, stressed the need to “socialize” with leaders in Washington and to mobilize a lobbying effort described variously as quiet, surgical and aggressive.

Dinner in Vegas

Beyond the West Wing, the documents provide a vivid glimpse into high-level machinations inside the world of clean-energy entrepreneurs.

Solyndra’s strongest political connection was to George Kaiser, a Democratic fundraiser and oil industry billionaire who had once hosted Obama at his home in Oklahoma. Kaiser’s family foundation owned more than a third of the solar panel company, and Kaiser took a direct interest in its operations.

With the 2010 midterm elections just days away, Kaiser flew to Las Vegas to help the party cause. He was a guest at a private fundraising dinner for Senate Majority Leader Harry M. Reid (Nev.), but the real attraction at the event was its headliner — Obama. Realizing he might have an opportunity to talk with the president, Kaiser’s staff prepped him with talking points about Solyndra.

Kaiser did not have to angle for Obama’s attention. Organizers seated him next to the world’s most powerful man — for two hours.

“OK, I’ll admit it. It was pretty intoxicating,” Kaiser effused in an e-mail to an associate at 5:30 the next morning. “Charming and incisive as always. Casual conversation; not speechifying.”

Kaiser did not squander his time. While he avoided the use of the word “Solyndra,” according to the account he later gave to colleagues, he complained to the president about Chinese manufacturers dumping cheap solar panels on the U.S. market and pressed Obama’s deputy chief of staff about the need for a Buy American Act for federal agencies. The company was intent on making the federal government a major customer — part of what a Solyndra investment adviser called the “Uncle Sam” strategy — and the new act would give Solyndra an advantage.

Kaiser, who has declined interview requests, said through spokesman Renzi Stone that he has not discussed Solyndra’s loan “with the U.S. government.” Other e-mails show that he rejected requests to take a more forceful role in advocating for the company.

Nonetheless, records show that Kaiser, a frequent visitor to the White House, was in contact with officials at Solyndra and its biggest investors, and advised them on leveraging the power of the West Wing.

“Why don’t you pursue your contacts with the WH?” Kaiser advised a Solyndra board member in October 2010.

Nonprofit law specialists said that Kaiser’s focus on Solyndra was striking, because he had no official role at the company and had no personal investment in the corporation. After amassing a fortune in the oil and banking industries, Kaiser had endowed a nonprofit corporation that bore his name, but he did not sit on its board.

The nonprofit corporation, known as the George Kaiser Family Foundation, had its own investment fund, which owned a third of Solyndra. Mitchell, a Solyndra board member, was the fund’s manager.

Despite those walls between Kaiser and Solyndra, e-mail exchanges show that Mitchell repeatedly sought Kaiser’s counsel and in one instance requested “authority” to make a major move.

Nonprofit experts stressed that once Kaiser donated his money to charity — and thereby qualified for millions of dollars in tax breaks — the money was no longer his under federal law.

Kaiser arrived in Las Vegas on the Friday night of the fundraiser, carrying a photo of himself and the president, which Obama signed for him. Over the evening, the oilman’s conversation moved from social chatter to business.

“I talked in general about the Chinese and solar but didn’t want to get too specific with him,” Kaiser told associates. “I did talk to him about the Chinese subsidy over the past nine months and the effect it was having on U.S. solar and wind manufacturers. . . . I thought that a more aggressive trade policy with the Chinese was essential. . . . [Obama] said that these issues would be addressed aggressively at the G-20.”

As for majority leader Reid, Kaiser confided in his e-mails: “Harry was mushy nice . . . Barack said privately that Harry would win by a small margin. I hope he’s right.”

Stone said last week that the dinner was only the second time Kaiser had met the president and that there was nothing wrong with Kaiser taking an interest in the foundation and its investments. While the foundation’s board respected Kaiser’s advice, its members made all the financial decisions, he said.

Packing up

Today, a handful of Solyndra employees remain at its Silicon Valley factory, helping wind down operations. Of the 1,100 workers who lost their jobs, an estimated 90 percent remain unemployed, such as Sterio. She’s relying on help from relatives to make payments on her home, where she lives with her ailing husband and four grandchildren.

Solyndra has failed to attract a buyer who would keep the plant operating, so it is trying to unload its assets piecemeal to pay off its debts. The first $75 million recovered is expected to go to Kaiser’s nonprofit organization and other investors; it is unclear how much will be left for taxpayers.

Along with selling its microscopes and industrial robots, the company in November auctioned off the 30-foot-long blue banner that served as a backdrop for Obama's factory visit.

Winning bidder Scott Logsdon, a laid-off Solyndra worker who's been lucky enough to land a new job, snapped up the sign for $400. He's hoping that with all of the political attention Solyndra's failure has received, the value of the sign will appreciate by Election Day.

It reads: "Solyndra . . . Made in the USA."

Research director Alice Crites contributed to this report.

NY Times

Midlife Crisis Economics

Obama Picks Wrong Historical Analogies

by David Brooks

The members of the Obama administration have many fine talents, but making adept historical analogies may not be among them.

When the administration came to office in the depths of the financial crisis, many of its leading figures concluded that the moment was analogous to the Great Depression. They read books about the New Deal and sought to learn from F.D.R.

But, in the 1930s, people genuinely looked to government to ease their fears and restore their confidence. Today, Americans are more likely to fear government than be reassured by it.

According to a Gallup survey, 64 percent of Americans polled said they believed that big government is the biggest threat to the country. Only 26 percent believed that big business is the biggest threat. As a result, the public has reacted to Obama's activism with fear and anxiety. The Democrats lost 63 House seats in the 2010 elections.

Members of the administration have now dropped the New Deal parallels. But they have started making analogies between this era and the progressive era around the turn of the 20th century.

Again, there are superficial similarities. Then, as now, we are seeing great concentrations of wealth, especially at the top. Then, as now, the professional class of lawyers, teachers and journalists seems to feel as if it has the upper hand in its status war against the business class of executives and financiers.

But these superficial similarities are outweighed by vast differences.

First, the underlying economic situations are very different. A century ago, the American economy was a vibrant jobs machine. Industrialization was volatile and cruel, but it produced millions of new jobs, sucking labor in from the countryside and from overseas.

Today's economy is not a jobs machine and lacks that bursting vibrancy. The rate of new business start-ups was declining even before the 2008 financial crisis. Companies are finding that they can get by with fewer workers. As President Obama has observed, factories that used to employ 1,000 workers can now be even more productive with less than 100.

Moreover, the information economy widens inequality for deep and varied reasons that were unknown a century ago. Inequality is growing in nearly every developed country. According to a report from the Organization for Economic Cooperation and Development, over the past 30 years, inequality in Sweden, Germany, Israel, Finland and New Zealand has grown as fast or faster than inequality in the United States, even though these countries have very different welfare systems.

In the progressive era, the economy was in its adolescence and the task was to control it. Today the economy is middle-aged; the task is to rejuvenate it.

Second, the governmental challenge is very different today than it was in the progressive era. Back then, government was small and there were few worker safety regulations. The problem was a lack of institutions. Today, government is large, and there is a thicket of regulations, torts and legal encumbrances. The problem is not a lack of institutions; it's a lack of institutional effectiveness.

The United States spends far more on education than any other nation, with paltry results. It spends far more on health care, again, with paltry results. It spends so much on poverty programs that if we just took that money and handed poor people checks, we would virtually eliminate poverty overnight. In the progressive era, the task was to build programs; today the task is to reform existing ones.

Third, the moral culture of the nation is very different. The progressive era still had a Victorian culture, with its rectitude and restrictions. Back then, there was a moral horror at the thought of debt. No matter how bad the economic problems became, progressive-era politicians did not impose huge debt burdens on their children. That ethos is clearly gone.

In the progressive era, there was an understanding that men who impregnated women should marry them. It didn't always work in practice, but that was the strong social norm. Today, that norm has dissolved. Forty percent of American children are born out of wedlock. This sentences the U.S. to another generation of widening inequality and slower human capital development.

One hundred years ago, we had libertarian economics but conservative values. Today we have oligarchic economics and libertarian moral values — a bad combination.

In sum, in the progressive era, the country was young and vibrant. The job was to impose economic order. Today, the country is middle-aged but self-indulgent. Bad habits have accumulated. Interest groups have emerged to protect the status quo. The job is to restore old disciplines, strip away decaying structures and reform the welfare state. The country needs a productive midlife crisis.

The progressive era is not a model; it is a foil. It provides a contrast and shows us what we really need to do.

Contentions

[Canada Warns Obama on Keystone XL]

by Alana Goodman

The Obama administration has spent three years reviewing the Keystone XL pipeline, and the Canadian government is understandably frustrated that the decision has been kicked further down the road. After the White House insinuated earlier this week that it might reject the pipeline, Prime Minister Stephen Harper threatened to take the oil elsewhere (via HotAir):

Canada could sell its oil to China and other overseas markets with or without approval of the Keystone XL oil pipeline in the United States, says Prime Minister Stephen Harper.

In a year-end television interview, Harper indicated he had doubts the $7-billion pipeline would receive political approval from U.S. President Barack Obama, and that Canada should be looking outside the United States for markets.

“I am very serious about selling our oil off this continent, selling our energy products off to Asia. I think we have to do that,” Harper said in the Monday interview with CTV National News.

Right now, there’s no avenue for Canada to get the oil to the Pacific for shipping, so any deal with China would be far down the road.

Proposals to build a pipeline extension to reach Canada’s West Coast are also likely to get major pushback from environmentalists. But it is possible. At Huffington Post Canada, Christopher Sands explains:

Canada’s best move now would be to quietly build the pipeline to the West Coast, regardless of the outcome of the U.S. 2012 elections or the progress of Keystone XL construction. Canada needs real options to avoid being repeatedly held captive to American political caprice. To earn U.S. respect and stop the bullying by environmental groups and politicians, Canada must turn its Keystone threats into credible promises, and act on them when necessary.

This would be a major disappointment, but it would be hard to blame Canada for taking that route. Let’s say Obama gets reelected, and the Keystone XL decision comes due in 2013. There’s a good chance Obama will approve the pipeline once he’s free of reelection constraints, but it’s far from certain. Who knows what the political dynamic will be like in a year?

Forbes

America's Massive Energy Potential Awaits, Mr. President

by Robert Bradley, Jr.

The fossil-fuel energy era is not waning. Quite the opposite; it is still young.

For decades, activists have been trying to convince the American people that declining resources would forever make us dependent on expensive foreign oil. But according to a new report from the Institute for Energy Research (IER) on North America’s energy resources, that line of thinking is flat-out false. Based on the latest official statistics, domestic oil, natural gas, and coal deposits are much more extensive than commonly realized.

The real problem is that much of our resources are not being developed because of antiquated, heavy-handed government regulations. As a consequence, the American economy is being deprived of significant job creation and new investments.

Consider this. Total recoverable oil in North America exceeds 1.7 trillion barrels, which is more oil than the entire world has used over the last 150 years. And that amount alone could meet the energy needs of the United States for the next 250 years.

An estimated 1.4 trillion of those barrels are buried under American soil. For some perspective: the total proven reserves in Saudi Arabia is just about 260 billion barrels.

And even that 1.4 trillion figure might be an underestimation. Future technological innovation may well lead to improved detection techniques, helping us locate oil deposits currently uncovered. Or innovation could improve extraction techniques, enabling us to tap into reserves previously thought unreachable.

Recent history gives us good reason to be optimistic. Over the last 30 years, the United States has produced 77 billion barrels of oil — that's two and half times the total domestic reserve experts estimated back in 1980.

The stats on domestic natural gas are also eye-opening. Recoverable natural gas in North America is estimated at 4.2 quadrillion — or 4,244 trillion — cubic feet. At the current rate of consumption, that's enough natural gas to power North America for the next 175 years. And it means that our continent has more robust gas reserves than Russia, Iran, Qatar, Saudi Arabia, and Turkmenistan — *combined*.

Roughly 272.5 trillion cubic feet of that total are in the United States. And production is going up so rapidly that liquified natural gas (LNG) import terminals are being reversed engineered to export surplus U.S. gas.

In the late 1990s, pundits were predicting a sharp uptick in natural gas prices due to a decline in reserves. Just a few years later, American production actually increased dramatically. The reason? Human imagination bred breakthrough technological innovation. Developers built new extraction tools, making it economical to tap into reserves buried in shale and other tight rock formations.

Then there is coal, the most plentiful of all. North America has over 497 billion tons of recoverable coal. That's three time the total reserves of Russia — which, up to this point, has been the world's second largest source of coal. Such reserves could power the United States for the next 500 years.

So, we have huge deposits of a valuable energy resource that is unlocking resources faster than they can be consumed. Why aren't we tapping into our bounty more fully?

The blame rests largely on unnecessary and onerous government regulations. Many offshore reserves are still blocked by outdated moratoriums no one is taking the time to reform. New permit applications are almost always subject to massive bureaucratic delays. Existing energy operations have to navigate labyrinthine — and costly — regulations. And regulators themselves are largely free to impose new controls on energy development with little to no congressional check.

The end result is that just a scant six percent of America's onshore energy deposits are currently being developed. And only 2.2 percent of its offshore reserves are.

The price of oil and gas is much higher than it needs to be. And Americans are deprived of the jobs and wages that would have resulted from new energy projects.

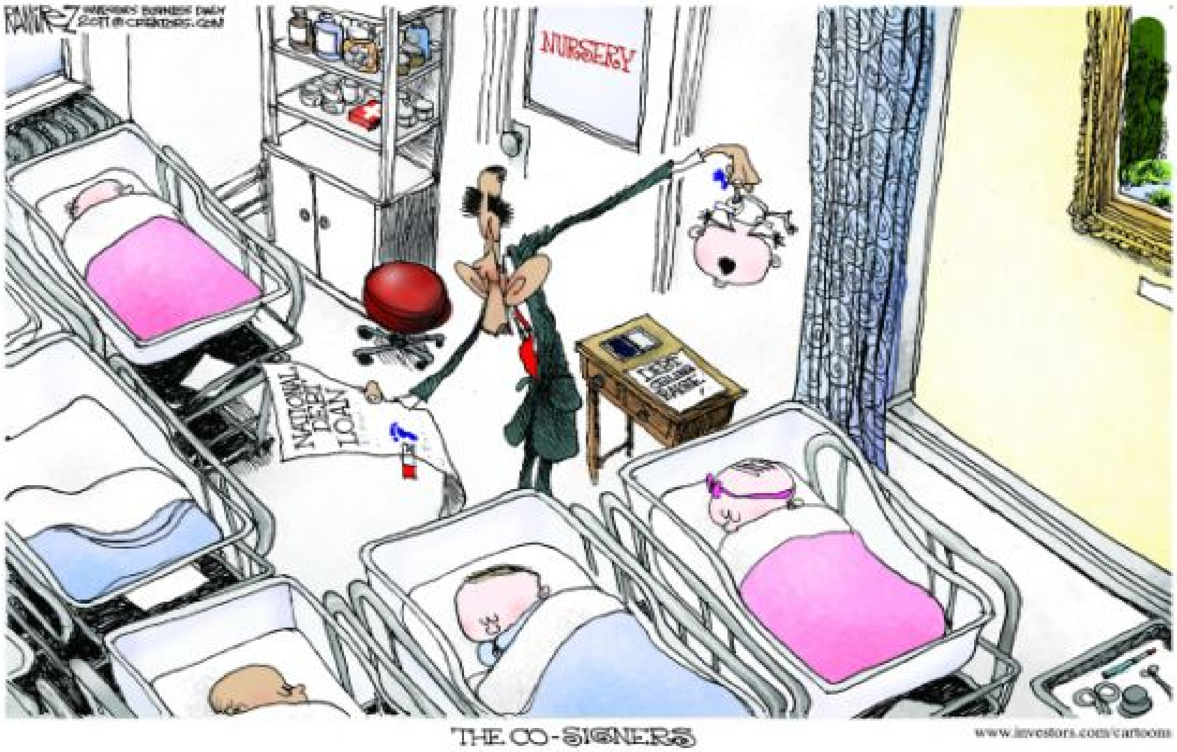
Imagine if the country followed the path of some pro-production energy states, like North Dakota, which has seen a three-fold increase in its domestic energy production over the last five years. Thanks in large part to a recent explosion in energy-related jobs, the state's unemployment rate is just 3.5 percent — the lowest in the country. And while the overall American economy grew just 2.6 percent last year, North Dakota's grew 7 percent.

Likewise, Wyoming's robust coal production sector has helped lower that state's unemployment to just 5.8 percent. And Marcellus Shale projects in Pennsylvania have created an estimated 72,000 new positions since the end of 2009.

Affordable energy is the lifeblood of a vibrant economy. As IER's report shows, this country is blessed with huge and diverse resources whose potential awaits a new philosophy from the current White House. The private sector has already developed the technology to tap into these resources, and many Americans are desperate for the economic opportunities that would spring from new projects.

All that we need now is for government regulators to take a long hard look in the mirror and reverse course. It is high time for America to make good on its energy potential.

Robert L. Bradley Jr. is the CEO & Founder of the Institute for Energy Research and author of Edison to Enron: Energy Markets and Political Strategies (Scrivener Publishing and John Wiley & Sons).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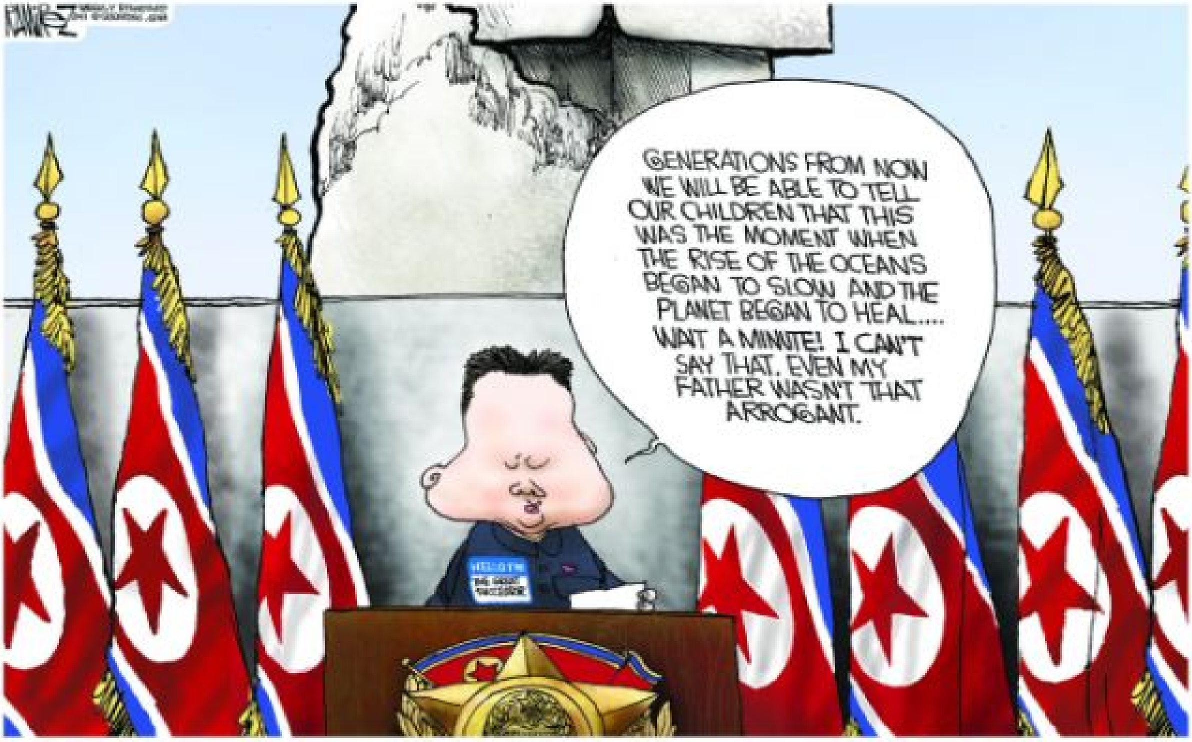

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