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[Yuval Levin](#) provides a thoughtful look at our age of anxiety and how presidential candidates might approach it.

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If you were to judge the state of the country by listening only to the Obama campaign, you would conclude that we are on the verge of the long-awaited triumph of the liberal welfare state, and that all that stands in the way is a gang of retrograde Social Darwinists who somehow manage to be simultaneously nihilistic and theocratic. That band of reactionaries ran the economy into the ground for the sake of their wealthy patrons, and now they're coming for our social programs and for women's freedoms. Only if they are held off can the forward march of history proceed.

If you were to judge the state of the country by listening only to the Romney campaign, you would conclude that all was well in America until we took a wrong turn four years ago and elected a president hostile to freedom and prosperity. If we just correct that error and undo what he has done, our economy will be ready to bloom again.

But neither of these stories speaks to what actually seems to have voters uneasy. The persistently weak economy is at the core of that uneasiness: Thirty-five months after the recession technically ended, economic growth remains anemic, and unemployment remains very high. But Americans are nervous not only because the economy has yet to bounce back, but also because we have a sense that the economic order we knew in the second half of the 20th century may not be coming back at all—that we have entered a new era for which we have not been well prepared.

To say that we are not, in fact, on the verge of the triumph of welfare-state liberalism is of course a gross understatement. We are, rather, on the cusp of the fiscal and institutional collapse of our welfare state, which threatens not only the future of government finances but also the future of American capitalism. But at the same time, American capitalism is not exactly ready to bloom once the shadow of Obama is lifted at last. While our welfare state has grown bloated and bankrupt, our economy has grown increasingly sclerotic—weighed down by a grossly inefficient public sector, the rise of crony capitalism, demographic changes transforming the workforce, and a general loss of focus on productivity and innovation. The American economy still has great stores of strength, but it is not well prepared to make the most of those strengths or to address its deficiencies as a global competitor.

This is not the fault of conservative plutocrats or of Barack Obama. It is not the fault of income inequality or of the Federal Reserve. It is the fault of our country's failure to adequately modernize its governing institutions and its economy—its public sector and its private sector. This failure exposes us to a grave risk of stagnation, and, therefore, decline. And it is that risk, which we all have been sensing in our bones in recent years, that has Americans exceptionally anxious. ...

... The problem is that America is unprepared for the future, and Barack Obama is not so much the cause of that problem as the embodiment of it. He stands for what has gone wrong, and his ideological views, his party's most powerful constituencies, and his policy commitments stand in the way of America's future prosperity.

A proper understanding of the nature of that problem would not only help to show voters why Obama must be sent packing, but would also reinforce the case for Romney's particular strengths in this unusual moment. The Romney campaign has yet to make an overarching case for the candidate. They would be wise to notice that a careful assessment of what America lacks as a new global economic order takes shape could add up to just such a case.

The American public knows that the nation's economic prospects are in exceptional peril. Huge majorities of voters say that this recovery feels like a recession, that the country is on the wrong track, and that their children's economic prospects seem dimmer than their own. There is more going on than a cyclical downturn. ...

... America needs more than economic growth. But without growth, we cannot hope to take up our other priorities. With the crumbling of the liberal welfare state and the passing of the postwar economic order, we are badly in need of a new vision for growth. Barack Obama stands for the old order. If Mitt Romney chooses to stand for the new one—for American principles, drive, and ingenuity applied to our novel circumstances—America's anxious electorate might just stand with him.

Janet Daily, writing in the Telegraph, UK, on the end of Europe's utopian dream.

... As I write, Greece is experiencing what is now called a "bank jog" – a fairly slow "run". By the time you read this, it may have become a sprint. How long before the (unelected) Greek government imposes a freeze on all bank accounts? Or exchange controls to prevent anyone taking or sending more than very small amounts of money out of the country? When will we start to see prosecutions for "economic crimes" in which the survival of the political project takes precedence over the right to access and make free use of your own funds? Not to mention tanks in the streets to control social unrest. The West may have won the Cold War but its own brand of utopian solution – the great economic and political union that would put an end to war and social instability – is toying dangerously with mechanisms that are certainly anti-democratic and come close to being totalitarian.

This is not just a story of bureaucratic grandiosity, or of German insistence on domination. Certainly it is true that there is an irreconcilable cultural clash between the more puritanical North and the, shall we say, more indulgent South. It turns out that Marx was wrong about economic conditions determining political behaviour: a nation's religion and geography are much more likely to affect its economic attitudes than the other way round. But it is not the dream of European co-operation that was doomed from the start: given the ancient hatreds and unforgivable sins of the past, that was difficult, but it was not impossible. What has made the project unworkable is the insistence that the EU be a vehicle for democratic socialism: the impossible dream was not European unity but universal "social solidarity" stretching across a continent, for which the single market was simply a milch cow to produce the funds. ...

Debra Saunders says Obama thinks he is fairness czar.

... Monday, a reporter asked Obama about Booker's remarks and the role of private equity. The president explained that the goal of private investment is to "maximize profits," whereas a president's job is to make sure that everyone has "a fair shot" and that everyone pays his or her "fair share" of taxes.

That's the problem with Obama: He thinks he's the fairness czar. He didn't say that presidents are supposed to create an environment that nurtures business success. He said a president is supposed to make sure that nobody walks away with too much.

*When you're president, Obama said, "your job is to think about those workers who get laid off and how are we paying for their retraining." **Obama's** war is a war on private money. He thinks his job is to create job-training programs, not create an environment that creates real jobs.*

Victor Davis Hanson says if you're cool, you can walk. Kinda like the cool president can make jokes about weed and blow, while his government locks up the unlucky. *When Barack Obama two years ago joked at the White House Correspondents' Dinner that potential suitors of his two daughters might have to deal with Predator drones ("But boys, don't get any ideas. Two words for you: Predator drones. You will never see it coming."), the liberal crowd roared. That failed macabre joke would have earned George W. Bush a week of headline condemnation from the New York Times and the Washington Post.*

Obama, in fact, has increased those judge/jury/executioner targeted assassinations tenfold during his tenure. But apparently, the combination of Obama's postracial "cool" and the video-game nature of such airborne death — no CNN clips of charred torsos and smoldering legs, no prisoners with their ACLU lawyers in Guantanamo, no Seymour Hersh exposé on a Waziristan granny who was vaporized for being too near her terrorist-suspect grandson, no American losses for Code Pink and Moveon.org to demonstrate against — earned general exemption for that new liberal way of war. What bothered us about the Predator strikes in 2006–2008 was not the kills per se but the uncool nature of twangy Texan George Bush, who ordered them.

Last week 28-year-old, \$17 billion–rich, jeans-clad Mark Zuckerberg took Wall Street for a multibillion-dollar ride, making his original buddies instant billionaires and his loyal larger circle millionaires. Note that there is no Occupy Wall Street protest at Facebook headquarters. Just as there are none at Oprah's house or the residence of Leonardo DiCaprio, despite their take each year of between \$50 and \$100 million.

No one has suggested that Hollywood lower movie-ticket prices by asking Johnny Depp or Jennifer Lopez to walk away with \$10 or \$20 million less a year. Steve Jobs found ways to dodge taxes comparable to those deployed by any Wall Street fatcat, but he was iPad cool, and so his iPhone billions were exempt from the Occupy nonsense. Cool capitalists are immune from the neo-Marxist critique of capitalism — a racket that \$40 billion–rich Warren Buffett learned late in life, but well enough, with the "Buffett Rule." ...

If two days ago, you did not look at the video of Penn Jillette making the same point as Hanson above, here's a second chance. Here's [Penn Jillette](#) with his reasoning for ending the drug war. The language here is a little rough, but he was exercised about the juxtaposition of the people in jail with the nonchalant attitude of the president.

Weekly Standard

[Our Age of Anxiety](#)

Romney's challenge is to address the deep uneasiness in America and point the way to a comeback.

by Yuval Levin

There is something very strange about the 2012 presidential race so far. The election comes at a time of extraordinary public unease, which clearly demands some response from the political system, and especially from the men running for the highest office in the land. But the two presidential candidates are both running campaigns oddly detached from what is rightly worrying voters.

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But neither of these stories speaks to what actually seems to have voters uneasy. The persistently weak economy is at the core of that uneasiness: Thirty-five months after the recession technically ended, economic growth remains anemic, and unemployment remains very high. But Americans are nervous not only because the economy has yet to bounce back, but also because we have a sense that the economic order we knew in the second half of the 20th century may not be coming back at all—that we have entered a new era for which we have not been well prepared.

To say that we are not, in fact, on the verge of the triumph of welfare-state liberalism is of course a gross understatement. We are, rather, on the cusp of the fiscal and institutional collapse of our welfare state, which threatens not only the future of government finances but also the future of American capitalism. But at the same time, American capitalism is not exactly ready to bloom once the shadow of Obama is lifted at last. While our welfare state has grown bloated and bankrupt, our economy has grown increasingly sclerotic—weighed down by a

grossly inefficient public sector, the rise of crony capitalism, demographic changes transforming the workforce, and a general loss of focus on productivity and innovation. The American economy still has great stores of strength, but it is not well prepared to make the most of those strengths or to address its deficiencies as a global competitor.

This is not the fault of conservative plutocrats or of Barack Obama. It is not the fault of income inequality or of the Federal Reserve. It is the fault of our country's failure to adequately modernize its governing institutions and its economy—its public sector and its private sector. This failure exposes us to a grave risk of stagnation, and, therefore, decline. And it is that risk, which we all have been sensing in our bones in recent years, that has Americans exceptionally anxious.

It is easy to see why President Obama would avoid taking up this challenge: As the incumbent, he bears responsibility for the fiscal disaster and poor economic performance of the past few years. Worse yet, the vision of the liberal welfare state is the very core of his own governing philosophy, and to acknowledge the failure of that vision and the end of the economic order in which it was dominant is to acknowledge that Obama has nothing constructive to offer. It is to confront directly the disastrous failure of his economic policies, and the dismal unpopularity of his signal domestic achievements. The president can only win reelection by changing the subject—by getting the public to ask questions to which his brand of liberalism might be an answer. And so he desperately seeks to tell a story in which income inequality is at the heart of our economic woes and our existing entitlement system is the key to prosperity and security—a story both internally incoherent and utterly detached from reality, and which could only be sustained by misdirection and distraction.

It is more difficult, however, to see why Mitt Romney would not be laying out the nature of America's predicament before the public. He has begun to offer an agenda that speaks to some key elements of the predicament, but he has not made a coherent case for that agenda as a whole, and so ends up presenting voters with laundry lists of policy ideas wrapped in general criticisms of Obama. He has yet to state clearly the problem to which he offers up his economic policies as a solution.

The problem is that America is unprepared for the future, and Barack Obama is not so much the cause of that problem as the embodiment of it. He stands for what has gone wrong, and his ideological views, his party's most powerful constituencies, and his policy commitments stand in the way of America's future prosperity.

A proper understanding of the nature of that problem would not only help to show voters why Obama must be sent packing, but would also reinforce the case for Romney's particular strengths in this unusual moment. The Romney campaign has yet to make an overarching case for the candidate. They would be wise to notice that a careful assessment of what America lacks as a new global economic order takes shape could add up to just such a case.

The Great Slowdown

The American public knows that the nation's economic prospects are in exceptional peril. Huge majorities of voters say that this recovery feels like a recession, that the country is on the wrong track, and that their children's economic prospects seem dimmer than their own. There is more going on than a cyclical downturn.

There are many ways to describe what appears to be worrying these voters, but if we were to sum up the danger in one word it would be stagnation. After decades of galloping growth, America now faces the prospect of a harsh and sustained deceleration, and therefore of falling behind in the world economy.

In the 60 years following World War II, the American economy grew at an average rate of 3.4 percent per year—a truly astounding persistent pace of expansion. This growth brought with it sustained improvements in income and standards of living—improvements that we have come to regard not as miraculous advances but as the normal course of American life. Our sense of the nation's overall standard of living takes such growth for granted, so that a period of significantly slower growth feels like a real step down.

We have been living through such a period lately. Annual economic growth averaged 3.5 percent between 1960 and 1999, but only 1.7 percent between 2000 and 2009. In the Obama years, we have averaged 0.6 percent growth.

It will not be easy to regain our old trajectory. Economic growth is in essence a function of two factors—workforce expansion and productivity improvement—and the growth of the past half-century has involved both in roughly equal measure. As the population grew in the wake of the baby boom and women entered the workforce en masse, the American labor force grew by leaps and bounds, accounting for just under half the total economic growth in this period. Meanwhile, as new technologies and business-model innovations emerged in fierce succession, productivity gains accounted for the rest.

It is already perfectly clear that this balance of factors cannot be sustained. As the baby boomers retire and the proportion of women in the workforce plateaus, the growth of the labor force contributes less and less to the growth of the economy. In the past decade, productivity gains accounted for 80 percent of total economic growth, up from 53 percent in the 1990s and 47 percent in the 1980s, according to a recent study by McKinsey and Associates. The role of the labor force is diminishing quickly as the growth of that labor force slows. This suggests that economic growth in the coming decades will depend decisively on productivity growth. If we are to experience anything like the prosperity of the postwar era, our economy will need to be more productive than ever. Efficiency must be the watchword of our economic policy.

But we are not well positioned for the kind of explosion of efficiency we will need. Our government finances are in shambles, our public sector is woefully inefficient, and our private economy is very poorly served by a set of policies and institutions that seem intent on denying us a productive future workforce and on subjecting more and more of the economy to a regulatory mindset that prefers consolidation to growth.

The story of our public finances is the story of the collapse of the liberal welfare state. The edifice of the Great Society entitlement system, poorly constructed in a time of plenty and shielded from reform ever since by a bipartisan conspiracy of political convenience, is crumbling all around us. At its core are the health care entitlements—Medicare and Medicaid—which between them are responsible for essentially all of the growth of government as a share of the economy over the last four decades, and all of its projected unsustainable growth in the next four. At its periphery is an approach to discretionary spending that has left us with a broken budget process and an array of bloated and ineffective public programs. It all adds up to an explosion of the national debt—which has nearly doubled in just the past four years—and to a course of spending and borrowing that we could not hope to chase with tax increases even if we

wanted to, and that our creditors know we cannot sustain. This is not the government of a lean, efficient, 21st-century economic power.

And it is not just government spending but government work that is holding us back. The two sectors of our economy that have seen the most job growth in the past decade have been the two most government-dominated sectors: health care, and government employment itself (especially in education). In both cases, that growth has decidedly not been matched by improvements in productivity. Our health care system—largely as a result of Medicare and Medicaid and of the poor design of the tax treatment of employer-purchased health insurance—is horrendously inefficient, inflating costs without any relationship to outcomes and playing a central role in an economy-wide wage stagnation. In education at all levels, meanwhile, we have been paying more and more for less and less—the very opposite of productivity improvement—while much-needed reforms have been prevented by powerful unions and their allied politicians.

The private economy is not exactly getting geared for efficiency either. The failure of education reform makes it difficult for too many younger Americans to gain the skills they will need to compete with foreign workers in tomorrow's economy, and our immigration policy imports low-skilled foreigners to compete with low-skilled American workers while denying employers the high-skilled workers they lack. It is the worst of all worlds for building American human capital and driving productivity and innovation.

The tax code, meanwhile, undermines the competitive position of American producers and imposes immense efficiency costs on the entire economy. And from the financial sector to the auto industry, energy, health insurance, pharmaceuticals, and beyond, federal regulators are busily constructing rules and incentives to bring more and more of the economy into line with the objectives of government managers, rather than consumers and producers.

Economic policy is increasingly dominated by an ideal of state capitalism, in which regulators prefer to work with a few large players in each industry—functioning essentially as public utilities—while making the lives of smaller competitors and innovators next to impossible. This is where the health and insurance sectors are being driven under Obamacare. It is where Dodd-Frank wants to take American banking and finance. It is a vision suited to managing stagnation—with big government, big business, and big labor dividing responsibilities and benefits and keeping outsiders out—rather than to enabling growth.

All of this makes it very difficult to see how America can take the necessary steps to return to a trajectory of growth in the 21st century. The way is blocked by the partisans of the status quo, who are sternly opposed to any reforms that would enable innovation and efficiency at the cost of undermining the spoils system built up over half a century.

Barack Obama personifies this opposition to the reforms essential for growth. His express objectives are to protect our existing entitlement system from structural reforms, to increase the tax burden on investment and employment, to further empower and liberate regulators, and to bring more of our economy into the public sector. His economic policy is unimaginative in the extreme—combining early-20th-century social democratic theory with mid-20th-century pork barrel politics. His answer to the government's fiscal woes is to squeeze the military and the taxpayer to buy a few more years of denial. In every respect, he stands for stagnation and stasis, for defensive consolidation rather than aggressive growth. He thinks the best we can do is to manage decline.

Simply put, President Obama has no interest in a new way of thinking about America's prospects, and therefore essentially nothing to offer to assuage the public's growing anxiety. All he can do is try to direct that anxiety away from himself. He is at best irrelevant, at worst a great impediment, to the effort to keep America growing in the new economic order we are entering.

Promoting Growth

To help voters see that fact, Republicans this year will have to show that they are not similarly disconnected from what worries Americans. Rather than beginning from Obama's failures, or from vague if well-meaning allusions to the importance of liberty, Mitt Romney should begin his appeal by explaining the sources of public concern. He should be frank about the danger of stagnation, clear about identifying President Obama with precisely the difficulty we face, and then explicit in offering his own alternative and his own qualifications.

That alternative should aim not simply to remove obstacles to prosperity, but to cultivate the sources of strength and growth in the American economy—to help enable the kind of productivity boom necessary to get us back on a trajectory of growth.

Ironically, one plausible source of the next productivity boom is American health care. Today's health sector is horrendously inefficient—thanks largely to poorly conceived federal policy—and yet demand for care is great and growing in our aging society, which makes health care primed for an efficiency revolution.

This would require above all the transformation of Medicare, which is principally responsible for the distorted fee-for-service business model of American medicine. By using the government's immense leverage to drive innovation and contain costs through competition (rather than to drive volume and inflate costs through price controls), a gradual reform of Medicare into a premium support system could not only offer seniors more options but help unleash a wave of innovation throughout American health care. And at least as important, it could save Medicare from fiscal collapse, and so allow it to continue providing guaranteed, comprehensive health coverage to the elderly.

A reform of the broader health sector could advance the same cause. Like Medicare's fee-for-service structure, the design of today's tax exclusion for employer-provided care and the design of the Medicaid system both aggressively inflate costs rather than encouraging productivity and value in health care. Obamacare doubles down on the worst elements of them all: further tightening price controls in Medicare, vastly enlarging an unreformed Medicaid system, and building a new open-ended federal entitlement alongside today's tax exclusion for employer coverage. Repealing that law must obviously be part of any agenda for American prosperity. But so must a real health care reform that moves in the opposite direction from Obamacare, toward a more competitive insurance market that drives health care providers to offer better quality at lower cost.

This should involve transforming today's tax exclusion for employer-provided coverage into a fixed tax credit available to anyone (or at least to people not currently covered by a large employer) for the purchase of coverage. The credit would replace the value of the tax exclusion while giving people far greater control over their own insurance. By putting the credit on the table, moreover, such a reform would create an enormous incentive for insurers to offer attractive products to today's uninsured at roughly the cost of the credit—by adjusting the

balance between premiums, co-pays, and deductibles and offering some catastrophic-coverage options rather than only fully comprehensive ones. This would put at least some meaningful insurance within reach for essentially all of the uninsured at a fraction of the cost of Obamacare.

Meanwhile, the open-ended federal contribution to the Medicaid program (which helps propel that program's rapid cost growth today) should be converted into a block grant that states could choose to employ in the form of an additional means-based credit—allowing the poor to enter the general insurance system, rather than segregating them in today's inferior Medicaid ghetto. Such a transformation of health care policy would not only help cover the uninsured and save the federal budget, it could enable a productivity explosion in one of our economy's fastest growing yet least efficient parts.

A second and perhaps no less surprising potential source of strength is the energy sector. While the president has indulged in embarrassing fantasies about solar and wind power and electric cars, America's domestic energy supply has undergone an utter revolution in the past few years. Advances in technologies for recovering oil and gas from previously inaccessible sources now look increasingly likely to make available astonishing quantities of domestic fossil fuels.

Producers and investors are clearly adjusting to this new reality, but it has barely begun to be noticed in our political system. In a May 10 hearing of the House Science Committee's energy subcommittee, for instance, Anu Mittal of the Government Accountability Office told a stunned panel of members that oil-shale deposits in the Green River Formation in Colorado, Utah, and Wyoming alone "are estimated to contain up to 3 trillion barrels of oil, half of which may be recoverable, which is about equal to the entire world's proven oil reserves." Newly accessible natural-gas reserves around the country could be equally staggering in volume. The United States may be on the verge of becoming the world's fossil-fuel colossus.

But the Obama administration's response to these developments has been largely to ignore them, as they are at odds with the green energy agenda. The age of nonfossil fuels will surely come someday—though it will likely require a serious adjustment in the left's attitude toward nuclear power. But that day remains far off, and for the moment fossil fuels are not only essential to powering our economy but may be the source of the next great wave of productivity and wealth creation in America. The administration's choice of lifestyle liberalism over this new opportunity for growth is nothing short of governing malpractice. Mitt Romney should make the public aware of the good news regarding American energy, and should propose to put the federal government fully behind the domestic fossil-fuel revolution: making public land available, helping develop new exploration technologies, and encouraging innovation toward cleaner ways to burn oil and gas.

While promoting reforms to encourage these two potential boom sectors in particular, Romney should also seek to modernize the federal government's approach to the economy more generally, to make it supportive of the productivity improvements we need. One obvious target for reform is the tax code, which, as nearly everyone by now agrees, needs to be made broader and flatter to raise more revenue more efficiently. The daunting maze of credits and deductions should be pared back to serve just a few essential ends (like charitable giving, health insurance, and child rearing), rates should be lowered where they can be, and the corporate income tax rate in particular must be brought into line with those of our competitors abroad.

President Obama seems to prefer to make the code even less conducive to investment and employment in an effort to score some cheap political points. Here as elsewhere, Romney must show how fundamentally unserious the president has become, and how disconnected from our real needs and circumstances.

Governor Romney should also shine a light on the disturbing expansion of regulatory power that has accompanied the growth of the liberal welfare state (under Republican and Democratic presidents alike). Regulation obviously has a crucial role to play in governing free markets, but as bureaucratic discretion has increasingly replaced clear and predictable rules approved by elected officials, our regulatory system has become an obstacle to innovation. Romney should call for rebalancing our constitutional separation of powers by requiring all major regulations (judged to carry costs of \$100 million or more) to be approved by Congress, along the lines of legislation passed by the House last year, and for pulling back the unprecedented regulatory discretion granted by Dodd-Frank.

Finally, he should pursue a human capital agenda to help supply the labor force our economy will need if we are to pull off a productivity revolution. This is no simple matter. One key element must involve turning our immigration policy on its head: Rather than importing low-skilled workers to compete with the Americans most hard-pressed in our evolving economy while preventing the world's best and brightest from coming here, we must control the southern border and rein in our family reunification policies (allowing spouses and children but not other relatives of naturalized immigrants to come here) while significantly increasing the volume of high-skilled immigrants we permit.

But the real heart of a human capital agenda must be education reform, which for the most part is not the federal government's purview. Romney should propose to put Washington on the side of serious reformers in the states working to modernize K-12 education by breaking the stranglehold of the teachers' unions, permitting more choice and variety, and beginning to think beyond our 19th-century system of school districts and local boards of education. He should also not be afraid to put the weight of the federal government behind efforts to reduce the costs of college—using the leverage of federal dollars (not only the billions in subsidized loans, but even the billions in academic research grants) to deflate the higher education bubble, rather than vigorously pumping it up as federal dollars now do, and encouraging alternatives to the traditional four-year degree.

And as he pursues pro-growth reforms like these, Romney should also lay out a new vision of the American safety net, understood as a way to make the benefits of a thriving economy available to all—of making the poor less dependent, not making everyone else more so. Productivity and efficiency need not come at the expense of financial security and social cohesion; indeed, they have often gone hand in hand throughout our history. Only in a stagnant economy, in which redistribution is the only means of bettering the condition of the needy, is the good of employers and producers fundamentally at odds with that of workers and consumers, or with that of the poor.

Economic growth driven by competition and innovation has been easily the most effective means of lifting people out of poverty, particularly when coupled not with an empty promise of material equality but with a fervent commitment to upward mobility. And for those unable to rise, the safety net should work in line with the broader economy, using market mechanisms to offer options and encourage choice, and never coming at the expense of the family, religion, or civil society—as our welfare state too often has. The welfare reforms of the mid-1990s offer a model

for such a broader transformation of our often counterproductive antipoverty programs. They should be adapted for the various related aims of our safety net.

None of these reforms would dramatically disrupt the lives of most Americans. They could all take the form of modest, gradual reorientations of our governing institutions and policies directed to better preparing America for the new economic order we confront. And none of them would require a dramatic rethinking of Romney's agenda, either. He has already proposed a number of these ideas, and could easily find his way to others. What he has lacked is a unifying thread—an understanding of America's particular predicament that could begin where anxious voters are and end with a platform for renewal.

What ties these various elements together is the need to modernize our economy to compete and grow. That is the essence of a conservative reform agenda to get us out from under the rubble of the liberal welfare state and help America come to terms with both its considerable strengths and its very real weaknesses in the emerging world economy.

A Romney Agenda

It is hard to imagine a figure more poorly suited to this essential task than Barack Obama—so committed is he to the dying order, and so sternly opposed to nearly every reform this moment requires. And it is also hard to think of a figure better suited to this particular way of approaching our economic challenge than Mitt Romney. This is not only because his more market-oriented views are closer to the attitude we need, but also because Romney in particular has spent much of his career helping various enterprises discover their hidden strengths and modernize to compete.

The conventional wisdom of this campaign has been that Romney's background in private equity would be a liability for him—exposing him as a wealthy bloodsucker and professional firer of blue-collar workers. But this assumes that Americans accept Obama's version of the problem we confront: that all is well with our welfare state and the only thing standing in the way of America's success is the greed of the wealthy. This has never been a common view in America, and there is no reason to think it is now.

If, however, American voters can come to see that our economic challenges—and their own anxieties about the future—are grounded in our being genuinely unprepared for the 21st century, then Romney's biography might offer some powerful reasons to elect him this fall. The fact is that private equity is a productivity engine. Firms like the one Romney started, Bain Capital, invest in companies that have potential but are underperforming and—using market incentives and an intense focus on efficiency—seek to dramatically improve their productivity and help them grow and prosper.

They do not always succeed, of course, and the productivity improvements they impose do sometimes involve job losses as well as job gains. But their goal is growth, and their effect has been to create more jobs and to create more wealth. Romney's background does not mean he would govern as a private equity manager but rather that he understands what it takes to be effective and productive in the private sector and to create jobs and wealth—that he has seen what the modern economy requires, and what the American economy lacks. His experience can allow him to speak to the nation's concerns in practical rather than strictly ideological terms, and

to make the case that, while our problems are real, our great strengths are too, and the era of American growth and opportunity is by no means behind us.

To be sure, this way of seeing things is helpful largely in the economic arena, and Romney's approach to foreign policy, social issues, and many other questions is informed by other ways of thinking. But the insights gained through decades of experience in fueling productivity would be of great use in the effort to fix our ailing entitlement system, to implement broader government reform, and to put the economy right.

America needs more than economic growth. But without growth, we cannot hope to take up our other priorities. With the crumbling of the liberal welfare state and the passing of the postwar economic order, we are badly in need of a new vision for growth. Barack Obama stands for the old order. If Mitt Romney chooses to stand for the new one—for American principles, drive, and ingenuity applied to our novel circumstances—America's anxious electorate might just stand with him.

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Telegraph, UK

Europe finally awakes from its utopian dream

A defiant Angela Merkel is doing no more than defending the interests of her own electorate.

by Janet Daily



Message understood: graffiti depicting the euro symbol as a grenade about to be thrown, on a wall in Athens

Let's say this again, just in case a single sentient being on the planet has missed it: Germany cannot simply decide to bail Greece (or Spain, or Italy, etc) out of its debts. OK? However much Angela Merkel is nagged, berated, bullied and patronised by Barack Obama, David Cameron, or the BBC/Guardian axis that regard the preservation of the euro project as critical to their own interests, she cannot just revoke, in a unilateral act, the rules of German government or of the Bundesbank.

Her persistent refusal to "take decisive action" of the kind that would suit the purposes of all those clamorous voices at the G8, is not "dithering", as it is so often described. In fact, it is not (or not entirely) to be explained in any of the mildly contemptuous ways that her tormentors suggest. It does not arise from an unthinking, superstitious terror instilled in her by the Weimar nightmare of hyper-inflation. Nor is it a narrow-minded expression of the German hausfrau's values of thrift and self-discipline. What Mrs Merkel is doing, quite appropriately, is defending the integrity of her national constitution, the economic principles on which her country's economic success has been built, and the interests of her own electorate.

As the leader of a democratic state, what else should she be expected to do? Would Mr Cameron, who is busily assuring us that he will always put the needs of this country first, be chivvied into throwing over the interests of his own citizens for the sake of another national population that has come to grief largely as a consequence of its own misjudgments? Last week, he called for the "pooling [of] fiscal sovereignty" among the eurozone countries. Would he be willing to give up his Government's right to determine its own tax and spending policy?

And would Mr Obama reverse the fundamental principles of the United States Constitution for the sake of a short-term solution to a global economic problem? (Well, actually, maybe he would. Given his egomaniacal tendency to regard the Supreme Court as a turbulent nuisance when it obstructs his plans, he might not be the best exemplar of constitutional probity.)

In truth, if Mrs Merkel's reluctance to churn out euros on the Bundesbank printing presses is based on anything other than the straightforward illegality of such a step in German terms, it is probably rooted in more recent associations than Weimar. East Germany is the spectre that hovers over this debacle: the Soviet model of a phoney currency that is manufactured to meet political requirements and which – at the point of national collapse – may simply be exchanged, as the Ostmark was, at an arbitrary nonsense rate in order to avoid pauperising an entire people. That is where Mrs Merkel (and the rest of us) might well see the euro heading if the "decisive action" merchants get their way: not just toward dangerously inflationary levels, but to the status of a fictional currency that can be expanded at will to prop up an ideological delusion.

The "full employment" of the Warsaw Pact countries which was created by central committee fiat, along with the currency to pay for it, is now regarded as one of the more obviously risible facts of Eastern bloc life. But how different from that would it be to create euros to pay for the pensions of the Greeks (or of the French, whose retirement age of 60 François Hollande has promised to restore)? In fact, when will we confront the most fundamental dilemma of this European crisis: that in order to offer the comprehensive entitlement programme that is promised by European "social solidarity", the EU would not only have to churn out endless mountains of progressively more meaningless currency, but would also be forced to institute forms of economic control that Eastern Europe might have recognised?

As I write, Greece is experiencing what is now called a "bank jog" – a fairly slow "run". By the time you read this, it may have become a sprint. How long before the (unelected) Greek

government imposes a freeze on all bank accounts? Or exchange controls to prevent anyone taking or sending more than very small amounts of money out of the country? When will we start to see prosecutions for “economic crimes” in which the survival of the political project takes precedence over the right to access and make free use of your own funds? Not to mention tanks in the streets to control social unrest. The West may have won the Cold War but its own brand of utopian solution – the great economic and political union that would put an end to war and social instability – is toying dangerously with mechanisms that are certainly anti-democratic and come close to being totalitarian.

This is not just a story of bureaucratic grandiosity, or of German insistence on domination. Certainly it is true that there is an irreconcilable cultural clash between the more puritanical North and the, shall we say, more indulgent South. It turns out that Marx was wrong about economic conditions determining political behaviour: a nation’s religion and geography are much more likely to affect its economic attitudes than the other way round. But it is not the dream of European co-operation that was doomed from the start: given the ancient hatreds and unforgivable sins of the past, that was difficult, but it was not impossible. What has made the project unworkable is the insistence that the EU be a vehicle for democratic socialism: the impossible dream was not European unity but universal “social solidarity” stretching across a continent, for which the single market was simply a milch cow to produce the funds.

Unfeasibly enormous social security and entitlement promises were made on the basis that the free market would always provide. Nobody bothered to ask what would happen when the market faltered or fluctuated (as genuinely free markets do) or when the sense of entitlement outgrew the wealth that could be created. The problem is not unique to Europe. They are facing the same question in the US, where benefits programmes – particularly social security (the US federal pensions system) and Medicare – have become as untouchable, and as financially unsustainable, as they are here.

How long will freedom survive in the face of mass rage at the loss of the economic security that has come to be seen as a basic human right? People were told that they could have lifelong protection from want without any restrictions on their liberty or their economic self-determination. So now the cake has been well and truly eaten and had. The EU is going to have to admit sooner or later that this fantasy has run its course.

San Francisco Chronicle

The Democrats' war on money

Obama Thinks He's the Fairness Czar

by Debra J. Saunders

Cory Booker, mayor of Newark, N.J., came across as a moderate, sensible Democrat when he said on "Meet the Press" on Sunday that negative political ads are "nauseating to the American public. Enough is enough. Stop attacking private equity. Stop attacking Jeremiah Wright."

Booker, an Obama surrogate, later tried to walk back his comments. He posted a video in which he explained that he was expressing his frustration with negative campaigning when he spoke out, effectively undermining the president's re-election narrative. (Booker also referred to the

biggest non-story in politics last week, about a political consultant who recommended that a Super PAC use Wright in an anti-Obama ad. That ad didn't get made.)

But there is no walking back from Booker's disapproval of the Obama campaign's attacks on Bain Capital, the private-equity firm that Mitt Romney helped found. Last week, Team Obama released an ad that told the story of a Kansas steel mill that Bain bought in 1993 and that went bankrupt in 2001. In the ad, laid-off steel workers had some choice words for Romney. Like "vampire" and "job destroyer."

The problem with such ads, Booker said Sunday, is that "we're getting to a ridiculous point in America." Pension funds, unions and others invest in companies like Bain Capital. Bain's record has been to grow businesses. To Booker, Bain Capital has been good for America. To Obamaland, Bain Capital has been bad for America.

As a mayor, Booker added, he too has had to lay off workers, "because it's the only way my government would survive. Call me a job-cutter, if you want."

I should note that PolitiFact rated as "mostly true" this statement from the Obama campaign: "After purchasing the company, Mitt Romney and his partners loaded it with debt, closed the Kansas City plant and walked away with a healthy profit, leaving hundreds of employees out of work with their pensions in jeopardy." Missing from the story: The fact that Romney wasn't in charge anymore, and in 2001 the steel industry was in a world of hurt - low steel prices, high production costs - that drove a lot of mills out of business.

I would add that the steelworkers in the ad were talking about the heyday of the steel industry, which occurred long before Bain stepped in to rescue an ailing mill.

Monday, a reporter asked Obama about Booker's remarks and the role of private equity. The president explained that the goal of private investment is to "maximize profits," whereas a president's job is to make sure that everyone has "a fair shot" and that everyone pays his or her "fair share" of taxes.

That's the problem with Obama: He thinks he's the fairness czar. He didn't say that presidents are supposed to create an environment that nurtures business success. He said a president is supposed to make sure that nobody walks away with too much.

When you're president, Obama said, "your job is to think about those workers who get laid off and how are we paying for their retraining." [Obama's](#) war is a war on private money. He thinks his job is to create job-training programs, not create an environment that creates real jobs.

National Review

The Power of Cool

by Victor Davis Hanson

When Barack Obama two years ago joked at the White House Correspondents' Dinner that potential suitors of his two daughters might have to deal with Predator drones ("But boys, don't get any ideas. Two words for you: Predator drones. You will never see it coming."), the liberal

crowd roared. That failed macabre joke would have earned George W. Bush a week of headline condemnation from the *New York Times* and the *Washington Post*.

Obama, in fact, has increased those judge/jury/executioner targeted assassinations tenfold during his tenure. But apparently, the combination of Obama's postracial "cool" and the video-game nature of such airborne death — no CNN clips of charred torsos and smoldering legs, no prisoners with their ACLU lawyers in Guantanamo, no Seymour Hersh exposé on a Waziristan granny who was vaporized for being too near her terrorist-suspect grandson, no American losses for Code Pink and Moveon.org to demonstrate against — earned general exemption for that new liberal way of war. What bothered us about the Predator strikes in 2006–2008 was not the kills per se but the uncool nature of twangy Texan George Bush, who ordered them.

Last week 28-year-old, \$17 billion–rich, jeans-clad Mark Zuckerberg took Wall Street for a multibillion-dollar ride, making his original buddies instant billionaires and his loyal larger circle millionaires. Note that there is no Occupy Wall Street protest at Facebook headquarters. Just as there are none at Oprah's house or the residence of Leonardo DiCaprio, despite their take each year of between \$50 and \$100 million.

No one has suggested that Hollywood lower movie-ticket prices by asking Johnny Depp or Jennifer Lopez to walk away with \$10 or \$20 million less a year. Steve Jobs found ways to dodge taxes comparable to those deployed by any Wall Street fatcat, but he was iPad cool, and so his iPhone billions were exempt from the Occupy nonsense. Cool capitalists are immune from the neo-Marxist critique of capitalism — a racket that \$40 billion–rich Warren Buffett learned late in life, but well enough, with the "Buffett Rule."

We simply don't mind that Google and Amazon rake in billions, but we despise Exxon and Archer Daniels Midland for doing the same. It is not that we need social networking and Internet searches more than food and fuel, but rather that we have the impression that cool zillionaires in flipflops are good while uncool ones in wingtips are quite bad.

I am sure that the tax lawyers who help Richard Branson and Mick Jagger are no less skilled at shorting the Treasury than those who work for Rush Limbaugh, but the profits of the former are okay while the latter's are obscene. Limbaugh is a misogynist for using the word "slut" and apologizing for it; Bill Maher is a feminist for using slurs we cannot print and for which he did not apologize. One is uncool, the other very cool — as was a cynical and sarcastic David Letterman, who implied that the 14-year-old daughter of Sarah Palin had snuck into the Yankees' dugout for quick sex with Alex Rodriguez.

The power of cool is evident also in politics. State quite correctly that you can see Russia from parts of Alaska, and you are ditzy white-trash Sarah from Wasilla; state falsely that Franklin Roosevelt addressed the nation on television in 1929, and you are just "good ol' Joe Biden."

John Kerry's second married-into fortune probably dwarfs the one that Mitt Romney made himself, perhaps by a factor of ten. While we heard in 2012 that Romney wanted a car elevator in one of his many houses, we never heard much in 2004 of presidential candidate Kerry's various mansions, boats, or assorted playthings, or how he proved to be a keen investor as a senator helping to set U.S. financial policy.

Kerry, you see, was cool. He windsurfed and wore spandex as he cycled, and found his exemption by championing the poor he rarely saw. The same was true of John Edwards of “Two Americas” fame. Do we now recall how he ran to the left of both Barack Obama and Hillary Clinton, despite the \$500 haircuts and the self-indulgent mansion, replete with “John’s room,” a hideaway with all sorts of adolescent toys? Edwards, remember, earned those spoils by charming juries in his smarmy style, and nearly destroyed the practice of obstetrics in North Carolina through his flurry of malpractice suits. No matter, Edwards was liberal, Kennedyesque, and cool — and he earned prophylaxis in the manner of JFK himself, of whose White House orgies we did not learn until a half-century later. Likewise we have been taught that there is no “power imbalance” or “insidious asymmetry” when a “mentor” has sexual relations with his young intern — as long as he is a feminist like Bill Clinton.

What, then, exactly, is this cool that allows you to earn whatever you like without censure, and then to spend it as you please without fear of public scorn?

It would seem that the disconnect is liberal politics, the coin by which one buys a sort of medieval indulgence from liberal gatekeepers in the media, academia, the arts, and the foundations that permits one to continue the pursuit and enjoyment of lucre and to indulge the baser appetites without harassment — in the manner that the medieval moneylender or sexual zealot still got to heaven by buying marble for the cash-strapped cathedral. That \$20 billion–rich George Soros was a money speculator who almost destroyed the small depositors of the Bank of England and was convicted in France of insider trading matters not at all: Without his roulette-wheel billions we would not have Media Matters. Jon Corzine of MF Global cannot explain what he did with \$1.2 billion of other people’s money. But there will never be a “Corzine Law.”

Who cares what George Clooney makes an hour, or how exactly his close friends can afford to pony up for a \$40,000-a-plate dinner — when the takings will help Barack Obama feed the children? If Halliburton were wise, it would buy the shut-down Solyndra plant, make solar panels at a loss, and write the cost off as a lobbying and public-relations expense.

So cool is not obtained just through liberal politics. Images and intent are critical too. The stuffy tea-party crowd looks like the plain suburban guys and gals who sell us houses, cars, and insurance. And so, of course, they must be racist, even though their demonstrations give no proof of any such fetish. Their only oddity would seem to be a certain desire to ensure that they leave no litter in their wake for poorer custodians to clean up.

But Occupy Wall Street? That movement has produced thugs, thieves, rapists, would-be bombers, rioters, and street urchins who pollute their surroundings and cause mayhem. They act pre-modern but earn no scorn because they are cool — they sport a sort of elite grunge that suggests that the environmental-studies major at Brown empathizes with those poor for whom grime is not makeup.

Identity is key here. In general, to win exemption from the left-wing critique of America, the affluent must construct cool identities as far distant as possible from the white Christian heterosexual male, who is most culpable for creating our present affluence from ill-gotten gains. The multimillionaire Elizabeth Warren and her husband make nearly \$1 million a year. They live in a home beyond the reach of 99 percent of America. And she may well have plagiarized and been dishonest about her own heritage. No matter — Warren washed away both her privilege and her sins by reinventing herself as a “Cherokee” who fights Wall Street oppressors.

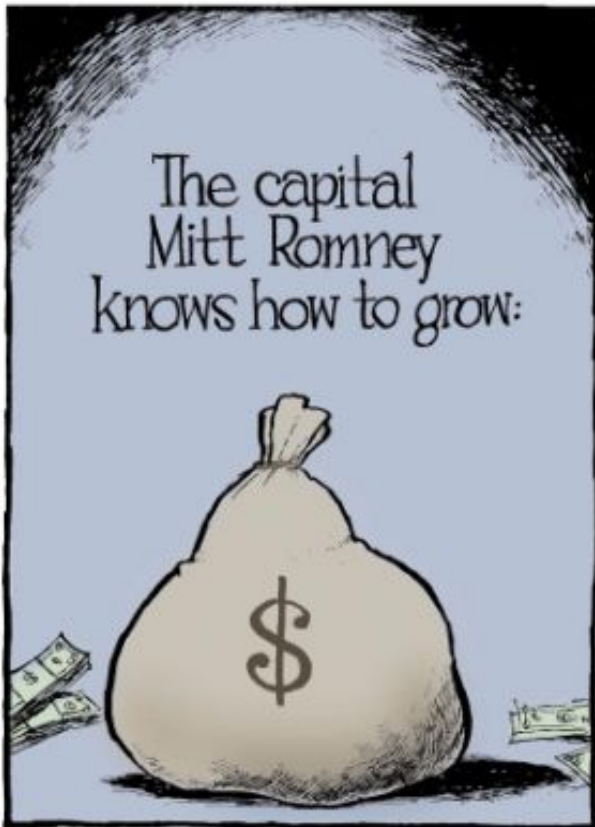
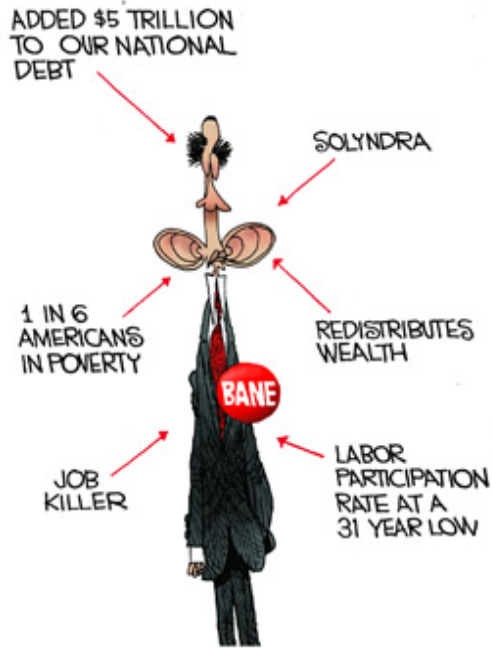
So too Barack Obama. It was Obama himself, not the fringe Birthers, who first made the case that the president was born in Kenya — not because he was, but because to say now and then that he was added an exotic touch of cool to Barack Hussein Obama — a cool that a Barry Dunham born in Honolulu and prepped at Punahou would have lacked. Poor George Zimmerman — had he only called himself Jorge Zimmerman he might not have been written off as a “white Hispanic” vigilante.

Network news anchors anguished over whether George W. Bush had tried coke while thousands of African-Americans languished in jail for doing the same — but they snored when Barack Obama boasted that he had done that and much more. Push down a gay student fifty years ago as a teen, and if you are straitlaced Mitt Romney then you always were a homophobe; push away a little girl decades ago, and if you are Barack Hussein Obama, then you were struggling with identity and coming of age.

In short, millions of well-off Americans, from the entering college student to the full professor of law, from the billionaire thief to the president of the United States himself, endlessly chase cool.

And why would they not? Cool is now America’s holy grail that allows the elite and the rich not just to pursue and enjoy nice things, but to damn others who do the same.

If two days ago, you did not look at the video of Penn Jillette making the same point as Hanson above, here's a second chance. Here's [Penn Jillette](#) with his reasoning for ending the drug war. The language here is a little rough, but he was exercised about the juxtaposition of the people in jail with the nonchalant attitude of the president.



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