July 16, 2013

David Stockman, former Michigan congressman and Reagan budget director, takes no prisoners as he contemplates the lastest jobs report.

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***Measured on an income equivalent basis, then, a majority of the big rebound in the BLS headline number has consisted of "40 percent jobs"**. Granted, these fractional jobs do provide a monthly feed to headline stalking HFT algos and the gist for the moronic jobs number guessing game conducted by unemployable Wall Street executives otherwise known as "street economists". But not by a long shot do they prove that the Fed's money printing spree is beginning to bear fruit, as claimed by the cheerleading section of the Wall Street Journal shortly after the BLS release.*

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More importantly, ***the impossibility of fixing a structural problem with Keynesian cyclical medicine means that the monetary politburo will descend into an ever more incoherent babble*** *as the "incoming data" fail to match its clueless forecasts. In this regard, not only were Wednesday's minutes an embarrassing exercise in Washington pettifoggery, they were also self-evidently a fraud and lie-----spun well after the meeting in an attempt to undo Bernanke's original message. It is bad enough that the nation's vast, infinitely complex $16 trillion economy is being run by an unelected 12-person monetary politburo. But now the commissars have completely lost both their bearings and their credibility.*

Under these circumstances ***healthy capitalist financial markets would be afraid---very afraid****. But there are no honest markets left----just a big romper room where the boys and girls and algos endeavor to extract windfalls from central bank word clouds. Still, the magnitude of the deformation that the Fed has wrought in the financial system cannot be under-estimated: there remain even now tens of thousands of punters, fund managers and home gamers who do not see the Fed's desperate incoherence, believing instead that "the market is cheap" and that buying the dips is a no loose proposition.*

Let's see. ***At the last bubble peak in early October 2007, the S&P 500 was only 100 points (or 5%) below today's lofty peak, and it was deemed to be cheap by the 11th hour bulls at that moment because forward earnings were projected to be $110 per share, thereby trading at less than 16X****. As it happened, 2008 earnings ex-items came in more than a tad lower---- at $55 per share to be precise and actually at only $15 on the basis of honestly reported GAAP earnings.*

In truth, ***at that moment in time financial bubbles****---subprime, CDOs, monster LBOs, a raging Russell 2000---* ***were evident everywhere in the financial system****. So in late 2007 the market was not cheap even on a paint by the numbers basis. At the end of the day, the only honest and reliable earnings number in today's deformed capital markets is 12 month trailing GAAP EPS. The billions that Washington wastes on financial cops each year policing corporate SEC filings at least accomplish that much. At the 2007 peak, therefore, the market was actually trading at 19X earnings on an honestly accounted basis.*

So ***here we are again****, and the LTM earnings number on a GAAP basis for the S&P 500 is $87.50 per share. We are back at 19X trailing profits. Too be sure, forward earnings ex-items are exactly as before---once again at $110 per share. So the market is purportedly "cheap" but here's the skunk in the woodpile: honest LTM GAAP earnings have been stuck at $87 per S&P 500 share for seven quarters---since Q3 2011. In short, true earnings are not growing, China and the BRICs are rolling over, Europe is sinking into economic somnolence, Japan is a massive financial train-wreck waiting to happen, and based on the latest data it would appear that US GDP growth will average hardly 1% during the three-quarters thru June. That's stall speed, yet the gambling machines which occupy Wall Street rage on because they believe that*

Bernanke has their back, that this business cycle will never end and that this latest and greatest financial bubble will never be allowed to collapse. ...

Peter Wehner on the "lawless" president.
Both Charles Krauthammer and Ramesh Ponnuru have spoken about the lawlessness of the Obama administration. Examples include (but are not limited to) unilaterally delaying implementation of the Affordable Care Act's employer mandate, issuing health-care edicts that undermine the Religious Freedom Restoration Act, making unconstitutional "recess appointments" to the National Labor Relations Board and the Consumer Financial Protection Bureau, refusing to enforce current immigration laws related to illegal immigrants who were brought to America as children, and waving welfare work requirements.

This is all part of a pattern in which Mr. Obama enforces laws he likes and refuses to enforce (or unilaterally alters) laws he disagrees with. I suppose the temptation to act as a potentate is understandable; but it also happens to be illegal. The president, after all, has the constitutional duty to "take care that the Laws be faithfully executed" (see Article II, Section 3 for more). ..

Andy McCarthy has more in this vein.
Obama has never been clear on the distinction between sovereign and servant, between the American people and those, including himself, elected to do the people's business. We saw that yet again this week with the president's unilateral rewrite of the Bataan Death March known as the Affordable Care Act — Obamacare. For this president, laws are not binding expressions of the popular will, but trifling recommendations to be ignored when expedient.

The collapse of law — not just Obamacare but law in general — is the Obama administration's most egregious scandal. With the IRS here, Benghazi there, and Eric Holder's institutionalized malevolence crowding the middle, it gets little direct attention. Perhaps it is so ubiquitous, so quotidian, that we've become inured to it.

Above all else, though, the office of the president was created to take care that the laws be faithfully executed. For this president, to the contrary, law is non-existent — and not merely law in the traditional sense of our aspiration to be "a nation of laws not men." Obama has contorted the law into a weapon against our constitutional order of divided powers and equal protection for every American. ...

... The faithful execution of laws is never partisan; under Obama, the execution of laws is intensely partisan. He purports to make "recess appointments" when Congress is not in recess. He skirts Congress's constitutional war powers by pretending that attacking another country (Libya) is not making war. If his core supporters are damaged by the suffocating laws he champions — most prominently, Obamacare — he claims the power to "waive" their provisions selectively. Meanwhile, huge bureaucracies are encouraged, expressly or by nod-and-wink, to harass the president's opponents and push forward his redistributionist, production-strangling, Islamist-empowering agenda. The executive order — formerly an intra-branch efficiency device designed to organize the exercise of the president's constitutional powers and the enforcement of Congress's laws — has effectively become legislation, the president substituting his edicts for our laws. ...

Media Bistro has a screen shot of the Oakland TV station announcing the names of the pilots of the Asiana plane. The lead pilot was Capt. Sum Ting Wong.

On today's Noon newscast on KTVU, the station claimed it had "just learned the names of the 4 pilots on board" Asiana flight 214 which crashed last Saturday. But the station was given bad information that made it all the way into the newscast. If you read the names it becomes immediately clear this is a joke, which went unnoticed by the newsroom, producers and the anchor.

You'll recall earlier this week, KTVU touted its coverage as being not only first, but "100% accurate."

Zero Hedge

The Economic "Recovery" Is a Complete Joke

The Born Again Jobs Scam and the Fed's Terminal Incoherence

by David Stockman

No, last week's jobs report was not "strong". **It was just another edition of the "born again" jobs scam that has been fueling the illusion of recovery during the entire post-crisis Bernanke Bubble.** In fact, 120,000 or 62 percent of the June payroll gain consisted of part-time jobs in restaurants, bars, hotels, retail and temp agencies. The average pay check in this segment amounts to barely $20,000 per year, which is a sub-poverty level income for a family of four, and compares to upwards of $50,000 per year for goods producing jobs in the BLS survey.

Altogether, the government has reported 2.8 million of these part-time job gains since the Great Recession officially ended in June 2009, accounting for a predominant share of the ballyhooed pick-up of 5.3 million total jobs. It goes without saying, however, that **the principal of one-job-one-vote does not apply in economics**. What matters are aggregate dollar earnings. On that front, the Commerce Department figures for total private wage and salary income are just plain punk. Nearly six years on from the December 2007 peak, real payroll disbursements are still down by nearly 1 percent. What kind of "recovery" is that about?

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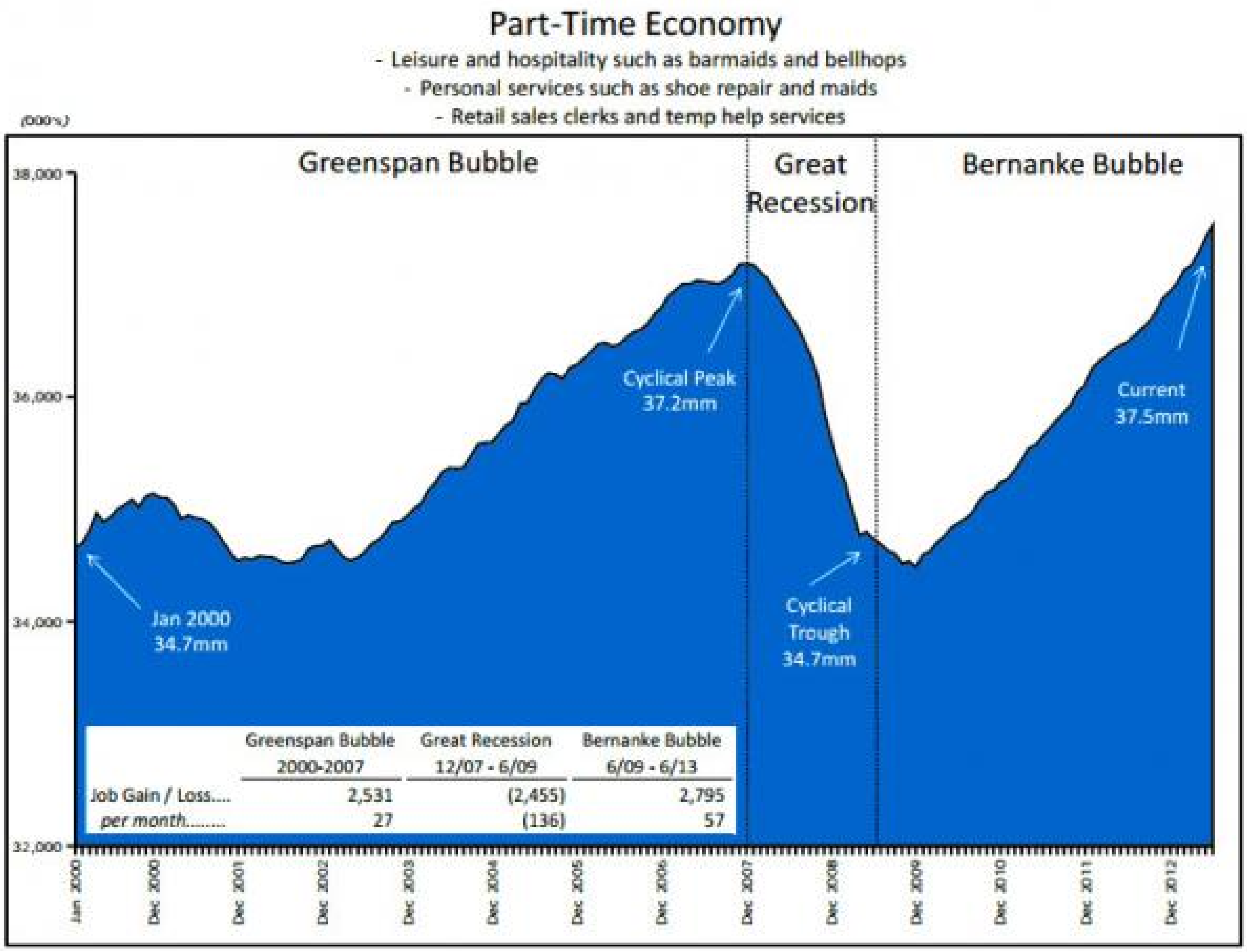
The BLS data exhibit this syndrome with uncanny exactitude. In early 2000 there were 34.7 million jobs in the part-time economy. In response to the dotcom crash, the Fed ignited the housing and credit bubbles via Greenspan's 1% money experiment, causing a consumption boom fueled by home ATM withdrawals and other consumer borrowings. Accordingly, activity rates in leisure and hospitality, retail and personal services (think yoga teachers and gardeners) temporarily soared, with the part-time job count climbing by the aforesaid 2.8 million by late 2007. But this peak of 37.2 million part time jobs was pure bubble economics--- attested to by the fact that every single one of these new jobs vanished during the 18 months of bubble liquidation otherwise known as the Great Recession. Indeed, **when the NBER declared the bottom in June 2009, the part-time job count stood at 34.5 million**, a hair under where it started at the turn of the century.

Now, after four years of money printing madness, the Russell 20000 has been reflated from 350 to 1000, junk bond yields have dropped from 20 percent to 5 percent, bombed-out housing markets like Southern California and Phoenix are on crawling with speculators and deader-than-a-doornail Fannie Mae preferreds are the new bonanza of the month. The con artists who run Fairholme Capital even claim to own $2.5 billion worth (face value) and are suing the Federal government to collect the vast windfall gain on these mummified securities that has been enabled by Uncle Ben's free money casino. Needless to say, the massive asset reflation catalyzed by the Fed in these instances and throughout the financial markets has caused the affluent classes to start spending again, thereby reflating the part time jobs bubble as well.

Right on taper time eve, in fact, **the June jobs report clocked-in at 37.5 million part-time jobs, that is, virtually dead-on the prior bubble peak level of December 2007**. As shown below, however, no jobs have been "created" at all. These part-time jobs have simply been born again, courtesy of the Fed's delusional belief that its frenzied bond-buying is causing the labor market to heal.

Some kind of faith healing, that! **Set aside the serial bubble pumping cycles and examine the longer-term trend in the graph.** During the last thirteen and one-half years the Fed's balance sheet has expanded from $500 billion to $3.4 trillion, and the overwhelming rationalization for this 7X gain is that the nation's central bank needed to prop-up the financial system and "stimulate" the GDP in order to generate new jobs.



But don't start the drumroll on that score. On an FTE (full-time equivalent) basis, total growth in hospitality and leisure, retail, personal services and temp agencies, that is, the part-time economy, amounts to just 1.1 million job equivalents during the entirety of this century to date. That's 7,000 per month. It's a drop in the proverbial bucket.

The self-evident implication of this born again jobs saga is that **the nation's employment problem is structural and an enduring consequence of the end of the 30-year debt super-cycle**, not a cyclical shortfall that can be fixed by juicing the speculative classes. Indeed, a brief glance at the horrid trend in "breadwinner" jobs demonstrates in spades that the problem is structural and therefore wholly outside of the Fed's remit---even granted its spurious claim that it is printing money with reckless abandon because its "dual mandate" requires it.

The **"breadwinner jobs" category** includes construction, mining, manufacturing, the white collar professions, business management and support services, financial services, information and technology, government service excluding education, wholesale trade, transportation and warehousing and real estate agents, among others. This is the heart of the Main Street economy, where the average pay-rate is upwards of $50,000 annually---just enough to support a family, at least in some lower cost regions. Here the June BLS report clocked-in at 67.56 million jobs (50 percent of the NFP total), and there was nothing whatsoever impressive about the number. As shown below, breadwinner jobs have been shrinking at a stunning rate for the entire duration of the 21st century.

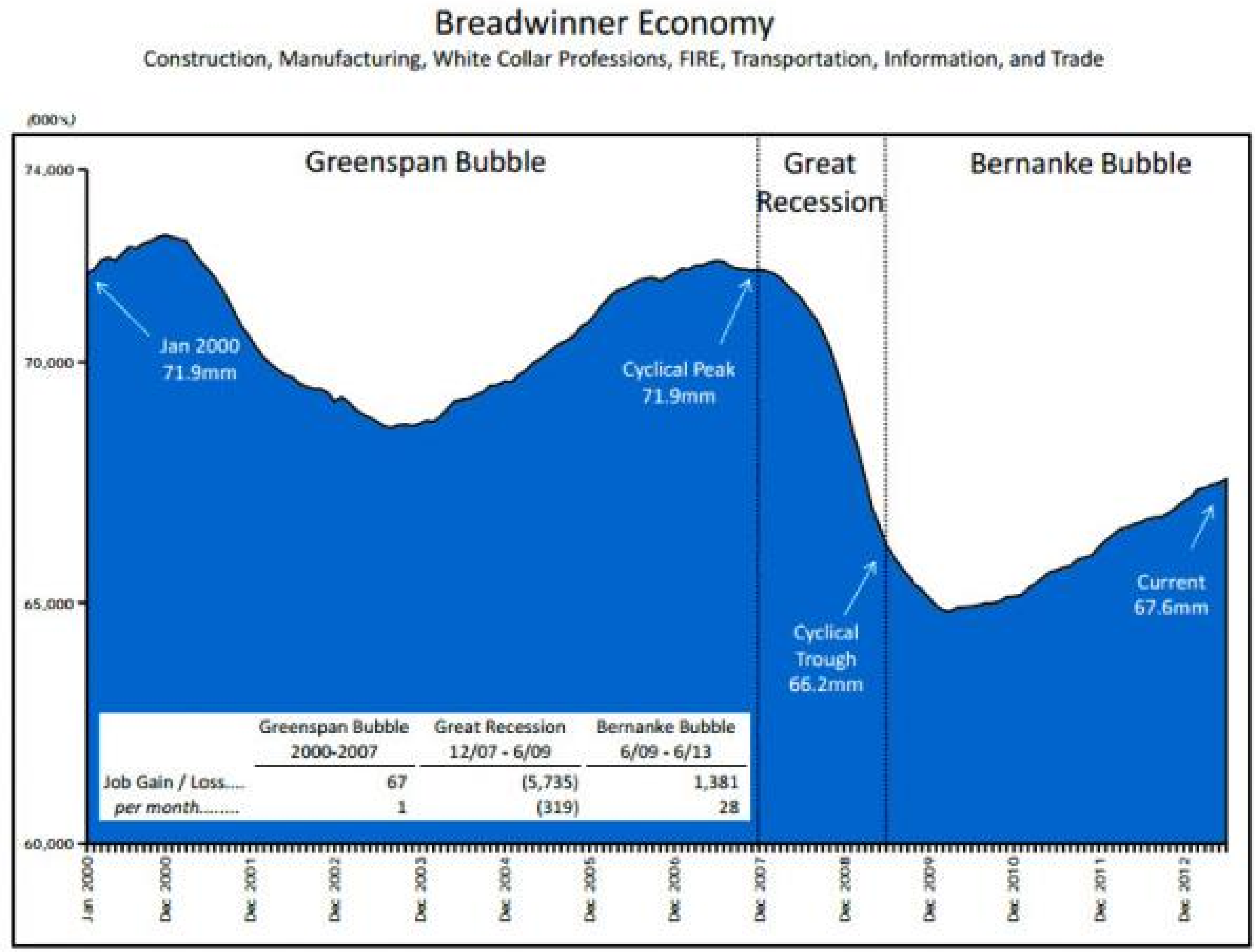
During the **second Greenspan Bubble in housing and credit, which was celebrated to the bitter end by Wall Street touts as the "goldilocks economy"**, a very telling trend unfolded: On a peak-to-peak basis, not a single new breadwinner job was created, even as the Fed's measure of household net worth (flow-of-funds report) soared from $43 trillion to $67 trillion over this seven year period. All that gain in bubble wealth, yet the count of breadwinner jobs was static at 71.9 million!

And then the real carnage began. By the bottom of the Great Recession nearly 8 percent, or 5.7 million, of these breadwinner jobs had disappeared. Worse still, most of them are still gone, notwithstanding four years of furious money printing and month-after-month of "encouraging" headline job gains. All told, the 1.3 million pick-up in breadwinner jobs since June 2009 amounts to just 25 percent of the recession period collapse. Stated differently, at the anemic rate of breadwinner jobs recovery during the four-year Bernanke Bubble to date, it would take until 2025 to get back to the level that existed in January 2000---a time when the nightmare of a George W. Bush presidency was only a mote in Karl Rove's politically myopic eye.

Unfortunately, in the vocabulary of late night TV, that's not all. About 15 percent or 11.1 million of these breadwinner jobs are accounted for by local, state and Federal payrolls outside of education. And from an income viewpoint, these are the top tier because average government payroll disbursements (excluding benefits) amount to more than $65,000 per year. Yet a funny thing happened on the way to today's taper-time-turmoil. Through June 2009 government payrolls grew by 10 percent from the turn of the century level. Only after the fiscal stimulus frenzy of 2008-2009 finally exhausted itself did the government job count finally roll-over during the last several years and begin an inexorable long-term decline, as the nation descended into permanent fiscal insolvency.

Thus, **the miserable breadwinner job trend shown below actually understates the nation's structural employment problem---even as that cardinal reality remains virtually unknown to our feckless monetary politburo.** To be precise, there were 61.5 million full-time breadwinner jobs in the private sector during January 2000. Setting aside the shrinking government sector jobs embedded in the graph below, there were just 56.5 million private sector breadwinner jobs contained in the allegedly "robust" report for June 2013.

Indeed, we have been losing private sector breadwinner jobs at the rate of 31,000 per months for thirteen and one-half years running. Yet **the Keynesian money printers who inhabit the Eccles Building insist that the problem is cyclical and that just a few more months of lunatic bond-buying will bring the labor market back to full employment health.** If the Cramer noise machine had a "sell" button, it would be screaming at the top of its lungs.



Of course, **it is no mystery as to why we have a structural employment problem** and why the Fed's monetary madness will only produce recurring cycles of boom and bust in both risk assets and born-again jobs. The fact is, two and one-half decades of Greenspan-Bernanke monetary profligacy have resulted in the off-shoring of much of America's tradable goods sector—so the Main Street economy's potential growth and productivity have been deeply impaired. Likewise, the Fed fueled an extended run of artificial GDP expansion via the buildup of massive credit market debt (from $10 trillion to $57 trillion during that 26-year period), but the **America economy has now exhausted it capacity to take on more leverage**. And during all that time the Fed's interest rate repression and stock market coddling policies were generating countless growth and wealth destroying deformations and malinvestments throughout the nation's economy.

For instance, the combination of Fed interest rate repression and fiscal subsidies through the tax code and the GSEs caused massive mis-allocation of capital to new housing and the related strip-mall infrastructure. But when the housing bubble finally collapsed and the market attempted to drastically mark-down inflated asset prices and drive capital out of the sector, the Fed crushed the pricing mechanism in mortgage and real estate markets, re-ignited the housing refi machine and caused capital to once again flow up-hill.

The sight of $5,000 suits riding into Scottsdale AZ on the back of John Deere lawnmowers while carrying brief-cases full of 2 percent wholesale money in order to become buy-to-rent-and-flip single family landlords says all that is necessary about the extent of growth and job-destroying resource mis-allocation that have been enabled by the nation's monetary central planners. Likewise, until the taper scare slightly sobered-up fixed income markets during recent weeks, the LBO strip-mining machines were back at work substituting cheap debt for payrolls, that is, implementing endless rounds of job "restructurings" in order to pay the interest. And **the stock buyback machines in the corporate sector were working over-time leveraging up balance sheets, not to acquire productive assets, but to fund record share buybacks---thereby goosing stock prices and the value of executive options.**

Indeed, here the myth of deleveraging has reached its apotheosis. Business sector debt, according to the Fed's Z1 report, is now just shy of $13 trillion. That's up $2 trillion or nearly 20 percent from the 2007 pre-crisis peak, and represents an all-time record at 81 percent of GDP. By contrast, the fabled cash hoard of American business is up by less than $400 billion since December 2007----hardly evidence that there is massive corporate cash on the sidelines waiting for Bernanke to give the all-clear.

In short, **Fed policies are mangling the Main Street economy** by disabling the pricing mechanism in all financial markets, diverting capital to unproductive speculation and rent-seeking and leaving genuine entrepreneurs and businessmen adrift in a fog of financial disorder. Needless to say, the result is tepid growth of incomes and jobs----a lamentable condition that the Fed cannot fix with "moar" monetary stimulus because decades of the latter are what has caused the problem.

More importantly, **the impossibility of fixing a structural problem with Keynesian cyclical medicine means that the monetary politburo will descend into an ever more incoherent babble** as the "incoming data" fail to match its clueless forecasts. In this regard, not only were Wednesday's minutes an embarrassing exercise in Washington pettifoggery, they were also self-evidently a fraud and lie-----spun well after the meeting in an attempt to undo Bernanke's original message. It is bad enough that the nation's vast, infinitely complex $16 trillion economy is being run by an unelected 12-person monetary politburo. But now the commissars have completely lost both their bearings and their credibility.

Under these circumstances **healthy capitalist financial markets would be afraid---very afraid**. But there are no honest markets left----just a big romper room where the boys and girls and algos endeavor to extract windfalls from central bank word clouds. Still, the magnitude of the deformation that the Fed has wrought in the financial system cannot be under-estimated: there remain even now tens of thousands of punters, fund managers and home gamers who do not see the Fed's desperate incoherence, believing instead that "the market is cheap" and that buying the dips is a no loose proposition.

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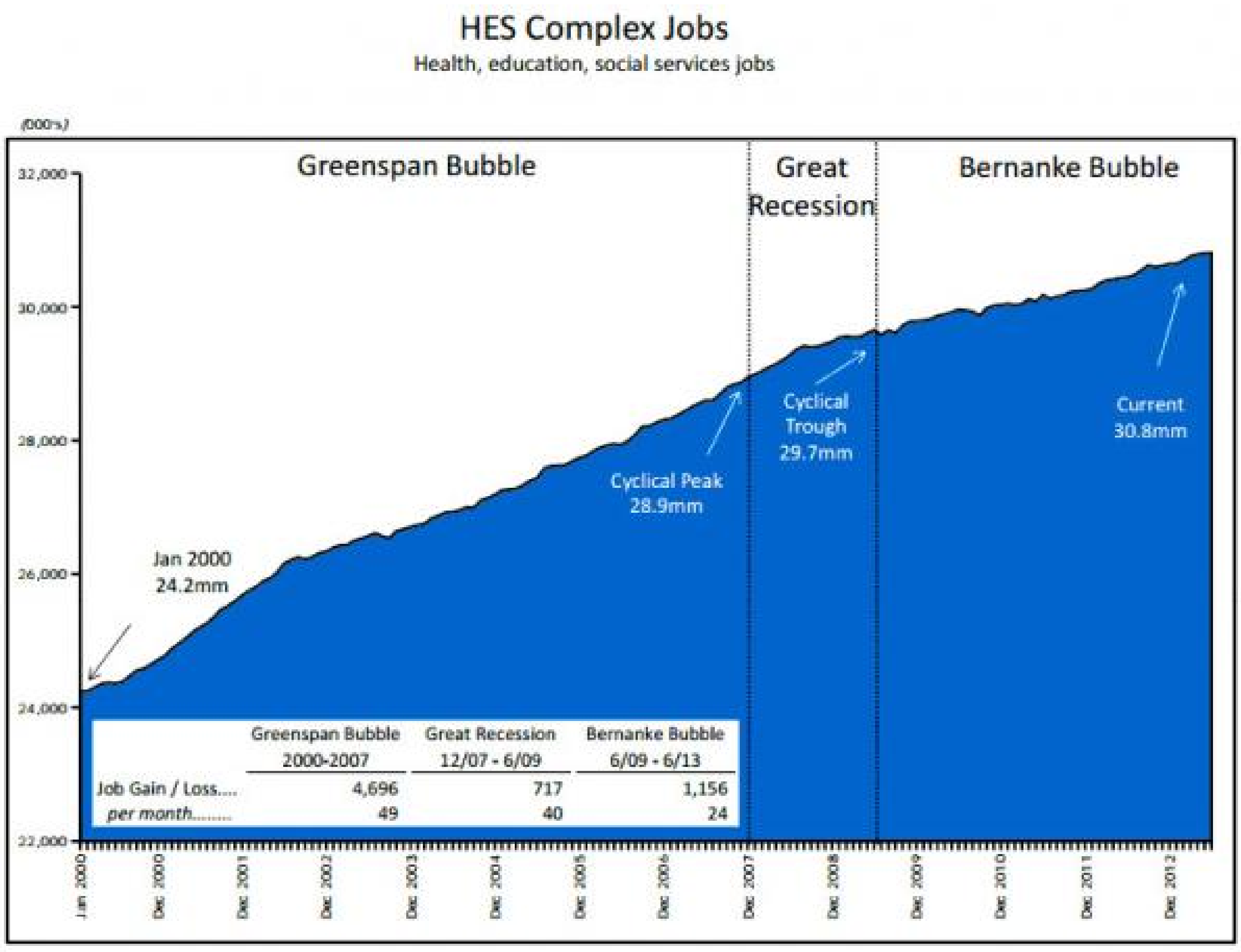
Why would they believe Bernanke when he has become so lost in his own intellectual fog that he can't even give an honest number for the inflation rate, which he spuriously claimed to be 1 percent and therefore below target during yesterday's conference in Boston. Even on the preposterous assumption that PCE less food and energy actually measures the cost of living for carbon-unit inhabitants of America, there is no 1% number to be found except on a fleeting short-term basis. The inflation rate under Bubbles Ben's preferred measure, has been 1.7 percent, 2.1 percent and 1.9 percent on a two-, seven- and thirteen-year basis. The Fed is thus not furiously running the printing presses because it is under-shooting inflation. **It is printing because it is scared to death of the raging gambling machines it has unleashed throughout the financial system.**

So Bernanke promises to keep the money market and repo rates----that is, the poker chips for the casino----at zero until "well after" the unemployment rate drops below 6.5 percent. But it **will never get there because the jobs market and Main Street economy are structurally broken**. Indeed, measured on a consistent basis, the unemployment rate is still over 11 percent based in the labor force participation rate of late 2008 and is over 13 percent based on the labor force participation rate at the turn of the century.

And no, **that can't be explained away by the baby boomers going on Social Security**. During January 2000 there were 75 million Americans over age 16 that did not hold a job. Today there are 102 million in that category---about 27 million more. Yet the number of participants in OASI (old age social security) is up by just 6 million during the same period. Moreover, there is no doubt about what happened the other 21 million citizens: they are on disability, food stamps, welfare or have moved in with friends and relatives or landed on the streets in destitution.

In short, **the US economy is failing and the welfare state safety net is exploding**. And that means that the true headwind in front of the allegedly "cheap" stock market is an insuperable fiscal crisis that will bring steadily higher taxes, lower spending and a gale-force of permanent anti-Keynesian austerity in the GDP accounts. And for that reason, the Fed's strategy of printing money until the jobs market has returned to effective "full employment" is completely lunatic.

As shown in the graph below, **the remaining jobs in the NFP report for June are accounted for by the HES Complex----that is, health, education and social services where the June job count clocked in at 30.8 million**. The self-evident headwind here is that the HES complex is effectively a ward of our bankrupt state. Nearly all of the funding is attributable to massive tax subsidies for employer provided health insurance, the ballooning cost of Medicaid and Medicare, soaring subsidies which will soon be arriving under the Obamacare health exchanges, and the near total dependence of the education system on the public purse, most especially the runaway student loan program.



There are **two powerful trends embedded in the graph** that make a mockery of the labor market obsession of Fed governors like Evans, Dudley, Yellen and Rosengreen, to say nothing of the money-printer-in-chief. First, as the fiscal vice tightens, the rate of job growth even in this long-time bastion of employment gains has slowed sharply. The pick-up averaged 49,000 per month during the Greenspan Bubble, fell to 40,000 per month during the Great Recession and has cooled to only 24,000 per month during the Bernanke Bubble of the last four years.

But should job growth in the HES Complex grind even lower, which is a near fiscal certainty, the proverbial naked swimmers will get full exposure. That is to say, outside of the HES Complex, the count of non-farm payroll jobs has been shrinking on a net basis for this entire century! **There were 106.5 million non-HES Complex jobs in January 2000 but more than 13 years later last month's "strong" report sported only 105 million!**

So what is happening at bottom is that Bernanke is printing money so that Uncle Sam can keep massively borrowing, and thereby fund a simulacrum of job growth in the HES Complex. Call it the Bed Pan Economy.

When it finally crashes, Ben Bernanke will be more reviled than Herbert Hoover. And deservedly so.

David Stockman, author of The Great Deformation,

Contentions

Barack Obama's Lawlessness

by Peter Wehner

Both Charles Krauthammer and Ramesh Ponnuru have spoken about the lawlessness of the Obama administration. Examples include (but are not limited to) unilaterally delaying implementation of the Affordable Care Act's employer mandate, issuing health-care edicts that undermine the Religious Freedom Restoration Act, making unconstitutional "recess appointments" to the National Labor Relations Board and the Consumer Financial Protection Bureau, refusing to enforce current immigration laws related to illegal immigrants who were brought to America as children, and waving welfare work requirements.

This is all part of a pattern in which Mr. Obama enforces laws he likes and refuses to enforce (or unilaterally alters) laws he disagrees with. I suppose the temptation to act as a potentate is understandable; but it also happens to be illegal. The president, after all, has the constitutional duty to "take care that the Laws be faithfully executed" (see Article II, Section 3 for more).

One of the reasons there isn't a firestorm of protest against the president's contempt for the rule of law is that that apart from a few honorable exceptions, the press doesn't care and therefore isn't covering this story. Let's just say that if the same kind of violations had been committed by presidents with the last names of oh, say, Bush or Reagan, you can be sure the *New York Times*, the *New York Review of Books*, Politico, CNN's Anderson Cooper, NPR, and the major news networks would all be covering the story.

The problem here is that a dangerous precedent is being set by the president. To understand why, consider the words of Thomas More to Roper in Robert Bolt's *A Man for All Seasons:*

And when the last law was down, and the Devil turned round on you—where would you hide, Roper, the laws all being flat? This country is planted thick with laws from coast to coast—man's laws, not God's—and if you cut them down—and you're just the man to do it—do you really think you could stand upright in the winds that would blow then?

Barack Obama is doing his part to cut down from coast to coast the laws he doesn't much care for. He does so because he's a progressive who believes the ends (advancing a liberal agenda) justifies the means (lawlessness). But unfortunately in the future the winds will come–and when they do, and when Americans cannot stand upright in them, it may dawn on some folks that our contempt for the rule of law was nurtured and flowered during the Obama era.

National Review

Obama's Rule by Decree

The collapse of law is the Obama administration's most egregious scandal.

by Andrew C. McCarthy

Obama has never been clear on the distinction between sovereign and servant, between the American people and those, including himself, elected to do the people's business. We saw that yet again this week with the president's unilateral rewrite of the Bataan Death March known as the Affordable Care Act — Obamacare. For this president, laws are not binding expressions of the popular will, but trifling recommendations to be ignored when expedient.

The collapse of law — not just Obamacare but law in general — is the Obama administration's most egregious scandal. With the IRS here, Benghazi there, and Eric Holder's institutionalized malevolence crowding the middle, it gets little direct attention. Perhaps it is so ubiquitous, so quotidian, that we've become inured to it.

Above all else, though, the office of the president was created to take care that the laws be faithfully executed. For this president, to the contrary, law is non-existent — and not merely law in the traditional sense of our aspiration to be "a nation of laws not men." Obama has contorted the law into a weapon against our constitutional order of divided powers and equal protection for every American.

As with most things Obama, this Olympian outrage springs from a kernel of propriety. We want our laws enforced, particularly when they reflect basic obligations of government in a free, civil society. Nevertheless, we know that the resources of government are finite, that laws are numerous and elastic, and that a federalist system implies a significant enforcement role for states. Thus, our legal system is premised on executive discretion. Not every law can or should be enforced to its fullest extent — nobody would want to live in that sort of society. To execute the laws faithfully is to remain mindful of the federal government's essential but finite role in our framework and to concentrate its limited resources on enforcement of the most vital laws.

As a practical matter, this necessitates selectivity — some laws will go unenforced, some wrongs unaddressed. With a president who acts in good faith, this is not a problem. For example, simple possession of prohibited narcotics is a federal crime. But it is also a state crime. Given the need to prioritize, it is sensible for the feds to focus their efforts on what the federal government was designed for — international and interstate challenges that the states are not well equipped to address. So the Justice Department targets major drug-importation and distribution networks, leaving less serious drug infractions to the local district attorneys. Notice: This does not mean the executive branch is effectively decriminalizing less serious drug offenses in contravention of Congress's statutes. It means the public's federal buck goes to where it gets the best bang.

The separation-of-powers principle also has implications for executive discretion. To promote liberty, the Framers constructed a central government of divided authorities in which each branch was given tools to check inevitable encroachments by the others. Congress has an irresistible propensity to enact laws that usurp the powers of the executive and the states, and that erode the rights of the people. But Congress can only write the laws. It must depend on the president to execute them.

A president who believes in good faith that a congressional act is constitutionally invalid may properly decline to enforce it — in fact, he would in good conscience be bound to decline — at least until the Supreme Court has ruled on its validity. Faithfully executing the laws has never mandated that a president enforce unconstitutional statutes.

But note that this is a matter of legal legitimacy, not policy preference. *Faithful* execution, abiding by the president's oath of office, means enforcing even those laws a president disagrees with on policy grounds if the laws are plainly constitutional. The Constitution gives Congress a wide berth to enact unwise laws, to say nothing of perfectly sensible laws that are uncongenial to a hard-left ideologue. There is nothing wrong with a president's working to change those laws; in the meantime, though, he breaks his solemn pledge by failing to enforce them.

Bona fide concerns over resource allocation and constitutionality are narrow exceptions to the general rule that obliges presidents to execute the laws. In Obama's hands, however, executive discretion has become an affirmative license for lawbreakers. Worse, it has seamlessly devolved into an invitation — an inducement — to official malfeasance. Again, only the executive branch can enforce the law. When executive-branch officials know that illegal actions on their part will not be pursued, they are encouraged to commit them.

Thus Obama eschews enforcement of the immigration laws not because they are comparatively trivial or adequately covered by state police — indeed, his most notable enforcement efforts are directed not at illegal aliens but at states who dare attempt to see to the law's faithful execution. Obama's discretionary non-enforcement is not a good-faith husbanding of federal resources but a cynical enterprise in rewarding lawbreakers and cultivating them as a dependable political constituency. His Justice Department practices racial discrimination in the enforcement of the civil-rights laws, a grievous betrayal of the Constitution, in order to appease and empower his political base.

The faithful execution of laws is never partisan; under Obama, the execution of laws is intensely partisan. He purports to make "recess appointments" when Congress is not in recess. He skirts Congress's constitutional war powers by pretending that attacking another country (Libya) is not making *war*. If his core supporters are damaged by the suffocating laws he champions — most prominently, Obamacare — he claims the power to "waive" their provisions selectively. Meanwhile, huge bureaucracies are encouraged, expressly or by nod-and-wink, to harass the president’s opponents and push forward his redistributionist, production-strangling, Islamist-empowering agenda. The executive order — formerly an intra-branch efficiency device designed to organize the exercise of the president’s constitutional powers and the enforcement of Congress’s laws — has effectively become legislation, the president substituting his edicts for our laws.

In a vibrant, pluralistic society, law, as an expression of the sovereign will, is unavoidably a product of compromise. In the contentious process, the competing sides bend; they settle on something that neither, given their druthers, would support; and they honorably agree to abide by the result. Under Obama, however, massive laws are enacted — such that no one can conceivably know what the law is. Then the president enforces the parts he approves of, contemptuously disregards the parts that enticed naysayers into compromising, and presumes to amend or repeal inconvenient provisions at his whim.

That is not the rule of law. It is how a dictatorship works.

Media Bistro

Epic KTVU Fail: Anchor Reports Pilot Names Including ‘Sum Ting Wong’ and ‘Wi Tu Lo’

by Chris Ariens

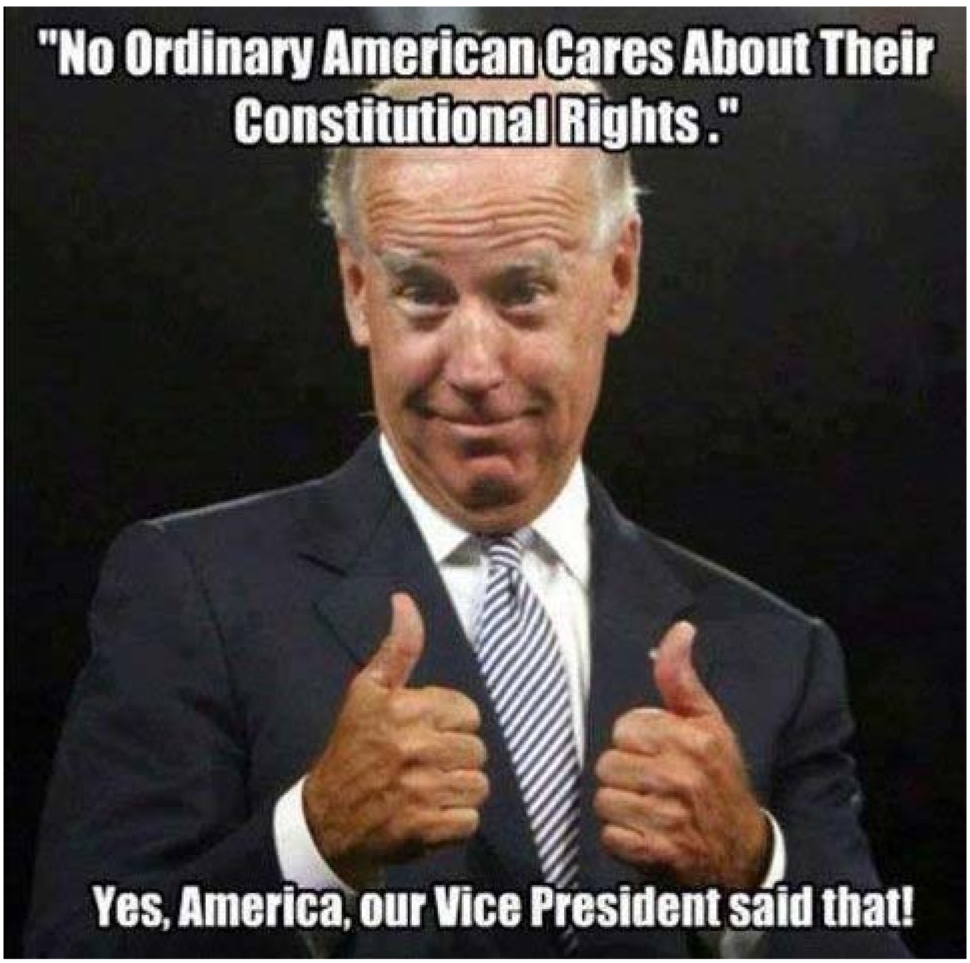
On today’s Noon newscast on KTVU, the station claimed it had “just learned the names of the 4 pilots on board” Asiana flight 214 which crashed last Saturday. But the station was given bad information that made it all the way into the newscast. If you read the names it becomes immediately clear this is a joke, which went unnoticed by the newsroom, producers and the anchor.

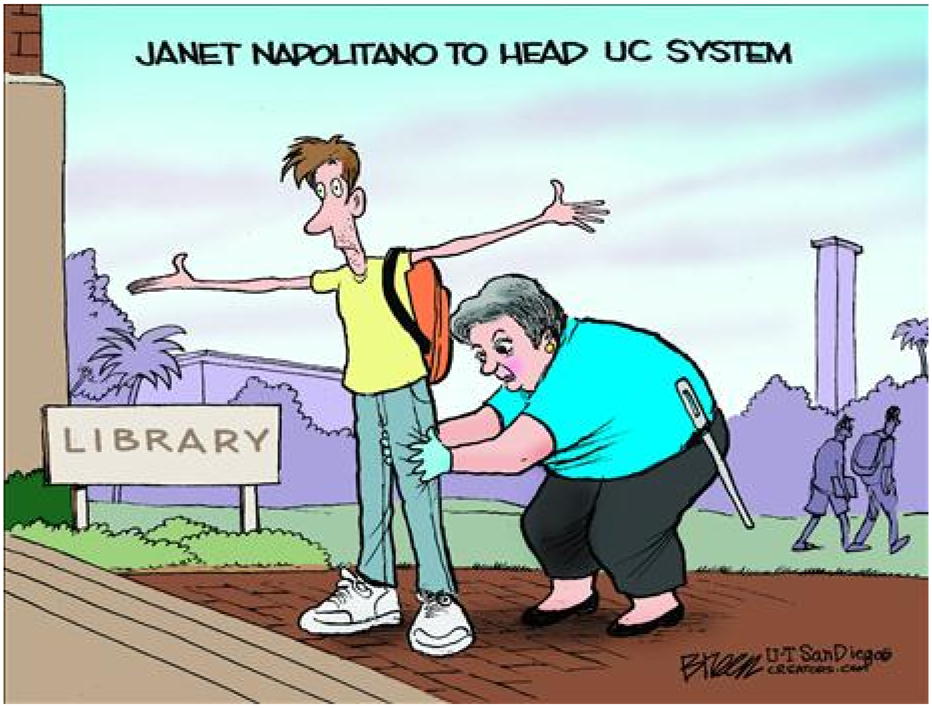
You’ll recall earlier this week, KTVU touted its coverage as being not only first, but “100% accurate.”

“Being first on air and on every platform in all aspects of our coverage was a great accomplishment, but being 100% accurate, effectively using our great sources and social media without putting a single piece of erroneous information on our air, is what we are most proud of as a newsroom,” said News Director **Lee Rosenthal** at the time. Watch:

About 15 minutes later the station corrected its mistake, but claimed an NTSB official had confirmed the names.

Earlier in the newscast we gave some names of pilots involved in the Asiana Airlines crash. These names were not accurate despite an NTSB official in Washington confirming them late this morning. We apologize for this error.


"No Ordinary American Cares About Their Constitutional Rights ."
Yes, America, our Vice President said that!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