

July 18, 2013

**Mort Zuckerman** drills into the jobs report.

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*The jobless nature of the recovery is particularly unsettling. In June, the government's Household Survey reported that since the start of the year, the number of people with jobs increased by 753,000—but there are jobs and then there are "jobs." No fewer than 557,000 of these positions were only part-time. The survey also reported that in June full-time jobs declined by 240,000, while part-time jobs soared by 360,000 and have now reached an all-time high of 28,059,000—three million more part-time positions than when the recession began at the end of 2007.*

*That's just for starters. The survey includes part-time workers who want full-time work but can't get it, as well as those who want to work but have stopped looking. That puts the real unemployment rate for June at 14.3%, up from 13.8% in May.*

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More detail on the job disaster from **Peter Ferrara** at Forbes.

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*But since you are already here, the real story is available if you read on. There were no net full time jobs created last month. The number of full time jobs actually declined by at least 162,000 on net last month.*

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*That is why the Labor Department also reported that the U-6 unemployment rate, which includes these involuntary part-time workers, soared from 13.8% in May to 14.3% in June. That soaring unemployment suggests not recovery but renewed recession.*

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*President Obama told us in his State of the Union Address this year, "A growing economy that creates good, middle class jobs – this must be the North Star that guides our efforts." But, once again, the President's words have not matched his deeds. ...*

**Washington Free Beacon** explains why the train wreck in Quebec Province improves the arguments for the XL Pipeline.

*The deadly explosion of a Canadian freight train could boost the case for the U.S. government's approval of a controversial oil pipeline, which supporters say would reduce the risk of similar disasters in the future.*

*The disaster's death toll is up to 13, and an additional 40 are missing since the train, which was carrying 72 tanker cars of crude oil, derailed and subsequently exploded in Lac-Megantic, Quebec, on Saturday.*

*Proponents of the Keystone XL Pipeline have noted that a rejection of the project by the Obama administration would likely mean additional crude oil transported by rail, and hence a heightened risk of future accidents.*

*"The train disaster in Quebec is a tragic example of how some means of transportation are more dangerous than others," James Taylor, senior fellow for environmental policy at the Competitive Enterprise Institute, said in an email.*

*The administration has repeatedly delayed its decision to approve or reject the pipeline. President Barack Obama recently said he would not approve the project unless it was determined to be carbon neutral, suggesting to some that he planned to reject it.*

*Proponents of the project say that outcome would make oil transportation more risky. ...*

**Walter Russell Mead** with more on the subject.

*Tragedy struck in the idyllic town of Lac Megantic, Quebec this weekend. A 73-car oil-laden train derailed and exploded early Saturday. Five people died, and the crash site is still too hot—more than 50 hours later—to look for 40 missing people.*

*The implications of the accident extend much further than the small border town: crashes like this are why greens should be supporting the proposed Keystone XL pipeline.*

*Canada has a lot of oil. Much of that is trapped in Alberta's oil sands, and it is of a particularly heavy and dirty-burning variety. But Canada does not have a lot of oil infrastructure. It lacks the pipelines and the refineries needed to take advantage of its bounty.*

*The proposed Keystone XL pipeline would solve this problem by bringing Canadian oil down to American refineries along the Gulf Coast.*

**John Hinderaker** hopes the Chinese government will not be as climate ignorant as ours is.

*China is now the world's number one emitter of carbon dioxide, so other countries are trying to browbeat it to fall into line with the CAGW (catastrophic anthropogenic global warming) theory. So the the Chinese Academy of Sciences is taking up the global warming debate, which is more than you can say for similar professional organizations in the U.S. and Europe. The Science and Environmental Policy Project reports on what is going on in China; we can only hope that China will not choose to cripple its economy for the sake of purported climate benefits. SEPP proposes a list of questions that should be posed to those who want to put China in the alarmist camp:*

*"As mentioned earlier, the Chinese Academy of Sciences is planning a September symposium in Beijing to rally the pro-IPCC arguments and try to convince their government that humans make an important contribution to global warming. In anticipation of this symposium, one would like to ask the organizers the following kinds of questions:*

- 1. Can you explain why there has been no significant warming observed in the last 15 years — in spite of a rapid increase in the atmospheric levels of carbon dioxide?*
- 2. Can one explain why the tropical atmosphere has shown no warming between 1979 and 2000 (ignoring the 1-yr long temperature spike of 1998, caused by a Super-El-Nino), and then again between 2002 and 2012-while models predict that the atmosphere should warm faster than the surface?*
- 3. Can one explain why the Antarctic has been cooling, with Antarctic sea ice growing steadily—while models predict a global warming with most of the effects at high latitudes? ..."*

Since she has experience with bloated bureaucracies, Janet Napolitano will head the UC system. **Richard Vedder** has the story.

*... UC's annual spending exceeds that of most state governments, amounting to roughly \$100,000 for each of its students. Much of this is unrelated to instructional function. The university's bureaucracy is famously monumental, centralized and costly: Aside from a full cohort of administrators and support staff at each of the 10 campuses, the central office in Oakland employs more than 2,000 workers, a staggering number (2,358 full-time employees, [according to](#) the Integrated Postsecondary Education Data System). There are 10 "divisions" in the Office of the President, for example. Its "external relations" division lists more than 55 managerial-type employees on organizational charts, and that number doesn't include support personnel. ...*

Andrew Malcolm with late night humor.

*Conan: Elliot Spitzer, caught frequenting prostitutes a few years ago, is running for office again in New York. His campaign slogan- "Spitzer: Creating Jobs by the Hour."*

*Conan: A new study finds drinking just three pints of beer a week permanently dulls the brain. So now you know: Never stop at just three.*

*Conan: A new report finds Mexico has replaced the U.S. as the world's fattest nation. In fact, now Mexicans are trying to cross the border just to ask, "Are you going to finish that?"*

*Leno: Bad news for the 'Lone Ranger.' The movie could lose \$150 million. In fact, it's so bad that Tonto quit acting and has gone back to working at the casino.*

*Leno: Big turmoil in Egypt. The military took over. President Morsi is under house arrest and being forced to watch 'The Lone Ranger.' ...*

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**WSJ**

### [A Jobless Recovery Is a Phony Recovery](#)

***More people have left the workforce than got a new job during the recovery—by a factor of nearly three.***

by Mortimer Zuckerman

In recent months, Americans have heard reports out of Washington and in the media that the economy is looking up—that recovery from the Great Recession is gathering steam. If only it were true. The longest and worst recession since the end of World War II has been marked by the weakest recovery from any U.S. recession in that same period.

The jobless nature of the recovery is particularly unsettling. In June, the government's Household Survey reported that since the start of the year, the number of people with jobs increased by 753,000—but there are jobs and then there are "jobs." No fewer than 557,000 of these positions were only part-time. The survey also reported that in June full-time jobs declined by 240,000, while part-time jobs soared by 360,000 and have now reached an all-time high of 28,059,000—three million more part-time positions than when the recession began at the end of 2007.

That's just for starters. The survey includes part-time workers who want full-time work but can't get it, as well as those who want to work but have stopped looking. That puts the real unemployment rate for June at 14.3%, up from 13.8% in May.

The 7.6% unemployment figure so common in headlines these days is utterly misleading. An estimated 22 million Americans are unemployed or underemployed; they are virtually invisible and mostly excluded from unemployment calculations that garner headlines.

At this stage of an expansion you would expect the number of part-time jobs to be declining, as companies would be doing more full-time hiring. Not this time. In the long misery of this post-recession period, we have an extraordinary situation: Americans by the millions are in part-time work because there are no other employment opportunities as businesses increase their reliance on independent contractors and part-time, temporary and seasonal employees.

Even the federal government payroll is turning to part-timers: In June 2012, 58,000 federal workers were part-timers. This year it's 148,000, and we still don't know how the budget sequester will play out, for many agencies have resorted to furloughs rather than layoffs.

The latest unemployment report was as underwhelming as the Household Survey. The biggest gains in June came from leisure and hospitality industries, including hotels and fast-food restaurants. Of the 195,000 new payroll jobs, 75,000 were in restaurants and bars, where the average weekly paycheck is about \$351, less than half the average for all other private industries. Not to mention that these positions offer fewer hours, especially in the restaurant world, which has averaged 26.1 hours per week versus 34.5 hours for all private employers.

What's going on? The fundamentals surely reflect the feebleness of the macroeconomic recovery that began roughly four years ago, as seen in an average gross domestic product growth rate annualized over the past 15 quarters at a miserable 2%. That's the weakest GDP growth since World War II. Over a similar period in previous recessions, growth averaged 4.1%. During the fourth quarter of 2012 and the first quarter of 2013, the GDP growth rate dropped below 2%. This anemic growth is all we have to show for the greatest fiscal and monetary stimuli in 75 years, with fiscal deficits of over 10% of GDP for four consecutive years. The misery is not going to end soon.

ObamaCare is partially to blame. The health-insurance law requires employers with more than 50 workers to provide health insurance or pay a \$2,000 penalty per worker. Under the law, a full-time job is defined as 30 hours a week, so businesses, especially smaller ones, have an incentive to bring on more part-time workers.

Little wonder that earlier this month the Obama administration announced it is postponing the employer mandate until 2015, undoubtedly to see if the delay will encourage more full-time hiring. But thousands of small businesses have been capping employment at 30 hours and not hiring more than 50 full-timers, and the businesses are unlikely to suddenly change that approach just because they received a 12-month reprieve.

These businesses' hesitation to hire is part of a larger caution among employers unsure about the direction of government policy—and which has helped contribute to chronic long-term unemployment that shows no sign of easing. Unlike those who lose a job and then find another one in a matter of weeks or months, fully a third of the currently unemployed have been out of work for more than six months. As they remain out of the workforce, their skills deteriorating, the likelihood rises that they will be seen as permanently unemployable. With each passing month of bleak job news, the possibility increases of a structural unemployment problem in the U.S. such as Europe experienced in the 1980s.

That brings us to a stunning fact about the jobless recovery: The measure of those adults who can work and have jobs, known as the civilian workforce-participation rate, is currently 63.5%—a *drop* of 2.2% since the recession ended. Such a decline amid a supposedly expanding

economy has never happened after previous recessions. Another statistic that underscores why this is such a dysfunctional labor market is that the number of people leaving the workforce during this economic recovery has actually outpaced the number of people finding a new job by a factor of nearly three.

What the country clearly needs are policies that will encourage the modernization of America's capital stock, where investment in modern production has plunged to the lowest levels in decades. Policies should also be targeted to nourish high-tech industries, which will in turn inspire the design and manufacture of products in the U.S. where they would be closer to the American market, spurring more hiring. This means preparing a skilled workforce, especially engineers suitable to work in manufacturing, and increasing the number of visas available to foreign graduate students in the hard sciences—who are now forced to leave America and who then work for foreign competitors.

Similarly, patent-application processing must be streamlined: The U.S. Patent and Trademark Office should be a channel for innovation, but instead has for too long been and an impediment to the swift introduction of new ideas. Finally, the country should engage in a major infrastructure program to improve airports as America once did for railroads and highways. Air cargo and air travel are linchpins of the economy, yet air-traffic-control technology is stuck in the last century.

It is imperative that the U.S. focus on innovative and creative policies. Otherwise, the five-year crisis in employment will continue even when the economy seems to be recovering. Without such a focus, millions of American families whose breadwinners are unemployed or underemployed will remain dispiriting and apprehensive about the future, especially the young who are entering the workforce. The country needs a real recovery, not a phony one.

## Forbes

### [The Untold Unemployment Story: A Loss Of 162,000 Full-Time Jobs In June](#)

by Peter Ferrara

You would not have gotten the real story about the June unemployment report on the front page of any newspaper. If you can find a reporter who can think for himself or herself, he or she is a treasure who should be promoted to run the entire paper.

But since you are already here, the real story is available if you read on. There were no net full time jobs created last month. The number of full time jobs *actually declined by at least 162,000 on net last month.*

All of the net new jobs created last month were part time jobs. The Labor Department reported, "The number of persons employed part time for economic reasons...increased by 322,000 to 8.2 million in June. *These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job.*" (emphasis added).

That is why the Labor Department also reported that the U-6 unemployment rate, which includes these involuntary part-time workers, soared from 13.8% in May to 14.3% in June. That soaring unemployment suggests not recovery but renewed recession.

These part-time jobs replacing full time jobs helps to explain why middle class incomes have continued to decline throughout Obama's Presidency. The middle class has lost the equivalent of one month's income a year under President Obama, and with these employment trends, those declining living standards will continue.

Moreover, even counting this explosion of part-time jobs, Obama's supposed recovery is sorely lagging. As we pointed out last week, in the 11 previous recessions since the Great Depression, the economy gained back all of the jobs lost during the recession in an average of 25 months from when the recession started. But today, we are 67 months after the recession started, and 49 months after it officially ended, and under what passes for economic policy under the smartest President ever, we still have not gained back all of the jobs lost during the recession. And, again, that is counting the explosion of part time jobs replacing full time jobs.

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### Karma

Most troubling, unemployment has remained harshest for the President's staunchest supporters. Black unemployment for June remained stuck at 13.7%. It has been as bad or worse for four years or more.

Hispanic unemployment was still 9.1%, a slight improvement over the double digit unemployment this group has suffered for more than four years under President Obama.

Moreover, teenage unemployment for June was a Depression level 24%. Hispanic teenage unemployment was 30%. Black teenage unemployment was a genocidal 43.6%.

Yet, these are the same groups most staunchly telling pollsters they approve of the President's performance. Is this generation of Americans, at least as of today, really capable of self-government?

### Economic Re-Education Camp

What these facts teach us is that economic re-education camp is long overdue, for the President's senior economic advisors, all the way to his base of most ardent supporters. We need to return to first principles regarding how jobs are created in a free market economy, and how wages and incomes grow. Then we can evaluate what economic policies would best promote those results.

Capital investment is the foundation of job creation. Such capital investment is what finances the creation of new businesses, and the expansion of existing ones, which require increased employment. That capital investment means increased demand for labor, which also means increased wages to go with the new jobs.

But capital investment also provides the tools to make workers more productive, which is what finances the increased wages for workers resulting from the increased demand. Workers digging a canal can dig with their bare hands. But they are more productive digging with

shovels, which results from capital investment to finance the shovels. They are more productive still working with computer operated steam shovels, which requires even more capital investment to finance their acquisition.

This is the virtuous circle of capitalism. Labor and capital are complements, not adversaries. They operate together to produce the increased prosperity of working people. This is how the standard of living of working families increased by 7 times during the 20th century in America. It is the foundation and the source of the American Dream.

### A Stable Currency

The most important factor in fostering and maintaining a steady stream of capital investment is actually a stable currency. Investors are not going to want to invest if they think they will be paid back the return on their investment in depreciated currency. Or if the monetary policy for the currency is promoting inflated bubbles that will mean boom and bust cycles that might crash their investment altogether.

The best way to maintain a stable value for the dollar is to tie its value to the market value of real world commodities that will hold their real value over the long run, such as gold, silver, copper, oil and others. That would avoid artificial bubbles, and boom and bust cycles, which arise precisely when the value of the currency is not stable.

### The Multiple Taxation of Capital

The multiple taxation of capital, that the President so ardently supports, works directly contrary to the virtuous circle of capitalism and the American Dream as discussed above. The income stream to capital investment is taxed not once, not twice, but actually four times, all of which the President is increasing, or maintaining at the highest levels in recent history.

First, the income stream to capital investment is taxed once by the corporate income tax, which under President Obama now imposes the highest marginal tax rate in the world, except for the Socialist one party state of Cameroon. That includes the federal rate of 35%, plus state rates that raise the total rate to close to 40%. It is the marginal tax rate, or the rate of tax imposed on the next dollar earned, not the average effective tax rate, that determines whether the investor will commit the next dollar of capital investment in a project, because that marginal tax rate is what determines the return on the marginal, next dollar of investment.

American businesses are uncompetitive in the global economy with this marginal, corporate, tax rate. Even Communist China imposes a marginal corporate tax rate of 25%. In the European Union, marginal corporate tax rates are even lower than that on average. In Canada, the federal marginal corporate tax rate is now 15%, with Germany now not too far behind.

But under President Obama, there is no relief from this world leading, corporate tax rate in sight. He occasionally lip synches support for corporate tax reform to lower rates. But there is no Presidential leadership on the issue. Congressional Democrats and Republicans may get together on their own on this issue, but there is no telling right now whether President Obama would really support reform that lowers U.S. marginal corporate tax rates.



After the corporate rate is paid, then investors have to pay the personal income tax on the remaining return they receive. That is the second layer of taxation on capital investment. But President Obama and the Democrats just increased the top, marginal, income tax rate from 35% to over 40%, counting the phaseout of deductions at higher income levels.

So with the corporate income tax taking 40 cents out of the next dollar of return on capital investment, and the personal income tax taking 40% of the remaining 60 cents, that just leaves 36 cents out of the next dollar of returns for the investor.

Then the capital gains tax is the third layer of taxation on capital. President Obama and the Democrats just raised the cap gains tax rate by nearly 60%, from 15% to 23.8%, on the nation's job creators, investors, and successful small businesses, with the expiration of the Bush tax cuts, and the tax increases of Obamacare. A gain in the value of capital means an increase in the expected future income stream to that capital, which will be taxed by the above taxes when earned. To tax the increase in the present value of that income stream by the capital gains tax as well is now taxing that income stream a third time.

It is like an apple orchard where the income tax takes a certain percentage of the apples. The capital gains tax taxes an expected increase in the orchard's future production of apples by taxing away some of the trees today as well.

Then the fourth layer of taxes is the death tax imposed on the remaining value of a lifetime of savings and investment at death. That effectively taxes away still more of the orchard's trees at death. President Bush and Congressional Republicans wanted to take away this fourth layer of taxation of capital altogether. President Obama and Congressional Democrats insisted on bringing it back.

Each income stream should be taxed at the same flat rate one time. By imposing four layers of taxation on the return to capital, and raising the rates on all of them, President Obama and the Democrats are just taxing away the incentive for capital investment that provides the foundation for increased jobs and wages.

### Regulatory Barriers to Jobs and Rising Wages

Another factor in Obamanomics eliminating jobs and wage increases is regulatory barriers preventing capital investment and the increased demand for labor and productivity that would result. For example, the employer mandate of Obamacare requires employers to purchase the costly health insurance for each worker that the government specifies, for firms of 50 or more full time workers. That has already had a powerful effect in forcing the substitution of part time jobs for full time jobs discussed above, as employers try to avoid those added costs.

Similarly, regulations eliminating low cost, reliable supplies of energy, by shutting down the coal industry, or prohibiting the construction of the Keystone Pipeline, effectively impose another tax increase on the economy through higher energy costs, and the corporate welfare necessary to prop up the less competitive, higher cost, alternatives. Jobs are lost directly as well as the coal industry powers down, and the construction of Keystone is blocked.

Such regulatory barriers to jobs and wage increases should themselves be blocked.

There is another historic boom inside this economy just straining the Obama bonds to break out, and restore traditional American economic growth and prosperity. There is nothing more important than restoring that growth, which promises to raise the standard of living of the middle class and working people by another 7 times over the next century, or more given the possibilities and wonders of rapidly advancing technology. All that is necessary is to restore the policies of job creation and wage growth as described above, and liberate Prometheus Unbound.

## Free Beacon

### [Keystone Pipeline Could Get Boost Following Canadian Train Accident](#)

*Critics suggest accident shows we should scrap oil reliance altogether*

by Lachlan Markay



*Charred tanker cars are piled up in Lac-Megantic, Quebec*

The deadly explosion of a Canadian freight train could boost the case for the U.S. government's approval of a controversial oil pipeline, which supporters say would reduce the risk of similar disasters in the future.

The disaster's [death toll](#) is up to 13, and an additional 40 are missing since the train, which was carrying 72 tanker cars of crude oil, derailed and subsequently exploded in Lac-Megantic, Quebec, on Saturday.

Proponents of the Keystone XL Pipeline have noted that a rejection of the project by the Obama administration would likely mean additional crude oil transported by rail, and hence a heightened risk of future accidents.

“The train disaster in Quebec is a tragic example of how some means of transportation are more dangerous than others,” James Taylor, senior fellow for environmental policy at the Competitive Enterprise Institute, said in an email.

The administration has repeatedly delayed its decision to approve or reject the pipeline. President Barack Obama recently said he would not approve the project unless it was determined to be carbon neutral, [suggesting to some](#) that he planned to reject it.

Proponents of the project say that outcome would make oil transportation more risky.

“Oil pipelines, such as the proposed Keystone XL pipeline, transport oil much more safely than trains and ships,” Taylor said.

Recent oil spills involving pipelines have been [featured prominently](#) in reporting on the dangers of that mode of transportation.

However, Charles Ebinger, director of the Brookings Institution’s Energy security initiative, said using rail as an alternative would “undoubtedly” lead to even more oil spills.

“The evidence is so overwhelming that railroads are far less safe than pipelines, that it would be a serious mistake to use these recent spills to say that Keystone is unsafe,” Ebinger [told Bloomberg News](#).

The rail industry [points out](#) that spill incidence is still very low, and that even minor accidents are rare, let alone disasters on the scale of Saturday’s.

Data compiled by the American Action Forum (AAF) shows that, while spill incidence for rail is indeed small, rail transportation also accounts for a [small percentage](#) of total crude oil transported.

“Between 2005 and 2009, pipelines transported nearly 17 times more oil than rail. In the same period, railway travel reported more than twice as many incidents related to the transport of hazardous materials—718 as compared to 354 for pipelines—and 34 incidents per ton-mile traveled for every 1 incident via pipeline,” explained Catrina Rorke, AAF’s director of energy policy, on the organization’s website.

As more crude is transported over rail lines, the number of spills may rise as well, Rorke suggested.

“It’s important that this oil is transported in the safest and most efficient way possible,” she wrote.

Rail transportation company BNSF has seen its crude shipments [skyrocket](#) as North American oil production has increased. The company shipped 13 million barrels of crude over its rail lines in 2008; by 2012, that number was 90 million.

One of BNSF’s major investors is billionaire mogul Warren Buffett’s Berkshire Hathaway. While Buffett [says](#) he supports the Keystone Pipeline, some have [noted](#) that a decision by the president to kill the project could benefit Buffett, one of his most [high profile supporters](#).

Environmentalists acknowledge that rail transportation could be riskier, but insist that the answer is not more pipelines, but a total abandonment of oil altogether.

“There’s no safe way to move this oil around,” Sierra Club spokesman Eddie Scher told the [Washington Post](#) on Tuesday. “What we need to do is to get the hell off oil.”

Industry representatives say that that position betrays the radicalism of Keystone opponents.

“One outcome from the tragic rail accident in Canada is that far left activists finally admitted what they are really opposed to when it comes to Keystone XL: our use fossil fuels,” one industry insider, who asked to remain anonymous, told the *Washington Free Beacon*.

“For these activists, Keystone has always been a symbol for stopping all traditional energy resources and fulfilling their green agenda,” he added.

Until the United States can completely wean itself off of oil, an endpoint that [some experts](#) say is for all practical purposes unattainable, observers expect the Canadian train explosion to boost the case for greater pipeline capacity.

“No decision should be made on one event and the tragedy in Quebec should not preclude future rail shipments of oil, but it does emphasize that pipeline is the safest method of transportation for oil and Keystone XL would be one that’s state-of-the-art,” Heritage Foundation energy policy expert Nick Loris said in an email.

## American Interest

### [Quebec Train Crash Explains Why Greens Should Back Keystone](#)

by Walter Russell Mead



Tragedy struck in the idyllic town of Lac Megantic, Quebec this weekend. A 73-car oil-laden train derailed and exploded early Saturday. Five people died, and the crash site is still too hot—[more than 50 hours later](#)—to look for 40 missing people.

The implications of the accident extend much further than the small border town: crashes like this are why greens should be supporting the proposed Keystone XL pipeline.

Canada has a lot of oil. Much of that is trapped in Alberta's oil sands, and it is of a particularly heavy and dirty-burning variety. But Canada does not have a lot of oil infrastructure. It lacks the pipelines and the refineries needed to take advantage of its bounty.

The proposed Keystone XL pipeline would solve this problem by bringing Canadian oil down to American refineries along the Gulf Coast. Prominent greens like James Hanson and Bill McKibben see the approval of this pipeline as "[game over](#)" for the climate, due to the amount of greenhouse gas this oil would emit when burned.

Here's why they're wrong: that oil is coming out of the ground whether the pipeline is built or not. Canada is considering building a pipeline west to its Pacific coast, where it could be then transported by ship. British Columbia, home to a large number of greens, has so far been able to [throw a wrench](#) into this plan. So, lacking any proper pipeline infrastructure, companies are shipping oil by train. And not in trickles, either: Canada's rail shipments of oil have increased by [28,000 percent](#) since 2009.

Which brings us to Saturday's tragedy. Accidents happen, and no method of oil transportation is 100 percent "safe." The industry, like many others, strives to minimize risk, knowing it can't eliminate them. That being said, [pipelines are safer than trains](#).

What does this tragedy mean for the future of the Keystone XL pipeline? If greens had any sense, they would be clamoring for the Obama administration to approve it. The oil is coming out whether the pipeline is built or not. At this point, it's about minimizing the risk of events like the Lac Megantic accident.

President Obama [hinted](#) that he might approve the pipeline in his recent climate speech. For the environment's sake, let's hope he follows through.

## **Power Line** **[Global Warming Questions for the Chinese](#)** by John Hinderaker

China is now the world's number one emitter of carbon dioxide, so other countries are trying to browbeat it to fall into line with the CAGW (catastrophic anthropogenic global warming) theory. So the the Chinese Academy of Sciences is taking up the global warming debate, which is more than you can say for similar professional organizations in the U.S. and Europe. The [Science and Environmental Policy Project](#) reports on what is going on in China; we can only hope that China will not choose to cripple its economy for the sake of purported climate benefits. SEPP proposes a list of questions that should be posed to those who want to put China in the alarmist camp:

As mentioned earlier, the Chinese Academy of Sciences is planning a September symposium in Beijing to rally the pro-IPCC arguments and try to convince their government that humans make an important contribution to global warming. In anticipation of this symposium, one would like to ask the organizers the following kinds of questions:

1. Can you explain why there has been no significant warming observed in the last 15 years — in spite of a rapid increase in the atmospheric levels of carbon dioxide?
2. Can one explain why the tropical atmosphere has shown no warming between 1979 and 2000 (ignoring the 1-yr long temperature spike of 1998, caused by a Super-El-Nino), and then again between 2002 and 2012-while models predict that the atmosphere should warm faster than the surface?
3. Can one explain why the Antarctic has been cooling, with Antarctic sea ice growing steadily—while models predict a global warming with most of the effects at high latitudes?
4. Why is there is a striking difference in observed temperature trends between Northern and Southern hemispheres, not exhibited by climate models?
5. There is also a striking disparity between observed and modeled latitude dependence of clouds and of precipitation. Why is that?
6. Can one explain what caused the observed strong warming between 1910 and 1940? It is unlikely to be anthropogenic, since the level of greenhouse gases was quite low before World War-II.
7. Can current climate models account for the observed Multi-decadal Oscillations of the Pacific and Atlantic oceans?
8. Finally, can one explain the existence of the so called Little Ice Age, between about 1400 and 1800 AD, and the apparent coincidence of extreme cold with low sunspot numbers?

It is quite remarkable that computer models that cannot account for either 1) the Little Ice Age, which lasted for several centuries, or 2) the current flat global temperatures, are taken seriously by anyone. SEPP closes with a few words about carbon dioxide:

A quick word about carbon dioxide: It is an odorless, non-toxic natural constituent of the Earth's atmosphere. As the basic food for all plants, it is absolutely essential for maintaining life on our planet. CO<sub>2</sub> should not be called a "pollutant." In the geological past, its level has been ten times or more higher than its present value; in fact, our major food crops developed when CO<sub>2</sub> levels were about five times higher. China is now the world's largest emitter of CO<sub>2</sub> and thereby making an important contribution to increasing agricultural yields at a time when much of the global population is still hungry. The world should be grateful to China.

That's right: deserts are now becoming more fertile as a result of higher (but still low, by historical standards—we are living in a carbon-deprived era) levels of CO<sub>2</sub> in the atmosphere. But that is a post for another day.

## **Bloomberg News**

### **What Do 2,358 College Administrators Do?**

by Richard Vedder

For at least a half-century, the [University of California](#) has been considered the premier system in U.S. public higher education. The Berkeley and Los Angeles campuses always rank among the top 10 state schools, with several other UC campuses close behind.

While the nomination of [Janet Napolitano](#), the secretary of the Homeland Security Department, [as the next chancellor](#) of the University of [California](#) may have been a surprise, it isn't a comedown. The system has almost 240,000 students and an operating budget that exceeds \$24 billion, almost triple the state budget of [Arizona](#), for example, where Napolitano served as governor and attorney general.

Historically, a lawyer-politician who has never been a college professor, let alone a higher-education administrator, might not have been the preferred choice to lead a huge public university. But that has changed in recent years. Universities - - private as well as public -- are very much creatures of the U.S. political scene, highly dependent on federal and state funds. Who better to navigate that world than former elected officials? Napolitano joins such ex-politicians as [Mitch Daniels](#) at [Purdue University](#), David Boren of the University of [Oklahoma](#) and Kent Hance of Texas Tech University.

The University of California embodies both the best and worst in American higher education. Some of its research is cutting-edge, and many UC graduates have achieved positions of power, wealth and eminence. And they obtained their degrees for a fraction of the cost charged at most equivalent private universities.

### **Administrative Costs**

Yet UC's annual spending exceeds that of most state governments, amounting to roughly \$100,000 for each of its students. Much of this is unrelated to instructional function. The university's bureaucracy is famously monumental, centralized and costly: Aside from a full cohort of administrators and support staff at each of the 10 campuses, the central office in Oakland employs more than 2,000 workers, a staggering number (2,358 full-time employees, [according to](#) the Integrated Postsecondary Education Data System). There are 10 "divisions" in the Office of the President, for example. Its "external relations" division lists more than 55 managerial-type employees on organizational charts, and that number doesn't include support personnel.

The "business operations" and "academic affairs" divisions are much larger. One senior non-UC university president said to me once that the central office could be reduced by more than half and the university wouldn't suffer.

The university took some budgetary hits from the state in recent years but offset them with huge tuition increases. No serious attempt was made to vastly cut costs. How many senior faculty at, say, Berkeley teach more than 200 hours a year? How much of the so-called [research](#) by these

professors is read or cited? I suspect a lot of it has little impact. How many buildings lie largely dormant for months each year?

The approach to “reform” by Governor Jerry Brown and California legislators is to have [more free](#) online courses. Let’s not upset the natives (faculty and staff) on the campuses with fundamental change.

For all its moaning about tight finances, the University of California has largely been financially protected from and blind to the [economic reality](#) in the outside world: In the U.S. -- and especially California -- economic growth has been falling, college costs have been rising faster than incomes, student-loan debt has been piling up, and the labor market has stagnated.

Rather than bring in a leader with a proven record of recognizing the need to re-examine the public university and innovate to face these realities, the university’s Board of Regents has brought in a veteran at managing and perpetuating bureaucracies, one well-connected enough to keep the federal flow of support coming and to shake more money from the state’s already overburdened taxpayers.

Perhaps Napolitano has the ability and ambition to adapt to grasp the new reality and make needed changes. My expectations are low.

## IBD

### [Late Night Humor](#)

by Andrew Malcolm

Fallon: NSA leaker Edward Snowden has been offered asylum in Venezuela, Nicaragua and Bolivia. Or as Snowden put it, “Prison it is!”

Fallon: A new report says Ikea uses 1% of the world's wood every year. Critics say that’s unsustainable, an outrage, and -- *OMG!* -- is that a couch for only 50 bucks?

Conan: Elliot Spitzer, caught frequenting prostitutes a few years ago, is running for office again in New York. His campaign slogan- “Spitzer: Creating Jobs by the Hour.”

Conan: A new study finds drinking just three pints of beer a week permanently dulls the brain. So now you know: Never stop at just three.

Conan: A new report finds Mexico has replaced the U.S. as the world’s fattest nation. In fact, now Mexicans are trying to cross the border just to ask, “Are you going to finish that?”

Leno: Bad news for the 'Lone Ranger.' The movie could lose \$150 million. In fact, it's so bad that Tonto quit acting and has gone back to working at the casino.

Leno: Big turmoil in Egypt. The military took over. President Morsi is under house arrest and being forced to watch 'The Lone Ranger.'



Leno: Anthony Weiner and Eliot Spitzer both running for New York City office. If both win, the city would be run by the Peter Tweeter and the Hooker Booker.

Letterman: I'm surprised about Eliot Spitzer running for city comptroller because comptroller, really? This guy couldn't even 'comptroll' himself."

Fallon: Japan just announced that it will launch a talking robot into space next month. Which got awkward when the robot said, "Wait, what?"

Fallon: An 88-year-old Briton is the world's oldest McDonald's employee. But he swears he's only working there until his band makes it big.

Fallon: Prince William and Kate Middleton's baby will be called either the Prince or Princess of Cambridge. You know, depending on how he throws a ball.

Conan: A new report claims that Osama bin Laden was able to avoid being detected in Pakistan by wearing a cowboy hat at times. Pakistani authorities say, "I guess he just got lost in the sea of other seven-foot Muslim guys wearing cowboy hats."

Conan: With Anthony Weiner and Eliot Spitzer running for political office in New York, the city is changing its nickname to "The City That Never Sleeps With Its Wife."

Conan: Hostess says its new Twinkies will have an even longer shelf-life than the old ones. The CEO said "Our goal is to make Twinkies outlast people who eat Twinkies."

Conan: The most popular 2013 baby names include names like "Katniss" and "Django" from big movies. Which means you won't be running into any babies named Tonto.

Conan: Mexico now the world's fattest nation. The Mexican government has done a lot of research. Turns out their people eat way too much Mexican Food.

Conan: A recent survey says the most stolen U.S. vehicle is the Ford F-250. For the 10th year in a row, the least stolen vehicle is the Plymouth Anything.

Leno: A new report says Mexicans are now the fattest people on earth. Don't worry. They'll return North come fall and the U.S. will get the title back.

Letterman: Great news for NSA leaker Edward Snowden. He's just been named 'Cinnabon Customer of the Month' in the Moscow Airport.

Letterman: They finally found another miracle to make Pope John Paul II a saint: Ryan Seacrest's career.

Letterman: You may have seen that George Clooney and his girlfriend have split up. Yup. Very sad. Today the old girlfriend was granted asylum in Venezuela.

Letterman: Twinkies are back and with a longer shelf-life. Month and a half now. That's longer than a Kardashian marriage.

Letterman: So Twinkies are back with a longer shelf-life? Hell, I'm still digesting one from the 60's.

Fallon: President Obama told a bunch of children that broccoli is his favorite food. Then, Joe Biden said, "For me, it's crayons."

Fallon: So Obama told some kids that broccoli is his favorite food. Then he said, "Is Michelle gone? It's actually Skittles."

Fallon: Elizabeth Hasselback has left 'The View' for 'Fox&Friends.' The other View ladies had a big going-away party, but it would have been nice if they'd invited Elizabeth.

Fallon: ESPN Magazine is ready to release its annual "Body Issue" of 21 athletes posing nude. Along with the same promise as always: No bowlers.

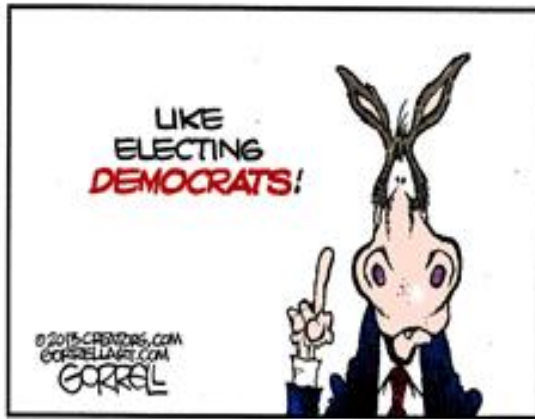
Conan: Eliot Spitzer is running for New York City comptroller. He's paying someone \$800 a day to collect signatures to get on the ballot. Spitzer says it's the second best \$800 he's ever spent.

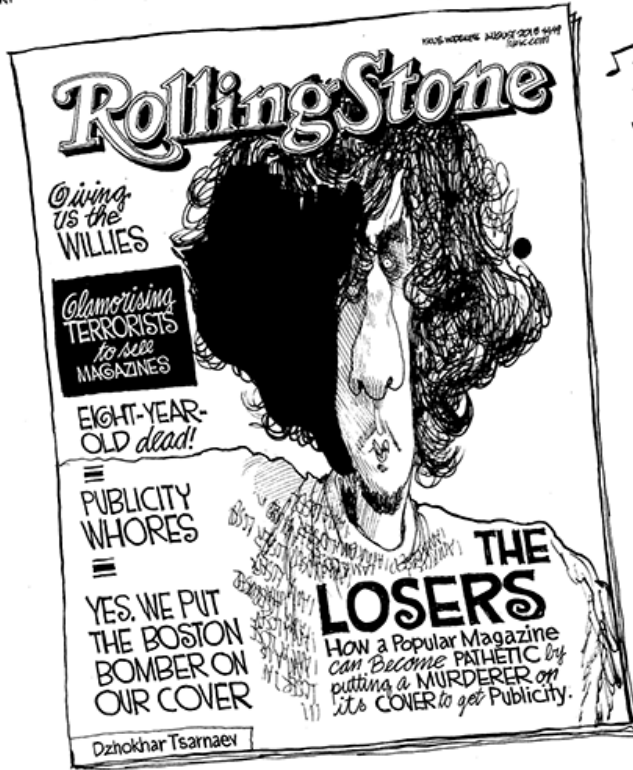
Conan: Obama's approval rating falls to 44%. He's getting desperate. Today, he gave a speech entitled, "Hey, guys, the Twinkie is coming back."

Fallon: Political experts say that Eliot Spitzer's decision to return to politics could hurt Anthony Weiner's chances of becoming mayor. Or as Spitzer put it, "See? I'm makin' things better already!"

Conan: Detroit Lions quarterback Matthew Stafford signs a new contract worth \$76 million. They're paying him \$10 million to play football and \$66 million to live in Detroit.

Conan: DC Comics has released a new comic book where Superman kills someone. Then at the end of the story, he's signed by the New England Patriots.





♪ ROLLING STO-O-ONE...  
WANNA SEE MY PICTURE  
ON THE COVER?  
STO-O-ONE...  
TRIED TO KILL 5 THOUSAND  
WITH MY BROTHER.  
STO-O-ONE  
A DESPERATE ATTEMPT  
TO SEEM RELEVANT,  
BY SOME DIMWIT  
at the ROLLING  
STONE!  
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