

September 19, 2013

The last post before the weekend starts with a couple of pieces of good news. First, [Joel Kotkin](#) celebrates the future of our partnership with our neighbors to the north and south - NAFTA.

OK, I get it. Between George W. Bush and [Barack Obama](#) we have made complete fools of ourselves on the international stage, outmaneuvered by petty lunatics and crafty kleptocrats like Russia's [Vladimir Putin](#). Some even claim we are witnessing "[an erosion of world influence](#)" equal to such failed states as the Soviet Union and the French Third Republic. "Has anyone noticed how diminished, how very Lilliputian, America has become?" my friend Tunku Varadajaran [recently asked](#).

In reality, it's our politicians who have gotten small, not America. In our embarrassment, we tend not to notice that our rivals are also shrinking. Take the Middle East — please. Increasingly, we don't need it because of North America's unparalleled resources and economic vitality.

Welcome then to the NAFTA century, in which our power is fundamentally based on developing a common economic region with our two large neighbors. Since its [origins in 1994](#), NAFTA has emerged as the world's largest trading bloc, linking 450 million people that produce \$17 trillion in output. Foreign policy elites in both parties may focus on Europe, Asia and the Middle East, but our long-term fate lies more with Canada, Mexico and the rest of the Americas.

Nowhere is this shift in power more obvious than in the critical energy arena, the wellspring of our deep involvement in the lunatic Middle East. Massive finds have given us a new energy lifeline in places like the Gulf coast, the Alberta tar sands, the Great Plains, the Inland West, Ohio, Pennsylvania and potentially California.

And if Mexico successfully reforms its state-owned energy monopoly, PEMEX, the world energy — and economic — balance of power will likely shift more decisively to North America. [Mexican President Pena Nieto's plan](#), which would allow increased foreign investment in the energy sector, is projected by at least one analyst to boost Mexico's oil output by 20% to 50% in the coming decades. ...

The next piece of good news comes from [James Pethokoukis](#). Posting on a study by Deutsche Bank analysts, he claims zero population growth is in sight. *Make room! The current world population of roughly 7.2 billion will rise to 9.6 billion by 2050 and then to 10.9 billion in 2100, according to the most recent United Nations projections.*

Wait, don't make room. Demographer Sanjeev Sanyal of Deutsche Bank thinks the UN is way off. His calculations find the world's overall fertility rate falling to the replacement rate in 2025, although global population will continue to expand thanks in part to rising longevity, for another few decades. Then comes the Big Shrink. Sanyal:

We forecast that world population will peak around 2055 at 8.7 billion and will then decline to 8.0 billion by 2100. In other words, our forecasts suggest that world population will peak at least half a century sooner than the UN expects and that by 2100, and that level will be 2.8 billion below the UN's prediction. This is obviously a radically different view of the world.

The missing 3 billion. Below are two charts, the first with the UN's projections, the second with Deutsche Bank's: ...

*... **4. Some developed countries may do surprisingly well.** The one developed country that stands out in our model is the United States. Even though our population growth projections are more moderate than those of the UN, the US can be expected to continue to enjoy an expanding working-age population till the 2050s (i.e. longer than many emerging economies). Germany's low birth rate implies a declining population but we feel that it will be much more successful in absorbing immigrants than anticipated by the UN. Thus, its demographic trajectory may not be quite as dire as generally believed. ...*

The failure of Summers to gain the Fed post is an indication of early onset of lameduckedness according to Jennifer Rubin. No, she didn't dream up that word, it was the German in Pickerhead.

It's a measure of just how far the president's stock has fallen that he couldn't get the Federal Reserve chairman he wanted because Democrats revolted. Democratic Senators Jon Tester of Montana, Jeff Merkley of Oregon and Sherrod Brown of Ohio all publicly said they wouldn't support the Clinton-era economist. Certainly the liberal base was up in arms that President Obama might have the temerity to appoint a business-friendly veteran of the Clinton administration.

Rather than fight, Summers (no doubt at the White House's behest) stepped aside, just as Susan Rice shied away from a tough nomination fight for secretary of state. But Rice was a victim of the right; Summers's rejection by the left is a reminder that the president has disappointed his base on so many topics (the sequester, failure to repeal all the Bush tax cuts, gun control, single-payer health care and climate change) that he felt obliged to relent on this one. ...

More on this from The Atlantic.

... Perhaps even more surprising is who did Obama in: a small team of Democrats on the Senate Banking Committee. On Friday, Montana's Jon Tester announced he would not back a Summers nomination. That followed similar comments, via aides, by Sherrod Brown of Ohio and Jeff Merkley of Oregon. Elizabeth Warren of Massachusetts, the progressive icon and former Obama aide, was also thought to be reluctant. That meant Summers would have required at least four Republican votes to clear the Senate Banking Committee, and around 10 from the wider Senate to reach the 60-vote threshold likely needed to overcome GOP procedural obstruction.

Until Sunday afternoon, these seemed like just the latest skirmishes in a war. In July, almost a third of the Democrats in the Senate sent a letter to Obama imploring him to appoint Janet Yellen to the job instead. While the letter didn't mention Summers, it was clearly a rebuke to the White House's reported preference. Progressives worried that Summers was too much a part of the Clinton-era economic team that they charged with helping to make the Great Recession possible, and they argued that Yellen had been right more frequently on crucial recent economic issues.

But Obama was reportedly angry at the letter, and dispatched aides to Capitol Hill to vent and get the troops in line. While Majority Leader Harry Reid promised to support whomever the president picked, he apparently wasn't able to keep his caucus completely in line, leading to today's withdrawal.

Here are three political takeaways from the demise of the Summers nomination. ...

The Toast with tips on how to write like a NY Times pundit.

I am going to share a tip with you, a tip that thus far I have managed to keep to myself but that will benefit you enormously, whether student or amateur sociologist or writer for The Economist.

No matter what time period you are referring to, no matter what country or region of the world you are referencing, there is a single claim that you can make that will always be true and will never be challenged, not even by Malcolm Gladwell himself: the middle class is always in the process of emerging. Like a shivering, fluffy clutch of chicks poking their heads out of the membraneous shards of a newly-cracked shell, the middle class is in a constant state of emergence.

That's it. That's all there is to it. Want to sound like an authority on growing third-world markets, whatever those are? Talk about the increased influence of the emerging middle class.

Writing a history essay about the policies of Louis XIV? Don't forget to include a paragraph or two about the checks on his national authority by the newly influential middle class.

What was the middle class doing during the Victorian Era? Emerging.

What is the middle class doing in China right now, this very moment? Emerging. Oh, look, what's that over there? It's the middle class, just down the road in India, and they're emerging all over the place. ...

Late night from **Andrew Malcolm**.

Leno: Some 312,000 Americans gave up job-hunting in August, lowering the unemployment rate to 7.3%. Obama calls this a real step in the right direction, urges more Americans to give up looking for work.

Leno: John Kerry has given Syria one week to turn over all its chemical weapons. And if they don't, they get one more week. That's where we are.

Letterman: Did you see Obama's speech? First thing he said, 'Good evening. I'm the President of the United States. I killed bin Laden.' A good start.

Letterman: President Obama now says we may be close to a deal with Syria. So, thank you, Dennis Rodman.

Forbes

America's True Power In The NAFTA Century

by Joel Kotkin



OK, I get it. Between George W. Bush and [Barack Obama](#) we have made complete fools of ourselves on the international stage, outmaneuvered by petty lunatics and crafty kleptocrats like Russia's [Vladimir Putin](#). Some even claim we are witnessing "[an erosion of world influence](#)" equal to such failed states as the Soviet Union and the French Third Republic. "Has anyone noticed how diminished, how very Lilliputian, America has become?" my friend Tunku Varadajaran [recently asked](#).

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Welcome then to the NAFTA century, in which our power is fundamentally based on developing a common economic region with our two large neighbors. Since its [origins in 1994](#), NAFTA has emerged as the world's largest trading bloc, linking 450 million people that produce \$17 trillion in output. Foreign policy elites in both parties may focus on Europe, Asia and the Middle East, but our long-term fate lies more with Canada, Mexico and the rest of the Americas.

Nowhere is this shift in power more obvious than in the critical energy arena, the wellspring of our deep involvement in the lunatic Middle East. Massive finds have given us a new energy lifeline in places like the Gulf coast, the Alberta tar sands, the Great Plains, the Inland West, Ohio, Pennsylvania and potentially California.

And if Mexico successfully reforms its state-owned energy monopoly, PEMEX, the world energy — and economic — balance of power will likely shift more decisively to North America. [Mexican](#)

[President Pena Nieto's plan](#), which would allow increased foreign investment in the energy sector, is projected by at least one analyst to boost Mexico's oil output by 20% to 50% in the coming decades.

Taken together, the NAFTA countries [now boast larger reserves](#) of oil, gas (and if we want it, coal) than any other part of the world. More important, given our concerns with greenhouse gases, NAFTA countries now possess, by some estimates, more clean-burning natural gas than Russia, Iran and Qatar put together. All this at a time when U.S. energy use [is declining](#), further eroding the leverage of these troublesome countries.

This particularly undermines the position of Putin, who has had his way with Obama but faces long-term political decline. Russia, which relies on hydrocarbons for two-thirds of its export revenues and half its budget, [is being forced to cut gas prices in Europe](#) due to a forthcoming gusher of LNG exports from the U.S. and other countries. In the end, Russia is an economic [one-horse show](#) with declining demography and a discredited political system.

In terms of the Middle East, the NAFTA century means we can disengage, when it threatens our actual strategic interests. Afraid of a shut off of oil from the Persian Gulf? Our response should be: Make my day. [Energy](#) prices will rise, but this will hurt Europe and China more than us, and also will stimulate more jobs and economic growth in much of the country, particularly the energy belts of the Gulf Coast and the Great Plains.

China and India have boosted energy imports as we decrease ours; China is expected to surpass the United States as the world's largest oil importer this year. At the same time, in the EU, [bans on fracking](#) and over-reliance on unreliable, [expensive "green" energy](#) has [driven up prices](#) for both gas and electricity.

These high prices have not only eroded depleted consumer spending but is leading some manufacturers, including in Germany, to look at relocating production, notably to energy-rich regions of the United States. This shift in industrial production is still nascent, but is evidenced by growing U.S. manufacturing at a time when [Europe](#) and Asia, particularly [China](#), are facing stagnation or even declines. Europe's industry minister recently warned of "an [industrial massacre](#)" brought on in large part by unsustainably high energy prices.

The key beneficiaries of NAFTA's energy surge will be energy-intensive industries such as petrochemicals — major new investments are being made in this sector along the Gulf Coast by both foreign and domestic companies. But it also can be seen in the resurgence in North American manufacturing in automobiles, steel and other key sectors. Particularly critical is Mexico's recharged [industrial boom](#). In 2011 roughly half of the nearly \$20 billion invested in the country was for manufacturing. Increasingly companies from around the world see our southern neighbor as an ideal locale for new manufacturing plants; General Motors, Audi, Honda, Perelli, Alcoa and the Swedish appliance giant Electrolux have all announced major investments.

Critically this is not so much Ross Perot's old "sucking sound" of American jobs draining away, but about the shift in the economic balance of power away from China and East Asia. Rather than rivals, the U.S., Mexican and Canadian economies are becoming increasingly integrated, with raw materials, manufacturing goods and services traded across the borders. This integration has [proceeded rapidly since NAFTA](#), with U.S. merchandise exports to Mexico growing from \$41.6 billion in 1993 to \$216.3 billion in 2012, an increase of 420%, while service

exports doubled. Meanwhile U.S. imports from Mexico increased from \$39.9 billion in 1993 to \$277.7 billion in 2012, an increase of 596%.

At the same time, U.S. exports to Canada increased from \$100.2 billion in 1993 to \$291.8 billion in 2012.

Investment flows mirror this integration. As of 2011, the United States accounted for 44% of all foreign investment in Mexico, more than twice that of second-place Spain; Canada, ranking fourth, accounts for another 10%. Canada, which, according to a recent [AT Kearney report](#), now ranks as the No. 4 destination for foreign direct investment, with the U.S. accounting for more than half the total in the country. Over 70% of Canada's outbound investment goes to the U.S.

Our human ties to these neighbors may be even more important. (Disclaimer: my wife is a native of Quebec). Mexico, for example, accounts for nearly [30% of our foreign-born population](#), by far the largest group. Canada, surprisingly, is the largest source of foreign-born Americans of any country outside Asia or Latin America.

We also visit each other on a regular basis, with Canada by far the biggest sender of tourists to the U.S., more than the next nine countries combined; Mexico ranks second. The U.S., for its part, accounts for two-thirds of all visitors to Canada and the U.S. remains by far largest source of travelers to Mexico.

These interactions reflect an intimacy Americans simply do not share with such places as the Middle East (outside Israel), Russia, and China. There's the little matter of democracy, as well as a common sharing of a continent, with rivers, lakes and mountain ranges that often don't respect national borders. Policy-maker may prefer to look further afield but North America is our home, Mexico and Canada our natural allies for the future. Adios, Middle East and Europe; bonjour, North America.

American.com

[The end of global population growth may be almost here — and a lot sooner than the UN thinks](#)

by James Pethokoukis

Make room! The current world population of roughly 7.2 billion will rise to 9.6 billion by 2050 and then to 10.9 billion in 2100, according to the most recent United Nations projections.

Wait, don't make room. Demographer Sanjeev Sanyal of Deutsche Bank thinks the UN is way off. His calculations find the world's overall fertility rate falling to the replacement rate in 2025, although global population will continue to expand thanks in part to rising longevity, for another few decades. Then comes the Big Shrink. Sanyal:

We forecast that world population will peak around 2055 at 8.7 billion and will then decline to 8.0 billion by 2100. In other words, our forecasts suggest that world population will peak at least

half a century sooner than the UN expects and that by 2100, and that level will be 2.8 billion below the UN's prediction. This is obviously a radically different view of the world.

The missing 3 billion. Below are two charts, the first with the UN's projections, the second with Deutsche Bank's:

Table 1: United Nations' Population Forecasts

In millions	2010	2020	2030	2040	2050	2100
1. Bangladesh	151.1	169.6	185.1	195.9	201.9	182.2
2. Brazil	195.2	211.1	222.7	229.4	231.1	194.5
3. China	1,359.8	1,432.9	1,453.3	1,435.5	1,385.0	1,085.6
4. France	63.2	66.6	69.3	71.5	73.2	79.1
5. Germany	83.0	81.9	79.6	76.4	72.6	56.9
6. India	1,205.6	1,353.3	1,476.4	1,565.5	1,620.1	1,546.8
7. Indonesia	240.7	269.4	293.5	311.3	321.4	315.3
8. Iran	74.5	84.1	91.3	96.8	100.6	94.3
9. Japan	127.4	125.4	120.6	114.5	108.3	84.5
10. Mexico	117.9	132.0	143.7	151.8	156.1	139.8
11. Nigeria	159.7	210.2	273.1	350.7	440.4	913.8
12. Republic of Korea	48.5	50.8	52.2	52.3	51.0	40.5
13. Russian Federation	143.6	140.0	133.6	127.0	120.9	101.9
14. South Africa	51.5	55.1	58.1	60.9	63.4	64.1
15. Turkey	72.1	80.3	86.8	91.8	94.6	86.5
16. United Kingdom	62.1	65.6	68.6	71.0	73.1	77.2
17. United States of America	312.2	338.0	362.6	383.2	400.9	462.1
18. World	6,916.2	7,716.7	8,424.9	9,038.7	9,550.9	10,853.8

Source: United Nations Population Prospects, 2012 Revision

Table 3: Deutsche Bank's Population Forecasts

In millions	2010	2020	2030	2040	2050	2100
1. Bangladesh	151.1	169.3	185.0	197.1	203.6	190.0
2. Brazil	195.2	210.4	221.0	226.1	225.4	189.0
3. China	1,359.8	1,431.4	1,451.7	1,432.7	1,380.6	1,025.6
4. France	63.2	66.0	68.7	70.4	71.1	70.3
5. Germany	83.0	81.9	80.1	78.6	77.0	66.1
6. India	1,205.6	1,347.5	1,444.1	1,497.5	1,517.7	1,448.1
7. Indonesia	240.7	269.4	293.5	311.3	321.4	315.3
8. Iran	74.5	84.1	91.3	96.8	100.6	94.3
9. Japan	127.4	125.5	121.4	115.7	109.4	85.4
10. Mexico	117.9	131.7	142.9	151.4	155.8	138.8
11. Nigeria	159.7	210.0	272.7	348.4	431.2	521.4
12. Republic of Korea	48.5	50.8	52.2	52.3	51.0	40.5
13. Russian Federation	143.6	141.0	137.4	132.2	126.2	107.0
14. South Africa	51.5	55.1	58.1	60.9	63.4	64.1
15. Turkey	72.1	80.3	86.5	90.5	91.9	82.2
16. United Kingdom	62.1	65.2	67.4	68.9	69.9	71.3
17. United States of America	312.2	337.6	359.9	378.4	391.8	402.2
18. World	6,916.2	7,630.1	8,173.9	8,553.0	8,713.4	8,026.1

Source: Deutsche Bank

In a recent DB report, Sanyal says even a cursory glance at UN projections reveals oddities. For instance, the UN projects Nigeria's population to soar to nearly 1 billion by 2100 versus 160 million today. But that assumes Nigeria's fertility rate stays locked at current levels even though other emerging countries like Iran and Bangladesh have experienced large declines in their once-high fertility rates. Sanyal sees Nigeria's population growing only half as much.

Or look at the United States. The UN projects the US population to rise to 462 million from 314 million today, despite a fertility rate already below replacement. Can immigration really make up the difference? Sanyal points to a recent study by Pew Research, which found that the US birth rate fell to a record low in 2011 with immigrant women experiencing the sharpest declines. And of course most immigrants are already coming from countries with low and falling birth rates.

Also strange: the UN projects a huge population increase while at the same time also projecting the share of the world's population living in cities to rise from today's 52% to over 67% by 2050. Urbanization is the "the strongest contraceptive known to man," the researcher says, and along

with rising per capita income and female literacy should cause a large decline in the world's birth rates.

Sanyal outlines some major societal and economic implications:

1. Aging societies will have to adjust soon to the fact that it is not possible for economies to sustain a retirement age in the early sixties. With people routinely living well into their eighties, it will soon be common for people to extend their working life into their mid-seventies ... Societies that cannot make the socio-political adjustment to this new reality will struggle in the 21st century and will unduly burden the shrinking base of young people entering the workforce.

2. An aging population does not imply a boom in retirement homes and an ever expanding medical sector. Yes, there will be more people in their sixties and seventies, but they will largely be fit and working. While there will be some increase in the medical support needed to keep this cohort going, it should not be blindly extrapolated from the past. Meanwhile, as anyone with children will know, falling birth rates will reduce demand for medical care from a high maintenance segment of the population. This implies a change in the mix of medical care rather than a spiraling increase in per capita medical support .

Thus, the main impact of aging will be the extension of active, working adulthood rather than a situation where large portions of the population are living in a prolonged geriatric twilight. In turn, this will impact consumption patterns, urban real estate and even the education system. For instance, university systems will have to be reoriented to deal with middle-aged workers who need to update their skills over a 50- year career or perhaps want to completely change their profession. In contrast, the intake of younger cohorts will ease off due to the shrinking pipeline coming out of secondary schools. This implies a big change in the way education systems are set up.

3. The global demographic shift is not a developed country issue since the shift has been faster for many emerging markets. Russia already has a shrinking workforce and many Latin American countries, contrary to popular belief, have TFRs that are at or below the replacement rate. ... The rapid shrinking of China's workforce from 2020, which is now unavoidable, will have a major impact on the dynamics of the world economy (even allowing for some older workers working longer). As argued in an earlier report in this series, China will transform itself from being the "factory to the world" to becoming the "investor to the world." This will create opportunities for younger emerging markets like Indonesia, Philippines and, most importantly, India to enter market segments being vacated by China. In turn, they will be followed by even younger countries like Nigeria. Nonetheless, it should be emphasized that demographics alone is not sufficient to generate growth and cannot substitute for sensible policy leadership.

4. Some developed countries may do surprisingly well. The one developed country that stands out in our model is the United States. Even though our population growth projections are more moderate than those of the UN, the US can be expected to continue to enjoy an expanding working-age population till the 2050s (i.e. longer than many emerging economies). Germany's low birth rate implies a declining population but we feel that it will be much more successful in absorbing immigrants than anticipated by the UN. Thus, its demographic trajectory may not be quite as dire as generally believed.

The geoeconomic and geopolitical ramifications are vast. Shrinking, aging populations are likely bad news for economic growth and innovation. And the Deutsche Bank report is even gloomier than Jonathan Last's great book on the topic, [*What to Expect When No One's Expecting: America's Coming Demographic Disaster*](#). The subjects of fertility, aging, and population growth are worthy ones for US policymakers.

Right Turn

[Summers is the latest indication Obama is out of steam](#)

by Jennifer Rubin

It's a measure of just how far the president's stock has fallen that he couldn't get the Federal Reserve chairman he wanted because *Democrats* revolted. Democratic Senators Jon Tester of Montana, Jeff Merkley of Oregon and Sherrod Brown of Ohio all publicly said they wouldn't support the Clinton-era economist. Certainly the liberal base was up in arms that President Obama might have the temerity to appoint a business-friendly veteran of the Clinton administration.

Rather than fight, Summers (no doubt at the White House's behest) stepped aside, just as Susan Rice shied away from a tough nomination fight for secretary of state. But Rice was a victim of the right; Summers's rejection by the left is a reminder that the president has disappointed his base on so many topics (the sequester, failure to repeal all the Bush tax cuts, gun control, single-payer health care and climate change) that he felt obliged to relent on this one.

The Summers rejection also underscores that the left lacks a post-Obama standard-bearer, at least for now. Hillary Clinton? She was for the war in Iraq, supported the use of force in Libya and commended the president for seeking authorization to use force in Syria. If left up to her, she might actually lead from the front! But Summers is also a reminder that the Clintons have been Third Wave Democrats, generally friendly to business. Bill Clinton was the one who championed the North American Free Trade Agreement and cut capital gains taxes.

There is plenty of chatter about how the GOP has moved right in recent years, but under Obama, Democrats have moved left. They'd rally to keep the president from having a critical choice for the Fed, just as many were ready to cross him on the authorization for use of force in Syria.

If Obama is regarded as feckless and inept on the international stage and easily pushed around by his own party, you wonder what is going to get accomplished in the next three years. Very little, I suspect.

Inaction on taxes, spending and climate-control legislation suits conservatives. But anything requiring actual initiative (e.g. tax reform, entitlement reform, confronting Iran) is unlikely to be undertaken by this president. Summers is simply the latest sign that Obama is well on his way to lame-duck status.

The Atlantic

How a Small Team of Democrats Defeated Larry Summers—and Obama

The president's presumptive choice for Federal Reserve chair withdrew his name from consideration on Sunday.

by David A. Graham



No one has ever said President Obama's relationship with Congress was warm. But with cool fall temperatures creeping in, that bond may also have gotten a little bit chillier on Sunday, when Larry Summers called the president to withdraw his name from consideration for chairmanship of the Federal Reserve.

"I have reluctantly concluded that any possible confirmation process for me would be acrimonious and would not serve the interest of the Federal Reserve, the Administration or, ultimately, the interests of the nation's ongoing economic recovery," Summers wrote in a [letter](#) to Obama following the call.

While opposition to Summers has been building for months, it's a surprise -- his confirmation still looked plausible, if not certain; Obama was reportedly determined to get his way on the pick; and Summers has been thought to covet the Fed job since, well, forever. The economist served as Treasury secretary under Bill Clinton and chair of Obama's National Economic Council. Summers also had a turbulent tenure as president of Harvard University.

"Larry was a critical member of my team as we faced down the worst economic crisis since the Great Depression, and it was in no small part because of his expertise, wisdom, and leadership that we wrestled the economy back to growth and made the kind of progress we are seeing today," Obama said in a statement Sunday. "I will always be grateful to Larry for his tireless work and service on behalf of his country, and I look forward to continuing to seek his guidance and counsel in the future."

Perhaps even more surprising is who did Obama in: a small team of Democrats on the Senate Banking Committee. On Friday, Montana's Jon Tester [announced he would not back a Summers nomination](#). That followed similar comments, via aides, by Sherrod Brown of Ohio and Jeff Merkley of Oregon. Elizabeth Warren of Massachusetts, the progressive icon and former Obama aide, was also thought to be reluctant. That meant Summers would have [required at least four Republican votes](#) to clear the Senate Banking Committee, and around 10 from the wider Senate to reach the 60-vote threshold likely needed to overcome GOP procedural obstruction.

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But [Obama was reportedly angry at the letter](#), and dispatched aides to Capitol Hill to vent and get the troops in line. While Majority Leader Harry Reid promised to support whomever the president picked, he apparently wasn't able to keep his caucus completely in line, leading to today's withdrawal.

Here are three political takeaways from the demise of the Summers nomination. First, it suggests that the White House's hands-off style towards legislators has backfired -- or backfired yet again, depending on how you score it. Many political scientists and journalists ([including me](#)) have rolled their eyes at pleas for Obama to "reach out" to the Hill through dinners and golf rounds and the like. In short, the thinking is that opposition to Obama's agenda is so hardwired into the current political situation that there's no use making futile social gestures -- partisan exigencies will still keep Republicans following the lead of conservative activists, even if they like the president personally. But here's a case where the White House couldn't even keep a hold on its own senators when it needed them. This is where personal relationships matter.

Second, Sunday's events suggest the administration may have miscalculated its timing for the nomination to replace outgoing Fed Chair Ben Bernanke. Ever slow, methodical, and meticulous, Obama insisted he wouldn't make any pick until well into the fall. But liberal activists and the press weren't playing by his schedule. They had all summer to build up [the case against Summers](#), get their message out, gather support, and make the argument for Yellen. Without even meaning to, Obama forfeited the game.

Third, what does this say about the state of discipline in the Democratic Party? It's tempting, and dangerous, to read too much into a single incident. While dissension in Republican ranks -- in both the House and Senate -- against leadership has been an object of fascination, horror, and handwringing, the Democrats have run a tighter ship on most matters. In August, Jeffrey Smith argued on *The Atlantic* that [liberals actually deserved Summers](#) because they'd been so unwilling to learn the lessons of the Tea Party and challenge centrist Democrats to stop things like this nomination. Yet on Syria and now on Summers, Senate and House leaders have shown themselves unwilling or unable to unify their caucus behind the president. Maybe Republicans don't have a monopoly on disarray after all.

The Toast

[Always Emerging, Never Arriving: The Middle Class](#)

by Mallory Ortberg

I am going to share a tip with you, a tip that thus far I have managed to keep to myself but that will benefit you enormously, whether student or amateur sociologist or writer for *The Economist*.

No matter what time period you are referring to, no matter what country or region of the world you are referencing, there is a single claim that you can make that will always be true and will never be challenged, not even by Malcolm Gladwell himself: *the middle class is always in the process of emerging*. Like a shivering, fluffy clutch of chicks poking their heads out of the membranous shards of a newly-cracked shell, the middle class is in a constant state of emergence.

That's it. That's all there is to it. Want to sound like an authority on growing third-world markets, whatever those are? Talk about the increased influence of the *emerging middle class*.

Writing a history essay about the policies of Louis XIV? Don't forget to include a paragraph or two about the checks on his national authority by the *newly influential middle class*.

What was the middle class doing during the Victorian Era? *Emerging*.

What is the middle class doing in China right now, this very moment? *Emerging*. Oh, look, what's that over there? It's the middle class, just down the road in India, and they're *emerging all over the place*.

What couldn't you stop the middle class from doing in medieval and then again in Renaissance Europe? I'll give you a hint. It rhymes with "flemerging." Which, incidentally, is how scholars describe the very specific emergence of the Flemish middle class.

What was the middle class doing immediately before the time period you're talking about? Hush. Don't ask so many questions, my sweet darling. They were asleep, or plowing, or too busy being part of the working poor/fourth estate/Druids.

The global middle class? They've been growing lately. Before that, the educated middle class was popping up like crocuses on a Swiss hillside in spring. Students, open your history textbooks to a page at random, and odds are good that the first subsection you see will start with **Europe's Emerging Middle Class and The Rise of the Guild System**. You can't keep a good guild system down.

What's the middle class doing? Number one: *spending capital on consumer goods*. The middle class loves consumer goods almost as much as it loves emerging. Growing things. Buying houses. Breaking into affluence. Boosting economies. Paving the way for a nationalized educational system. Giving up subsistence farming. Leading to tax reform, somehow. Influencing social norms and values. Penetrating new markets. After that, active and open rebellion against kings is a pretty safe guess. Then it's back to emerging for a while.

What does the middle class do once it's finished emerging, you might ask? Trick question. The middle class never emerges all the way. That's a fool's game. At most, the middle class will emerge for sixty or seventy years, then retreat into dormancy and give emerging a miss for at least a generation. Italy's middle class has emerged at least nine times in the last 400 years. Between the Battle of Hastings and the War of the Roses, England's middle class emerged so many times they finally had to make a rule against it. Brazil's emerging middle class emerged so far they finally wandered off to Ghana, where they emerged again.

Remember, getting there (WHERE IS "THERE"?) is half the fun.

It works every time, I promise you that. Go ahead and start practicing now. “Well, in many ways I think the emerging middle class of [INSERT LOCATION IN TIME AND SPACE HERE] led directly to [PICK LITERALLY ANYTHING]...”

You may pick up your prize at the door. Thank you for your time.

IBD

Late Night Humor

by Andrew Malcolm

Leno: You can tell Fall is coming to the East. The leaves are changing faster than Obama's positions on Syria.

Leno: The celebrities that Americans would most want to bring back from the dead are Princess Diana, Michael Jackson and the current cast of '60 Minutes.'

Leno: Some 312,000 Americans gave up job-hunting in August, lowering the unemployment rate to 7.3%. Obama calls this a real step in the right direction, urges more Americans to give up looking for work.

Leno: John Kerry has given Syria one week to turn over all its chemical weapons. And if they don't, they get one more week. That's where we are.

Letterman: Did you see Obama's speech? First thing he said, 'Good evening. I'm the President of the United States. I killed bin Laden.' A good start.

Letterman: Syria has agreed to give up its chemical weapons if--and this is a big if--Miley Cyrus agrees to stop whatever it is she is doing.

Letterman: President Obama now says we may be close to a deal with Syria. So, thank you, Dennis Rodman.

Conan: Star Wars creator George Lucas and his wife have had their first child. As is Lucas' way, he won't tell the child he's the father until Episode 5.

Letterman: Good news on Syria. We may be close to negotiations on its chemical weapons. Now, if we can just keep those weapons out of the hands of George Zimmerman.

Letterman: New York City schools are back in session this week. Pretty good. So far, only 50% have dropped out.

Conan: Apple stock fell 5% after the debut of its new iPhone 5S. Apple expects the stock to bounce back next week when it announces the iPhone 6.

Leno: Hopefully, Americans who were very confused over President Obama's Syria policy feel better after his speech, knowing he too is very confused.

Leno: In his Syria speech Obama asked for support from 'my friends on the left' and 'my friends on the right' Seems Obama thinks he has a lot more friends than he does.

Letterman: You know, McDonald's is now serving steak? I'm telling you, nothing says 'fine dining' like rolling down the car window and screaming "Medium rare!" And, by the way, can the U.S.D.A. consider it Grade-A beef if it comes with a toy?

Conan: A Senate panel working on laws to protect the media has agreed on an official definition for a journalist. The new official definition of a journalist is "A Blogger wearing pants."

Conan: Walmart says one of the most popular Christmas toys this year will be 'Barbie's Dream House.' The least popular -- 'Twerking Elmo.'

Conan: TV Host Julie Chen says she had an operation to widen her eyes. After hearing this, Clint Eastwood said, "You can do that?"

Conan: New research identifies something called "male menopause"--men gain weight, lose interest in sex. It's also known as "football season."

Conan: California has many more unplanned pregnancies than almost any other state. Of course, California has many more NBA teams than any other state.

Fallon: I read about an elderly couple in England that just got remarried, 48 years after they got divorced. They said what brought them together was love, and not remembering they were married before.

Fallon: Dennis Rodman will coach North Korea's Olympic basketball team. He'll teach them the key strategy that always worked for him--pass to Michael Jordan.

Fallon: Russia's President Putin wrote in a newspaper op-ed that "God created us equal." Then he got back to arresting people for being gay.

Leno: Looks like Khloe Kardashian and Lamar Odom are done as a couple. If true, that means, of course, Khloe gets the 12th pick in the NBA draft.

Leno: A new reality show is in the works about the White House. It's called "Lame Duck Dynasty." Should be good.

Letterman: When the Home Depot manager caught that couple having sex in a display shed, he screamed, "Why don't you two build a room?"

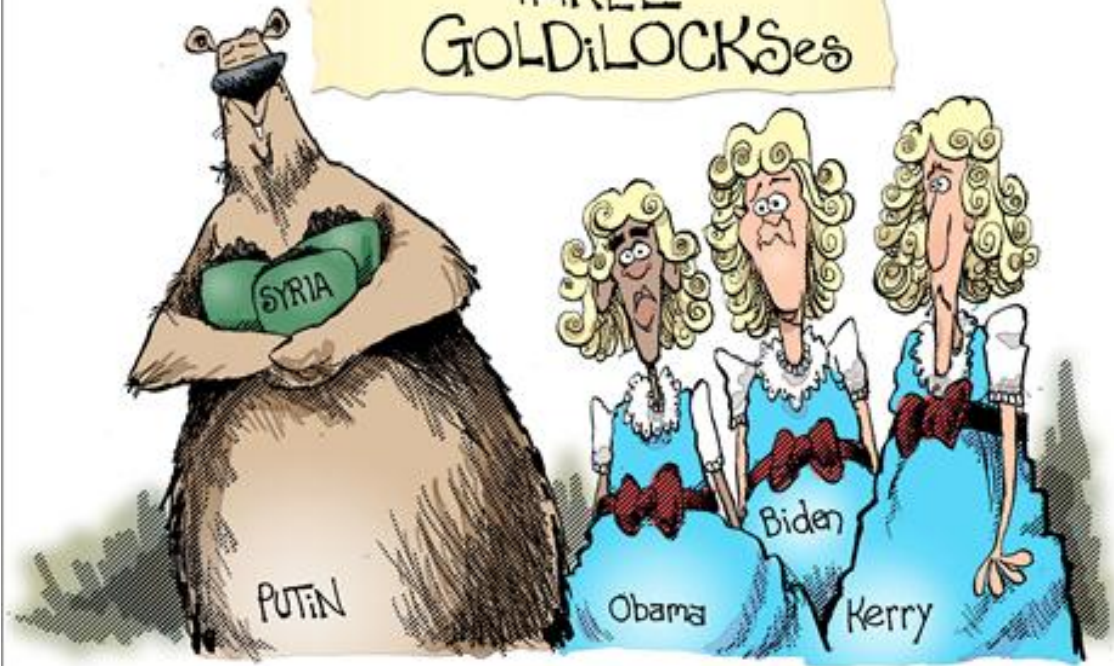
Leno: The CIA is now delivering weapons to the Syrian rebels. Part of the deal, they signed a pact they won't use the weapons on us until after Assad is gone.

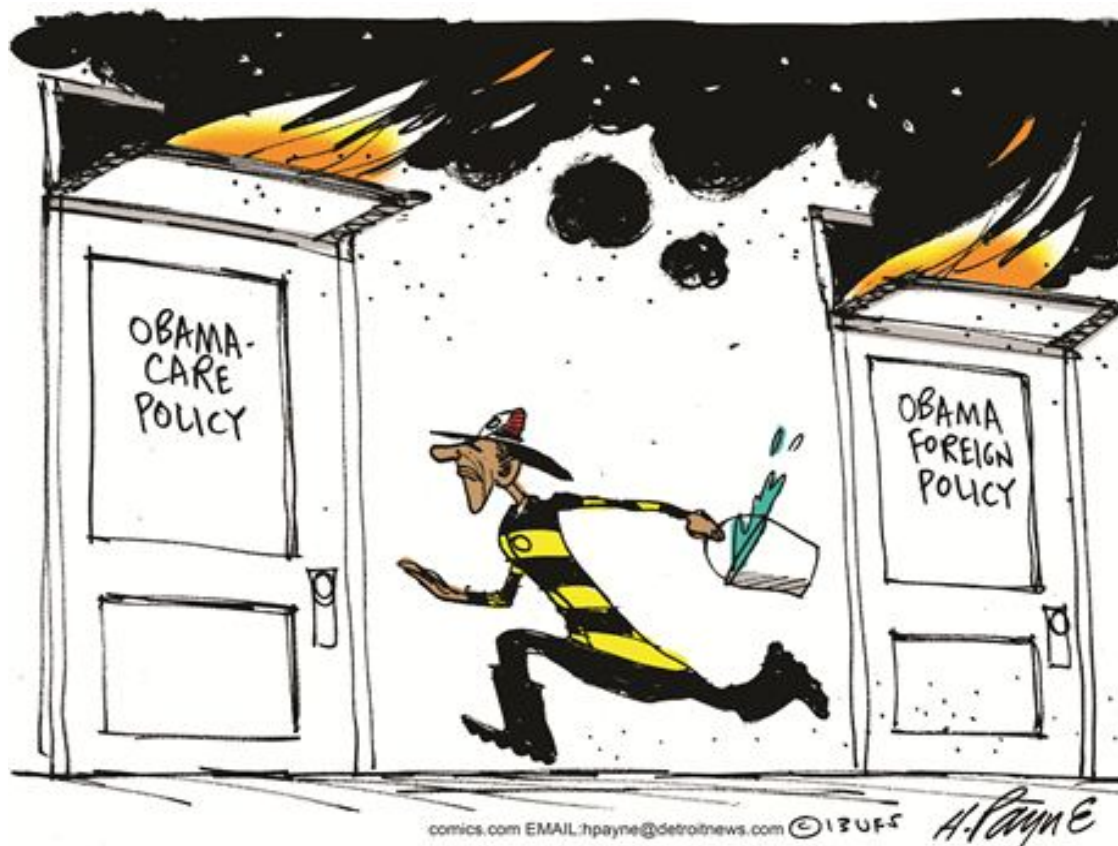
Fallon: Washington, D.C. considers mandating a 24-hour waiting period for tattoos. Which means you've got to stay drunk for an entire 24 hours.

Leno: New satellite pictures show steam coming from North Korea's nuclear reactor. Either they're restarting it or North Korea just elected a new pope.

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The Bear and the THREE GOLDiLOCKSeS





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