

Critics of Rogoff-Reinhart Argue That High Levels Of Debt Do Not Produce Ill Effects – So, Let's Go Ahead And Borrow Some More

By Paolo von Schirach

April 30, 2013

WASHINGTON – Economists Kenneth Rogoff and Carmen Reinhart came up with a major book, (*This Time Is Different: Eight Centuries of Financial Folly*), in which they pointed out how very large levels of structural public debt undermine economic vitality. Well, it turns out that some of the calculations used by the authors to support their basic arguments were wrong. This is, of course, embarrassing for two eminent scholars. But what is far more interesting is that their critics have used these flaws to argue that these errors mean that the larger point about large debt being unhealthy must also be wrong.

Debt is OK

“So, do not worry, America. After all, debt is good”. Now this is pure politics. And it is stupid politics, at that. Even a lay person will understand that the real issue is not about “debt” *per se*. It is about the overall amount, growth and composition. During WWII America piled up an astronomic level of debt. But this was due to the need to finance an unprecedented military effort. Once the war was over, things got back to normal relatively quickly. The US Government had no longer any need to borrow so much, and bit by bit it managed to pay off its obligations.

Borrow to do what?

Well, if we fast forward to our times, it is obvious that our current debt levels are due to a structural (and progressively worsening) imbalance between revenue and current spending. This is not about extraordinary borrowing in order to face an emergency situation like WWII. No, this is about built-in, major spending commitments, in the form of transfer payments, made in another era that are simply unaffordable today, unless we want to increase taxation to really ridiculous levels. No, we do not borrow to fund a world war. We borrow mostly to fund payments to seniors.

And this shows that the issue is not “debt”; but “debt to do what”. Any business person knows that loans are necessary to start or expand a business. Of course, loans are a form of debt. But we would all agree that a loan aimed at starting a (hopefully) profitable enterprise is a good thing.

While we recognize that many business ventures do fail, (and this entails losses for the entrepreneur and for the bankers/investors who funded him), some will succeed bringing along growth, new jobs and increased prosperity.

But if a household with modest income year after year borrows money to buy new cars, expensive furniture and pay for exotic vacations, then every lay person would know that these people are getting themselves into serious trouble. They are getting into debt only to finance a life style they cannot afford.

Borrow to invest or to fund current spending?

President Obama in his April 30 press conference indirectly provided an argument for making this distinction between debt for investment and debt for financing an unaffordable life style. The President lamented that an international survey revealed that a list of the 25 most modern international airports does not include even one single American facility. Not even one. So, the country that invented air travel has

only sub par infrastructure to support civil aviation. How shameful. The President provided this argument in the context of the ongoing diatribe on the ill effects of the "sequester".

I think that this point of inadequate investments in critical infrastructure such as airports is quite revealing in the context of my argument. Look at it. The US Government has been running astronomic, trillion plus annual deficits for years and yet in all this unprecedented spending apparently there was no money to upgrade airports. How do we reconcile historic levels of deficits and debt and no money "invested" to upgrade basic infrastructure? Where did all these hundreds of billion go?

Debt incurred to finance entitlement programs

Well, quite simple. Most of the borrowed money has been and will be used to fund transfer payments to needy and senior citizens, along with current levels of day to day spending that are essentially unaffordable. Very little of this borrowed money is used for productive investments. The money is mostly additional income and health care support for older Americans. The point is that, as a Nation, America long ago undertook to pay for things it cannot afford today. What is worse, the payments keep getting bigger year after year, while revenues do not grow as much. Hence higher debt levels, year after year.

The very notion that, since we are enjoying a long period of historically low interest rates, all this debt simply does not matter is incredibly stupid. The economic impact of this heavy debt burden may not be felt immediately; but it will be felt eventually.

The cost of debt service keeps going up

That said, we see some impact already. Even if we take into account very low interest rates on US Government bonds, the percentage of the annual budget going to pay for interest on

existing debt keeps going up. And this means that, since the US has to pay its creditors, every year there is less money available to do other things. And yes, that would include spending to upgrade US airports, Mr. President.

In summary, there is nothing sinister in borrowing money. It all depends on how much is borrowed relative to size of the economy and projected revenue, for how long and –most important- “*to do what*”. The notion that mounting levels of debt incurred mostly to fund unaffordable social programs do not matter because, as of today, we are not yet bankrupt is truly insane.

Cars Will Be Improved – But Even The Most Modern, Driverless Automobiles Will Not Do Away With Traffic Congestion – Modern Bus Systems Are The Best Solution

By Paolo von Schirach

April 29, 2013

WASHINGTON – Recently The Economist had a story pointing out that the humble automobile is experiencing some kind of a technological rebirth. There are new fuel efficiencies and new technologies that will transform our use of the car. Soom enough, (look at Google’s experimentations), cars will drive

themselves, so that drivers will rest while the vehicle will take them safely to their destination. And new on board sensors and other gadgets will help avoid collisions. They will identify obstacles, and they will help all cars to optimize the use of existing roads.

Cars are bad tools

All this sounds wonderful. Except that it isn't. The issue is not to optimize the use of cars. The issue is to finally recognize that the private automobile is a really bad tool to secure transportation in large, modern metropolitan areas. Indeed, even if we could stipulate extra clean, noiseless cars that are guided by advanced robotics, the problem is that there are simply too many of them on a finite road surface. That's right: congestion is the real problem. And while congestion can be improved, it cannot be eliminated. Finite road space, more and more cars. You cannot fix this.

Rediscover the bus

Therefore, the only sensible way to allow people to get around safely and conveniently in large metropolitan areas is to create seamless network of buses travelling at high speed on dedicated bus lanes. These networks, parts of a Bus Rapid Transit system, will work essentially just like underground trains. But the major advantage of BRTs is affordability. Digging tunnels for underground rail takes years and it is prohibitively expensive. Creating dedicated surface lanes for the exclusive use of modern buses is not cheap, but it is infinitely cheaper than digging tunnels.

So, imagine the finished product. Lots of buses, running on time, as they will not be stuck in traffic. Covered bus stations that will allow quick and easy transfers. Affordable tickets. By the way, this is not a dream. The city of Curitiba in Brazil experimented with this BRT concept for decades. And they have created the template from which the whole world can

learn.

Huge resistance

So, if there are indeed all these advantages, why are we not busy creating BRT systems? It is mostly lack of political will. In order to have viable BRTs, municipalities would have to outlaw private cars from cities, or at least from very large portions of major metropolitan areas—this is an essential prerequisite in order to create the space for dedicated, buses-only lanes. And this can be really complicated.

Give up the car?

The general public is so attached to the idea of the use of private cars that it will insist on using them, even when it is obvious that this transportation mode has produced diminishing returns. You tell me what good will car do to you when you are stuck in endless congestion, sometimes for hours, every day.

Still, as the car is a symbol of personal achievement, a status symbol and what not, the politicians do not want to tell people that they should forget about it and use instead the much more cost effective and much more convenient bus. Because of this inability to force a real rethinking on what may work best in large metro areas, millions of people, like idiots, every day are stuck in traffic, simply because everybody else around them did the same thing: they got into their cars, (most of the time one person per vehicle), with the most mistaken belief that this is the only way to go to work.

The US Manufacturing Renaissance Is A Net Plus – However, it Will Not Solve Unemployment – High Tech Factories Employ Very Few Workers

By Paolo von Schirach

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April 28, 2013

WASHINGTON – I recently wrote (see link above to related story) that outsourcing driven by globalization, coupled with relentless automation, translates into a new work force environment in which a few highly skilled people will get interesting, high paying jobs, while most of the others will get the scraps. Well, a TIME magazine cover story, (*Made in the USA*, April 22, 2013), while on the surface much more optimistic, says essentially the same thing. The article does present in rather glowing terms the marvels of highly sophisticated, state of the art US manufacturing facilities that now export all over the world innovative, high tech products. The story also points out that, given the great

advantage of low energy costs, the US has now become a preferred location for many energy intensive industries, like steel, smelters or petrochemicals.

Hundreds of jobs

However, the article also points out that this new generation of high value, technology intensive industries require at most a few hundreds of workers. Yes “*hundreds*” as opposed to the thousands and thousands who used to toil in old fashioned factory assembly lines. Which is to say that a significant manufacturing revival –and we should all be grateful that it is actually taking place– will not mean an increase in manufacturing jobs. In fact, it is quite possible to increase output with fewer workers.

And here is the issue. The new, ultra competitive industries of the future will require very few, but highly competent workers. Which is to say that, if you want a job –even a simple entry level job– in manufacturing, you better have a solid math and science background. And you have to show proficiency in understanding and mastering the complex computer programs through which supply chains and factory floor operations are monitored and redirected.

The old high school diploma will not do it. You have to have college. And it better be good. However, even if you have all that, there will be fierce competition, because there will be very few openings in as much as the new industries, even in the growth sectors, will require very few workers.

Manufacturing feeds growth in other sectors

Still, even if we look at US manufacturing growth in a realistic context in terms of net jobs growth, its contribution to the broader economy should not be underestimated. Indeed, as the TIME story points out, it is often overlooked that manufacturing activities feed and sustain plenty of good jobs in other sectors.

Manufacturing needs suppliers and vendors. It needs accountants, advertisers and marketers. It feeds shipping and logistics firms, and so on. So, on balance, we should welcome and encourage manufacturing innovation and recognize it as the most strategic hub of economic development.

What about all the others?

That said, we should also recognize that, try as we may, we shall not curtail, let alone eliminate, our almost 8% unemployment rate in the USA through a manufacturing renaissance. Some skilled people will get great jobs in highly competitive enterprises. But most of the others will get nothing. The open questions for our society and economy is: *“What are all the others going to do?”*

The Silly “Stimulus v. Austerity” Debate Goes On And On – But It Is Useless

WASHINGTON – The surprisingly resilient *“austerity versus stimulus”* political diatribe continues –with no end in sight. What is the best cure for the economic impact of the financial crisis? Spending cuts that will reduce deficits and recreate confidence in the public policy foundations of modern economies? Or should we go easy on austerity, feeding the patient (the economy) with more (borrowed) public money until it will be strong enough to get on without help?

Useless debate

In principle this should be a debate worth having. But in

practice this has become a silly, meaningless blah-blah, a new variation on the time old syndrome of escapism. The fact is that the problem is not about austerity v. stimulus. The problem is about old, tired societies that have essentially "lost it" when it comes to drive, innovation and risk taking. Which is to say that either public policy approach will do little to change the fundamentals, simply because it will not reach down into the fundamentals.

Stimulus in Japan

Look at Japan, for instance. Now new policy makers have decided to be really, really aggressive in their efforts to reinvigorate the stagnant economy. Under new management, the Bank of Japan is in the process of flooding the market with cheap cash. It is believed that this major policy shift will force people to move money away from savings and into equities, this way boosting corporations. In the meantime this *de facto* devaluation will help major Japanese exporters. "*Here we go, Ladies and Gentlemen: Stimulus at work!*" Yes, very nice. Except that it will not work.

It will not work because Japan's stagnation's roots are very deep. They are cultural and psychological. Japan reverts profoundly flawed institutions and the time-honored social relationships that support them. Japan is modern but very inefficient. It is still incapable of welcoming women into the work force as genuine peers. It disapproves of students going abroad to pursue specializations. It really dislikes foreigners.

Worst of all, Japan is in the middle of a probably irreversible demographic crisis. With fertility rates well below replacement level, Japan will soon turn into a retirement home, and not much more.

The idea that a sudden avalanche of cheap money, all by itself, will give the providential jolt that will shake this

aging society and remake it into a vibrant youth is a gigantic exercise in wishful thinking.

Italy's new government

And Europe is in the same territory. Greece, Portugal and Spain, are essentially gone –for good. In Italy, Enrico Letta, a new and untested politician is trying now to put together a coalition government of most unlikely partners that is supposed to light the fire of growth, while reforming and downsizing a gigantic public sector. Again, another frankly futile exercise in wishful thinking. This new Italian government, assuming it comes about, has no mandate.

The Italians are at best deeply confused as to the nature and severity of their systemic crisis, while the preferred approach is to blame someone else. The reality is that Italy is a mess. There are, here and there, a few islands of creativity and professionalism. But they are lost in a sea of perpetual mismanagement, waste, inefficiency and Banana Republic levels of corruption. And you would seriously think that a new diet, light on austerity and heavy on stimulus, would take care of Italy's woes?

A bit better in America

In America it is a little bit better. But not much. It is better in as much as there are still, (mercifully), some sectors of the society that believe in self-sustaining enterprise. Yes, some people still believe in trying to make money without some federal program, via subsidies or a special tax relief. But at least half the country bought into the rather European idea that it is up to the Government to lead economic growth by ladling generous amounts of public money here and there.

Again, even though America's fundamentals are still a bit healthier than the rest of the West, even here the debate is mostly about the wrong things.

The real debate should be about competitiveness. And competitiveness is about creating the enabling environment for innovation and its commercialization.

It is about good laws, user friendly regulations, access to capital, good communication systems, good infrastructure. It is about a simplified tax system that favors investment.

It is about an education system that creates tomorrow's super capable economic and policy leadership. It is about smart immigration reform. It is about wise allocation of scarce public money in truly strategic areas: first class public education, basic R&D, modern infrastructure, cost-effective health care.

Stimulus is about subsidies

The trouble is, even on a perfect day, to do all this and do it well is really hard. And our tainted system has made misallocation of resources into an art. And this is why stimulus has such a bad reputation. This is because if you leave it to myopic and parochial politicians stimulus is about creating fake public jobs, it is about subsidies and tax favors to powerful patrons (in my District, or in my State), and so on.

Unfortunately, the magic mix of entrepreneurial drive and genuine innovation that made America great has no known, replicable formula. We simply do not know how to make it happen at will. It is not just about having "X" number of computer science graduates.

Magic mix

It is about how intelligent people mix and interact and come up with incredible new "things" within a system that allows, in fact encourages innovation to come to market without stupid policy impediments.

Look, the Soviet Union had a world-class space program and state of the art weapons systems. This would demonstrate that they had human talent, plenty of it. But the system was a disaster.

The West needs to rediscover its taste for adventure and smart risk taking. Andrew Carnegie did not come to America because he had heard of a program that included tax holidays for steel plants. Steve Jobs and Bill Gates were real pioneers in an uncharted IT world whose exponential growth they could not even remotely foresee back in the early 1980s. They were not driven to start their companies, literally out of nothing, because they were relying on a federal grant.

And this is the point. Unless we get more people with the intelligence and the guts of real entrepreneurs, more stimulus will only get you more fake stuff and more debt.

The New Knowledge Economy Will Benefit Only Few Highly Skilled Professionals – All The Others Will Have To Fight For Fewer And Lower Paid Jobs

By Paolo von Schirach

April 26, 2013

WASHINGTON – The globalized knowledge economy truly benefits only the highly educated, cosmopolitan elites. The interesting jobs are ultra competitive, and there are not that many new openings. Which is to say that even in the developed world only some will prosper; while most of the others, because of outsourcing and the impact of automation, will either stagnate or they will be pushed down the socio-economic ladder –unless they are able to substantially “retrofit” themselves this way upgrading their skills.

Stagnation

Yes, “*The Great Stagnation*”, characterized by little innovation that will create new sectors and thus opportunities, in a context of fierce global competition, is unfortunately the “*New Normal*”. As this epochal shift of diminished possibilities unfolds, the mostly myopic Western political elites are caught in the web they created (in better times) made out of horrendously expensive welfare states and overly generous (and thus unaffordable) pension systems. The truth is that the modern welfare state was built on the implicit assumption of never ending growth (fueled by constant innovation) that would generate the large funds necessary to provide free services to millions of citizens.

Well, now we have the promise of free services, plus pledges to pay pensions and more, without the funds to pay for them on account of economic stagnation. Hence lower revenue, higher costs and unprecedented levels of debt. The only way to cut debt is to cut welfare. But these cuts are naturally unpopular, especially since they have to take place at a time of economic decline.

The New Normal

How bad is the “new normal” of low to zero growth and high debt? It is so bad that Spain’s latest unemployment numbers –27.2%– are no longer news. Can you imagine? Almost one third

of the able bodied population in a developed European country is out of work; and this tragedy barely gets a short mention in the business press. And Britain's 0.3% GDP growth for the first quarter of 2013 is hailed as a major step forward. No kidding.

America in comparison, with a growth rate of around 2%, looks like Paradise, even though this rate is well below the historic post war average of 3%. And of course America at this time has no policy agreement whatsoever to even begin to tackle its now astronomic 16 trillion plus national debt. But, hey, compared to Europe, we are doing great.

Race to the bottom

Unfortunately, if we try and look below the horizon, the picture still looks grim. Globalization, combined with automation made possible by the ongoing IT revolution, is indeed a race to the bottom, simply because low skills jobs will continue to migrate to low cost (mostly Asian) countries, while many clerical and support positions will just disappear, eaten up by computers and robots. True enough, globalized, complex industries and/or services will need first class technicians and managers. But there is not that much room at the top. All the others will have to fight for fewer, low pay jobs.

Last but not least I see no public policy panacea for any of this. If anything there will be major frictions due to the need to cut benefits to millions who now morethan ever really need them. Sure enough we need more money for high quality public education. But, while necessary, this investment will help only a few. Even assuming a much more educated work force, there will be only so many top management jobs. And all the others? What will they do?

Innovation?

How do we get out of this? The Holy Grail is ***"Innovation"***.

Yes, through innovation we shall open up new vistas, create new economic sectors that will create millions of new jobs. For example, in his first term President Obama embraced renewable energy and the avalanche of new industries it would have created. Well, it did not happen. The green economy is less than what we thought. At least for now. Besides, sophisticated new technologies will employ only highly educated professionals with multiple advanced degrees. The problem in most developed societies is that the middle is composed of people who perform jobs that will soon disappear because of outsourcing to cheaper countries and/or automation that will simply kill those positions.

Not much room at the top

The most energetic members of the old middle classes may try to “re-engineer” themselves by going back to school, this way learning new marketable skills. But most of them will not; and so they will be pushed down. If they are lucky, they will find lower paid jobs, in most cases part time positions with no benefits. Many among them will hope to rely on welfare that governments can no longer afford. Sadly, that’s the way it is.

**Felix Rohatyn Warns Of
Looming Fiscal Crisis
Affecting US State and Local**

Governments – Political Agreement Needed

By Paolo von Schirach

April 25, 2013

WASHINGTON – Felix Rohatyn, veteran investment banker (and former Ambassador to France), knows a thing or two about insolvency crises. He helped New York City avoid bankruptcy many years ago, back in 1975. And now, in an FT op-ed piece, he warns America that this is happening again, not in New York this time, but on a national scale. Simply stated, elected leaders in cities and local governments nationwide, over a period of many years, have made too many expensive promises they cannot keep. Hence the looming fiscal crisis. Unfortunately, our bitterly divided politics make needed compromise on spending cuts and tax hikes much more difficult.

Saving New York City

Rohatyn recounts how difficult it was back in 1975 for his task force, composed of bankers and union leaders, to come up with a strategy aimed at saving cash strapped New York City. Negotiations leading to an agreement were extremely complicated because there was deep distrust between labor leaders and the finance representatives.

Well, given our totally poisoned national politics, today such an undertaking would be much, much more arduous. And this why Rohatyn almost implores the parties that will have to sit around the table, (elected leaders, civil servants, business people and union representatives), in order to deal with impending municipal and statewide fiscal crises to come together –now, before it is too late.

Projected pensions shortfall

But just how bad is the looming fiscal crisis? Well, here is a morsel for you. Rohatyn quotes from a recent report issued by the State Budget Crisis Task Force: ***“pension funds for state and local government workers are underfunded by approximately \$ 1 trillion according to their actuaries and by as much as \$ 3 trillion if more conservative estimates are used”***.

Got that? The official, optimistic data kept by the states say they are missing \$ 1 trillion. The truth is probably much, much worse. Hence Rohatyn’s call to unity. This is bad. Really bad. No way that this enormous shortfall, caused largely by unwise politicians who over promised, can be solved without a new spirit of compromise and cooperation. Indeed.

Felix Rohatyn, has spoken, on the basis of real experience. Question is: *“Anybody listening?”*

Europe’s Problems Go Way Beyond How To Deal With Austerity – The EU Should Seriously Rethink Who Belongs and Who Does Not – The Poor South Will Never Catch Up

By Paolo von Schirach

April 24, 2013

WASHINGTON – Recently the WSJ provided a lengthy insight into Germany's role in determining how the long and painful fiscal crisis affecting Southern Europe has been and will be handled. But, in fact, we already know the issues. The weak countries at Europe's periphery, (Greece, Portugal, Spain, Italy and now Cyprus), want a "soft" bail out. They would go along with some spending cuts, but not too drastic. They are willing to deal with their basic fiscal shortfalls through (some) austerity and tax increases; but not just now. At least not the entire "medicine" just now.

More time

In the meantime, they appeal to "European Solidarity", so that the Brussels/Frankfurt (free?) money will keep flowing. They claim, (with some justification), that their countries are too weak to withstand a severe, Berlin imposed, prolonged austerity regime aimed at reducing deficits and eventually debt. "*Give us more time*", the impoverished relatives say to their Northern benefactors.

But Berlin cannot give the appearance that it is willing to bail out the weak South for ever, without guarantees that there will be demonstrable policy changes. Politically, "*free money to the South*" will not fly in Germany and in the rest of Northern Europe. And Berlin is the only party in a position to dictate the terms. In the meantime, the indebted South grumbles, while it is manifestly incapable to engineer any "*home made*" economic renaissance.

Imperfect Union

This is, more or less the picture. But this problem is not just about short or medium term policy disagreements, leading eventually to some kind of solution. The current predicament allowed Europe's serious systemic failures to be finally fully exposed; and, sadly, there is no easy way out. Simply stated, the European Union is a very imperfect Union

made out of countries that really should not be under the same umbrella.

Northern Europe is made out of countries whose economies, (supported by good education systems and decent public services), are reasonably competitive. Things work. Governments are accountable. There are investors. There are good, and in some cases excellent, companies employing qualified, well trained workers.

South cannot catch up

But Southern Europe is literally in another universe. It managed to disguise its systemic deficiencies because, (ironically), the solid and reliable Euro allowed profligate governments to keep borrowing at a very low interest. High levels of (growing) debt appeared sustainable. Now the party is over. It is clear that Southern Europe is not just semi-bankrupt. It is semi-bankrupt in large measure because it never addressed (let alone solved) its huge systemic deficiencies.

Among them: labor market rigidities, noisy labor unions, low level of investments, too many non competitive sectors, ridiculously generous pensions, mediocre education systems, bloated and inefficient public sectors and public services –and, of course, a lot of corruption. Last but not least, the collapse of fertility rates in Southern Europe means that these countries will soon resemble large geriatric wards, made out mostly of older people who, almost by definition, are not productive while they require more services –first of all health care. All this points to lower revenue and higher pressure on spending in already heavily indebted countries.

Gap cannot be fixed

Different analysts may disagree, but my contention is that these problems affecting the South are so severe that they are essentially beyond repair. Which is to say that the present

gap between Northern and Southern Europe cannot be closed. It is simply not possible. Well, if we would agree on this basic point, then it should follow that the current monetary union membership makes no sense. Monetary union assumes responsible and compatible fiscal policies among its members, coupled with comparable economic strengths.

Rethink the Eurozone, rethink Europe

This is manifestly not the case. Greece will never catch up with Finland. Italy will always be several steps behind Germany. And this is not all. Beyond the Euro, ideally the EU should find the courage to reconsider who belongs and who does not. If the EU were just a jazzed up customs union, then the standards for membership could stay low. But if they insist on the idea that all policies should lead to a "Political Union", then they better think about the foundation for such a Union. The notion that Portugal, Bulgaria and Sweden are essentially one and the same is ludicrous.

Boston Bomber Dzhokhar Tsarnaev Should Be Treated As An Enemy Combatant, So That He Can Be Interrogated Without Constitutional Protections – The US Gov

Needs To Know The Whole Story

By Paolo von Schirach

Aprile 22, 2013

WASHINGTON – The media circus surrounding the aftermath of the Boston terror bombing continues. This is bad. The more publicity this or any act of terror receives, the more interest is engendered in engaging in similar acts of violence. From now on it is only up to intelligence services and law enforcement. Let them do their job.

Enemy combatant

My only comment is that there is ample merit in treating 19 year old Dzhokhar Tsarnaev, an American citizen by naturalization, as an enemy combatant. Given the obvious but not at all clear connection between the two brothers and Dagestan-Chechnya, it is only natural that the US Government wants to understand how deep and how significant this connection may be.

It is really hard to believe that there is no cause and effect between the older brother's recent visit to Dagestan and the act of terror perpetrated by the two. It is clear that America needs to know whether this Boston bombing is just a spontaneous act concocted by two disaffected immigrants or if they got inspiration and possibly support from other groups, abroad or in the US. More broadly, it is important to know whether there may be others like to the two brothers out there, possibly groomed to engaged in similar acts of terror on US soil.

Let the pros work on this

This being the case, there is ample reason for treating the survivor as an enemy combatant, so that he can be interrogated

without any of the constitutional protections normally provided to any defendant.

That said, please let the professional work on this and give this matter a rest.

Thanks To Increased Use Of Natural Gas For Power Generation The US Reduced Its CO2 Emissions – But Nobody Rejoices, As This Shift Is Due To Natural Gas Produced Via Fracking, Yet Another Evil Carbon Source

By Paolo von Schirach

April 21, 2013

WASHINGTON – Guess what, uncouth America, the last refuge of the “*let’s-fry-the-planet-who-cares-anyway*” shameless oil companies and mindless gas guzzling consumers has done something totally out of character: ***it has actually reduced CO2 emissions in the last few years. And, what is more incredible, the evil carbon energy companies are behind all this.***

How did this happen?

How did all this happen? Well, it is all rather simple. There was no anti global warming fervor at the root of this radical shift. This was not the righteous outcome of a fierce regulatory battle pitting the noble soldiers of the Environmental Protection Agency, reinforced by the Sierra Club volunteers, against the mean and rotten mercenaries hired by diabolical Exxon/Chevron/BP and the other evil doers.

Cheap natural gas

No, in a rather prosaic fashion, this was all about US abundant, cheap (and cleaner) US natural gas progressively replacing more expensive (and dirty) coal as the most cost effective fuel for power plants. It is a well known fact that America has huge coal deposits. For this reason coal became the most used fuel for electric power generation. But now, thanks to new extractive technologies, we have plenty of ultra cheap natural gas in America, much of it located in the North East, (notably in the Marcellus Shale: stretching from Ohio, through most of Pennsylvania all the way to New York state), and therefore very close to tens of millions of customers. Looking at the numbers –natural gas cheaper than coal– utilities did the sensible thing: they are phasing out coal and stepping up the use of natural gas.

Lower emissions

And the results are truly remarkable. In 2007 48.5% of all US electricity was generated by coal. In 2012 the percentage was down to only 37.4%. The added bonus of the gigantic switch is that this natural gas progressively replacing coal is the cleanest among carbon energy sources. Not emission free, mind you; but creating much lower emissions than dirty coal. And so, the evil energy companies, in pursuit of their for ever selfish economic interests, triggered a major fall in US green house gases emissions.

Nothing good comes from carbon

Good news? “No, no, no”, the chorus of all good environmentalists will recite. As even school children know, all this new natural gas is the result of “hydrofracking”, yet another devilish invention concocted by the evil doers. It is established that hydrofracking contaminates precious water reserves, that it pollutes everything. This process to extract natural gas from shale caused earthquakes. It releases noxious methane. To put it simply: natural gas coming via hydrofracking is yet another manifestation of stupid and destructive human greed. It is yet another “poisoned fruit of the poisoned tree”.

I suppose for them it is much better to keep having higher CO2 emissions due to heavy reliance on dirty coal. Somehow I guess that if you live next to a power plant burning low emission natural gas as opposed to dirty coal you may have a different point of view. It would be nice if this could be articulated.

After The Terror Attack, Boston Came To A Standstill – This Is Too Much – Acts Of Terror Are Awful, But We Should Let The Police Work While Life Continues

By Paolo von Schirach

April 20, 2013

WASHINGTON – The Boston Marathon bombing and its bloody aftermath tell us something about a persistent and perverse national fascination with irrational violence. Acts of terror, however serious and bloody, get way too much attention and coverage in America. And this is problematic, because more such events can unfortunately occur. If any time some fanatic or psychopath causes death and destruction most of the country comes to a stand still, with non stop TV coverage filled mostly with obsessive and senseless speculation, then we are in serious trouble.

It might happen again

We are in trouble because all this might happen again. We shall find out more about the two brothers who appear to be the architects of the Boston Marathon terror attack. Still, if we assume for a moment that they did all this by themselves or with just minimal outside support then it becomes clear that deadly acts of terror are unfortunately easy to plan and execute. Regarding this one, we have been told by experts that constructing the deadly explosive devices used in Boston is relatively inexpensive and easy to do. Sadly, "how to" information is all over the internet.

There are more psychopaths out there

This is a rather frightening prospect. Indeed, it is not unreasonable to assume that there are at least some more psychopaths out there willing to rationalize their desire to kill and to get fame for outrageous violent acts via some some hastily manufactured ideological or religious justification. America is a free society of more than 300 million people. We cannot check everybody all the time. Law enforcement agencies and intelligence services can and will prevent many acts of terror; but probably not all of them.

If every time someone does something terrible resulting in loss of life, the whole country stops, then just a handful of

terrorists win. At the very least they score tactical victories. Let us remember that their goal is to create havoc and fear. In the recent Boston case, two young brothers, armed with what appear to be to be rudimentary but effective home made devices managed to bring a major US metropolitan area to a stand still. This is way too much. They got caught; and this is great. But think about the cost of stopping everything: transportation networks, commerce and most economic activities, even for a day or two.

Terrorists are criminals

While those “experts” who make “terrorism” their specialty would like you to think otherwise, terrorists are criminals, just like all the others. The fact that they engage in sensational acts of gratuitous violence, usually in the name of some bizarre ideology or religious principle, makes them a bit different but not “special”. Whatever the ideological justification used by the two Boston area brothers, (surely we shall find out much more about them), or by al Qaeda, acts of terror are crimes, baffling crimes, but crimes nonetheless. Let the police and the intelligence services pursue all the available leads, domestic and foreign, prevent these crimes whenever possible, and pursue the perpetrators after the fact in the cases in which prevention was not possible.

In the meantime, as we let the professionals to their job, as a society let's give up this collective fascination with acts of violence planned and sometimes executed by psychopaths. Let's do our best to “keep calm and carry on” with our normal lives.