

# America Should Have An Energy Policy – Yes, But What Kind Of Policy?

WASHINGTON – *“America must have an energy policy. It is a disgrace that the US –the largest economy on earth– does not have one”* –argue energy sector experts. Indeed, in principle we should have an energy policy. But which one?

## **Energy uncertainty**

We are now in an unprecedented era of energy uncertainty created by a mix of potential, yet dire, threats –global warming caused by burning fossil fuels being the most obvious– coupled with the debunking of earlier certainties. As you may recall, we were supposed to be running out of oil and gas. As it turned out, instead, we have plenty of both. (Remember dire predictions about America having reached and surpassed “peak oil”?)

Add to that mix other predictions that have not materialized. Again, you may recall that solar and wind were deemed to be “off the shelf”, clean, cost-effective alternatives to dirty carbon that is causing global warming. Well, it turns out that they were not. While much progress has taken place, renewables in many instances are still too expensive.

## **Plenty of oil and gas, but this may be a problem**

Bottom line, here in America we have a lot more oil and (especially) natural gas than we thought, and this is good. But, according to most scientists, we are facing the prospect of planetary catastrophe that will be caused precisely by using the fossil fuels that we have.

That said, renewable energy, touted as the silver bullet that

would save the planet, while creating an entirely new –and finally benign– economic sector, did not live up to its early promise. Indeed, while getting better, it is still too expensive.

### **What will Asia do?**

If this is not enough to make you confused, we have to add a few other angles. Assuming that we want to diminish our reliance on fossil fuels, we know that our own effort by itself will not change the global picture. We need the largest countries in Asia, especially China, India, Indonesia, Pakistan, to come on board. If they keep burning dirty coal, the end result in terms of increased global warming does not change that much, whatever America will decide to do.

### **What about energy security?**

That said, on a different, but possibly more immediate, level we have to consider energy security. For the time being we rely very heavily on oil and gas. Luckily America now has plenty of gas. We also have much more oil, (think about the Bakken oil fields, in North Dakota), but not enough. Therefore shouldn't we try to get more crude from Canada, our ally, as opposed to getting it from OPEC?. Have you seen what's going in Iraq, right now?

Well no, we should not get more high emissions, "heavy oil" from Canada, the global warming crowd screams. Therefore there should be no new pipelines carrying Canada's crude to Texas refineries. So, better to run the risk of having supplies cut off by a conflict in the Middle East than taking some insurance by diversifying the sources of our oil supplies?

You see how complicated this gets?

### **What if we shape policies on the basis of wrong assumptions?**

The real problem in shaping a comprehensive energy policy is

that any major policy choice would have to be based on technology and cost assumptions that may prove to be wrong. And the risk in all this, given the enormous costs associated with any large-scale policy shift, is that if the assumptions are wrong, that's capital up in smoke.

For example, the global warming crowd wants a public policy in place that favors renewable energy while penalizing carbon. You tax carbon while you mandate the use of renewables. If this were our national policy, such a regulatory environment would send a clear signal to the economy. *"Drop oil and gas. Invest in solar and wind. That's where the future is"*.

All very well. Except that renewables are still too costly. And so we may end with clean but very expensive electricity, something that hurts the economy. This is precisely what happened in Germany and Spain. They bet heavily on renewables, and now their manufacturers complain about sky-high electricity costs.

And again, do keep in mind that mandating a rapid switch to renewables makes sense only if we are dead sure that global warming caused by burning fossil fuels is an absolutely certain fact.

### **Political pressures**

To make things even more complicated, there are strong and conflicting political pressures. Energy production is still extremely expensive. Therefore, the various economic sectors that understandably want to protect their markets and/or their attempts to create new ones, are constantly pushing to preserve/improve their positions through public policies that include favorable taxation and regulation.

You see how problematic this gets? While having no policy seems foolish, embracing a policy on the basis of wrong assumptions and/or political pressures may be much worse.

## **Government: do less**

In my opinion, this is what Government, both Federal and States, should do, *in fact not do*. First of all, do not pick any favorites. No winners and losers mandated by politicians influenced by this or that group. Do not impose any quotas for renewables.

If anything, do the opposite: try to create a truly competitive environment in which new technologies will have a fair chance to prove themselves, on their own economic merit. For instance, if in Arizona and New Mexico, states blessed with a lot of sunshine, solar solutions are better, so be it. Let solar companies come in and provide cost-effective electricity. But you do not want to impose solar plants in Alaska by regulation.

## **Preserve public health**

Regulations should be restricted to the broadly shared imperative of preserving public health. Yes, whatever your opinions on global warming, we still want clean water and clean air. Laws and rules that mandate air pollution standards should be enforced. (I realize that there is now a huge open issue about the EPA's powers to mandate CO<sub>2</sub> emissions reductions that may shut down coal-fired plants. I would be in favor of restricting CO<sub>2</sub> and other emissions only to the extent in which they threaten public health).

## **Support R&D in renewables**

In all this, the Federal Government would be wise to strongly support new R&D in renewable energy. While we do not have final answers on global warming and on the future supply of oil and gas, it is obvious that fossil fuels are a finite resource. Therefore, it is smart to encourage more research on renewable energy. At some point we will need it, because we shall have exhausted fossil fuels.

And if more R&D in renewables will allow innovators to come up sooner rather than later with truly cost-effective alternatives to oil and gas, so be it. This welcome breakthrough will end the era of the carbon-based economies, and it will also mitigate the threat of global warming. Wouldn't that be nice?

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# The Arrival Of High Quality On-Line Education Spells The End Of Traditional Universities

**WASHINGTON** – Yes, it is official. Traditional universities are about to become extinct. This revolution in higher education is the recent cover story in The Economist: “*Creative Destruction, Reinventing the University*”, (June 28th – July 4th, 2014). And why are established universities about to disappear? Simply because they follow an obsolete (and super expensive) model that now can be successfully replaced by a new –equally effective but much cheaper– format delivered via the internet.

## **Displaced by the internet**

Indeed, just as old-fashioned media companies have been displaced by the internet, many, if not most, traditional universities in which professors teach a few students gathered in a classroom will be displaced by high quality education delivered to millions through the internet

at a fraction of the cost.

### **Expensive and inefficient model**

Here is the situation. A university education, still a coveted goal for millions who aspire to professional careers, has become fantastically expensive –especially in America, where most universities are private– and therefore accessible only to a relatively small minority. In countries where higher education is free, the tax payers bear its total cost.

But what if you could “attend” the very best lectures by watching them on your computer, this way receiving from top-notch professors the same high quality content that you would get by enrolling in the prestigious (and super expensive) university where they teach? Well, you would get the benefit of the same high quality instruction, minus the prohibitive tuition cost.

### **Best material made available via the internet**

Today, this is becoming possible. Yes, we can “bottle” and distribute via the internet the best lectures and related exercises that the best academics now deliver only to the negligible number of students who have the money to enroll in the prestigious universities where they teach.

This being the case, it is obvious that the days of the traditional campus, with all its added costs represented by administrators, financial aid people, athletics departments, cooks, janitors, security staff and landscaping crews, are numbered.

### **Quality control**

Of course, much needs to be done to ensure quality and to ensure that those who enrolled on-line have actually fulfilled the course obligations and have indeed mastered the material provided via on-line courses. And, of course, in some fields,

(engineering, medicine, biology, architecture), there will still be a need for a certain amount of “hands on”, practical training.

Still, even taking all this into account, we are now entering a new era –an era in which millions of people, regardless of country, will be able to access, at a fraction of the old-fashioned college tuition cost, excellent material delivered by first class professors.

### **Value of interaction**

While one should not discount the value of the personal interaction with academics and class mates that occurs within the traditional campus experience, this aspect of a college education can be reduced significantly. For instance, one could envisage a 4 year degree in which you do at least half (or more) of your work on-line, and the rest by attending a university. I assume that experience will dictate the most valuable and cost-effective models.

### **Affordable bridge to modernity**

We may still be years away from the actual mainstreaming of this new way of delivering higher education. But it is coming. Sophisticated pilots are already available. And experimentation is underway all over, from Stanford to MIT.

Imagine the effect of this revolution. In developed countries students and their families will save tens of thousands of dollars. In developing countries that do not even have universities, on-line education will become a powerful bridge to a better future.

Indeed, this new higher education format will allow younger generations to lead these societies into modernity without having to bear the (mostly unaffordable) cost of a traditional, super expensive university education available now to few truly wealthy students who can afford the cost of

moving to a developed country.

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# Most Young Americans Would Not Qualify For Military Service

**WASHINGTON** – How high is the quality of America's "Human Capital"? On average, not high at all. In fact it is depressingly low, and getting worse.

## **Most young Americans unfit for military service**

We are bound to reach this rather frightening conclusion when reading in a WSJ article, (*Uncle Sam Wants You –Unless You're 71% of Youths*, June 28-29, 2014), that more than 70% of young Americans would not meet the basic, (thus not exceedingly high), standards of US Armed Forces recruiters. Yes, that is 70%!

Although this percentage is an approximation, it is based on the number of applicants rejected by the various services. Therefore, the inescapable conclusion is that most young Americans are unfit to be recruits. Mind you, we are talking recruits, not officers or elite troops, such as Navy Seals.

## **Obese and uneducated**

And the reasons? Usually a combination of lack of minimum physical fitness, (most would-be recruits are either obese or overweight), and the inability to pass basic math and literacy tests.

So, there you have it. Most young Americans are (sadly) both

overweight and uneducated. We should add that smaller numbers are rejected for other reasons, such as too many tattoos and drug use. But the majority of applicants are rejected because of their poor intellectual and physical conditions.

It would seem that, for the moment, the US Armed Forces can still get enough recruits from the remaining 30% of applicants who meet basic standards, and so do qualify for service.

### **America's future looks dark**

But what about America? What is the future of a leading "*knowledge economy*", whose strength and vitality will depend more and more on having a large number of highly educated workers, in which the overwhelming majority (70%) of young people are unlikely to get high paying, or just decent jobs because they lack basic intellectual skills?

And what about the future cost of medical services in a society in which most adults are likely to become a major burden on account of obesity related chronic diseases?

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# **America Doing Nothing To Address Its Infrastructure Crisis**

**WASHINGTON** – I understand how immigration reform may have fallen victim of deep ideological divisions. But roads and bridges maintenance? Yes, even roads and bridges upkeep, an absolutely necessary, non controversial activity in a sane

country now is hostage to strident partisan bickering in America.

### **Old infrastructure needs urgent repairs**

Here is the situation. While it was good for America to construct and upgrade its basic (mostly transportation related) infrastructure a long time ago, the bad news is that much of what was built in the 1950s and 1960s is old, in some instances decrepit. According to some estimates, 63,000 bridges are in need of major interventions so that they can be recertified as structurally sound.

### **Old, really old**

The aging of our bridges and highways is a well documented fact. Many national professional groups of civil engineers have pointed this out. They have also pointed out that current and projected funding to attend to the straightforward but expensive task of performing major repairs and upgrades is grossly inadequate.

Some think tanks and other research centers have made suggestions about new financing modalities, (PPPs, an Infrastructure Bank, among several tried and tested tools), that could help expedite the execution of this most urgent task.

### **Action plan?**

Therefore, all of us, and policy-makers first and foremost, are on notice that we have a crumbling infrastructure ticking bomb. Indeed, given aging structures and inadequate funding for even minimal repairs, sooner or later we are going to have some major disaster. Sooner or later a bridge will collapse, probably causing major accidents and loss of life.

Not to mention that aging infrastructure is bad for business. Old highways mean more time needed to go from point A to point

B. And time is money.

Well, given the urgency of all this, there should be a way for Democrats and Republicans in Washington to agree on a workable national plan, vetted by experts, that would get us started on a program of major repairs, beginning with the most urgent cases.

### **Public spending is bad**

But no, this is not going to happen. In large part this has to do with a conservative bias against any kind of “public spending”. Since most public spending is politically motivated and in the end wasteful, they argue, why authorize more infrastructure spending that most likely will result in the diversion of funds to low priority, but politically sensitive projects? And we all know that there will be favoritism in allocating contracts; so that the net result will be huge cost overruns.

Well, some of these objections are well grounded. Yes, we have seen many “bridges to nowhere”. We know that the allocation of federal funds for public works at times follows mysterious routes that often have nothing to do with meeting real needs.

### **Do nothing?**

However, even if we concede all of the above, we still have a crumbling infrastructure problem. Are the conservatives really saying that, since the system (in their view) is too corrupt, then the smart thing to do is to do nothing at all? Yes, this is pretty much what they are saying.

Indeed, a well known conservative TV commentator days ago argued, with a straight face, that not a cent should be spent on repairing US roads and bridges until we have a new, fully transparent system for allocating funds and until we have full accountability of all the money allocated to previous and current projects.

Imagine that. Let's have a full and complete audit of everything that has been spent, in all 50 states, before we can authorize any additional money for roads and bridges. That should take only a week or two, right?

### **The crisis is still here**

Again, I am not dismissing the allegations about questionable projects that have been executed on the basis of political pressure rather than need. I am not saying that cost overruns do not exist.

Still, we have a real crisis in our hands. We have literally thousands of bridges that need major, sometimes urgent repairs. Is it really impossible to address this very real national emergency without transforming it into yet another ideological diatribe?

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## **What Happened To American Innovation? No More Startups**

**WASHINGTON** – A sudden economic crisis, like the unprecedented financial meltdown of 2008, gets everybody's attention. But a slow decline, like the one America has been experiencing since the end of the recession, can be rationalized and explained away. Indeed, those who sound the alarm are dismissed by the "optimists" as the doom and gloom crowd who cannot see that "the glass is half-full", really.

### **America is in decline**

Well, as much as I want to count on America's resilience and sometimes underestimated ability to bounce back, unless the

current *slow-growth-declinining-productivity-fewer start-ups* trend is reversed, America will soon begin to look like France: a once vibrant economy that turned into a semi-impoverished, zero growth, welfare state.

### **What happened?**

If you want a detailed picture of America's economic predicament, read "*Behind the Productivity Plunge: Fewer Startups*", a [WSJ](#) op-ed piece by Edward Prescott, (2004 Nobel Laureate in Economics) and Lee Ohanian, Professor of Economics at UCLA, (June 26, 2014).

In their comprehensive piece, the authors paint a worrisome picture of slower growth, much of it due to declining productivity. They believe that declining productivity is largely a consequence of fewer and fewer startups: minus 30% in 2011 compared with averages from the 1980s.

### **No startups, lower productivity**

And here is the problem. Startups usually mean commercially viable innovation successfully brought to the market. Established companies are rarely engines of innovation because they are often prisoners of the technologies that gave them success in the first place. America's superior economic performance has been made possible historically by its own version of high powered "creative destruction".

New and better technologies replace older, less efficient ones at a rapid pace. However, to the extent that nothing new comes to the market, we just stick to the old stuff. And this means declining productivity and slower growth.

Well, if this is so, how do we create the incentives for more startups to be formed? Who knows really. Nobody, so far, managed to craft the right formula that would reliably yield a crop of good innovators that would bring new ideas to market, this way creating jobs and increasing overall productivity.

## The way out

That said, Prescott and Ohanian give us their own recipe. They believe that America has created too many fiscal and regulatory impediments that objectively hamper the creation of new businesses. The solution?

*“There are clear solutions to these problems –they write. Immigration reform that increases the pool of skilled workers and potential new entrepreneurs. Tax reform that reduces and equalizes marginal tax rates on capital income, including reducing the corporate income tax, which currently exceeds 40% in some states. Reforming Dodd-Frank to make it easier and cheaper for small business to obtain loans. Reducing the regulatory burdens on all businesses.”*

Would the implementation of these policy recommendations do it? May be. However, we shall not know this, because total political paralysis in Washington makes reforms virtually impossible.

Comprehensive immigration reform, a project that would include increasing the number of visas and work permits made available to highly skilled foreigners, is dead in the water.

Fiscal reform, proposed back in 2010, along with entitlement reform, by the “Debt Commission” co-chaired by Alan Simpson and Erskine Bowles, has no chance to happen because of irreconcilable differences between Democrats and Republicans.

Ditto for regulatory reform.

We could argue and speculate as to who is at fault here. Still, I would suggest that America’s success was founded on a shared belief in two equally important principles: genuine free markets, and real opportunity for all.

Overtime, with the best of intentions, policy makers have tried to “guide” markets so that they would work “better”,

while they provided special aid to minorities and other groups deemed to lack enough opportunity.

As a result, we have a monstrous, incomprehensible tax code that privileges certain sectors at the expense of others, while penalizing US multinationals that make a lot of money abroad by taxing their foreign earnings. We have created a myriad of exemptions, subsidies and special treatment for this and that “deserving” group.

And finally we have an unmanageable, soon to become fiscally unsustainable, federal entitlements burden. The problem is that our entitlement systems were designed in a different era, with different demographics, and far fewer beneficiaries.

### **Can we fix this?**

All these problems are fixable. But this would require common sense. Our prosperity is founded on broad-based growth. Growth happens because of enterprise led by people who want to take innovation to market. Without new enterprise we have stagnation. And with stagnation we have decline. Decline is not disaster or catastrophe. No, it is simply a downwards slope, characterized by diminished expectations and narrower horizons.

Just look at Europe. Still wealthy in many respects. But lacking real growth, drive, optimism and a sense of self-worth.

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## **Because Of the Iraq Crisis,**

# **Obama Should Allow The Construction Of The TransCanada Keystone Pipeline – Get More Oil From A Safe Supplier**

**WASHINGTON** – What should America do about the proposed TransCanada Keystone XL pipeline? This pipeline, planned long ago and debated for years, would carry almost 1 million barrel of oil a day from the Province of Alberta in Canada to US refineries in Texas.

## **Build it now**

This is what we should do: build it yesterday! Approve it. Start construction immediately. Indeed, if we had a solid business case for doing this a few years ago, now –with Iraq going up in flames– it is clear that getting more oil from Canada, as opposed to any OPEC source, is in America's national security interest.

Yes, to the extent that, notwithstanding increased domestic production, America needs to import oil –and we do need it– we want most of this oil to come from our friends and neighbors, and not from an unpredictable Middle East that is once again in the middle of a major crisis.

## **Insure against oil supply disruptions**

Indeed, even as we realistically recognize that America's options in confronting the sudden semi-collapse of Iraq are (sadly) limited, there is at least one thing we could and should do: increase as fast as possible our own energy security by buying more oil from Canada, our friend and ally.

This is good for our energy security and therefore for our national security. On top of that it is good for our economy. Canada is our major trading partner. The dollars that we send to them to pay for their oil will be spent to buy US goods.

The Iraq crisis should be a wake-up call, a reminder that America is still vulnerable to oil supply disruptions. This being the case, get more oil from a safe and close by supplier.

Iraq is a major oil producer. Until the recent explosion of the ISIL-triggered crisis, most experts indicated that Iraq, given its immense reserves, was well positioned to vastly increase its oil production and therefore its exports. From 3 million barrels a day, the country could go to 6 or 7, or even more.

Well, now, given the mayhem caused by a full Sunni insurrection sparked by ISIL, we have no idea what will happen to Iraq's oil production, to the flow of Middle Eastern oil, and to future oil prices.

### **We need to import oil**

As we know, thanks to technological advances, in the last few years America vastly increased its own oil production, (think North Dakota, now producing 1 million barrels of oil per day from almost zero just a few years ago). And this is great news. More oil produced in the US means less money sent abroad to buy for needed supplies. It also means a more self-reliant and thus more secure America.

Indeed, by increasing our domestic production, we have diminished our dependence on oil imports from OPEC countries. That said, we still need to import about 40% of the 18.89 million barrels a day we consume. While much less than just a few years ago, that's still a lot of oil. And some of it comes from OPEC countries.

## **Canada: a better choice**

But, guess what, now we do have a better choice: Canada. Canada, a traditional oil supplier to America, has vastly increased its crude production. And therefore, as we need to import oil, it would make sense to buy more from stable Canada, and thus less from a perennially unstable Middle East.

## **US politics**

This is what we should do, if we were a sane country. But, no, US politics does not allow taking this simple, common sense decision.

Sadly, our energy policy is shaped by the political views of millions of voters who believe that fossil fuels are evil. Even though these ideological biases go against our most basic national security interests, they will determine policy choices.

Indeed, our leaders instead of choosing what is good for the country, think that it is much better to endorse these fantasies in order to keep their political base happy.

## **The greens do not like fossil fuels**

This is what US environmentalists, who happen to be rank and file Democrats, say about Canadian oil. *"You see, Canada produces "heavy oil". And heavy oil produces more emissions. And if we Americans buy and refine this oil, all this will translate into increased greenhouse gases emissions. And higher emissions lead to more CO2 in the atmosphere. And this means more global warming, and the melting of the ice caps. This in turn will cause rising sea levels and therefore the flooding of coastal areas in India and elsewhere, something that will cause a massive loss of lives. In other words, if we allow the Keystone pipeline, we shall have to answer for hundreds of thousands, possibly millions of dead Indians".*

What? Buying more oil from Canada will cause all that? Yes, it will. Or at least this is what our lovely environmentalists will tell you. Even though this catastrophic scenario is at least a bit far-fetched, if not totally ridiculous, this is what a large part of the “base” of the Democratic party believes.

### **Politics dictate policy**

And, guess what, we are approaching difficult mid-term elections in which the Democrats are not poised to do well. Therefore, the last thing the Obama administration wants to do is to alienate a big chunk of the rank and file by approving the construction of an oil pipeline that –as we all should know– is bound to cause environmental catastrophe in India and elsewhere.

### **No pipeline**

Therefore, no Keystone XL pipeline approval. Not a chance. At least not until after the November mid-term elections. In the meantime, Iraq may go up in flames, and this may indeed cause real problems for global oil flows, with negative consequences on our still fragile economy. (This scenario, while hypothetical, is a lot more likely than floods in India).

So, no pipeline. the Obama administration, while having ample opportunity to do so, will not buy insurance by getting oil from a safe supplier like Canada because –you see- this would be bad politics. Yes, this is how President Obama is minding the store.

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# The Meaning of “American Exceptionalism”

WASHINGTON – A few years ago, when asked about the meaning of “American Exceptionalism” during a trip abroad, President Obama, who knows why, dodged the question with a silly answer. *“Well, America is exceptional in its own way, but so is Greece and so is Britain, blah, blah, blah...”*. It is sad when the American President cannot explain to a foreign audience what makes America unique, perhaps for fear of appearing presumptuous and therefore not likable. Obama could have explained. But he preferred not to. I have no idea why.

## **American Exceptionalism is about a unique history**

In truth, “American Exceptionalism” has nothing to do with a feeling of national superiority, or with an ideology that justifies American world hegemony. It has to do with the historic uniqueness of the American experience.

Unlike other nations, America is not founded on race, religion, a shared language or a long history of a people living on a specific piece of land.

## **The state protects individual freedoms**

America was conceived as democratic republic founded on and legitimized by a few basic concepts deemed by the Founders to have universal value.

The most important and indeed revolutionary concept is popular sovereignty. This means that governments are established in order to serve the people. The most important government function is to protect individual freedoms. And these include freedom of expression, (in whatever form), and economic freedoms. Indeed, as long as he/she respects the laws, anybody can try to do anything in America, without fear of government

interference or retribution.

### **Citizenship open to all who believe in the basic principles**

Furthermore, citizenship is open to all. As long as an individual, regardless of origin and status, understands and subscribes to these basic concepts (and a few others) he/she can join in.

Therefore, becoming an American is not about renouncing one's identity, religion, culture or language. It is about embracing, in good faith, (*"...and that I take this obligation freely, without any mental reservation or purpose of evasion..."*), these basic principles.

In other words, if you do understand and freely subscribe to America's basic principles as enshrined in the US Constitutions, you can become an American, no matter where you come from.

Freedom also means access to opportunity. And this translates into giving ordinary people chances that would have been unthinkable in European societies characterized by rigid class structures that implicitly or explicitly denied equal opportunity.

### **Still exceptional?**

Of course, you may argue that nowadays most of these principles have been adopted by the Constitutions of many other countries.

*So, what's so exceptional –today–about America?*

Well, call it the privilege of having been the first one. Yes, other countries followed over time and adopted similar principles. But not entirely. In Japan, for instance, immigrants are not particularly welcome. In Britain there is an institutional Church. In other countries, until recently, citizenship was a matter of recognizable blood lines, not

about conscious choices.

Yes, America is a young country. But it is the very first Modern Republic. The US Constitution was drafted in 1787, and it was ratified in 1789. The US Constitution established long ago the protection of individual freedoms as its core principle.

### **Exceptional, until we believe it is so**

For millions of immigrants this constitutionally granted freedom meant unprecedented access to opportunity. Opportunity yielded new enterprise. And enterprise translated into economic progress and higher growth.

This was Exceptional.

To the extent that we, as a Nation, continue to nurture the very basic principles this Republic was established upon long ago, America will continue to be Exceptional.

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# **Politics Is About Insincere Promises Made To Buy Votes**

**WASHINGTON** – I just watched an intelligent political observer on TV who was saying that if and when the US Republican Party will feel the need to attract Black voters it will begin to fashion a political message that will appeal to them.

### **Politics as manipulation**

I find this candid statement quite depressing. For sure it

reflects the reality of contemporary politics. *“You say conveniently fashioned nice things to those you want to sway. Whether or not you mean what you say is beside the point”.*

But it also shows how the political process has become an exercise in cynical manipulation. Even worse, it also shows how this unprincipled way of conducting our politics is now accepted by all as normal.

### **This is how it works**

In essence, this is how “the system” works:

*“If we need your votes, we shall start proposing policies that will appeal to you. (They usually include goodies, that is some public money coming your way). So, you will get interested and hopefully you will vote for us.”*

How clever.

### **This is how it should work**

The sad truth is that it should be exactly the other way around:

*“We, political party X, truly believe in these principles that we articulate in this policy platform. We believe that the implementation of this agenda will benefit most, if not all, people in our society, irrespective of social class, race or gender. And therefore we seek the support of all voters, including your support.”*

### **The goal is winning elections**

But in reality it does not work this way. Here is how political candidates think and operate:

*I am running for Congress. My objective is to win the elections. And therefore, with the support of opinion polls and focus groups, I try to understand what the different*

*segments within my constituency really want. Once I have identified the segments whose support I really need in order to get to a majority that will get me elected, I fashion my message to them, so that it will get them interested.*

This strategy may or may not work, in the end. The message was not well articulated, or the other guy's message sounded better.

Still, I find it appalling that this "method" in which willful manipulation and insincerity are implicit, (if not overt at least in some cases), is now accepted as "the normal way" to conduct our politics in America.

### **Fiscal consequences of political promises**

The obvious fiscal byproducts of this approach are chronic deficits and a colossal national debt. Indeed, as the name of the game is "buying votes" with promises of tangible favors, elected officials, once in office, have to deliver.

And they do so by doling out public funds to their supporters. And these come in the form of subsidies, exemptions, artfully created tax loopholes, social benefits and what not.

### **Issue debt to pay for campaign obligations**

The net outcome of this "*You vote for me, and I shall take care of you*" approach is an astronomical national debt that keeps growing and growing. And why is that? Well, this is because you cannot squeeze more and more revenue from some taxpayers in order to dole out favors to your favorite constituencies. Lacking cash, you borrow money by issuing government IOUs. We call them Treasury Bonds.

Banking on the credibility gained by more frugal past policy-makers, we sell these bonds to institutions and people in America and around the world who still believe that the US Government, (unlike, say, Argentina), can be trusted. It will

meet its debt obligations when due, no matter what.

Well, let's hope so.

### **Corruption of our system**

Still, in the meantime, irrespective of the risk of a future debt default caused by an ever-increasing national debt, our political culture has corrupted our institutions and the way the public looks at them.

For instance, a most recent national opinion poll indicates that only 7% of Americans trust their elected leaders in Congress. Yes, that is 7%.

And yet, these are the same people who vote for the same morally corrupt politicians who ask for their votes in return for favors.

### **Cynical politicians, equally cynical voters**

And we here we come full circle. The politicians ask for your vote by promising more favors. You know what's going on, but you vote for them anyhow, because you want the goodies they promise. And yet you despise these people who have corrupted the system by buying your vote with the promise of yet another free lunch. Isn't it time to change your diet?

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# **Poroshenko Will Never Win Against Russia**

**WASHINGTON** – An indirect consequence of the sudden catastrophe

in Iraq (major international crisis), and of the mounting humanitarian disaster caused by the massive influx into America of thousands of children from Honduras and Guatemala (international and domestic issue), is that Washington is no longer focused on the mess in Eastern Ukraine.

### **Iraq crisis**

Iraq touches many sensitive spots; and so does the arrival of thousands of unaccompanied children from Central America. Both issues call into questions past and present policies.

On Iraq:

*"It is all the consequence of Bush' crazy idea to invade Iraq".*

*"No, it is all about Obama's inability to negotiate a deal with al-Maliki, so that some US troops would have remained in Iraq, after December 2011".*

*"Let the Iraqis sort this out. This is no longer our problem".*

*"Are you crazy? If we do not intervene, ISIL will establish a Caliphate in Syria and Iraq, and it will use this base to launch attacks against the US*

### **Border crisis**

As for the border crisis you hear almost everything:

*"This is the predictable result of the quasi-amnesty granted by Obama to illegal aliens who came here as children. Now the word is out that all children from Central America will be granted legal status in the US".*

*"No, it is all about gang warfare in Honduras. People are forced to flee the country. This is a real humanitarian crisis. We should welcome these children escaping violence, and provide for them".*

## **Ukraine has been forgotten**

Well, be that as it may, in all this unpleasant cacophony that now passes for political debate In America, Ukraine has been essentially forgotten. And this is really bad news for Ukraine's President Petro Poroshenko, and great news for Vladimir Putin, *Villain in Chief*.

## **Poroshenko's moves**

Trying to put an end to the crisis, Poroshenko just announced a unilateral cease fire. He wants all the pro-Russian rebels to also stop fighting, while he is allowing safe passage to all the foreign fighters who came from Russia. They can go back, unharmed. This rather generous unilateral good will gesture should put an end to the crisis. Right? Sure, dream on.

## **Putin wants more**

The Russians, now fully aware that the West is not that interested in this crisis, have replied that a cease fire by itself means nothing. What we need is "negotiations" about the future status of Eastern Ukraine –they claim. Which means that, in order to end this crisis, Kiev has to agree to the surrender of these territories inhabited mostly by ethnic Russians.

Again, the Russians can afford to be tough customers, because they can see that President Obama is distracted by other, more urgent matters.

## **Washington and Europe are distracted**

Iraq may indeed become a serious problem for America. But, aside from very few people, nobody cares in Washington about the fate of Eastern Ukraine. Iraqi based jihadists may one day threaten the US Homeland. Pro-Russian fighters in the Luhansk Oblast (Region) are a problem only for Kiev.

As for Europe, the Europeans would love to pretend that the crisis in Ukraine never happened; and that, whatever the issue might have been, it is now happily over.

### **Eastern Ukraine is lost**

This being the broad picture, I fail to see how President Poroshenko's goals of restoring law and order in an Eastern Ukraine suddenly loyal to Kiev have even the faintest hope of succeeding.

I said it before and I repeat it now: Eastern Ukraine is lost. Unless it could count on decisive American support –and it cannot– Ukraine will never prevail against Russia. Russia is bigger and stronger. And it has “a case”. There are millions of ethnic Russians in Eastern Ukraine. Easy enough for Moscow to argue that they are an oppressed minority, and that Russia has “a duty” to act on their behalf.

### **Kiev needs Russian gas**

*Besides, in case we forgot, Russia is still Ukraine's indispensable gas supplier. Ukraine must get Russian gas. It has no alternative. This is an unenviable situation. Russia is a much stronger enemy, and Ukraine depends almost entirely on Moscow –its foe– for its energy.*

*And President Poroshenko, knowing all this, thinks he can “win” this contest with Putin? All by himself?*

### **Cut your losses, focus on rebuilding the country's economy**

Time to get real. Kiev should admit that Eastern Ukraine is lost. Negotiate some kind of a deal that will guarantee Russian gas supplies, and move on to the serious business of repairing a basket case country that now barely survives thanks to Western credits.

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# Senator Rand Paul In A WSJ Op-Ed Piece Argues Against Getting Involved In Iraq

WASHINGTON – In a well crafted WSJ op-ed piece, (*America Shouldn't Choose Sides in Iraq's Civil War*, June 20, 2014), Rand Paul, a Republican Senator from Kentucky, and the recognized leader of the libertarian-isolationist wing of the GOP, produced many good arguments for staying out of the current Iraq crisis.

## Stay out of Iraq

However, without going through all the various (in general sensible) reasons for not getting involved outlined by Senator Paul, including a strict observance to principles laid out by President Reagan, it is important to notice that at no point in his piece Senator Paul even goes near the real issue. At no point does he even consider whether or not the Islamic State in Iraq and the Levant, ISIL, (known also as ISIS), may represent today or tomorrow, (if it is allowed to consolidate its control over about 1/3 of Iraq), a real threat to American national security.

## Is ISIL a threat to America?

But this is in fact the issue. We know from experience –remember 9/11?– that Islamic fundamentalists are inherently inimical to the West. They view America as their existential foe. And we have seen how jihadists have used their strongholds in different countries as bases to plot attacks against US interests and/or the US homeland.

So, now here is the question. If we allowed ISIL, this new incarnation of Islamic fundamentalism, to get itself firmly established in one form or another in parts of Syria and Iraq, will this militant entity become a threat to America?

Interestingly enough, Senator Paul does not even address this possibility. For him it is all about getting once again involved in a civil war in far away Middle East country –a messy conflict in which we have little or nothing at stake.

### **Attacks against the US from ISIL's bases in Iraq?**

Now, I do not claim to know for sure that a jihadist state, or would-be state, will automatically become a replica of al-Qaeda in Afghanistan, with training camps filled with volunteers eager to plot another 9/11. Even if some dynamics are very similar, history does not repeat itself that perfectly.

Still, I think that it is important to at least ask the question. Is it possible that ISIL leaders share Osama bin Laden's dreams about the need to destroy America and the West? If the answer is a clear "no", If our intelligence could conclude, with complete confidence, that the current conflict in Iraq, whatever ISIL's ideological/religious foundations, is only a new way to settle the Sunni-Shia unresolved power struggle, then I would say that Senator Paul and all the others who follow his advice are right.

Let the Iraqis fight it out. The Sunni-Shia balance of power in Iraq is their problem, not ours. It is regrettable that the matter will be settled through violence; but this is not our fight. (By the same token, there are several, ongoing civil/tribal/religious conflicts in Southern Sudan, in Mali, in the Central African Republic, in Nigeria and elsewhere. Still, America has no compelling reasons to intervene there. These conflicts, however bloody and violent, do not threaten

US national security).

**It is in America's interest to neutralize Jihadists strongholds**

But if a new jihadist stronghold based on all or some of the territory now controlled by ISIL in Syria and Iraq becomes a base from which to plot and launch attacks against US interests, then ISIL is also America's problem. Therefore, defeating it should be an American objective, not to do any favors to Iraqi Prime Minister al-Maliki, but to protect US security.

From this perspective, neutralizing ISIL is not about taking sides in an internal Iraqi mess. It is about safeguarding the US national interest.

The fact that Senator Paul in his WSJ article did not even look at this obvious angle is really surprising.