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Andrew Stuttaford

Winter Is Coming: Europe’s (Natural) Gas Crunch (and in Due Course, Ours)

Наближається зима: криза (природного) газу в Європі (а згодом і наша)

Росія, найбільший постачальник газу в Європу. Деякі аналітики ставлять під сумнів, чи "Газпром", російська газова компанія, дотримується стратегії високої ціни або намагається переконати Захід дозволити завершити проект газопроводу "Північний потік-2", який буде поставляти газ з Росії до Німеччини. "Газпром" заперечує, що він чинить тиск, щоб переконатися, що останні заперечення щодо "Північного потоку -2" (проект, який дозволить відправляти газ в Європу через Україну, направляти безпосередньо до Німеччини - перехід, який, ймовірно, коштуватиме Україні мільярди транзитних зборів). Трубопровід близький до запуску, і зараз важко зрозуміти, що зупинить його зараз.

https://www.nationalreview.com/2021/09/winter-is-coming-europes-natural-gas-crunch-and-in-due-course-ours/

n last week’s Capital Letter, I quoted from an article by CNBC’s Kelly Evans in which she noted (among other topics) how the current “transition” away from carbon (which, it strikes me, is about as well planned as our transition out of Afghanistan) could actually *decrease* the resilience of our energy infrastructure, something that would be a bad idea however the climate may (or may not) develop.Evans concluded her article with these words:Every household and business on the planet right now should be thinking hard about how they get power, and how good their backup options are. The “mushy middle” of this global energy transition could be a very uncomfortable place to be.As I noted last week, this mushy middle is already pretty uncomfortable (in the sense of being expensive) as Brits, Germans, Californians, and others could tell you. And Californians, of course, know a thing or two about disruption to energy supplies.Now scroll up a bit through Evans’s piece to find this:The U.S. isn’t the only one dealing with high energy bills. The situation is arguably worse in Europe, where natural gas prices (which supply household and business electricity) have spiked to 5-6x what they were two years ago, to the highest levels on record.Remember how I mentioned that carbon prices in Europe have surged to a record high? They traded above 60 euros a tonne this week for the first time. That’s disincentivizing new gas production in Europe, which is also competing with Asia for liquefied natural gas supplies. The largest gas field in Europe…Gronigen, is shutting down next year–eight years earlier than planned, because of earthquake risks. The result,” writes David Sheppard in the Financial Times today, “is something approaching a global gas crunch.” And it leaves Russia alone asbasically the “OPEC” of natural gas–the only country with spare capacity that could meet this demand. But Russia’s Gazprom has “declined to send any additional supplies to Europe . . . before the controversial Nord Stream 2 pipeline is approved.” So either they can’t or they won’t meet the need.People are already worried about what this could mean for Europeans if temperatures plunge this winter and heating is unaffordable, or outages crop up. . . . That was written on September 1.

World Oil September 7 (my emphasis added):

European natural gas futures surged to record highs on Monday [September 6] as the amount of Russian gas flowing into Europe through a key entry point dipped, crimping supplies in an already tight market.With European stockpiles about 20% below the seasonal average just weeks before the heating season, traders are focused on Europe-bound supply routes for Russian gas and winter demand, said Julien Hoarau, head of Paris-based consultant Engie EnergyScan. Europe will face a very tight winter and an extreme weather event could push prices over 100 euros per megawatt-hour, he said.

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Gas flows at the Mallnow station in Germany, which handles Russian fuel from a major transit pipeline, dropped to its lowest in two weeks. Volumes through this route started falling at the end of July and plunged further after a fire at a Gazprom facility in Russia in early August.Gazprom said Monday it's meeting in full requests of its European consumers who receive gas via the Yamal-Europe pipeline, which transports the fuel into Mallnow.*Prices also rose as the cost of carbon permits under the European Union's emissions-trading system surged to a new high, raising the attractiveness of gas as a cleaner-burning fuel in power generation.*This increase in the cost of carbon permits can, the *FT*'s David Sheppard explained last month, be put down to increasingly ambitious political targets to cut greenhouse gas emissions. These targets are reflected, in part, within the EU's emissions-trading system. This "system" is sometimes referred to as a market, but it's a market created by bureaucratic diktat. The way it works is summarized in *Clean Energy Wire* as follows:The EU ETS follows a "cap-and-trade" approach: the EU sets a cap on how much greenhouse gas pollution can be emitted each year, and companies need to hold European Emission Allowance (EUA) for every tonne of CO2 they emit within one calendar year. They receive or buy these permits — and they can trade them.The EU ETS is for CO2 emissions from power stations, energy-intensive industries (e.g. oil refineries, steelworks, and producers of iron, aluminium, cement, paper, and glass) and civil aviation. Extra-EU flights are not included in the system's scope; only those between and within countries in the EU and European Economic Area must comply with the programme.Companies face a fine if they emit more CO2 than they have covered by emission allowances. . . . We can discuss the rights and wrongs of such a system at another time.The soaring price of the permits, noted the *FT*'s David Sheppard, means:coal becomes less economic to burn for electricity. . . . But it also means it gets replaced with natural gas in many instances where renewables cannot yet take up the slack.Energy companies are in a bind. The old solution would have been to invest more in raising gas production. But with most developed countries adopting plans to be "net zero" on carbon emissions by 2050 or earlier, the appetite for throwing billions at long-term gas projects is diminished. . . . But back to today's difficulties.Stanley Reed and Raphael Minder at the *New York Times:*As the world struggles to recover from the pandemic, soaring natural gas prices threaten to become a drag on the economies of Europe and elsewhere. Wholesale prices for the fuel are at their highest in years — nearly five times where they were at this time in 2019, before people started falling ill with the virus. . . . Spanish households are paying roughly 40 percent more than what they paid for electricity a year ago as the wholesale price has more than doubled, prompting angry protests against utility companies. . . . The pain is being felt across Europe, where gas is used for home heating and cooking as well as electric power generation. Citing record natural gas prices, Britain's energy regulatory agency, Ofgem, recently gave utilities a green light to increase the ceiling on energy bills for millions of households paying standard rates by about 12 percent, to 1,277 pounds, or $1,763, a year.Several trends are to blame for soaring prices, including a resurgence of global demand after pandemic lockdowns, led by China, and a European cold snap in the latter part of winter this year that drained storage levels. The higher-than-expected demand and crimped supply are "a perfect storm," said Marco Alvera, chief executive of Snam, the large gas company in Milan.The worry is that if Europe has a cold winter, prices could climb further, possibly forcing some factories to temporarily shut down.Grim reading, enlivened only by this:"The reality is we need to switch to renewables faster," said Greg Jackson, chief executive of Octopus Energy, a British utility.It would take a heart of stone not to laugh.Like many climate warriors, Jackson would have made a fine kamikaze pilot.

Axios:

Vast quantities of oil, natural gas and coal need to stay in the ground in order for the world to have even a 50% chance of meeting the Paris Climate Agreement's temperature target, a new study finds.. . . The study, published in Nature, provides a fresh perspective after a 2015 paper looked at regional differences in so-called "unburnable" carbon. The new paper takes into account the Paris Agreement's goals and new scenarios of economic development and emissions. . . . The researchers from the University College of London found that "very high shares of [fossil fuel] reserves considered economic today would not be extracted" if the world is to meet the 1.5°C (2.7°F) temperature target.The study finds that overall, about 60% of oil and natural gas reserves and nearly 90% of coal reserves would have to be left in the ground in order to meet the Paris target. All undeveloped Arctic oil and gas resources would need to be left untouched, the study states.The global peak in oil and natural gas production would need to have occurred last year in order to meet the Paris targets, the study finds. . . .So, we don't have enough now, but what we have, according to those intent on following the Paris approach, is too much.Back in the real world (via *The Daily Telegraph* on September 9, my emphasis added):Ireland has been forced to freeze power exports to the UK to prevent a shortage which could have sparked blackouts as surging energy prices continue to cause chaos across Europe.A toxic combination of low wind speeds and a severe squeeze on the supply of natural gas sent power costs jumping tenfold on the British mainland on Thursday to as much as £2,300 per megawatt-hour, a new record high.It came as transmission was halted on the Moyle interconnector, which sends electricity from Northern Ireland to Scotland.Mutual Energy, which owns and operates the undersea cable, said that flows had been stopped for "operational security reasons due to generation shortfall in the all-Ireland single electricity market".*The cost of energy has been spiralling across Europe, due in part to calm weather which has drastically reduced the availability of renewable power.In the UK, which relies on wind for around a fifth of its electricity throughout the year, prices rocketed to hit a high of £2,300 per megawatt-hour by the afternoon – ten times higher than they were earlier in the morning, according to Bloomberg figures.*The spiralling prices will prompt further concern among officials who were earlier this week forced to fire up coal-based plants in an effort to cope with tight supplies.

Coal! Awkward.

The Paris approach (which will, if the Biden administration gets its way, be reflected in all its madness over here) involves a rush into technologies that are not necessarily ready for prime time, and at a remarkably reckless pace. The results will include substantial economic, social, and political damage. What would make better sense is a *more gradual* switch to renewables as well as increased exposure to nuclear power and more recognition that some forms of fossil fuel (natural gas) emit fewer greenhouse gases than others (when used to generate electricity, natural gas produces about half as much CO2 as coal): The perfect should not be the enemy of the good. When it comes to spending, prioritize adaptation and improved resilience. These objectives will obviously be easier to pay for if we avoid a transition that trashes the economy. The same can be said for funding the development and introduction of newer, greener energy (and other) technologies. I discussed this alternative approach — which ought to have the added advantage of appealing to those skeptical about basing policy on the millenarian obsessions of much of the climate establishment — in last week's Capital Letter.Given the newspaper for which they work, the *NYT*'s Reed and Minder deserve credit for writing this:The turbulence in prices may also be a harbinger of volatility if energy companies begin to give up on fossil fuel production before renewable sources are ready to pick up the slack, analysts say. In addition, the closure of coal-fired generating plants in Britain and other countries has reduced flexibility in the system, Mr. Alvera said.Gas prices in the United States have risen as well, but they are only around a quarter of those being paid in Europe. The United States has a big price advantage over Europe because of its large domestic supply of relatively cheap gas from shale drilling and other activities, while Europe must import most of its gas.Sadly, the Biden administration is set on making things more difficult for U.S. producers of natural gas, thus eroding that advantage, a point only underlined by this not altogether surprising, but profoundly stupid development (via *Bloomberg*) on Friday:Natural gas won't count as clean energy under a House Democratic plan that would eventually rid the electric grid of carbon and is part of the $3.5 trillion tax-and-spending package moving through Congress.The proposal by a House panel would provide $150 billion to help spur electric providers to add more clean energy through a system of payments and penalties for electric suppliers. . . .Under the plan, natural gas would be excluded because only electricity with a carbon intensity of less than 0.10 metric tons of carbon dioxide equivalent per megawatt-hour will count, according to a summary provided by the committee. That drew praise from environmental groups who oppose the power source because of concerns about hydraulic fracturing, or fracking, and associated emissions of methane — a powerful greenhouse gas."We're grateful the House is moving to keep dirty gas from getting support under the Build Back Better Act," said Jean Su, director of the Center for Biological Diversity's Energy Justice program. "The Senate should follow suit on this bold step toward making our energy system truly renewable and ensuring a safe climate and vibrant future for our communities." . . .The perfect *will* be the enemy of the good.And keep that term "dirty gas" in mind.

Bloomberg:

The bill, set to go before the panel Monday, will also include a fee on methane emissions imposed on the oil and gas industry, $13.5 billion for chargers and other electric vehicle infrastructure, $7 billion for Energy Department loans and grants for zero-emission transportation technologies and $5 billion in funding to make school buses, garbage trucks and other heavy duty vehicles emissions free, according to the summary.Now back to "dirty gas":

Axios:

The future of natural gas could rest at least partly on whether the widely used fuel keeps going by that name, a new study finds. . . . Yale University researchers, in a survey, found lower support for several other titles. Those included "natural methane gas," "methane," "fossil gas" and "fracked gas." . . .

"Persistent use of the term 'natural gas' in public discourse may lead the public to continue to underestimate the climate risks and harms associated with this energy source," states the paper in the *Journal of Environmental Psychology*.It notes that prior polling shows favorable public attitudes toward natural gas. . . .Once upon a time there was "global warming." That was replaced by "climate change." Then "climate change" was replaced by the "climate crisis." And now the "climate crisis" is threatened by the "climate emergency," or is it "climate chaos"? Expect something similar to happen to "natural" gas, now beginning the forced march to dirtiness.Given all the above, is there a certain irony about stories such as this? Well, yes.

Reuters:

Sept 9 (Reuters) — California's grid operator has asked the Biden administration to allow some natural gas power plants to operate without pollution restrictions for 60 days to shore up the state's tight electricity supplies, the U.S. Energy Department said on Thursday.The California Independent System Operator (CAISO), which is seeking an emergency order by Sept. 10, made the ask in a Sept. 7 letter to Energy Secretary Jennifer Granholm. The agency is reviewing the request, an official said.The move is the latest example of California's struggle to move away from fossil fuels like natural gas that contribute to climate change. Governor Gavin Newsom this year has already loosened restrictions on diesel generators and engines, and the state's water agency is adding gas-fired power plants to boost supplies.The state is increasingly relying on large amounts of wind and solar energy that only run when the wind is blowing or the sun is shining. This year extreme drought has slashed the state's hydroelectric power capacity while wildfires threaten transmission lines that bring in power from other states. . . .

Back to the *Times*:

Adding to the tight situation in Europe, Groningen, the giant gas field in the Netherlands that long served as a safety valve for both its home country and western Germany, is being gradually shut down because of earthquakes. Over the last year European gas prices have risen from around $4 per million British thermal units to about $18.Russia, the largest gas supplier to Europe, and Algeria have substantially increased their exports but not enough to ease market concerns. Some analysts question whether Gazprom, Russia's gas company, is pursuing a high-price strategy or trying to persuade the West to allow the completion of its Nord Stream 2 pipeline project, which will deliver gas from Russia to Germany."On the face of it, it looks as though some sort of game is being played here," said Graham Freedman, an analyst at Wood Mackenzie. On the other hand, Mr. Freedman said, it could be that Gazprom doesn't have any more gas to export.Gazprom denies that it is applying pressure in order to make sure that the last remaining objections to Nord Stream 2 (a project which will enable gas now being sent to Europe via Ukraine to be sent directly to Germany — a switch likely to cost an embattled Ukraine billions in transit fees), and it *may* be telling the truth. The pipeline is close to being ready to go, and it's hard to see what will stop it now. Biden gave up trying months ago: Putin's pipeline was one thing, Keystone XL quite another.*DW* (September 6):

Construction on the controversial Nord Stream 2 natural gas pipeline took a major step to completion Monday.According to the company, the final piece of piping has been welded together. It will then be lowered into place in the Baltic Sea. It must then be connected and will then be expected to begin operating.Russia's state-owned energy company Gazprom said once the project has been completed the pipeline will begin supplying Germany in October. The €10 billion ($12 billion) project is expected to double the carrying capacity to Germany.

And, via *Bloomberg*:

Gazprom PJSC needs to store nearly as much natural gas at home to keep Russians warm this winter as it currently ships to its top customer Western Europe every day, Bloomberg calculations show.The Russian gas giant has just two months to build its depleted inventories to the record levels it's targeting, a goal the Energy Minister Nikolay Shulginov expects Gazprom to meet. That will require pumping into underground storage sites in Russia supplies equal to about 80% of daily exports to Western Europe.The calculations, based on Gazprom's data, send a worrying signal to Europe. The continent is running out of time to boost its own buffer stockpiles ahead of the heating season, with countries from the U.K. to Spain and Germany already contending with energy inflation due to soaring gas and electricity prices."To reach that goal, Gazprom has to prioritize discretionary supply away from Europe," said Tomas Marzec-Manser, lead European gas analyst at ICIS. "While challenging, I'm sure it will be met."European gas prices are breaking records day after day even though it's summer, when demand is usually low. The region's inventories are at their lowest in more than a decade for this time of year after a bitter winter left storage sites depleted. Boosting reserves hasn't been easy, with Russia limiting pipeline supply and cargoes of liquefied fuel being diverted to Asia.Russia is Europe's biggest supplier, but is itself a big consumer of gas. The country aims to have a record 72.6 billion cubic meters in domestic inventories by Nov. 1, almost double the levels at the end of June, according to Bloomberg calculations using data from Gazprom, which only releases inventory levels sporadically.Achieving that target will require Russia to store about 280 million cubic meters a day, or roughly 80% of daily exports to Western Europe. Daily gas injections into storage in Russia this year are probably higher than historical averages by some 80 million cubic meters a day, Marzec-Manser said.Gazprom's output is near 10-year highs, but domestic needs also surged thanks to abnormally cold temperatures in some regions during the past winter and heat waves this summer.Exports to consumers including China and Turkey also increased 19% in the first eight months of the year. . . . Russia will not hesitate to use the power that comes with its position as the biggest supplier of gas to Europe if it suits it (another reason that the Biden administration's attack on domestic U.S. production, which could be an alternative source of supply for Europe, makes no sense), but I doubt that is what is going on just now — although the reminder to Europeans of their reliance on Russia will doubtless please the Kremlin.Regardless of why Russia is doing what it is, absent a mild winter, Europe could face major supply problems in the next few months. This could threaten a still fragile economic recovery, and, of course, bump up inflation (which there, as here, is, you understand, merely a "transitory" phenomenon, despite having risen to a ten-year high in the Eurozone).And even if current higher natural-gas prices ease, there is probably a limit as to how far down they will sink.

The *FT*'s David Sheppard:

Prices could ease off later this year if there's a mild winter, but hope is rarely the best strategy. More LNG will hit the market later this decade, but BP's chief financial officer Murray Auchincloss said this week that he did not expect prices to ease significantly until 2022 at the earliest, and even then there is a great deal of uncertainty.Sheppard continues:None of this is to argue that countries should not be looking to raise carbon prices or curb demand for fossil fuels. But it illustrates the kind of ruptures we should probably expect to see more of during the energy transition.

Ruptures.

In the oil industry there are already those who think a period of +$100-a-barrel oil is on the horizon, as companies scale back investments in future supplies, while demand is expected to keep rising for most of this decade at a minimum.Transitory?Greenflation is going to be a thing — if it is not already.Sheppard:The International Energy Agency argues that if the world is truly to achieve net zero before 2050, then no more investments are needed in new oil or gas fields. But their own forecasts show that on the current trajectory demand is still rising fast enough to suggest new fields will be needed.Sheppard is referring to an IEA report from May. You can read this somewhat sinister document here. Let's just say that it wasn't too well received in China. It should not have been well received anywhere. Sheppard: The key challenge for governments is therefore to accelerate efforts to tackle demand. Volatility in energy prices during the transition is probably a given.But they are also a good opportunity to speed up measures to tackle the root cause of the problem, which isn't simply that too much gas is being produced but that too much is being consumed.That doesn't strike me as a recipe for economic growth, low inflation, or reliable energy supplies.Also in the *FT,* John Dizard warns of "a populist political risk to European greening. As ratepayers' bills are opened this winter, we will see if demagogues seize an opportunity."Maybe they will, maybe they won't, but sooner or later, following the Paris climate agenda is going to lead either to severe political trouble, less democracy (if voters show signs of failing to behave themselves) or both. That this agenda won't make any material difference to the climate for a very long time (if, in the view of some, ever) only adds insult to self-inflicted injury.

Finally, from CNBC on Friday:

Natural gas prices have doubled this year and are expected to continue to rise, resulting in larger winter heating bills for some consumers and higher costs for electric utilities.Natural gas is plentiful in the United States and has been cheap for years, so the jump in prices this year is eye popping. It has also lifted the shares of companies that specialize in natural gas production, like EQT, Range Resources, Cabot Oil and Gas and Antero Resources.In the futures market, the natural gas contract for October rose above $5 per one million British thermal units, or mmBtus, for the first time since February, 2014. Besides electricity and heating demand, natural gas is an important feed stock and is used in the processing of chemicals, fertilizers, paper and glass, among other products. . . . The upward pressure on gas prices is global, and since the U.S. is an exporter, prices in North America are now more influenced by prices in other markets.

Oh.

Winter is coming.

The *Capital Record*We released the latest of a series of podcasts, the *Capital Record*. Follow the link to see how to subscribe (it's free!). The Capital Record, which appears weekly, is designed to make use of another medium to deliver Capital Matters' defense of free markets. Financier and NRI trustee David L. Bahnsen hosts discussions on economics and finance in this National Review Capital Matters podcast, sponsored by National Review Institute. Episodes feature interviews with the nation's top business leaders, entrepreneurs, investment professionals, and financial commentators.In the 34th episode, David hosts Edward Pinto, the nation's foremost housing and mortgage economist. Edward, of the AEI Housing Center, joins *Capital Record* this week to unpack the history of Fannie and Freddie, evaluate the current state of the U.S. housing industry, and offer a no-holds-barred critique of the profound policy errors that have brought us here. We are dealing with one of the great economic atrocities of all time here, and we have the world's foremost expert to help make sense of it all.

And the Capital Matters week that was . . .

Woke CapitalOn Wednesday Vivek Ramaswamy and Kevin Williamson participated in a webinar to discuss Vivek's new book, *Woke, Inc.: Inside Corporate America's Social Justice Scam:* Vivek Ramaswamy is a successful entrepreneur who has founded multiple successful enterprises. A first-generation American, he is the founder and executive chairman of Roivant Sciences, a new type of biopharmaceutical company focused on the application of technology to drug development. He founded Roivant in 2014 and led the largest biotech IPOs of 2015 and 2016, eventually culminating in successful clinical trials in multiple disease areas that led to FDA-approved products. Mr. Ramaswamy was born and raised in southwest Ohio. He graduated summa cum laude in biology from Harvard in 2007 and began his career as a successful biotech investor at a prominent hedge fund. Mr. Ramaswamy continued to work as an investor while earning his law degree at Yale, where he was a recipient of the Paul & Daisy Soros Fellowship for New Americans. Mr. Ramaswamy was featured on the cover of Forbes magazine in 2015 for his work in drug development.

UnionsSean Higgins:

The U.S. labor movement is facing a crisis of dwindling membership and hitching its hopes for survival on Congress. But even if lawmakers grant unions exactly what they want, reversing the movement's slide might prove impossible.Why? Because the labor movement's interests are increasingly at odds with those of workers. Take, for example, its desire to rewrite workplace laws, such as the Fair Labor Standards Act and the National Labor Relations Act, to push more people into joining unions — and in some cases to give workers no choice but to join. Many workers value their freedom to choose whether to belong to a union or not and will resent that being taken away. . . .

SpendingChris Edwards:

Democratic leaders in Congress are moving ahead with a $1 trillion infrastructure bill and a $3.5 trillion reconciliation bill to expand entitlements. Both bills are fiscally reckless and fund activities that are the proper responsibility of the states and private sector. To hear most politicians tell it, though, you would think there are no downsides — and only tremendous benefits — attendant to federal-budget expansion. But that is not the case.Here are ten reasons to oppose the infrastructure and entitlement bills . . .

Dominic Pino

Senate majority leader Chuck Schumer said today that he's going "full speed ahead" on Democrats' proposed spending package. In addition to the $550 billion in new spending from the bipartisan infrastructure package, Schumer supports spending another $3.5 trillion. "Why I Won't Support Spending Another $3.5 Trillion" was the headline on West Virginia Senator Joe Manchin's September 2 op-ed in the *Wall Street Journal*, so Schumer is going to run into some problems. . . .

The Minimum WageRobert VerBruggen…

The minimum-wage debate has quieted down a bit since the Senate parliamentarian put the kibosh on party-line federal legislation, but the research continues. A new study focuses on the "tipped" minimum wage.Workers who make a lot of their money from tips have a lower minimum — federally, $2.13 instead of $7.25 — and some would like to change that. A Democratic bill, for example, would hike the overall minimum wage to $15 *and* eliminate the lower wage for tipped workers. The new study, however, looks at what happened when states experimented with variations in the tipped minimum wage and finds not-so-rosy results. . . .

EmploymentDominic Pino

A piece from the *Washington Post* over the weekend sets out the issue at the center of the American economy right now: "There are 10 million job openings, yet more than 8.4 million unemployed are still actively looking for work." There's one obvious explanation for this imbalance, which is that the government is paying people to not work. As of yesterday, the federal unemployment-insurance supplement has officially ended. The expiration of that $300-per-week benefit should push some people currently on the margin into available jobs.But don't expect any massive swings in the employment numbers when next month's jobs report comes out. There's more than perverse incentives keeping jobs vacant. . . .

David Harsanyi:

There will always be those who are unemployed through no fault of their own. There will always be victims of circumstance and creative destruction. It's also probably true that some pre-COVID jobs are gone forever, as industries implemented efficiencies during the pandemic. But the COVID emergency was the man-made downturn. Enhanced benefits for unemployed workers, especially when the check is bigger than a potential paycheck, were likely holding back the recovery. Stories about the sunsetting benefits are littered with concerns over the "dwindling options" for the jobless. One particularly partisan *Associated Press* piece — "Jobless Americans will have few options as benefits expire" — cherrypicks a report from a couple of economists that tells us — contra the laws of economics and human nature — that emergency benefits do nothing to disincentivized anyone from looking for work. But the job market is in a boomtime disposition. We are experiencing a labor *shortage*. If we really need emergency checks in a robust labor market, that would mean we need them in perpetuity — which, of course, is the entire goal of those offended by the notion of "get a job."

Dan McLaughlin:

Lincoln, the great champion of free labor, understood that the labor part goes with the freedom part. Even the Homestead Act that he signed in 1862, on its face one of the greatest giveaways in American history, simply privatized undeveloped government-held land that could be cultivated only if the settlers undertook back-breaking farm work with no government safety net if they failed. Lincoln himself hated farm work — his father often chastised him in his childhood for reading instead of working — but once he was old enough, he took any menial work he could find until he was able to make it as a lawyer (having self-taught himself Blackstone's *Commentaries*). "Go to work is the only cure for your case," indeed.

TaxBoris Ryvkin:

On July 20, the U.S. Tenth Circuit Court of Appeals unanimously upheld a decision from a Colorado district court that will have profound, negative implications for U.S. expatriates — those seeking to live and work abroad without renouncing their U.S. citizenship. If not limited or overturned by the U.S. Supreme Court, the ruling could lead to a new, two-pronged attack on a U.S. expatriate community already laboring under the burdens imposed by a U.S. citizenship-based taxation regime.The U.S. system reduces Americans' competitiveness abroad, disincentivizes investment, and treats nonresident U.S. citizens — including many who have lived abroad their entire lives — as full-time residents for tax purposes. If an American lives overseas and sources most of his or her income outside the U.S., it is destructive and unfair to tax that income as if it were earned in the U.S.America's citizenship-based tax regime has already made Americans toxic abroad for banks and potential business partners. If this case stands, it will represent yet another tightening of the ratchet. American expats will find that their ability to cross foreign borders (if they are outside the U.S.) or leave the U.S. has been dramatically curtailed or, in the latter case, ended. . . .

John Fund:

Margaret Thatcher must be rolling over in her grave.British prime minister Boris Johnson has just abandoned two of his flagship pledges from his 2019 election campaign and dramatically raised taxes.In order to cover the unexpected costs of the pandemic to the National Health Service, the earnings tax levied to pay for the NHS will rise to 13.5 percent, up from 12 percent. A further 2 percent tax will apply to all earnings above 50,000 pounds ($69,000) a year. Working people with a pension will also pay the tax for the first time ever.The tax, which the Conservative Party used to describe as a tax on jobs, will also be levied on employers. Taxes on dividends will also rise by 1.25 percentage points on dividends. All this is a triggering warning that Britain's economic recovery could be aborted. . . .

InflationCharles C. W. Cooke:

They say that those who cannot remember the past are condemned to repeat it. The same is true of those who rewrite it — which, over at *New York* magazine, is precisely what

America’s self-appointed historian of conservativism, Rick Perlstein, has done in submitting that the anger generated by double-digit inflation in the 1970s was not economic in nature but “cultural.” . . . This is not an area that is ripe for revisionism. By December 1979, a dollar earned in January 1970 had kept less than *half* of its buying power — a radical departure from the stability of previous decades. As the U.S. Bureau of Labor Statistics shows, there was more inflation between 1971 and 1974 than there had been during the *entire* 1960s, and as much inflation during the five years between 1973 and 1978 as there had been during the 1950s and 1960s *combined*. This was no mere abstraction. In the two decades prior to the 1970s, food prices went up 40 percent in total — at an average rate of around 2 percent per year. In the 1970s, they increased by 114 percent — at an average rate of 11.4 percent per year. . . . Big TechJack Butler:

Last summer, *The Onion* published an article with the ingenious headline: “Teens Flock To New App Where They Just Enter Own Personal Data Into Form.” I think about this article a lot these days, particularly when the social-media app TikTok is in the news. At 28, I’m not *that* old (yet), but I’ve already reached an age when I simply do not (or refuse to) understand some of the newest technology. But, as best as I can understand it, TikTok is an app that enables people to create and share short videos. It is popular among Zoomers, the generation that follows my own, which is itself a reason not to trust it. But there are also reputable reports that the app is compromised by the Chinese government.

Despite these defects, the Biden administration saw fit to use TikTok to promote coronavirus vaccination (to be sure, a worthy goal), despite the superior alternative of using a . . . shall we say . . . *generous* interpretation of public-health and national-security powers to resurrect Vine, the similar, homegrown social-media app killed by Twitter a few years ago and still fondly remembered by many. Team Biden essentially promoting TikTok (by paying its most-popular users to promote vaccination) is quite the executive whiplash from this time last year, when the Trump administration made an effort to force ByteDance, TikTok’s Chinese parent company, to sell the app, first to U.S.-based Microsoft, then to Oracle. President Biden — who, at age 78, is probably even less capable of understanding TikTok than I am — backed off of this effort earlier this year. . . .

“Socially Responsible” InvestingAndy Martin:

Environmental, Social, and Governance (ESG) are the three hottest words in the investment industry today. How hot? *Bloomberg* says “ESG assets may hit $53 trillion by 2025, a third of global AUM (assets under management).”The conceit of ESG is simple. Mix environmental hygiene, social justice, and virtuous governance; shake; and pour. Behold, the perfect portfolio. Feel good while getting rich. Finally, one can align his values with his investments. A good and honorable IRA.You might recognize ESG as a marketing refresh of SRI — *Socially Responsible Investing*, which gained limited popularity in the 1990s. Same idea, new name.So, how does ESG perform as an investment?The simplest measure, the S&P 500 versus *Large Cap Blend* funds (the category for the S&P 500), shows that 60 percent of the time the average Large Cap Blend fund beat the average Morningstar High Sustainability rating (a measure of ESG) fund of the same type in the last ten years (2011-2020). On average, ESG was a loser. . . .

BitcoinSteve Hanke:

El Salvador's President Nayib Bukele gained notoriety when he announced in June that he would force the country's population to use Bitcoin as legal tender. On September 7, El Salvador's Bitcoin Law went into effect, making it the first country to adopt a cryptocurrency as legal tender. The law is unnecessary, fanciful, and highly unpopular. Indeed, over 95 percent of Salvadorans don't want to be forced to use Bitcoin.El Salvador has been dollarized since 2001. It was then that the colyn was mothballed, the U.S. dollar became legal tender, and all other currencies were legalized. The dollarized, competitive currency regime has worked like a charm. Since 2001, El Salvador's average annual inflation rate of 2.03 percent has been the lowest in Latin America. Furthermore, 25-year mortgages are available at an interest rate of around 7 percent. GDP per capita growth and export growth have both outpaced those of most Latin American countries.Why introduce an untested idea into a monetary system that is working well? It's just one piece in Bukele's broader scheme to obtain absolute power. The path Bukele is marking with his words and deeds passes through all the stages used by populist leaders on their way to the establishment of totalitarian regimes.Just consider the Bitcoin Law itself. Contrary to the libertarian vision put forth by some cryptocurrency proponents, Article 7 of El Salvador's new law renders Bitcoin not only legal tender, but "forced tender." If an El Salvadoran offers a merchant or financial institution Bitcoin, it must be accepted. . . .