



FRIENDS OF THE MIDDLE **NEWSLETTER #11 — NOV. 7, 2011**

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Tax the Rich and Trade

(posted by Steven W. Baker / SteveB, Nov. 7, 2011)

I have really been enjoying the political discussions going on over the weekend. If any of our readers would like to join these "live", more real-time discussions, and don't mind lots of email, just send me your request marked "live" and I'll get you included in our "contributors' list". Either way, we want to hear your opinions!

I think we have all learned a lot from the "rich getting richer" and "tax the rich" posts. Please allow me to summarize my thinking at this point and let's see if we have arrived at any points of agreement.

In some ways, this group has been exactly like the present Congress. We have had a faction that could not bring itself to allow tax increases on the table, especially any proposals to allow the Bush tax cuts to come to a timely end. There were attempts to prove that the rich aren't so rich after all, that they pay too much tax, that the government must pay lower taxes to encourage job creation, that taxes must be increased on the middle class and poor and federal social programs cut. But the Bush era proved beyond the shadow of a doubt how beneficial such low tax rates are to society. We suffered a disaster, remember? The evidence presented was, frankly, rather overwhelming, including evidence that, when the rich have too much money, they speculate and create bubbles...perhaps such as those we have seen and those that are still to come, like the student loan bubble.

But more important than the mountain of statistics pointing to the decline of the American middle and poor classes is the mountain of historical data that exists in my mind and all of your minds, if you were born any time prior to, say, 1950. The middle class (and I'm talking about a missing part of the middle class in 2011) in my little Indiana town in the 1950's-1970's worked in the barbershops and shoe stores and the hardware. Quite a few of them worked in factories—with and without unions. These folks didn't live like Mr. Barnaby, who owned the now long-extinct sawmill, but they lived in OK houses, drove OK cars, sent their kids to college, retired, and their wives probably never had to work. The folks never even broke a sweat or had to open one college text. This was common then. Now it is non-existent. Now my hometown depends once again on agriculture and the university. The jobs we knew and the people we knew, much of the class of people we knew, are gone. That is how far we've declined. It is there in front of you in your own memory.

Something is very wrong in America. We all sense it. And the blame cannot be placed exclusively at the feet of the of either party—the blame is ours, my friends. Let's hope we can make-up for lost time somehow.

I hope, amid all our continuing discussions, that we have been able to pass our dinosaur of a Congress and make progress on this one matter of taxes. Can we all agree now that, at least, tax increases for the rich are on the table? Since they've been talked about so much (proving they are on the table), maybe we can all agree that they should be talked about? This would be progress.

I believe there was an initial over-reaction by each side to the other. No one in our group is a “communist” or a “socialist” simply for wanting to return to a tax structure that seems to have brought us more prosperity in the past as a nation. And as Pam has said, hey, no one is happier that the rich are rich than I am. I want to see more successful people rising from all levels, not less.

But, to me, it’s a time in history to remember what JFK said, “Ask not....” We have a lot of problems. The Republicans are telling us that our deficits are a huge problem. As much as I hate to admit it, I believe they have a point. It seems certain that social programs will be cut. The middle class and poor have already taken a giant hit, especially when it comes to jobs. More pain and suffering are on the way—not as bad as Greece, but in that direction, and hopefully, not so drastic as to curtail the current expansion, which is happening despite the fervent prayers and efforts of half our government.

In this climate, no one wants to hear the millionaires say they will fight higher taxes to the death, while demanding more taxes on the poor and less services. Warren Buffett has done the right thing by saying he should be taxed more, and others should join him. I ain’t that rich, but I expect to pay more taxes. So what? I have benefited greatly from the low taxes since Reagan. I’ll pay a little more. I see it as my patriotic duty in these times. But, just as our members from the right have insisted, for tax increases to be fair, government must be run more efficiently, and **nothing is more efficient than peace and stability.**

As to our BIG domestic problems—jobs, trade, energy, immigration, healthcare, housing, and corruption—no one on the national political stage at this time appears to have concrete proposals, let alone solutions. Obama is making it look like he is doing everything possible on the jobs front (not much) and that bodes well for him in 2012. His poll numbers have been improving, and people increasingly see the Republicans as obstructionist. None of this helps anyone, rich or poor.

The Republicans are right about at least one thing—government jobs are not the long-term solution to our economic problems, though we sure could use some in the short run. We must find a way to do what China has done to reestablish our lost manufacturing base and encourage more investment in America. We took time to crumble, we will take time to mend.

As a small side point, especially for Dale, I don’t buy that argument that Obama, Obamacare, and Obamacracy are creating so much uncertainty for business that it’s hurting the economy. I find business to be much the same throughout the world. It operates on the same, simple, basic principles. Business is absolutely booming here in Santa Cruz, yet you couldn’t ask for a more uncertain business climate. We have a communist president who controls the legislature and wrote his own constitution. He likes to throw foreign investment out and nationalize businesses. Yet there is a business explosion going on.

I say something other than uncertainty is affecting American business, though your point is well taken that it is a worthy goal to minimize uncertainty for businesses. I’m behind that 100%. I wonder why talk of 9-9-9 and flat taxes and radical changes like that don’t cause any uncertainty? Only because they come from the Republicans?

Meanwhile, this is the present day (Nov. 7, 2011) reality that has nothing (or everything?) to do with any dogma (see article, below)

In lieu of any Republican or Democratic initiative worth a grain of salt, I have a concrete proposal to raise revenue, add jobs, and help the deficit:

We should immediately impose a national 10% sales tax on all imported goods. Foreign (only) “luxury” goods should enjoy a 15% to 20% tax.

Any company that wants to avoid this tax is free to build factories in America. Trade war? What do we care? We’re on the short end of every stick now, why not stick up for ourselves? Along with this, we need a serious “Buy American” program. It will take a while (face it, anything will!), but this plan could become a job creating steam roller. NAFTA would have to stay for now, perhaps. If it benefits us, we keep it. If not, we toss it as soon as

possible. (After all, why would a nation's government do something to the detriment of its own citizens?) Same with other one-sided America-always-loses trade agreements. We boss or we toss. Any thoughts?

"Washington Pre-Occupied" by Robert Reich, NationofChange

Nov. 5, 2011, (<http://www.nationofchange.org/washington-pre-occupied-1320497575>)

Diffident Democrats on the Super-committee have already signaled a willingness to cut Medicare, Social Security, and much else that Americans depend on. The deal is being held up by Regressive Republicans who won't raise taxes on the rich – not even a tiny bit. President Obama, meanwhile, is out on the stump trying to sell his 'jobs bill' – which would, by the White House's own estimate, create fewer than 2 million jobs. Yet 14 million people are out of work, and another 10 million are working part-time who'd rather have full-time jobs. Republicans have already voted down his jobs bill anyway. [Democrats seem to have helped kill it. –SteveB] The two worlds are on a collision course: Americans who are losing their jobs or their pay and can't pay their bills are growing increasingly desperate. Washington insiders, deficit hawks, regressive Republicans, diffident Democrats, well-coiffed lobbyists, and the lobbyists' wealthy patrons on Wall Street and in corporate suites haven't a clue or couldn't care less. I can't tell you when the collision will occur but I'd guess 2012.

[Read more at Nation of Change...](#)

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"Rise of an Economic Superpower: What Does China Want?" by Peter Ford, *The Christian Science Monitor*

Nov. 5, 2011, (<http://www.csmonitor.com/World/Asia-Pacific/2011/1105/The-rise-of-an-economic-superpower-What-does-China-want>)

(Other countries unnerved, despite Beijing's efforts to assuage their fears.)



Vehicles drive on Three Ring Road, left, and Jianwai Street, right, during the evening rush hour in central Beijing last December. (Jason Lee / Reuters file)

(BEIJING) It had been billed as a friendly exhibition game in basketball-crazy Beijing, between the Georgetown University Hoyas from Washington, D.C., and the Chinese Army's Bayi Rockets. But after some blatantly biased Chinese refereeing and unashamedly aggressive play by Bayi, it ended in a bench-clearing brawl, with Chinese fans in the Olympic stadium throwing chairs and bottles of water at the Americans.

Some foreigners in the crowd that hot night in August were tempted to see the melee as nothing less than a metaphor for China's role in the world today: contempt for the rules and fair play, crowned by a resort to brute strength in pursuit of narrow self-interest.

You certainly don't have to look far for examples of China doing things its own blunt way no matter how much Western sensibilities are offended.

Just in recent months, Chinese state firms were caught negotiating arms deals with Col. Muammar Qaddafi's besieged regime in defiance of a United Nations embargo, Beijing leaned heavily on South Africa not to give the Dalai Lama the visa he needed to attend Desmond Tutu's 80th birthday party, and Chinese diplomats vetoed a UN Security Council resolution condemning the deaths of nearly 3,000 civilians at the hands of Syrian troops.

And that's not to mention the Chinese government's habit at home of locking up lawyers, human rights activists, artists, even Nobel Peace Prize laureates for speaking their minds in ways that would be quite normal in most of the world.

China's economic rise and its newly amplified voice on the international stage unnerve people and governments across the globe, despite Beijing's best efforts to assuage their fears. Bookstore shelves in America and Europe offer titles such as *Death by China* and *When China Rules the World*. Edward Friedman, a political science professor at the University of Wisconsin-Madison, echoes some other observers when he goes so far as to call China's rise "the greatest challenge to freedom in the world since World War I" aimed at "making the world safe for authoritarianism." But does China really want to overturn the US-led post-World War II international order – the very system that has allowed the country to flourish so remarkably? And if the men at the top of the Chinese Communist Party are indeed so minded, could they, or those who come after them, ever succeed?

Ordinary Chinese – from unschooled peasant farmers tending rural rice paddies to get-ahead young computer engineers in Beijing – have been brought up to see their country as benign, and genuinely don't understand how

foreigners can see China as a threat. China is the most populous country and the second-biggest economy in the world, they know, but they point out that the average person here makes only 1/10th of what the average American makes. And most of the country is decidedly third-world.

China is modernizing its military but still finds it a strain to keep a destroyer, a frigate, and a supply ship on international anti-pirate duty in the Gulf of Aden. Compared with the ability of the United States to fight two major wars and keep six full-scale fleets afloat at the same time, China's military power – even with the world's largest standing army – is puny.

In general terms, most China watchers in the West agree. What China wants is pretty straightforward and unexceptionable: to be prosperous, secure, and respected.

"We'd like to be an equal partner on the world stage, and we want the Chinese people to enjoy prosperity," says Wu Jianmin, a former ambassador to Paris and now an adviser to the Foreign Ministry. "For that, international cooperation is indispensable; China is not so arrogant as to say that it's our turn now to run the world our way."

Rarely in its history has China looked very hard or long at the rest of the world. Admiral Zheng He led exploratory fleets as far as Africa in the 15th century, but subsequent emperors were content to sit on the throne of the Middle Kingdom, at the center of their universe, and focus on their own lands. China spent a hundred years of submission to Western powers following its defeat in the 19th-century Opium Wars, and it was mired in decades of disruption before and after Mao Zedong's 1949 Communist takeover.

Kung fu panda and inner peace

Only with its newfound wealth has Beijing found itself with a major role on the world stage.

"It's a very big challenge to restructure our relations with the world while retaining its trust," worries Zhu Feng, a professor at the School of International Studies at Peking University.

So, as China rises, its leaders are going out of their way to try to reassure the world that their success is, in a favorite official phrase, a "win-win" prospect for everybody. So nervous were policy-makers here about upsetting foreigners that they scotched their original formulation of China's future – "peaceful rise" – as too threatening. Instead they settled on "peaceful development."



Chinese Navy helicopters and warships attend an international fleet review in Qingdao to celebrate the 60th anniversary of the founding of the People's Liberation Army Navy on April 23, 2009. (Guang Niu/Getty Images)

Last month the government issued a 32-page white paper full of comforting words explaining what it wants the world to understand by that phrase.

"There have been misunderstandings about China's foreign policy," said Wang Yajun, the Communist Party's top foreign-policy wonk, presenting the document to the press. "There have indeed been suspicions."

The white paper's key message is that China threatens no one, that its rise will contribute to world peace, and that "the central goal of China's diplomacy is to create a peaceful and stable international environment for its development. China could become strong in the future. Yet peace will remain critical for its development, and China has no reason to deviate from the path of peaceful development."

"China does not want to, nor will China, challenge the international order or challenge other countries," insisted Mr. Wang, pointing to the white paper declaration that China has "broken away from the traditional pattern where a rising power was bound to seek hegemony."

Not everyone believes this, even in China. "Humanity is making progress," argues Wang Xiaodong, a prominent nationalist ideologue whose views are proving increasingly influential among the Chinese public, "but not so much that China will be unique in human history. The idea that China will develop its power but not use it is diplomatic verbiage."

China's Southeast Asian neighbors might well agree. Until earlier this year Beijing had been unusually assertive in pushing its competing territorial claims in the South China Sea, worrying smaller nations. But the way it has eased off in recent months in the face of complaints suggests it cannot do just as it likes.

"China tests the water constantly, and when they don't get what they want they tend to back down," says Bonnie Glaser, a senior fellow at the Center for Strategic and International Studies in Washington. "As they develop their military capacities, they have to be very careful not to use them in ways that scare the neighbors."

The Chinese government's need to explain itself stems partly from the system's chronic secrecy: Outsiders do not even know when the ruling Standing Committee of the Communist Party's Politburo meets, let alone how its nine members reach decisions or what those decisions are.

At the same time, some observers suggest, there is not always a coherent answer to the question of why China does what it does. The Chinese government is not a monolithic force; pressure groups and cliques from the military to provincial governments have their own interests and can sometimes push aspects of foreign policy their way.

"They don't have a clear and well-defined road map of how to achieve their goals long term other than to pursue development as they have done," says Michael Swaine, a China watcher at the Carnegie Endowment for International Peace in Washington.

Nor, frankly, do foreign affairs seem to figure very high on Chinese leaders' agendas. "International questions are an afterthought," says Francois Godement, founder of the Asia Centre, a Paris-based think tank. Instead, for a Communist Party whose overriding priority is to stay in power, domestic problems threatening social stability at home are infinitely more important.

"We have to change our unsustainable development model into a sustainable one" less dependent on high pollution, low-value exports, argues Mr. Wu, the foreign-ministry adviser, "and we have to narrow the disparity between rich and poor."

"China will be preoccupied for a long time with its domestic agenda," agrees Professor Zhu. "If you want to handle complex relationships, the starting point is to get yourself in the best possible shape. It's like Kung Fu Panda says – you need inner peace."

China is rich but lonely

As the big guns of the Democratic Republic of Congo's mining sector gathered last month at a smart lakeside hotel in the copper capital of Lubumbashi, some important new players were notably absent from the conference. Those who attended said they weren't surprised that no Chinese company had sent a delegate; the Chinese rarely mix with their mining colleagues, they explain.

But a visit to a local casino, heavily protected behind high, razor wire-topped walls, is evidence enough that the Chinese are indeed in town, and with money to spend: The clientele in the smoky, air-conditioned chill is almost

exclusively Chinese – crowded at roulette tables and playing blackjack and poker, with mounds of chips in front of them.

These men are part of a growing Chinese presence in Congo that has already flexed some impressive economic muscle. Chinese companies are behind two billion-dollar deals, now in the works, to buy two large copper mines near Lubumbashi. Across the African continent, others like them are engaged in China's most dramatic drive for friends abroad, seeking to secure the oil, minerals, and other raw materials that China's still-booming economy needs.

"China's financial support on the continent gives African countries a choice" between East and West, says one Chinese activist at a nongovernmental organization following Beijing's African adventure, who asked not to be identified.

China's financial muscle has been key to its growing influence in the Democratic Republic of Congo, where Beijing signed a \$6 billion minerals-for-infrastructure deal in 2009. Congo's traditional Western partners don't have the ready cash for the mammoth task of rebuilding the war-ravaged country, says Congo's communications minister, Lambert Mende, so "China is very important."

In return for 10 million tons of copper and 600,000 tons of cobalt, China will build roads, schools, hydroelectric dams, and hospitals. Half the deal is a barter, which means that it adds less to the country's foreign debt burden.

"Whether [the deal] will prove to be more effective than the Western model in the long term remains to be seen," says Lizzie Parsons of the Global Witness pressure group. Among unanswered questions: whether money will be siphoned off corruptly, whether all the infrastructure will be built, and what impact fluctuating mineral prices will have on the deal.

Orange construction vehicles from China are already a common sight at road-works all over the capital, Kinshasa, and more and more people are doing business with Chinese firms. The experience is not always a pleasant one, according to one Western businessman who has worked in Kinshasa for nearly two decades.

"When you see a Chinese come into your office you prepare yourself for a fight," he says. "You are rarely happy at the end of negotiations. They don't show respect or politeness, and there is no feeling," he complains, adding that he rarely builds with Chinese clients the sort of personal relations he enjoys with Congolese or Western businessmen.

The Chinese are sharp, though, and Congo's traditional Western partners feel a little threatened by them, especially in light of Chinese firms' close relationship with the Congolese government, acknowledges the Western businessman.

"We are aware of their strength," he says. "They are protected; they can drive a car with no plates and no one stops them. You try doing that and see what happens."



Cars cross a street in the Mong Kok district of Hong Kong on Oct. 4. Mong Kok has the highest population density in the world, with 130,000 per square kilometer. (Bobby Yip / Reuters file)

Another country keen to keep the China card up its sleeve, especially as its relations with Washington turn sour, is Pakistan, whose leaders have recently been trumpeting the two neighbors' "all weather friendship."

China's efficient work on the ground in Pakistan (see related story on page 29) has earned it a warm welcome: A Pew survey last year found 85 percent of Pakistanis had a favorable view of China, versus only 17 percent who were similarly disposed toward America, Pakistan's major donor.

Pakistanis remember that China has provided arms when Washington refused them in the past, but Beijing appears reluctant to involve itself too deeply in security affairs today: Business is good, and Pakistan is a big market for Chinese electronics, motorbikes, toys, and food, but China's leaders seem cautious about committing too deeply to Islamabad, say observers in Beijing.

On the other side of the world, in Brazil, it's a similar story. China overtook the US as Brazil's largest trade partner in 2009 on the back of huge purchases of oil, soybeans, and iron ore; Brazilian exports to China grew 18-fold between 2000 and 2009.

But "our relationship with China is one of almost only commerce and investment," says Roberto Abdenur, a former Brazilian ambassador to both Beijing and Washington.

"With the United States it's cultural and political – the two countries share many interests that China doesn't," such as the promotion of human rights, democracy, and transparent governance, he adds.

Indeed, for a government that says it is generally content with the current world order, Beijing is on unusually good terms with regimes cast out by that order, such as those ruling Iran, North Korea, Sudan, Burma (Myanmar), and Zimbabwe.

China economic growth slows — to 9.1%

"By making friends with dictators, China challenges the [global] democratic system and works at cross purposes to the international mainstream," complains Mao Yushi, a well-known reformer who has mentored many of China's leading economists.

This does not inspire confidence in Western capitals but is less of an issue in developing countries, whose own experience with Western governments – under their rule or trading with them – has often left them feeling seriously hard done by.

China has fewer opportunities to exert international political influence commensurate with its economic clout. That's partly because few governments around the world, and even fewer electorates, regard China's repressive, authoritarian one-party system as a model to be admired or imitated, regardless of its economic achievements.

Though China's readiness "to voice different opinions from the only country in the world that has had a say up until now ... is attractive to other nations," says Gong Wenxiang, a professor at Peking University's Journalism School. "I can't see people being happy with a very strong power often supporting dictators. That is not a positive image."

"China is a power in terms of its resources, but it's not a power in terms of its appeal," adds David Shambaugh, director of the China Policy program at George Washington University. Deficient in soft power, "it's not a model, not a magnet others want to follow."

Nor does Beijing show much sign at the moment of seeking to push any particular model of governance or political mind-set, which is music to the ears of men like Mr. Mende, the Congolese communications minister. "We don't believe in that trend of Western powers mixing with internal affairs of countries," he says. "We don't like people giving us orders. China is more about respecting the self-determination of their partner."

That hands-off approach also steers the country clear of alliances that might enmesh Beijing in the costly defense of other people's interests. Even those Pakistani officials who would like to play Beijing off against Washington recall that not once has Beijing stepped in to help Pakistan in any of its wars with India, all of which Pakistan lost.

"China wants to make the deals but not to shoulder responsibilities," says Zhu, the Peking University international relations scholar. "We are far from ready, psychologically, to make ourselves a dependable power."

The government's recent white paper acknowledged as much: "For China, the most populous developing country, to run itself well is the most important fulfillment of its international responsibility."

Recent events in Libya illustrate how far China is from playing a creative international diplomatic role. Throughout the crisis, Beijing was a passive, reactive bystander, going along with Western intervention. But, focused on protecting its oil interests above all else, it was the last major power to recognize the new Libyan government. That cautious attitude was on display again last week in China's reluctance to contribute as heavily to the eurozone's bailout fund as European leaders had hoped it would. China was not, after all, going to save the world.

"China's diplomacy is cost-benefit-oriented, not dealing in terms of global public goods," argues Professor Shambaugh. "It's a very self-interested country, looking after themselves."

One result of that attitude? "China is rising, but we are a lonely rising power," says Zhu. "The US has alliances; no one is an ally of China's."

Neighbors say, 'never'

Vietnam was once an ally, when Hanoi was fighting the Americans, but not any longer.

"Jamais," read T-shirts that Vietnamese protesters donned last month, "Never." The slogan recalled Ho Chi Minh's forceful response when he was asked by a French interviewer whether Vietnam would become a Chinese satellite after the war. It still expresses the popular, centuries-old anti-Chinese feeling that runs deeper than any shared allegiance to communism.

The demonstrators were protesting the aggressive way they said China is pushing its claim to the Spratly Islands, a cluster of rocks in the South China Sea that Vietnam also claims. Both countries are eyeing oil and gas reserves under surrounding seas. Chinese naval vessels have arrested more than 1,000 Vietnamese fishermen in disputed waters this year, according to the Hanoi fisheries authorities.

China is embroiled in similar territorial disputes in the South China Sea with several other regional powers, and they all sent their defense ministers to Tokyo last month to discuss ways of deepening their cooperation.

"China's aspirations to be a regional leader are meeting resistance from other states already," says Hugh White, a former Australian defense official. "Beijing would like to exercise a soft, consensual leadership, but they won't be able to achieve it" because none of China's neighbors would accept it.

China's key local priority abroad is to prevent Taiwan from declaring independence and to eventually unite the island with the mainland. But Beijing's escalation of its territorial claims to almost the whole of the South China Sea and its rapid modernization of a navy to enforce those claims alarm Washington's and China's neighbors. Fifty percent of world trade is shipped through those waters.

"China's one overriding focus is to challenge US ability to project its power in the western Pacific," says Mr. White. "They want to be able to sink American aircraft carriers."

According to senior US naval officers, China may soon be able to do just that, using its new anti-ship ballistic missiles to enforce "anti-access and area denial" close to Chinese waters. Using such weapons as part of a defensive strategy, "China can reduce US strategic options very significantly," warns White, should Washington ever want to come to the aid of Taiwan or other allies in Southeast Asia.

That puts China's neighbors in an awkward position. All of them, from Japan to Laos, know that their economic future depends on China, Asia's powerhouse. China's success will be their success. But for centuries, countries such as Vietnam and Korea lived under the yoke of a successful China, points out Linda Jakobson, a researcher at the Lowy Institute in Sydney, Australia, "and nobody in the region wants to go back to that,"

Profit motive or geopolitical motive?

If China's political leaders know that they still lack what it takes to play a decisive role in world affairs, Chinese business titans are even more aware of their limitations.

"There is a perception that China is buying up the world," says Andre Loesskrug-Pietri, a Franco-German businessman whose private equity company in Beijing helps Chinese firms make foreign acquisitions. "But it's not true."

Chinese overseas investment is growing by leaps and bounds, doubling annually, and high-profile deals such as Lenovo's purchase of IBM's personal computer division grab headlines. But China's total foreign direct investment remains low – about the same as Denmark's (1 percent of the global total compared with the 22 percent US share). And 60 percent of overseas deals are for resources, such as stakes in oil-shale fields in Canada, coal mines in Australia, gas fields in Argentina, and copper mines in Zambia.

Very few Chinese firms have the skills and experience needed to become competitive multinationals, says Thilo Hanemann of the Rhodium Group in New York and author of a recent study of Chinese foreign investment. "What corporate China is doing at the moment is catching up," he explains. "Chinese companies are disadvantaged in technology, staff, human resources, brands, and intangible value."

They also have to learn new ways of doing business, very different from their habits in China, where the key to success is often a close relationship with the government officials who can offer easy credit and light regulation — for a consideration.

"The longer I live here, the more relaxed I am about the so-called threat perceived in the West of China taking over the world," says Mr. Loesskrug-Pietri. "Many Chinese investors are unfamiliar with foreign business cultures, and we are still a long way away from seeing executives and companies that are truly global."

Not one of the Top 100 global brands ranked by Businessweek magazine and the consulting company Interbrand comes from China. Though 61 of the top Fortune 500 companies are Chinese, hardly any have any foreign directors; most are state-owned companies whose leaders are named by the Communist Party. And most of the Chinese companies going abroad are doing so, says Loesskrug-Pietri, to acquire what they need in order to compete better in the market they find most attractive — China.

A handful of Chinese firms are developing a genuinely global presence: Lenovo is one; Huawei, a telecom-networking firm selling its products in 140 countries, is another; Haier has begun to sell a significant number of its household appliances in America and Europe, as well as in Asia. And the larger, reputable private companies stretching themselves internationally tend to get high marks from their foreign partners.

"I've been very impressed," says Henri Giscard d'Estaing, chief executive officer of Club Med. The French tourist resort owner sold a 10 percent stake to Fosun, a Chinese conglomerate, earlier this year. "They behave like normal long-term share-holders; they've concluded that we know our business and they let us get on with it. Doing business with Fosun has been more banal and more basic than most people would think" business with a Chinese firm would be, Mr. Giscard d'Estaing adds.

Where some critics of Chinese foreign investment "perceive state motives, or some kind of geopolitical motivation ... I see a commercial motive and profit-oriented behavior," says Dan Rosen, a visiting fellow at the Peterson Institute in Washington.

But very few Chinese companies feel ready to go abroad, despite government encouragement.

"They often feel insecure. They know they don't know how things work, and they are cautious about messing up existing operations," says Loesskrug-Pietri.

Some of them also have good reason to be nervous about the reaction they might provoke. "As Chinese companies go global they encounter so many suspicions," complains Wu. "This is not a good sign."

The private company Huawei, for example, in the past three years, has been blocked three times on national security grounds from doing deals in America, after critics claimed the company has links with the Chinese military. Huawei has always denied that, but only after the third setback did the firm disclose its ownership structure and board membership in a bid to be more transparent.

Even when that kind of secrecy is not a problem, Chinese investors abroad are running into increasingly open anti-Chinese sentiment. In Brazil, where local manufacturers claim that cheap Chinese imports of everything from toys to cars to industrial machinery have cost the Brazilian economy 70,000 jobs, the government recently slapped a protectionist tax on foreign vehicles aimed at the Chinese-made Chery, the cheapest fully accessorized car on the market at \$13,600.

And as Chinese investors express interest in Brazilian farmland, parliament is debating a law that would allow Americans and Europeans to buy land, but not Chinese.

In Zambia, where Chinese investments in copper mines top \$2 billion but where Chinese employers have made a bad name for themselves, the presidential election this month was won by Michael Sata, who has made his career out of China-bashing. Even in Burma, one of China's closest friends in Asia, the government last month suspended a controversial Chinese dam project amid a rising wave of popular resentment against an overwhelming Chinese business presence in the country.

A shallow — not super — power

"China really has to know how to navigate these stormy waters," warns Zhu. "The West overreacts a bit to our rise, but we have to pay more attention to the fact that we are the ones causing the disturbance."

"We are newcomers, and people are usually suspicious of newcomers," says Wu. "They also have a lot of suspicions about the Communist Party, which creates an ideological barrier. But if our actions match our words, over time we can build trust."

China is a "shallow power" for the time being, argues Shambaugh. "China is strong in the economic realm but very weak in the security realm, and without much soft power" such as cultural influence, or the ability to persuade other countries to imitate it.

"As long as the Western democracies remain reasonably strong and prosperous," adds Mr. Swaine at the Carnegie Endowment, "China will not drive the world economy sufficiently to make other countries align themselves with it. In any foreseeable time frame I do not see China becoming the sort of global superpower that the US became after the war."

And anyway, he points out, such questions will be moot for many decades. "The generation of Chinese leaders that will decide whether they want to be that kind of superpower," Swaine believes, "has not been born yet."

(Contributors to this article include: Issam Ahmed in Aliabad, Pakistan; Taylor Barnes in Rio de Janeiro; Whitney Eulich in Boston; Scott Harris in Hanoi, Vietnam; and Jonny Hogg in Kinshasa and Lubumbashi, Democratic Republic of Congo.)

[20111104-02](#) 08:49 Jim Re: Chinese Astrology (reply to SteveG, FotM Newsletter #10)

Please don't keep repeating and resending the totally false claim that any calendar phenomenon happens only once in 843 years!

There are only fourteen possible calendars—seven regular years starting on each day of the week and seven leap years starting on each day of the week.

This kind of "Gee whiz" stuff goes viral so quickly that the truth never catches up with it. Just like some of the scurrilous political insults...

[20111104-03](#) 09:47 SteveB Re: Chinese Astrology (reply to Jim, above)

But I'm still a rooster! That happens every 12 years! Imagine! Everybody on Earth born that year is the same! There are only 12 types of people! That could lead to some stereotypes...

"...say, did you hear the one about the snake that walked into a bar?"

Isn't there some strange kind of year every 1000 years or so, because our actual, orbital year is not exactly 365¼ days? I don't know if that fits in with the 843 years...

So years go in a 28-year cycles (to cover every possible calendar)? 3-1-3-1-3-1-3-1-3-1-3-1-3-1-3-1 = 28.

[20111104-04](#) 09:52 Pam Re: 'The Obstructionist Democratic Party' (reply to Dale, FotM Newsletter #10)

Sadly, I don't see a way to read what's actually in these bills. From past experience I know that you can't always tell what a bill would do just from the title. Sometimes the title suggests the opposite of what the bill really says.

What are the regulations on small business that are so burdensome? Without some examples I don't know how you can claim that. Also, it seems inconsistent for Republicans to want to raise taxes on poor and middle-class individuals, yet reduce them on small business. Maybe if poor families could incorporate as a business, they could catch a break.

I heard Robert Kennedy Jr. on NPR this morning, talking about preserving our rivers and lakes and ultimately the ocean. He painted a bleak picture of what is happening and what has happened in the past. At one time the Hudson River was written off as a lost cause. Then it was cleaned up, and now there are fish in it again. It is possible to save the environment, he says, and it makes good economic sense to do so. We can have artificial prosperity by letting the environment go now, but our kids will inherit a ruined world. I really admire what Kennedy is trying to do. He's a rich man with a social conscience—the best kind.

[20111104-11](#) 13:35 Art Re: 'The Obstructionist Democratic Party' (reply to Dale, FotM Newsletter #10)

Really think Pam hit this on the head. I have tried to see what is in these bills and have not been to successful. I do know that a number of them lower EPA standards (translate more pollution) and at least one or two lower mine safety standards (maybe if we keep it up we can equal China's mine safety record) and not really sure about the rest. I suspect many are thin disguises for more republican social reengineering.

Dale you also hit the nail on the head a few e-mails ago when you deplored the lack of faith in our elected leaders we have all come to. This is a good example of the outcome of that mind set. And yet there are reasons. Yesterday in a press conference Bonehead was asked what effect Norquest was having on republican decision making. He appeared at a loss for words for awhile and finally said ' why were they asking him about a random person. If I signed an oath to someone, he would not be a "random person" to me. What a hypocrite.

Attached is clever. I think it has been around awhile but still good. It is where your tax breaks dollars for the rich will go.

[20111104-05](#) 10:10 Pam Re: "How Banks Take a Big Bite Out of Government Benefits" (reply to Jim, FotM Newsletter #10)

In response to Jim's suggestion that the government cut out the banks (and their fees) when disbursing welfare funds, I agree completely. It reminds me of the layers of middle-men in the health-care industry (I choose that term carefully). Stockbrokers and their ilk make money when they facilitate moving money from one place to another. Why can't the government get a little piece of that pie, as the Pope has suggested? If everyone else gets a cut of whatever, why can't the government? Taxes are bad, but fees for service aren't? What's the difference? Why do savings always have to come in the form of lower taxes? Why can't private corporations do a little trimming of their own? You might say, but businesses are out to maximize profits so they worry more about efficiency. People criticize government for being inefficient, and it surely can be, but so can the private sector. I don't have the trouble receiving my Social Security payment every month that Steve G. is having with his health insurance company. If I had to choose between building a highway in West Virginia, thus putting people to work—what some might call "pork"—and allowing drug companies to jack up their prices and withhold production on "unpopular" drugs, I'd rather have the pork.

[20111104-06](#) 10:38 Art Re: Video: "Old on Purpose: A Positive Aging Revolution" (reply to Dale, FotM Newsletter #10)

Good thoughts. Thanks, Dale.

[20111104-07](#) 10:44 Pam Re: Video: "Old on Purpose: A Positive Aging Revolution" (reply to Dale, FotM Newsletter #10)

This little video is wonderful. I'd like to see the whole thing when it's finished. Needless to say, I think about aging a lot, and I agree that the baby boomers can make a difference on the way we think about getting and being old. When I taught high school a million years ago, I had a student who said she thought life was pretty much over by the time you're 22. She was serious. I tried to set her straight, and I think one of the important things we can do for younger people is to be an example of happy aging, of being comfortable in our own skins. I see aging as a challenge, just as much as adjusting to going to school, striving in the workplace, raising kids. It's not easy being old, but when were our lives ever easy? I agree with the folks in this video that what we lose in vim and vigor we gain in understanding and wisdom. Young people see the world in pretty simplistic ways. They're so busy they don't really have time to reflect on all the grey areas of life. My students were always lots more judgmental than I, less tolerant of personal failure. I believe we elders can show the young how to forgive others for being human, we can show them what's important by living our values, we can let them know that life is just as much fun and

interesting at 70 or 80 as it is at 18 or 25. We know how to savor our pleasures, drop all pretense, and be ourselves without caring what others will think of us. That is so liberating. As an older woman, I find that I can have friendships with younger men that are much deeper than my relationships with men my own age were when I was pre-occupied with, well, you know.

We know we don't have time to waste, so we are more likely to come straight to the point. If we're lucky enough to have grandchildren, we know how to love with a completeness that wasn't possible when their parents were young and we had so much else to worry about. My daughter told me yesterday that her main concern is to keep her two little boys alive and healthy until they're grown up. If they can be happy too, that's wonderful, but mostly she wants to keep them alive. Every mother knows what it's like to be on red alert every minute of the day, how frustrating it can be when a two-year old or a teenager is defiant. You have to work at parenting. With grandkids all you have to do is everything you can to make them happy, love them without reservation even when they're naughty, and let them know that whatever else, there is at least one person in the world who is completely on their side. I wanted to be a good mom; that was sometimes hard. I wanted to be a good teacher; I had to work at it. I want to be the best grandmother, and it's so easy.

Sometimes I feel like the Ancient Mariner, tugging on all your sleeves to get your attention to my thoughts. I appreciate this group for letting me unload. That's another thing elders can do: listen to each other's stories. Our kids are too caught up in their own lives to be much interested in what we did the first time we went to Europe or fell in love or got drunk. And there's a lot you can't share with your kith and kin. Bless her heart, my daughter loves to talk to old people and hear their stories. What she mostly wants from me is a sympathetic listener, and that's easy too.

[20111104-08](#) 11:09 SteveG Re: Candidate Problems (reply to Dale & Art, FotM Newsletter #10)

After 8 years of the Bush Administration & a ton of money spent on the 2008 election – Obama's biggest problem is the expectations were set so high that they are unobtainable. Add onto that: the Republican statement their number one goal is to make certain he is a one termer; a deep recession; two wars; etc.

Romney remains at 23%, Herm at 30%, and the rest lower. Huntsman is toward the bottom – has been a governor, has foreign policy experience. Newt, no thanks; Michelle invents US history as she goes around; Dr. Paul thinks we should return to the Articles of Confederation; back to Herm, a 9% sales tax on everything plus your state sales tax – oh, I forgot, apples and oranges (that would add up to 17.2% sales tax here); Mr. Perry – just watch last Friday's speech and tell me he is a contender; the rest I don't know about.

[20111104-09](#) 11:44 Art Photos: "Japan Marks 6 Months Since Earthquake, Tsunami & Meltdown"

Good example here on what countries that work together internally can accomplish. Would be interesting to lay this alongside a similar series on New Orleans.

Photos: "Japan Marks 6 Months Since Earthquake, Tsunami, and Meltdown" by Kyodo News/ *The Sacramento Bee*

Sept. 13, 2011, (<http://blogs.sacbee.com/photos/2011/09/japan-marks-6-months-since-ear.html>)

[20111104-12](#) 20:00 Dale "The 'Rich Get-Richer' Myth"

Not my words and probably words that will make your blood boil, but I am reasonably sure these are facts and perspectives you have not read in the liberal websites you might frequent.

Could anyone make a plausible case for how a massive reduction in top earners could benefit the economy?

[Well...historically, it has always benefited the economy and it certainly isn't 'massive'. –SteveB]

Even in the midst of a presidential campaign, Republicans should try to disarm the appalling popular instinct to follow the words “the rich get richer” with the puzzling non sequitur “and the poor get poorer.” If you believe that these two phenomena are actually connected, then you’re embracing the altogether illogical proposition that creating wealth causes poverty. And you’re a gullible idiot.

[“The 'Rich Get-Richer' Myth” by Michael Medved, The Daily Beast](#)

Oct. 31, 2011, (<http://www.thedailybeast.com/articles/2011/10/31/new-budget-office-income-report-fuels-media-s-rich-get-richer-fiction.html>)

(A new income analysis has fueled news stories about the middle class getting screwed that are off the mark—but play well with a public that believes wealth should be distributed more evenly.)

When the nation’s most prestigious newspaper runs a misleading headline proclaiming “IT’S OFFICIAL: THE RICH GET RICHER,” why should ordinary Americans respond as if this amounted to bad news?

After all, consider the alternatives: wouldn’t stories suggesting “THE RICH GET POORER” or “THE RICH SEE THEIR INCOMES STALL” constitute far more discouraging reports?

Financial setbacks of the most privileged among us serve as indications of continued hard times, just as surging income for the wealthy generally constitutes a sign of recovery. No theoretical model can suggest a way that the overall economy would boom and grow while the rich somehow failed to “get richer.” If businesses were expanding (and hiring), even the most misguided, meddling government policies couldn’t stop the bosses who run these successful operations from making more money.

But unfortunately, growth remains fragile and anemic at the moment, which makes *The New York Times* headline of Oct. 26 even more dubious and deceptive. The subhead announces “Top 1 Percent Doubled Share of Nation’s Income, Report Finds,” but readers must make their way to the sixth paragraph to find that the referenced “report” is actually a historical analysis by the Congressional Budget Office, covering a 28-year span between 1979 and 2007, and pointedly concluding *before* the economic meltdown of 2008.

Figures from the IRS, however, demonstrate that since the recession began the rich hardly got richer: the number of Americans earning \$1 million or more fell a staggering 40 percent between 2007 and 2009 (declining to 236,883), while their combined incomes fell by nearly 50 percent—a vastly greater loss than the 2 percent drop in total incomes of those making \$50,000 or less. Could anyone make a plausible case for how a massive reduction in the number of top earners (with nearly 200,000 fewer million-dollar incomes) could conceivably benefit the economy, or count as good news for anyone?

Nevertheless, the Times chose to stress the inflammatory finding that in the 29 years preceding the Great Recession the top 1 percent of earners (those pesky millionaires and billionaires) boosted their average, inflation-adjusted, after-tax income by 275 percent.

Surely worried readers might conclude that such “obscene” enrichment by the greediest would inevitably impoverish the neediest, leaving only miserable crumbs for the beleaguered middle class. But the CBO numbers actually showed that big gains for top earners did nothing to prevent simultaneous (if more modest) improvements by every other income group. For instance, the middle class (the 60 percent of the population in the 21st through 80th percentiles), raised their average inflation-adjusted, after-tax household income by a healthy 40 percent. Even the bottom 20 percent of the population moved ahead during the Reagan, Clinton and George W. Bush booms, lifting their earnings 18 percent.

Moreover, the CBO acknowledged (but *The New York Times* failed to report) that it’s important to keep in mind that these numbers disguise considerable movement from group to group by the real people who sometimes get lost in statistical portraits. Other studies have demonstrated that the majority of households that found themselves in the bottom 20 percent three decades ago have moved up the income scale, with their places taken by young people just beginning their careers and by newly arrived immigrants.

The full report of the Congressional Budget Office should also deprive Democrats of one of their favorite talking points, since it makes clear that federal tax policy played no significant role in the “rise of the rich.” The impact of federal taxation and transfer payments, even at the height of the Bush era in 2007, reduced the share of after-tax income that went to the top 1 percent, dropping their portion of the nation’s economic productivity from 20 percent (of before-tax “market income”) to 17 percent (after tax and transfers). As the CBO pointedly concluded, “government transfers and federal taxes are both progressive,” taking more from the rich and giving more to the poor, so that distribution of household income after governmental adjustments is “more equal” than before the progressive tax system and direct payments to the poor kick in.

There’s also no evidence at all that more equal distribution of rewards is associated with more robust economic growth. In fact, the CBO notes that the “distribution of market income became more unequal almost continuously between 1979 and 2007 *except* during the recessions in 1990-1991 and 2001,” showing that the dreaded “economic gap” stops growing only when the economy itself stops growing.

Even without misleading media accounts, these facts would stand little chance of getting through to a skeptical public. On the same day the *Times* ran its silly RICH GET RICHER headline, the paper also reported a *New York Times*/CBS News poll showing two-thirds of respondents saying that wealth should be distributed more evenly, objecting to tax cuts for corporations, and favoring tax increases on millionaires.

These responses indicate that the sweeping tax reforms promoted by GOP presidential candidates Herman Cain, Rick Perry and Newt Gingrich will make no headway with the general public, since they all involve substantial, undeniable (and, to most conservatives, desirable) reductions of tax burdens on the wealthy. Mitt Romney’s less aggressive position—featuring opposition to tax hikes on anyone during a fragile recovery, and capital gains tax breaks to those earning below \$200,000—may gain more traction. So far, none of the candidates has seized the most marketable option—declaring total war on loopholes, and promising to raise revenue by reducing complications and distortions in the tax code, while making sure that all wealthy Americans (not just most of them) pay their fair share.

20111104-13	20:31	SteveG	Re: "The 'Rich Get-Richer' Myth" (reply to Dale, above)
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I am certain if one looks hard they can find a conservative or a liberal writer/broadcaster to say just about anything. That doesn’t mean either side has a corner on the fact market.

Medved makes his living from the conservative side as others make their living from the liberal side – doesn’t make his thoughts fact now does it.

20111104-14	21:31	SteveG	Re: "The 'Rich Get-Richer' Myth" (reply to Dale, above) & "Why the Rich Get Richer"
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Going to argue with Ozzie & Harriet?

["Why the Rich Get Richer" by Chris Douglas,](#)

Oct. 27, 2011, (<http://www.frumforum.com/why-the-rich-get-richer>)

It is no secret to practitioners that in systems of capital finance, opportunity and the wealth that comes with it have a natural propensity over time to clump, sometimes without regard to extraordinary human talent or ability. In what is otherwise probably the world’s most efficient system of resource allocation, this propensity of capital finance is an historically acknowledged systemic flaw.

Reportedly, the top 1 percent of the population in the United States has surpassed a greater net worth than the bottom 90 percent, and the top one percent earns more income than the bottom 50 percent. Because of the

systemic flaw described below, this trend toward concentration could easily continue, if not accelerate, with potentially negative growth ramifications.

In a system of capital finance (when we speak of the capitalist system, we are speaking exclusively of a system of finance, though the word "capitalism" as a rival of "communism" has assumed ideological content as well), it takes money to make money. Those who have money have a systemic advantage in the acquisition of proven productive resources over those who do not, an advantage which compounds.

Imagine Ozzie and Harriet, each thinking of borrowing capital for the same business opportunity, a proven one. Ozzie is sitting on a few billion dollars of wealth in the form of land, art, stocks and bonds. Harriet has more talent and experience than Ozzie in the given business, but has no wealth.

The risk of the venture is relatively low, but that which exists is of the nature that Harriet through her superior talent and experience could offset more than Ozzie. Indeed, in Harriet's hands, the opportunity would be better managed and a better product would emerge. Both for their own reasons seek to borrow money in order to acquire the opportunity, Ozzie because he prefers to and Harriet because she has to. Who would the bank finance on the most favorable terms?

The answer is easy.

Ozzie.

Even though Ozzie does not actually want to deploy his own wealth, he can pledge a small slice of it as collateral. Even though in Ozzie's hands the opportunity is at greater innate risk than it would be in Harriet's hands, the bank can eliminate that risk for itself entirely by securing it with other collateral from Ozzie. Consequently, its position guaranteed, the bank is willing to provide money to Ozzie at a low interest rate. Harriet has no collateral to pledge, and though hers is the superior talent, the bank would take on more risk by loaning to her than to Ozzie, for its loan would depend exclusively on the success of the venture, and not on other collateral. The bank will loan to Harriet only at a higher interest rate, if at all. While both propose to borrow the money, Ozzie can outbid the talented Harriet using cheaper money. (Remember, though, it is not Ozzie's money any more than it would have been Harriet's money.)

So at first glance, Harriet is out entirely, unable to match Ozzie's bid for the opportunity. She does have an option though. If Harriet wants to participate in the opportunity, she can bring Ozzie to the table as a guarantor or even go to work for Ozzie. Ozzie still comes out ahead, though, because the acquisition of the opportunity now depends on Ozzie who is able, in turn, to demand greater reward for it than Harriet. The greater reward for Harriet's talent therefore accrues to Ozzie.

So it is no secret that it takes money to make money and those who already have it really are better positioned to get more of it than those who do not when it comes to many, perhaps most, proven business opportunities. Money in hand, the talent can be bought, unless the talent (Steve Jobs? Bill Gates?) is of truly unique genius, knows it, and can refuse to be bought. In a system of capital finance, only if talent is truly unique and of decisive importance in the success or failure of a venture, might talent have an advantage over money.

So it is in this context that the present crisis must be understood. With the top one percent of the population now owning more wealth than the bottom 90%, the acceleration of wealth to the top could easily intensify, not mitigate. Some might argue that the more natural state of mankind, unchecked by taxation, is not equality, but concentration, in which just a few families ultimately are able eventually to assume command of all wealth. So it was in the Gilded Age, when a few families came to control whole industries. Why has this concentration of wealth occurred only recently in the U.S. ? It's hard not to suspect that the reduction of the estate, income, dividend and capital gains tax rates on the upper reaches of wealth, to the lowest level since those rates were raised at the outset of World War II, has had some influence.

The above flaw has negative ramifications for economic growth, for as economic assets and the income they produce have been concentrating at the very top, at the bottom they have been diminishing. But at the top, only so much can be spent in consumption: Families worth hundreds of millions, billions, and even tens of billions of dollars

satisfy their personal needs and wants with but a fraction of their wealth. Their money instead, if they use it prudently, is directed towards acquiring additional productive assets (in which acquisition they have advantages over those with merely millions or tens of millions!), but not on consumption. As the lower reaches of society in America (whose consumption has for decades fueled global growth) have found themselves with less and less to spend , and therefore less they are able to buy, even investment in many types of productive assets lose their allure to those at the top, for who will buy those products? Hence, trillions of dollars, record amounts, accumulate on the sidelines, and economic growth becomes ever more a challenge.

20111104-15	21:39	SteveG	Re: "The 'Rich Get-Richer' Myth" (reply to Dale, above) & "And Congress' Rich Get Richer"
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Now this makes my blood boil:

"And Congress' Rich Get Richer" by Paul Singer and Jennifer Yachnin, Roll Call

Nov. 1, 2011, (http://www.rollcall.com/issues/57_51/And-Congress-Rich-Get-Richer-209907-1.html)

(Net worth of lawmakers up 25% in two years, analysis demonstrates.)

20111104-16	22:07	Dale	Re: "The 'Rich Get-Richer' Myth" (reply to SteveG, above)
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Agree 100%!

The data is factual I believe, but there are lots of ways to torture the information. My point in posting this is not that I expect it to persuade anyone to change their positions, but just to recognize, as you put it, that both sets of writers make their livings playing to an audience. The audience has a responsibility to put it ALL through the BS filter, both sides of an argument. I frequently see postings here inspired by liberal authors... That's ok, but my goal is to not reflexively strike out in opposition. ALL Republicans are not heartless, government hating, greedy A-holes. ALL Democrats are not ... anything. I believe we all have complex mixes of theories, guidelines and aspirations around social, faith, economic and other subjects.

20111104-17	22:54	SteveG	Re: "The 'Rich Get-Richer' Myth" (reply to Dale, above)
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Agree 100%. I tend to lean left, but strongly believe for the country, the future a consensus needs to be built on issues and I do not see that happening on a local, state, or nationwide basis. Maybe and that is a big word, if this group can start agreeing/consensus building on issues we can spread our thinking to our individual spheres of influence.

20111104-18	22:58	Dale	Re: "The 'Rich Get-Richer' Myth" (reply to SteveG, above)
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Dude! This is pretty heavy stuff.

First, I really liked both Ozzie and Harriet. It seems incongruous to pit them against each other, kind of troubling actually.

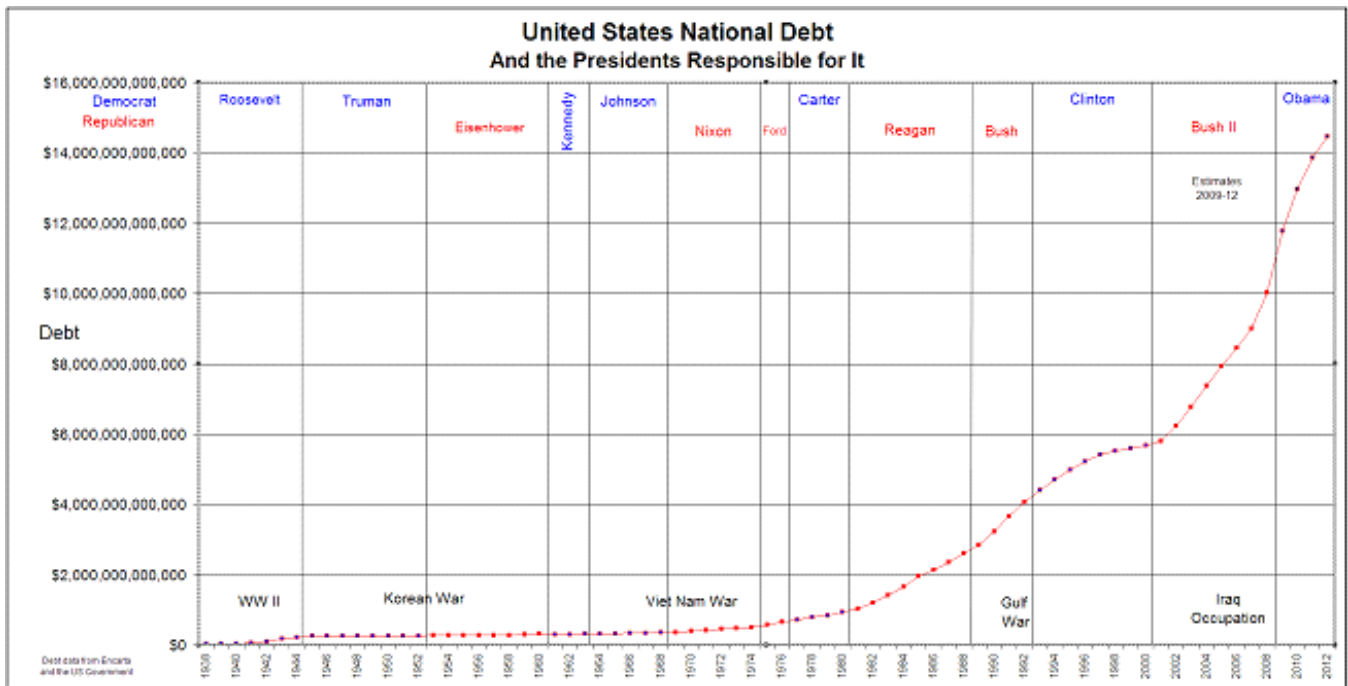
Regarding the substance of the O & H case, one aspect left out of the example is capital formation via private investment. Banks do indeed choose to lend to the safer alternative, at least historically they have. Ozzie's position is stronger for borrowing, at least from banks; however, Harriet's knowledge and skills draw more attention from venture capital, private equity investors and, carried to a higher order, to a public stock offering. Equity investors not only are willing to invest in new ventures, some seek out a different risk/reward profile that would make Harriet's potential more attractive.

In today's uncertain political and regulatory environment, there is hesitancy from all sources to invest/loan. When there is more predictability, great ideas and great talent will receive money for growth and expansion. By the way, there are businesses growing and prospering now, even though the press would have you believe that is not the case. Software and technology which result in improved productivity are being purchased by businesses. So, is that good or bad? These fields prosper, but they result in less need for all employees, especially service employees. Maybe instead of waxing and fretting about whether it is good or evil, we should just accept it for what it is — inevitable progress.

OK, so let's look at the classic, liberal pet solutions. Raising the minimum wage will provide more incentives to improve productivity, thus lowering employment and/or exporting jobs. Trade barriers or protectionist legislation will result in retaliation and reduced exports, thus fewer manufacturing jobs in the US. Increased environmental regulation, which seems to only apply to US businesses and ignores the practices of the rest of the world, puts us at a greater international disadvantage, thus higher priced products/services. Wait, let's raise taxes....take spendable, investable, charitable money out of the economy. No wait, let's have stronger unions....that way we can have higher wages, more expensive benefit packages, more incompetent workers protected by cumbersome review processes....that will make us more competitive. Not.

Ozzie and Harriet wouldn't have liked these ideas and we don't want to argue with them.

[20111105-01](#) 12:42 SteveG Re: "The 'Rich Get-Richer' Myth" (reply to Dale, above) & Graphic: "U.S. National Debt & the Presidents Responsible for It"



[20111105-02](#) 13:03 Pam Re: "The 'Rich Get-Richer' Myth" (reply to SteveG & Dale, above)

A sensible rejoinder to Dale's post. What was it Mark Twain said? There's lies, damned lies, and statistics. To give Dale credit, I was interested, if not convinced, by the information in his post. It is, indeed, a corrective to the continuous drumbeat of rich-bashing the country is now indulging in. This stigmatizing of the wealthy reminds me of the attitudes toward the rich in the Middle Ages, when the rich were vilified—by the lower orders anyway. Poverty was sacred and divinely rewarded; wealth was corrupting. Rich men were fat, gluttonous (a sin), selfish, and profane. Even in the Renaissance we see remnants of this in Shakespeare's Falstaff, and it's certainly present in Chaucer.

I think it's significant that during periods of prosperity in America, when opportunity has beckoned and money was not so hard to come by, our opinion of the rich improved. When there was the possibility of becoming rich yourself, there was less reason to despise those at the top of the economic ladder. Remember when "Lives of the Rich and Famous" was popular on TV? Now we turn to HGTV for "Design on a Dime."

I think SteveG is right; you can prove just about anything with the right manipulation of numbers. Statistics can be persuasive—and correct—but we do not live by numbers but by perceptions. The fact of wealth itself is, or can be, morally neutral, but when 99% BELIEVE that 1% are rich through unfair means, that is highly important. The growing popularity of and support for OWS shows just how pervasive this attitude is. So at one level, statistics show the widening gap between the very rich and the rest. That is observable and not in dispute. There are two problems that arise from this, as I see it. Perhaps the most important is the lack of opportunity for virtually everyone to approach the upper echelons of wealth. Aspiration is squelched, which leads to mass frustration. I heard a fellow interviewed on NPR yesterday who spoke of his own circumstances. He had worked in finance (I forget in what capacity) and had been earning over \$100,000 a year. Then he lost his job. He went through his unemployment insurance, then he went through his savings, then he got really desperate. Now he's training to be a locksmith. Good for him, but he will never make as much money as he did before, and he is moving DOWN the economic ladder. What's more, he's grateful to have a place on the ladder at all. He will undoubtedly survive, but you can't call survival progress, at least in economic terms.

The drying up of opportunity and a shrinking professional class is one problem. The other is the perceived unfairness of the rampant capitalist system that has been dominating this country for the past decade or more. I grew up in an Ozzie and Harriet world. We had one telephone (a party line), one car, a nice small house in a quiet neighborhood, and our vacations were trips to visit relatives. We ate steak whenever we wanted it and lived comfortably. My dad had risen from very humble beginnings, gotten a college education and eventually a PhD, and settled his family happily in the middle class. He was grateful for his life and respectful, not envious, of richer, more "successful" men. I was taught the "the rich are just like us"—good people, in other words. That was at a time when the middle class was solid and felt secure. There was optimism and a belief that your children could accomplish and have even more than you did. That optimism is gone with the wind today. In its place we have the desperate unemployed, employees who are fearful, and justified resentment, if not hatred, of those who got rich by cheating people who trusted them.

I find the analogy of Ozzie and Harriet and their business plans more persuasive than statistics that indicate that, yes, some get richer and some get poorer, but not because of cause and effect. The money does NOT trickle down. Money does make more money, even at the expense of talent and ambition. It was ever thus, except that in the past couple of centuries, in the West, measures have been taken to spread opportunity and security to an expanding number of people. Until recently, that is. Dale's article says that "federal tax policy played no role in the rise of the rich" and goes on to claim, implausibly, that things are more equal now than they were in 2007. I would argue that raising taxes on the "rich" would do little, if anything, to reduce their ability to generate more wealth. What I do agree with is eliminating loopholes and unfair business practices—such as stashing money offshore in tax-free accounts and exporting jobs to cheaper labor markets abroad. The truth is that 35% tax bracket for corporations is a fiction. As we have seen in recent postings, corporations NEVER pay that; they may pay no tax at all. You could raise or lower their taxes, and under the current system nothing would change.

Where we do see the impact of reduced taxes is in school budgets, food-for-the-hungry programs, aid to the disabled and mentally ill, maintenance of the infrastructure. It doesn't take a genius to see the very real consequences of budget cuts due to tax insufficiency that hurt real people—not statistics, not probabilities, but the teachers who get laid off or the social programs eliminated. Because of budget issues in NC, my son-in-law, who is a high school teacher, will now be paid only eight times a year rather than the usual ten. Four months without income. Yes, my kids put money aside in a special account, but somehow it never seems to stretch far enough. When you're already on a tight budget and your only car breaks down, you're going to go to that special account to do what you have to do. And, yes, he tried to get work in the summer, but such work is very hard to find. It's more economical for him to stay home with the kids than to pay for day care while my daughter keeps on with her year-round job. That means four months with a single income for a family that needs two incomes to keep up. Because of budget cuts, my daughter's whole department in the social agency she works for will be history. She will have to find a new job. A daunting prospect. Statistics and rates and projections and outcomes are abstractions. My daughter's family, and all the others like hers, are real.

Sometimes I wonder if people who are financially secure have any conception of how most people live. It's always sad to see poor families lined up at food banks on television, but they're different from us, right? They're lazy or lack judgment. Why did they have so many kids anyway? Why don't they go pick tobacco and live in a shack and move their kids from one school to another every time the season changes? What's wrong with "those people?" "Those" people, "those" liberals, "those" Muslims. Unless you're one of us, you're somehow a little less than fully human. When a plane crashes in India, we only hear about the Americans on board. We only hear about how many Americans have died in Afghanistan. If we're filthy rich, we only care about our clients getting rich so we can get even richer. Blankfein, Rubin, Geithner, Summers, I'm looking at you.

If you have held on until the end of this screed, I applaud and appreciate your patience.

[20111105-03](#) 13:17 Pam Re: "The 'Rich Get-Richer' Myth" (reply to Dale, above)

First of all, a person, like my son, who wants to open a small used-furniture store, is not going to get the time of day from a venture capitalist. Most small businesses fail within five years. When they do, there is no pile of money waiting in the wings to rescue them, as there is in a big IT company.

Second of all, despoiling the environment in order to keep up with developing countries that have little or no environmental regulation is hardly a praiseworthy endeavor. Some things ARE more important than money.

I have always wondered why societies haven't been able to figure out a way to make the transition from one economy to another (horse-and-buggy to automobile; manual typewriter to computer) less costly for those who get caught in the changing gears. If we're so smart, why can't we do that, huh?

[20111105-04](#) 14:18 Art Re: "The 'Rich Get-Richer' Myth" (reply to all, above) & Education

Hi folks, All good stuff. I do think the initial article tended to lead us all down perhaps the wrong path. I personally don't care that people are rich. That is not the issue and I am not obsessed with redistributing wealth, nor do I think most of us are, but that is where the article was trying to take us. Good tactic to divert us all from the real issues and objective.

The issues are the means by which we need to fund the items we think government should be doing. Right off the bat I know we disagree on what government should and should not be doing, but setting that aside for the moment, let's just discuss education. I believe we need to have a nation-wide first class education system available to all. Only by fostering such a system can we compete as a nation in the 21st century. I also think that we all should pay for that system according to our abilities. Thus people who make \$20M or \$30M a year may be asked to pay a bit more than people who make \$20K or \$30K a year. I see nothing wrong with that but apparently many do.

It is that simple.

Pam not nearly as erudite as yours, but then I am a simple soldier.

[20111105-06](#) 19:54 SteveG Re: "The 'Rich Get-Richer' Myth" (reply to Art, above) & OWS

Education does have to be a priority, no question. Health care for all should be a close second.

An article this week stated that of the top 280 corporations paid an average tax of 18.5%. If accurate, how do corporations justify holding \$2 trillion overseas afraid of the high corporate tax in the US?

Spent a couple of hours demonstrating with Occupy Yakima outside banks today. One "Get a job"; one "get the F*ck off the street"; one "I don't bank here"; smiles from the security guard at Bank of America; one wave and

smile from a security guard outside Wells Fargo; tons of waves and honking horns; numerous interesting conversations from young parents to people 10 years my senior.

[20111106-04](#) 11:24 SteveB Re: "The 'Rich Get-Richer' Myth" & OWS (reply to SteveG, above)

SteveG, I think it's really cool you got out there! Wish I could...so thanks for doing it for me too and sharing it!

[20111106-13](#) 18:10 SteveG Re: "The 'Rich Get-Richer' Myth" & OWS (reply to SteveB, above)

Carried 2 signs – one for you and one for me. 1 sign – we are the 99%; other sign was for sale sign with congress written at the bottom and the other side with America written at the bottom. People in Escalades don't look our way.

[20111105-07](#) 19:56 SteveG Re: "The 'Rich Get-Richer' Myth" (reply to Art, above) & Education

All I would add to this that the Inquiry into The Liberal Arts, located at Wabash College, has proven through their research into the benefits of a Liberal Arts education. Suggestions have included more math into liberal arts programs. I would add that a liberal arts background is imperative to a high school education facilitating the growth of critical thinking. Cutting education K-12 cuts the future of all.

<http://www.liberalarts.wabash.edu/>

[20111105-05](#) 19:37 Pam Re: "The 'Rich Get-Richer' Myth" (reply to all, above)

I don't care that people are rich. In the Middle Ages, perhaps the populace wanted to see the rich brought low, but that's not necessarily the case now. I, for one, don't want the rich to be poor, but I do think our society would be improved in many ways if the gap between rich and poor weren't quite so large as it is today. If it requires taking more money from the rich to even things out, then I'm for that. No society can remain healthy and stable when the rich and the working class live in vastly different worlds. If you want to call that income redistribution, then fine. If it's possible to achieve that by pulling the bottom up, rather than by pulling the top down, so much the better.

Art's question about what government should be expected to do is very pertinent. Education and health care are important not only to individuals but to our whole society. Government should definitely have a big role to play there. Those with special needs cannot be supported by private charity alone, far from it. Government has an important role there as well.

I personally see art (with a small "a") as an important part of any culture, but I'm more ambivalent about who should pay for it. This is where the rich can do a lot of good, by supporting opera companies, museums, theater, individual artists and schools for the arts. Government should not be the primary support for these endeavors because of the risk of too much government intervention in content. Private contributors and private foundations are, I believe, the natural support structure for art. We can look to Holland, where it is my understanding that artists get paid to produce, whether or not their work sells in the marketplace. I appreciate the impulse, but I don't think great art is produced by governments. A little help, sure. But there's plenty of private money for that. There is not enough private charity to maintain what I'll call the deserving poor. A family, even a middle class one, with a schizophrenic child is simply not equipped to cope financially with the needs they face. Private charity can wax and wane; it isn't reliably consistent. Government must take on much of the responsibility that individual families cannot.

When Republicans say they want to shrink government, exactly what do they mean? Stop funding public schools and universities? Stop paying teachers, police, and fire fighters? Let people without adequate resources go without that heart operation or those antibiotics? Let the homeless wander the streets and hungry children go without? I've asked before, and I ask again, what would smaller government look like in a perfect Republican world? The

question people always ask at election time is, Am I better off than I was four or eight years ago, or not? Only the very rich are better off today.

20111106-01 00:05 Jim Fw: What Causes Arthritis?

WHAT CAUSES ARTHRITIS?

A drunk man who smelled like beer sat down on a subway next to a priest. The man's tie was stained, his face was plastered with red lipstick, and a half-empty bottle of gin was sticking out of his torn coat pocket.

He opened his newspaper and began reading. After a few minutes the man turned to the priest and asked, "Say Father, what causes arthritis?" The priest replies, "My Son, it's caused by loose living, being with cheap, wicked women, too much alcohol, contempt for your fellow man, sleeping around with prostitutes and lack of a bath."

The drunk muttered in response, "Well, I'll be damned," Then returned to his paper.

The priest, thinking about what he had said, nudged the man and apologized.

"I'm very sorry. I didn't mean to come on so strong. How long have you had arthritis?"

The drunk answered, "I don't have it, Father. I was just reading here that the Pope does."

MORAL: Make sure you understand the question before offering the answer.

20111106-02 06:47 SteveG "Did Indiana Miss a \$7M Opportunity?"

"Did Indiana Miss a \$7M Opportunity?" by Heather Gillers, *Indianapolis Star*

Nov. 6, 2011, (<http://www.indystar.com/article/20111106/LOCAL/111060354/Did-Indiana-miss-7M-opportunity-?odyssey=tab|topnews|text|IndyStar.com>)

Six years ago, Indiana passed a law to provide free birth control to low-income mothers who had recently given birth. The idea had much going for it. Health-care professionals said it would lead to healthier babies. Legislative analysts said it would save the state and taxpayers close to \$7 million over five years. It undoubtedly would have led to fewer unwanted pregnancies, fewer children born into families not financially able to take care of them and fewer abortions. And if all that weren't enough, the plan had already been tried -- successfully -- in about 20 other states.

[Read more at Indianapolis Star...](#)

20111106-03 11:05 SteveG Statistics: Taxes and Public Employment

Four sets of numbers fit for discussion...

1. All one would ever want to know about US taxes from 1913-2011:
<http://www.taxfoundation.org/publications/show/151.html>.
2. All one would ever want to know about US taxes from 1913-2011:
<http://www.taxfoundation.org/publications/show/151.html>.
3. 2010 number of public employees: <http://www2.census.gov/govs/apes/10stus.txt>.

4. 1962 -2010 number of federal employees:

<http://www.opm.gov/feodata/HistoricalTables/TotalGovernmentSince1962.asp>.

20111106-05

12:21

Dale

Re: Statistics: Taxes & Public Employment (reply to SteveG, above) & "What Do the Top 1% Really Pay in Taxes?"

Thank you for the statistical sources. In looking at the aggregate State Government spending I learned something about the breakouts of where dollars really go. I have no special revelations to point out...I just learned.

In the Tax Foundation site there is a lot of additional information, including this piece which I think is germane to our discussions. The headline information, which was drawn from pre-2008, doesn't reflect the trend in the last two years. Maybe this will give comfort and hope for those of you who feel the world just isn't fair.

"What Do the Top 1% Really Pay in Taxes?" by Tax Foundation

Oct. 24, 2011, (<http://taxfoundation.org/article/what-do-top-1-really-pay-taxes>)

(Income declines for top earners, while effective tax rates creep up.)

(WASHINGTON) The income earned by the top 1% of Americans has declined for the second year in a row while their average tax rate has increased, according to a new Tax Foundation study. The average federal tax rate for those reporting at least \$343,927 in income has increased from 22.5% in 2007 to 24.0% in 2009, while the average income for the top 1% has declined from \$1.4 million to \$1 million over the same period.

The Tax Foundation's analysis is based on new data from the Internal Revenue Service on individual income taxes, reporting on calendar year 2009. The amount of individual income tax paid steeply declined by \$166 billion, twice the decline from 2007 to 2008. Nationally, average effective income tax rates were at their lowest levels since the IRS began tracking them in 1986. The average tax rate for returns with a positive liability went from 12.2% in 2008 to 11.1% in 2009.

"During a time of economic downturn, we expect to see significant changes in both total income reported and the share of taxes paid by those with the highest incomes," said Logan. "Unlike middle-income wage-earners whose incomes and tax liabilities are fairly steady, high-income people tend to realize significant capital gains that fluctuate wildly with the economy, causing their income tax liabilities to fluctuate as well."

In 2009, the top 1% of tax returns earned 16.9% of adjusted gross income and paid 36.7% of all federal individual income taxes. In 2008 those figures were 20.0% and 38.0%, respectively. Each year from 2005 to 2007, the top 1 percent's constantly growing share of income earned and taxes paid set a record. The 2008 reversal of this trend continued in 2009.

The study also takes a look at the very highest earners, the top 0.1 percent of tax returns, which the IRS only began singling out in recent years. In 2009, those 138,000 tax returns accounted for nearly 7.8% of adjusted gross income earned (down from almost 10% in 2008), and they paid around 17% of the nation's federal individual income taxes (down from 18.5% percent in 2008).

"The very highest income group—the top one-tenth of one percent—actually has a lower average effective income tax rate than the rest of the top 1 percent of returns because these extremely high-income returns are more likely to have income from capital gains and dividends, which are typically taxed at lower rates," said Logan. "It's worth pointing out that in the case of capital gains and dividends, however, income derived from these sources has already been taxed once by the corporate income tax, which is not included in the current study, meaning the average effective tax rate numbers can be somewhat misleading."

Tax Foundation Fiscal Fact No. 285, "Summary of Latest Federal Individual Income Tax Data," by economist [David S. Logan](#) is available online.

The Tax Foundation is a nonpartisan research organization that has monitored fiscal policy at the federal, state and local levels since 1937. To schedule an interview, please contact Richard Morrison, the Tax Foundation's Manager of Communications, at 202-464-5102 or morrison@taxfoundation.org.

20111106-06

12:22

Dale

Re: "Top 8 Most Overpaid CEOs of Public Companies" (reply to Pam, FotM Newsletter #10) & "What's Good About America"

Pam: This used to be the land of opportunity. People from all over the world wanted to come here. Now young people talk about moving to New Zealand or Scandinavia. Teachers get jobs in Yemen, and opera singers sign on with Chinese opera companies. Better to feed your kids in the desert than stand in a picket line in Wisconsin.

Things in the US are not perfect, but for those who don't want to be here and try to fix them, "Don't let the door hit you on the ass on your way out."

"What's Good About America" by Paul Liben, Pundit Wire

August 29, 2011, (<http://punditwire.com/2011/08/29/whats-good-about-america/>)

Ask people how America is doing today and most will cite a plethora of woes. From spiraling deficits to escalating debt levels, high unemployment to declining civility, political stalemate to a coarsened popular culture, there's no shortage of troubles to identify.

It's easy to forget what's good about America.

First, to a remarkable extent, Americans retain the bedrock freedoms of the Founders. By any measure, today's America is much closer to the vision of its constitutional framers than to any non-democratic regime.

Second, most Americans continue to connect freedom with responsibility. As the French writer, Alexis de Tocqueville, wrote in the 1830s, when Americans see problems, they usually don't wait for government to act. They take action, informally and through "voluntary associations." Notwithstanding some notable exceptions, this is usually on display following natural disasters, such as the recent hurricane that struck the Eastern seaboard, as communities often clean up faster than expected.

Third, what Tocqueville wrote about religion and freedom in America is also true today. In nearly all of its forms, American religion remains a powerful friend and grassroots enabler of democratic values and civic participation.

Fourth, America is a place where consumer prices have been surprisingly stable for the past 30 years. A pair of inexpensive men's jeans costs nearly the same today as when Ronald Reagan entered the Oval Office. The same can be said for many other goods and services. Part of the reason is the flood of cheap imports. But a second reason is American ingenuity and creativity, a product of the freedom which helped birth the technological and Internet revolutions, driving productivity up and costs down.

Fifth, in spite of the growing capabilities of emerging powers like China, the U.S. military remains the most formidable in history. Further, it has used its power to advance freedom, not slavery. While it has sometimes been accused of nation building, it has soundly rejected empire building.

Sixth, despite unprecedented competition from abroad, America's labor force remains very attractive due to its amazing productivity. This is one of several explanations for big corporations remaining or setting up shop in America. It's a reminder of how labor costs aren't just about wages and benefits, but performance on the job.

Seventh, due in part to the American-led technological and genetic revolutions, the world is now able to produce more than enough food to feed every human being. Only wars and dictators prevent this from happening. America has helped destroy the Malthusian myth about population growth inevitably outstripping food production.

Eighth, immigration remains a boon for the country. While illegal immigration is a challenge, legal immigration brings not only some of world's best and brightest individuals to our doorstep, but whole communities which are reviving some of our bleakest neighborhoods while sowing the seeds for a more family-friendly society.

Ninth, while tens of millions of Americans are without health insurance, the majority who have it can typically afford the same doctors as the richest people in the country. This is a truly historic achievement that quietly arrived in the late 20th century.

Last but not least, America remains the humanitarian helper of the world. When people across the globe are in dire need, they turn to America and Americans.

Yes, our problems remain. But let's not overlook all that is well with America and its people.

20111106-07	13:04	Pam	Re: "Top 8 Most Overpaid CEOs of Public Companies" & "What's Good About America" (reply to Dale, above)
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Believe me, I am not one of those America bashers who blames America for everything. We're far from as innocent as we would like to see ourselves, but, you're right, there is a lot of good here. Of course, nothing is ever perfect, but tides do ebb and flow, and America seems at a particularly low ebb at the moment. Things are worse today than they were ten years ago. Does anyone disagree with that? One of the good things about the U.S. is that when we begin to slip off the rails, we can start screaming about it without being shot in the street (so far). We impeached a President without tanks in the streets—a good example to the world, I think. The banks and financial interests have screwed millions, and people are squawking—also a good example to the world. I don't buy the "America, love it or leave it" mantra. When the wheels start falling off, a mighty chorus needs to call a halt to malfeasance. The Occupy movement is not about hating America; it's about loving America enough to want to save it.

All these statistics are great, but who but us is paying close attention to them? What matters is what people think, and that's where we're in trouble. A LOT of people are unhappy, rightly so. These troubles aren't going to go away on their own. So far, I don't think anyone really knows what to do. I like what Art said about an ambush: the worst thing you can do is do nothing. I talked with my son yesterday, and as I was moaning and groaning about all this, he said, you know there are lots of smart people out there who will figure this out. I hope he's right. It doesn't look like the old guard is going to be up to the job. I am waiting for the Steve Jobs of finance to dazzle us all with new ways of thinking. I don't know a whole lot about Austan Goolsby, but I like what I've seen so far. Sadly, he's out of government now. Alan Grayson is another bright spot.

I love this country; I believe we all do. And I'm grateful for what we have here. When I returned from a year in Afghanistan at age 16, one of the customs officials at the New York airport said to me, "Welcome home," and I burst into tears of gratitude and relief. I take nothing we have for granted, but that doesn't mean I will turn a blind eye when things go wrong.

20111106-08	13:42	Dale	Re: CREDO Action Petition: Don't Cut Medicare, Medicaid or Social Security! (reply to Art, FotM Newsletter #10)
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Art: You have alluded previously to the results of the 2010 elections as perhaps some mandate of the American people. In 2008 the Democrats won both the House and Senate as well as the Presidency. That too was a sort of mandate, but as we see, 'mandates' don't often last very long.

I actually don't think the 2010 election results were a mandate, but I think there was a clear signal being sent. I also do not think there was a mandate expressed in the 2008 election for any specific set of policies. The mandate was for a movement away from the Bush era. The Democrats did win both houses, much of the success coming on the coattails of Obama's popularity and the ability to engage new voters. All Americans and particularly Democrats should be extremely disappointed that a golden opportunity was squandered. With control of two branches of the Federal Government, if they had the right ideas and right policies for the country, it is their own fault for poor execution. As it turns out, the Democrats in Washington pulled off a trifecta — wrong ideas, wrong policies and bad execution.

Let me ask, what faces have changed in the Democratic leadership that would give anyone hope there will be different results if they are reelected? Same losers/leaders in both houses and same President pushing for economic policies that failed in his four years as POTUS. It is my opinion that there will be a major "house cleaning" in the Democratic party after the next election.

20111106-09	15:56	SteveG	Re: CREDO Action Petition: Don't Cut Medicare, Medicaid or Social Security! (reply to Dale, above)
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Agree that the past 2 elections were about wanting to get beyond Bush and his people, they were about wanting change. This election, 2012, will be about wanting change also as I really do not think the electorate are satisfied. 2014 will probably see both parties trying to scramble and reload for 2016.

Grayson from Florida got booted in 2010 and is making a lot of noise to come back. Elizabeth Warren in Mass. Is giving Brown a good run. Will be interesting

20111106-10	16:12	Pam	Re: CREDO Action Petition: Don't Cut Medicare, Medicaid or Social Security! (reply to SteveG, above)
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It's too bad we can't have a good housecleaning across the board. Is there anyone on the horizon who is truly inspiring, the way Kennedy was, the way Obama was? I hate to say it, and I know the Republicans among us will jump all over me, but I do believe that when it comes to dirty tricks and negative campaigning, the Republicans win the prize. To me at least, it looks as if Republicans will go to any lengths, stretch any truth, smear any reputation in order to bring a Democrat down. I just don't see the Democrats behaving that way—or not nearly to the same extent. I'm afraid fighting dirty is a pretty good way to win. Might does make right. How many civilizations have been brought low by barbarians? We admire Athens for its contributions to politics, philosophy, literature, and art. But it was the Spartans who prevailed, and the Spartans had none of those qualities. They could fight, and in a conflict that's all that matters. I don't think Obama had the wrong ideas or the wrong policies. It's regrettable that the oomph went out of the Democrats' sails, but it's not all their fault. That's like blaming the victim. Maybe the Democrats weren't as ruthless as the Republicans. That doesn't mean they were wrong.

Think about it. When Democrats take to the hustings, what do they talk about, whom do they appeal to? The common people, that's who. What do Republicans talk about? Low taxes on the rich, reducing spending on programs for the needy, the empty promise of more jobs. Who gets your sympathy? A single mother, struggling to complete her education so she can support her family. Or a country-club wife whose biggest problem is which tennis outfit to wear? I know, I know. I'm generalizing. But you know we all do it. Have I really said anything shocking or surprising? You all recognize what I'm talking about.

20111106-11	16:48	Art	Re: CREDO Action Petition: Don't Cut Medicare, Medicaid or Social Security! (reply to Pam, above)
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Very well said Pam. Dale makes some interesting points above about "mandates" and I certainly agree and hope the 2010 election was no mandate. As Dale also says, we shall see in 2012.

It all comes down to how you see things. I see the current slate of republican wanna be's, less Huntsman, as absolute disasters for this country. I am really appalled that so many of them have sworn an oath to a man who is not even in our elected government. I suspect Bonehead and others are well aware of the conflict between just who are they loyal to when he diverts a questions about Norquest, who he swore an oath to, as a question about a "random person". How long do we let them get away with these bald lies?

Also contrary to what Dale implied the republicans are not all new faces, in fact Ricky, Newt, Ron, Michelle, and Mitt have been around as long or longer than President Obama. I will say I was disappointed that Pelosi did not step down as minority leader in the House. Any good soldier would have done so for the good of the cause. (I also think Clinton should have resigned.)

But I think the real issue today is, there is a large group out there, mostly composed of older white people, who simply hate President Obama and who will do anything to include sacrifice the good of the nation to bring him down. What I just can't grasp, is why. Dale, you're obviously a very bright guy. How can you possibly support any of these republican candidates or believe they will accomplish anything positive for the nation?

Pam, one thing other about your comments below is that Ricky is infamous for dirty tricks. It was to him that Herman looked first, as to who leaked the sex scandal. By the way, although we all have not discussed the subject of Mr' Cain's adventures, to me the issue is not that Herman had some affairs, it is that he used his position of power to try to coerce sexual favors from weaker people within his organization at the time they occurred and then he lied repeatedly about it recently. Again, how long do we let them get away with these bald lies? I think that is pretty unforgivable.

[20111106-12](#)

18:05

SteveG

Re: CREDO Action Petition: Don't Cut Medicare, Medicaid or Social Security! (reply to Pam, above)

I certainly agree with you about Republican campaign strategies. I believe the Republican primary battle will amply demonstrate to all of us just how dirty and ugly politics can get. In fact, the next debate (Tuesday?) will demonstrate both the "dirt and the dumb".

Not that I don't love `em all, specially poor, clueless Herman Cain. But with Gingrich, Perry, Santorum, and Bachman, my love is only for the entertainment and, well, Jesus tells me (directly) that I have to... ☺

[20111104-10](#)

13:12

Jim

Fw: Christmas 2011: Birth of a New Tradition

[Source of original email unknown, but what a great idea!!! –SteveB]

Christmas 2011 — Birth of a New Tradition

As the holidays approach, the giant Asian factories are kicking into high gear to provide Americans with monstrous piles of cheaply produced goods — merchandise that has been produced at the expense of American labor. This year will be different. This year Americans will give the gift of genuine concern for other Americans. There is no longer an excuse that, at gift giving time, nothing can be found that is produced by American hands. Yes there is!

It's time to think outside the box, people. Who says a gift needs to fit in a shirt box, wrapped in Chinese produced wrapping paper?

Everyone — yes EVERYONE gets their hair cut. How about gift certificates from your local American hair salon or barber?

Gym membership? It's appropriate for all ages who are thinking about some health improvement.

Who wouldn't appreciate getting their car detailed? Small, American owned detail shops and car washes would love to sell you a gift certificate or a book of gift certificates.

Are you one of those extravagant givers who think nothing of plonking down the Benjamins on a Chinese made flat-screen? Perhaps that grateful gift receiver would like his driveway sealed, or lawn mowed for the summer, or driveway plowed all winter, or games at the local golf course.

There are a bazillion owner-run restaurants — all offering gift certificates. And, if your intended isn't the fancy eatery sort, what about a half dozen breakfasts at the local breakfast joint. Remember, folks this isn't about big National chains — this is about supporting your home town Americans with their financial lives on the line to keep their doors open.

How many people couldn't use an oil change for their car, truck or motorcycle, done at a shop run by the American working guy?

Thinking about a heartfelt gift for mom? Mom would LOVE the services of a local cleaning lady for a day.

My computer could use a tune-up, and I KNOW I can find some young guy who is struggling to get his repair business up and running.

OK, you were looking for something more personal. Local crafts people spin their own wool and knit them into scarves. They make jewelry, and pottery and beautiful wooden boxes.

Plan your holiday outings at local, owner operated restaurants and leave your server a nice tip. And, how about going out to see a play or ballet at your hometown theatre.

Musicians need love too, so find a venue showcasing local bands.

Honestly, people, do you REALLY need to buy another ten thousand Chinese lights for the house? When you buy a five dollar string of light, about fifty cents stays in the community. If you have those kinds of bucks to burn, leave the mailman, trash guy or babysitter a nice BIG tip.

You see, Christmas is no longer about draining American pockets so that China can build another glittering city. Christmas is now about caring about US, encouraging American small businesses to keep plugging away to follow their dreams. And, when we care about other Americans, we care about our communities, and the benefits come back to us in ways we couldn't imagine. THIS is the new American Christmas tradition.

Forward this to everyone on your mailing list — post it to discussion groups — throw up a post on Craigslist in the Rants and Raves section in your city — send it to the editor of your local paper and radio stations, and TV news departments. This is a revolution of caring about each other, and isn't that what Christmas is about?

—Friends of the Middle,
Steven W. Baker (SteveB), Editor/Moderator

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