



FRIENDS OF THE MIDDLE **NEWSLETTER #28 — NOV. 30, 2011**

Welcome to always lively political discussion and whatever else comes up.
<http://www.FriendsOfTheMiddle.org> FriendsOfTheMiddle@hotmail.com

INDEX: Click here.

'Take Out the Trash' Next November

(posted by Steven W. Baker / SteveB, Nov. 30, 2011)

Perry doesn't know the voting age (Strange for a politician who lives or dies by the vote, no?). Cain threw himself under the train. Gingrich is scaring the bananas out of me. Poor Romney must wake up every morning and, at the start of his daily hour of looking at himself in the mirror, cries, "Why doesn't anyone want me?"

You're just too damned good looking, Mitt!

A scary, evil, lurking devil face like Newt's is much more representative of the more extreme elements of the Republican dogma, which Newt espouses. Although scary is already his aspect, imagine Newt at a camp-out, in the dark, shining a flashlight up at his face, making it look even more hideously evil...

There's an image to keep the babies up all night crying.

Now understand that you are alone. Just you and Newt, who is still doing the flashlight thing. But now the earth is trembling, the wind starts howling, thunder and lightning rage...

Do you begin to see this man's soul?

"I'm looking...OK, looking....still looking....damn! I'm not finding anything that even looks like a soul. Maybe there isn't one in here?"

"Is a Record Turnover in Store for Congress?" by Martin Frost, Politico

Nov. 22, 2011, (<http://www.politico.com/news/stories/1111/68942.html>)

Every few years, someone advances the idea that this will be the year that the public is so fed up with politicians in Washington that they go to the polls and vote against all incumbents.

It has never happened before, but this could finally be the year.

The failure of the supercommittee is just one more example of how totally dysfunctional Washington has become. Certainly the stage was set with the embarrassing "perils of Pauline" conclusion to the fight over raising the debt ceiling this summer. The debt ceiling was raised at the last minute, but part of the deal was to create the supercommittee to come up with additional deficit reduction by Nov. 23. Now that effort has failed.

Public approval of Congress has sunk to 9 percent. As my friend former Congressman Tom Davis of Virginia points out, this is down to family and friends. Or as the late Congressman Bill Lehman of Florida used to remind his colleagues, he was a used-car dealer before he was elected to Congress and didn't think he could fall any further in public esteem. But he did.

I remember 1994 — the year a very large number of Democrats were voted out of office and the Republicans took control of the House for the first time in 40 years.

I had spent much of the spring that year back in my district in Texas, talking to voters. I told my campaign consultant in May that it was time to do a poll. I could sense the discontent. He assured me all was well and that a poll could wait. I insisted.

The poll came back showing me barely ahead of a totally unknown challenger, 38 percent to 33 percent. We immediately ramped up my reelection effort, and I survived with 52.7 percent of the vote. Many of my Democratic colleagues never saw it coming and lost. However, every Republican incumbent on the ballot was reelected.

This year could be 1994, but with a twist — everyone is at risk, regardless of party affiliation. The public may finally have had enough. Not every incumbent will lose, but we could see a record turnover.

Add to the mix that this is a redistricting year with many incumbents facing significant numbers of new voters who never have called their congressman to help Grandma get her Social Security check or to help an uncle get into the local veterans hospital.

My advice to all incumbents — regardless of party — is to run a full-scale campaign even if you have been reelected recently by large margins. And as a part of that campaign, address the real concerns of real people in your district. Don't spend a lot of time talking about abortion, gay rights or gun control. Tell people how you are going to help them or their adult children who have moved back home find a job.

Tell them how you are going to make sure Medicare is there for them when they retire. The cost of health care is real to people, and it scares the hell out of them. And tell people what you are going to do to help the economy so that their 401(k) plans don't fall through the floor.

Large swings in Congress usually occur when one party is voted out of office and replaced by the opposition like what happened in 1994, 2006 and 2010. The public goes into the voting booth to punish a particular political philosophy. This time, they just may want to punish everyone who has been there.

I have never supported arbitrary term limits for federal officeholders, telling people that we already have terms limits and they are called elections. This may be the year when term limits are imposed by the voters.

(Martin Frost was a member of the Texas delegation in the House from 1979 to 2005 and was Democratic Caucus chairman and head of the Democratic Congressional Campaign Committee. He is now an attorney with Polsinelli Shughart.)

FotM NEWSLETTER #28 (Nov. 30, 2011)—HYPERTEXT INDEX

<u>DATE-ID</u>	<u>TIME</u>	<u>FROM</u>	<u>SUBJECT/TITLE</u>
<u>20111130-00</u>		SteveB	'Take Out the Trash' Next November by Steven W. Baker / SteveB ("Is a Record Turnover in Store for Congress?")
<u>20111129-02</u>	10:23	SteveG	"Did Drug Firms Hire Gingrich to Back Medicare Drug Benefit?"
<u>20111129-03</u>	11:31	Pam	Re: "The Girl Who Dared to Tweet About Gov. Brownback" (reply to SteveG, FotM Newsletter #27)
<u>20111129-04</u>	11:55	Pam	Re: The Three Who Brought Down Wall Street (reply to Dale, FotM Newsletter #27)
<u>20111129-19</u>	19:49	Art	Re: The Three Who Brought Down Wall Street (reply to Dale, FotM Newsletter #27)
<u>20111129-05</u>	12:32	Pam	Re: "How the GOP Became the Party of the Rich" (reply to SteveG, FotM Newsletter #27)
<u>20111129-06</u>	13:07	Pam	Re: Rights, Religion & Republican Politics (reply to Winston, FotM Newsletter #27)
<u>20111129-01</u>	10:22	SteveG	Fw: CREDO Action Petition: Stop TransCanada's Pipeline Land Grab!
<u>20111129-07</u>	13:08	SteveB	Fw: MoveOn Petition: Say 'No' to Internet Censorship!
<u>20111129-09</u>	15:47	SteveG	Fw: Common Cause Petition: Tell Congress to Pass the STOCK Act!
<u>20111129-16</u>	19:30	SteveG	Fw: The STOCK Act (from Sen. Maria Cantwell)
<u>20111129-21</u>	20:13	Art	Re: The STOCK Act (from Sen. Maria Cantwell) (reply to SteveG, above)
<u>20111129-22</u>	21:01	SteveG	Re: The STOCK Act (from Sen. Maria Cantwell) (reply to Art, above)
<u>20111129-08</u>	15:22	SteveB	"Restore the Basic Bargain"
<u>20111129-10</u>	18:06	SteveB	Simple Economics & Taxes
<u>20111129-11</u>	18:44	Anonymous1	Re: Simple Economics & Taxes (reply to SteveB, above)
<u>20111129-12</u>	18:58	SteveB	Re: Simple Economics & Taxes (reply to Anonymous1, above)
<u>20111129-18</u>	19:41	Anonymous1	Re: Simple Economics & Taxes (reply to SteveB, above)
<u>20111129-20</u>	20:11	SteveB	Re: Simple Economics & Taxes (reply to Anonymous1, above)
<u>20111129-15</u>	19:24	Art	Re: Simple Economics & Taxes (reply to SteveB, 18:06 above)
<u>20111129-17</u>	19:35	SteveB	Re: Simple Economics & Taxes (reply to Art, above)
<u>20111129-13</u>	19:12	Jim	The Bush Tax Cuts
<u>20111129-14</u>	19:20	SteveB	Re: The Bush Tax Cuts (reply to Jim, above)

<u>20111129-02</u>	10:23	SteveG	"Did Drug Firms Hire Gingrich to Back Medicare Drug Benefit?"
------------------------------------	-------	--------	---

"Did Drug Firms Hire Gingrich to Back Medicare Drug Benefit?" by Joe Conason, *The National Memo*

Nov. 28, 2011, (<http://www.nationalmemo.com/article/did-drug-firms-hire-gingrich-back-medicare-drug-benefit>)

To look closely at Newt Gingrich is to see a failed statesman who pocketed tens of millions of dollars by exploiting his political celebrity and government connections over the past decade or so. Although the former Speaker never registered as a lobbyist, the corporations that financed his "for-profit" think-tank and his consulting firm weren't simply charmed into writing those enormous checks.

But for Republican primary voters, Gingrich's blatant buckraking may not be nearly as troubling as what he helped his corporate masters to achieve on Capitol Hill. Having accepted large sums from major drug companies as well as PhRMA, the industry lobbying group, he reportedly helped to push through the Bush administration's Medicare drug benefit – which is anathema to the right-wing Tea Party voters whose support he is now courting.

As the Washington Post and other outlets have reported in recent days, the estimated take from Gingrich Inc., the conglomerate of Newt-centered consulting, publishing, and propaganda activities that he founded after leaving Congress in 1999, ranges upward of \$110 million. He points out that he has written (or had ghost-written) about a dozen best-selling books and a number of television documentaries, and that he has also earned top dollar by

delivering speeches – much like his old nemesis Bill Clinton (who has devoted a large proportion of his similarly huge earnings to charity and foundation work).

The largest proportion of the Gingrich bonanza, however, evidently derives from the Center for Health Transformation, an unusual profit-making “think-tank” in Washington, where most such organizations are not-for-profit; and the Gingrich Group, his consulting company which gave corporations “advice” while it supposedly refrained from traditional lobbying for legislation. He also operated a tax-exempt non-profit called American Solutions, which he seems to have used largely to finance millions of dollars worth of travel by private jet and limousine for himself and third wife Callista.

The “group” took in lucrative fees from the corporate likes of mortgage giant Freddie Mac, which paid Gingrich around \$1.8 million over several years to help with troublesome Republicans seeking to shut down the government-backed firm. The “center” dispensed advice, videos, and conferences on health care to a huge variety of companies in the health field, which paid annual “dues” ranging from \$5000 to \$200,000 depending on their size after its doors opened in 2003. Familiar pharma names such as Astra Zeneca and Novo Nordisk were major customers, along with the official PhRMA lobby.

Precisely what the center did for these exorbitant sums is not clear, but some commentators suspect that its activities skirted lobbying even if it avoided the narrowest definition of that business. In his defense, both Gingrich and his friends have insisted he did nothing that could be construed as supporting legislation on behalf of a client.

Yet conservative journalist Tim Carney, writing for the *Washington Examiner*, reports that the former Speaker used his connections on the Hill to promote passage of the Medicare drug bill, also known as Medicare Part D, in 2003 – which was designed to protect drug company profits no matter how high the cost to consumers and taxpayers. According to Carney, Gingrich was hired “by someone in the industry” during the contentious debate over the bill, when his successors in the House Republican leadership notorious twisted many arms in their own caucus to achieve passage.”

“Three former Republican congressional staffers told me that Gingrich was calling around Capitol Hill and visiting Republican congressmen in 2003 in an effort to convince conservatives to support a bill expanding Medicare to include prescription-drug subsidies,” Carney writes.

“Conservatives were understandably wary about expanding a Lyndon Johnson-created entitlement that had historically blown way past official budget estimates. Drug makers, on the other hand, were positively giddy about securing a new pipeline of government cash to pad their already breathtaking profit margins.”

There is much more to be found in the archives and bank accounts of Newt, Inc., from his relationship with the Chamber of Commerce to his advocacy of policies that benefited his corporate clients, whether or not he actually lobbied directly for them. But his promotion of the Medicare expansion may be his greatest vulnerability for the moment, as he assumes the front-runner position.

On Monday, the chair of Gingrich’s Center for Health Transformation estimated its revenues over the past decade at \$55 million. Fees are flexible, she said, with “charter memberships” going for an annual fee of \$200,000.

20111129-03	11:31	Pam	Re: “The Girl Who Dared to Tweet About Gov. Brownback” (reply to SteveG, FotM Newsletter #27)
-----------------------------	-------	-----	---

Much ado about nothing. I'd hate for a lot of the stuff I've written to go viral. Wait, it now does. I'm sure I'm on somebody's sh*t-list.

20111129-04	11:55	Pam	Re: The Three Who Brought Down Wall Street (reply to Dale, FotM Newsletter #27)
-----------------------------	-------	-----	---

Since you took the time to lay out your position, the least I can do is respond. :-) As I began reading, I actually found myself agreeing with much that you say. We have become a plutocracy, and Michael Moore is annoying. I appreciate the fact that conservatives just want to be left alone, but so do liberals. At least this one does. I know conservatives think liberals are a bunch of nannies who want to clean up everybody's mess, but sometimes that is a good thing—like protecting the environment, assuring our food and drugs are safe, compensating workers who are injured on the job, feeding hungry children, and making sure the disabled and the elderly are able to live decent lives. That sort of thing. I don't want to tell anyone what church to go to or what to believe or what to read or what to listen to on the radio. I much prefer Soros to the Koch brothers.

IM humble O, a lot of our trouble stems from religion. I'm not talking about mainstream religion that minds its own business. I mean the religion (its practitioners) that chastises the President for not mentioning God in his Thanksgiving address, that believes marriage should only be available to certain kinds of people, that believes anyone who doesn't follow their path is going to hell, that wants America to be a theocracy as well as a plutocracy, that believes God loves them but not the Muslims or the atheists. Now, if the religious right wants to believe those things, fine. Just don't foist them on me and don't force politicians to declare their faith every time they turn around. I heard (on NPR, where else?) that a vast majority of Americans would not vote for an atheist; there is only one avowed atheist serving in Congress. (I just did something on my computer and I can't figure out how to turn it off. I'm not trying to underline or highlight anything.) I guess what I object to most strongly is the Fox News mentality, which I find infuriating and frightening.

Your attacks on Democrats are, IMO, an effort to shift the blame and the focus away from Republicans, who are the real culprits when it comes to smear tactics and lies. One of the most recent is the Romney ad that shows a clip of Obama saying that if we continue talking about the economy we will lose. In fact, he was quoting John McCain. I cynically believe all politics is corrupt, but the Republicans are ahead in that game. Facts are facts. I wish everybody would play fair and discuss the issues of the day, but that would be to expect too much. The American public is a pit bull (I seem to have fixed it.) Whatever side you're on, you sink your teeth in and don't let go. It's mindless.

[20111129-19](#)

19:49

Art

Re: The Three Who Brought Down Wall Street (reply to Dale, FotM Newsletter #27)

As usual Pam makes excellent points. Like Pam, I too was a bit taken aback by what you sent about the new jobs for these sleaze bags. Personally I think they should be shot along with the CEO's of Bank of America, Goldman Sachs, JP Morgan and Citibank, just to name a few. But then I do tend to favor simplistic solutions on occasion.

At any rate, because so much coming over the Internet is not true, I want a bit more information, but I agree with you, those guys having any position of influence in any political party is not what I believe is in the best interests of my country. On the other hand the tendency lately is to immediately try to find something negative the other guy is doing to point at instead of acknowledging that what we are seeing is 'not good'. Many of us believe the 'not goods' we are seeing on the Republican side far outweigh those we see on the Democratic side but the bottom line regardless is "not goods' are not good, period.

[20111129-05](#)

12:32

Pam

Re: "How the GOP Became the Party of the Rich" (reply to SteveG, FotM Newsletter #27)

I had saved this long essay on how Republicans became the party of the rich so I could find some time to read it. It is long, and I encourage all of you to overcome your short attention-spans (a little snark there) and read it. It cites chapter and verse on what's been happening to this country for at least ten years. We edged in this direction gradually for a while, but once the tipping point was reached, we plunged into Recession, with a capital R. Those of you who defend Republican policy, please read this and counter any of the arguments you disagree with by providing evidence to the contrary. This is a serious essay, and I would love to see some serious discussion of it.

[20111129-06](#) 13:07 Pam Re: Rights, Religion & Republican Politics (reply to Winston, FotM Newsletter #27)

Winston: 'The mythical rights of men and women are also meaningless. The very concept of rights is also founded in religion. Since the enlightened person is freed from any superstitions about some "God" they are free from having to worry about 'rights.'

I am a bit befuddled by your sound bites, Winston. It seems sort of like you're being ironic. If so, then I think I get you. On the other hand, if you're serious, I can't stay silent. (When could I ever?) How can you say that rights are meaningless, but they're founded in religion, hence they mean something? That's contradictory. I assume you mean to say, in a round-about, sarcastic way, that people without belief in God are free to do whatever they want, because by definition they have no morals. If that is, in fact, what you mean, then I must tell you you are dead wrong. Millions of people have no religion, yet they are good, moral people. Morality derives from empathy. Whatever its origins, empathy is a human quality that does not depend on dogma.

Do you really mean the homophobia expressed here? Really?! If so, please explain how you differ from a racist. Why shouldn't gays and lesbians have the same "rights" as any other human being? You say homophobia isn't a serious issue, but if you were a Matthew Shepherd I guess it would seem pretty serious to you.—Pam

[20111129-01](#) 10:22 SteveG Fw: CREDO Action Petition: Stop TransCanada's Pipeline Land Grab!

from CREDO Action:

Tell TransCanada: Stop using eminent domain to confiscate private property for a pipeline that hasn't even been approved yet. Click here to sign the petition:

[http://act.credoaction.com/campaign/ed_transcanada/.](http://act.credoaction.com/campaign/ed_transcanada/)

[20111129-07](#) 13:08 SteveB Fw: MoveOn Petition: Say 'No' to Internet Censorship!

from MoveOn.org:

As soon as this week, Congress will start debating whether to give the government the power to turn off parts of the Internet. If that sounds like a terrible recipe for abuse of power, that's because it is.

If enacted, a new law would make it so a simple allegation of copyright infringement—with no review process—could lead to the shutdown of sites from YouTube to Wikipedia to MoveOn.org. Any website, foreign or U.S.-based, could be wiped out on *suspicion* and made unavailable to everyone in the world.

For example, if you (or Justin Bieber) wanted to post a video to YouTube of yourself singing a Beatles song, a record company could force the Department of Justice to shut down YouTube. Really.

But as you may have guessed, Congress didn't come up with this tragically terrible idea on their own. Lobbyists representing Comcast, Pfizer, record and movie companies, and the U.S. Chamber of Commerce³ have been pushing Democrats and Republicans to pass bills to allow this new kind of Internet censorship. *And they're close to getting their way.*

But a small number of Democrats are standing strong and saying "No" to these powerful special interest groups. They need our help.

Senator Ron Wyden from Oregon is one of our champions. He has promised to start a historic filibuster of the Internet Censorship Act where he'll read the names of every person that signs a petition against Internet censorship.⁴ It's the perfect opportunity for 5 million Internet-connected progressives to visibly add their voice to a Senate debate. The more of us that sign, the stronger this effort to block this terrible law will be.

Click here to add your name and say NO to Internet Censorship:

<http://pol.moveon.org/nointernetcensorship/?id=33343-20195165-yIJznLx&t=3>.

20111129-09	15:47	SteveG	Fw: Common Cause Petition: Tell Congress to Pass the STOCK Act!
-------------	-------	--------	---

from Common Cause:

It's no surprise that polls show our faith in Congress has fallen to near all-time lows. Our elected officials spend too much time rubbing shoulders with lobbyists and catering to the whims of special interests, all while our country is in serious economic trouble.

But they're not just wining and dining with fat cat corporate leaders and their hired guns. A "60 Minutes" piece that aired this month showed that members of Congress can use the non-public information that they have access to as part of their jobs to make investments and stock market moves. **It's called political insider trading – and it ought to be a crime.** Our representatives shouldn't be able to amass personal fortunes by trading on non-public knowledge that could affect the future price of stocks.

The STOCK (**S**top **T**rading **O**n **C**ongressional **K**nowledge) Act, which has been introduced in both the House and Senate and has bipartisan support, would outlaw insider trading by members of Congress.

So why don't insider trading regulations apply to Congress today? Because under current law, insider trading is defined as the buying or selling of securities or commodities based on non-public information *in violation of confidentiality* – either to the issuing company or the source of information. Since Congressional officials do not owe a duty of confidentiality to these companies, they can't be held liable for insider trading. **But they do owe a duty to us, their constituents.**

It's not hard to imagine a situation where a member of Congress could know whether a piece of legislation, or even an amendment, will pass or fail — and how that action could impact a particular company or even an entire industry. The temptation to use that information for personal gain could be tremendous.

That's why the STOCK Act (H.R.1148 / S.1871) is so crucial. It would make clear that Members of Congress — and their staffers — could not use non-public information gained on the job to make investments or trades for their own personal benefit.

The bill is scheduled for a hearing in the Senate Governmental Affairs Committee this Thursday. That's a good first step, but we can't let it be the last step.

Tell Congress that the STOCK Act must come up for a vote before they adjourn for 2011:

<http://www.kintera.org/TR.asp?a=rjIWI0PFJdKTIhI&s=arJJKVNFJgKQI6PDLIG&m=hiKWI2MHJmJSLaL>.

20111129-16	19:30	SteveG	Fw: The STOCK Act (from Sen. Maria Cantwell)
-------------	-------	--------	--

Common Cause (above): Contact your senator/congressman in support of this type of legislation.

from Sen. Maria Cantwell:

Thank you for contacting me regarding the Stop Trading on Congressional Knowledge Act. I appreciate hearing from you on this important issue, and I sincerely regret the delayed response.

Senator Scott Brown (R-MA) introduced the Stop Trading on Congressional Knowledge Act (S. 1871) on November 15, 2011. If enacted, this legislation would prohibit legislators from commodities and securities trading based on nonpublic information learned, including information gained because of position of employment. Additionally, this bill would require Members of Congress, their employees, and other federal employees to disclose additional reporting on commodities and securities trading. The Stop Trading on Congressional Knowledge Act has been referred to the Senate Committee on Homeland Security and Governmental Affairs where it currently awaits further review.

It is important that members of Congress, their employees, and those working within the federal government do not take advantage of privileged information for financial gains. Throughout my time in Congress, I've continually worked to improve. The American people deserve to know that Congressional representatives and their employees are playing by the same rules as everyone else. Please be assured that I will keep your views in mind as this legislation progresses through the U.S. Senate.

Thank you again for contacting me to share your thoughts on this matter. You may also be interested in signing up for periodic updates for Washington State residents. If you are interested in subscribing to this update, please visit my website at <http://cantwell.senate.gov>. Please do not hesitate to contact me in the future if I can be of further assistance.

Sincerely, Maria Cantwell, United States Senator

[20111129-21](#) 20:13 Art Re: The STOCK Act (from Sen. Maria Cantwell) (reply to SteveG, above)

Democrat?

[20111129-22](#) 21:01 SteveG Re: The STOCK Act (from Sen. Maria Cantwell) (reply to Art, above)

Both Washington Senators are Democrats and women.

[20111129-08](#) 15:22 SteveB "Restore the Basic Bargain"

"Restore the Basic Bargain" by Robert Reich, Nation of Change

Nov. 29, 2011, (<http://www.nationofchange.org/restore-basic-bargain-1322577431>)

For most of the last century, the basic bargain at the heart of the American economy was that employers paid their workers enough to buy what American employers were selling.

That basic bargain created a virtuous cycle of higher living standards, more jobs, and better wages.

Back in 1914, Henry Ford announced he was paying workers on his Model T assembly line \$5 a day – three times what the typical factory employee earned at the time. The *Wall Street Journal* termed his action "an economic crime."

But Ford knew it was a cunning business move. The higher wage turned Ford's auto workers into customers who could afford to buy Model T's. In two years Ford's profits more than doubled.

That was then. Now, Ford Motor Company is paying its new hires half what it paid new employees a few years ago.

The basic bargain is over – not only at Ford but all over the American economy.

New data from the Commerce Department shows employee pay is now down to the smallest share of the economy since the government began collecting wage and salary data in 1929.

Meanwhile, corporate profits now constitute the largest share of the economy since 1929.

1929, by the way, was the year of the Great Crash that ushered in the Great Depression.

In the years leading up to the Great Crash, most employers forgot Henry Ford's example. The wages of most American workers remained stagnant. The gains of economic growth went mainly into corporate profits and into the pockets of the very rich. American families maintained their standard of living by going deeper into debt. In 1929 the debt bubble popped.

Sound familiar? It should. The same thing happened in the years leading up to the crash of 2008.

The latest data on corporate profits and wages show we haven't learned the essential lesson of the two big economic crashes of the last seventy-five years: When the economy becomes too lopsided – disproportionately benefitting corporate owners and top executives rather than average workers – it tips over.

In other words, we're in trouble because the basic bargain has been broken.

Yet incredibly, some politicians think the best way to restart the nation's job engine is to make corporations even more profitable and the rich even richer – reducing corporate taxes; cutting back on regulations protecting public health, worker safety, the environment, and small investors; and slashing taxes on the very rich.

These same politicians think average workers should have even less money in their pockets. They don't want to extend the payroll tax cut or unemployment benefits. And they want to make it harder for workers to form unions.

These politicians have reality upside down.

Corporations don't need more money. They have so much money right now they don't even know what to do with all of it. They're even buying back their own shares of stock. This is a bonanza for CEOs whose pay is tied to stock prices and it increases the wealth of other shareholders. But it doesn't create a single new job and it doesn't raise the wages of a single employee.

Nor do the wealthiest Americans need more money. The top 1 percent is already taking in more than 20 percent of total income — the highest since the 1920s.

American businesses, including small-business owners, have no incentive to create new jobs because consumers (whose spending accounts for about 70 percent of the American economy) aren't spending enough. Consumers' after-tax incomes dropped in the second and third quarters of the year, the first back-to-back drops since 2009.

The recent small pickup in consumer spending has come out of their savings. Obviously this can't continue, and corporations know it. Consumer savings are already at their lowest level in four years.

Get it? Corporate profits are up right now largely because pay is down and companies aren't hiring. But this is a losing game even for corporations over the long term. Without enough American consumers, their profitable days are numbered.

After all, there's a limit to how much profit they can get out of cutting American payrolls or even selling abroad. European consumers are in no mood to buy. And most Asian economies, including China, are slowing.

We're in a vicious cycle. The only way out of it is to put more money into the pockets of average Americans. That means extending the payroll tax cut. And extending unemployment benefits.

Don't stop there. Create a WPA to get the long-term unemployed back to work. And a Civilian Conservation Corp to create jobs for young people.

Hire teachers for classrooms now overcrowded, and pay them enough to attract people who are talented as well as dedicated. Rebuild our pot-holed highways. Create a world-class infrastructure.

Pay for this by hiking taxes on millionaires.

A basic bargain was once at the heart of the American economy. It recognized that average workers are also consumers and that their paychecks keep the economy going.

We can't have a healthy economy until that bargain is restored.

(This article was originally posted on Robert Reich's blog: [http://robertreich.org/.](http://robertreich.org/))

20111129-10	18:06	SteveB	Simple Economics & Taxes
-------------	-------	--------	--------------------------

Maybe I could put the country's current problem in simple economic terms for our Republican friends. They love that business stuff, so do I, so...

Let's start with the supply/demand curve, which is used to set wholesale and retail prices. It tells us that a business can sometimes make more profit by lowering its prices. It also teaches us that the more extreme our pricing becomes in either direction—high or low—the less money we make as profit (the only thing that really counts). The supply/demand curve helps us find that "sweet spot" where pricing is just right to maximize profit.

I believe there is an important analogy here with the country at large and the present economic conditions.

To maximize profits (hence, employment and taxes, ultimately) the consumers in a national economy need a certain level of wealth. If the poor and middle class are too wealthy, they will not use that additional money to consume. They will do wasteful things like save, or buy a timeshare in Spain. If consumers in an economy are too poor, they can't consume enough, prices tumble, profits follow. Not a good situation for businessmen.

What all of us here who are not Republicans are saying is that we believe we have firm evidence, both statistical, anecdotal, and observational that the PEOPLE, the drivers of the engine of money making, because it's almost all made off them, have possibly become too poor now to maximize your profits.

Does that get your attention? Does that make you want to look into the problem seriously? I mean, maybe we're wrong and you're in great fiscal shape, but I wouldn't be too sure, and I might want to be sure if I were you.

Gee, maybe there's a good reason to keep a big, middle class with a little money in their pockets around after all. And with all those people paying taxes instead of demanding services from the government, maybe taxes on millionaires could actually go down.

Got your attention yet?

Why not help discover and fix the problems reducing your profits and keeping people out of work? Instead of trying to pretend the problems don't exist or that Obama is the problem? Or pretending that socialism is the problem? Or pretending that an uncertain business climate cause by Obamacare is our biggest national problem?

We'd love to help you try to figure out how to maximize those profits that benefit the people. That way the country would have a constructive project rather than a divisive project.

But, of course, I've never heard any of you admit that the middle class is good for anything and must be made richer for the good of all. And that it is good for all if the poor become part of the middle class. Or that it's good for all if there are jobs for the middle class that provide good lives. These things are not welfare. They are for the good of all, including your profits, yet no Republican ever seems to be able to admit that. Why? It must be true?

AND, IF IT IS TRUE, IT MEANS THAT WE CAN ALL GAIN THE MOST BY WORKING FOR THE GOOD OF ALL. THAT AIN'T SOCIALISM. THAT'S CAPITALISM!

Perhaps 1% of a thriving American economy is better than 100% of a disastrous American economy. Surely any Republican businessman can understand that logic.

In this brave new world...the poor would want the millionaires to do better and the millionaires would want the poor to do better, as it should be (morally and economically), instead of this current class warfare, which I deplore.

[20111129-11](#) 18:44 Anonymous1 Re: Simple Economics & Taxes (reply to SteveB, above)

Don't forget that there are two classes of Republicans involved: the businessmen who follow the party line, and the power hungry anonymities at the top that WRITE the party line. Absolute control is the agenda of the unseen. I think Carl Rove knows who they are.

In order to interest the Republicans who devise the platform to change, you will have to present a solution that affords them additional control (power), not mere profits. Money is the means they use to attach businessmen to the Party. But it's really about control, as evidenced by the obstacles the platform places against voting and public education. Keep 'em ignorant, and they can be controlled more easily, more completely.

[20111129-12](#) 18:58 SteveB Re: Simple Economics & Taxes (reply to Anonymous1, above)

But the goal of the control is to make more money ultimately, right? Money is really all they know and power merely a means to it.

What if they could be convinced that there is more profit in another course, one that benefits the poor and middle class?

No one knows for sure. They're only guessing that more control and destroying the economy will maximize their profits. I think they're wrong.

This is from an article I've just been editing for the Archive

(<http://articles.moneycentral.msn.com/Investing/JubaksJournal/how-obama-can-fix-the-us-economy.aspx>):

"Raising standards so that every kid getting out of high school can do 12th-grade math and write good (or is it "gooder"?) is a decent goal, but it won't get the job done in the long run. We can't learn only English and expect the rest of the world will, too. We can't say we've got a shortage of engineers, then turn out kids who can't do trigonometry.

It will take a long, tough battle. But again **it's cheaper to fight the battle than to pay the long-term cost of losing it."**

In many areas, cost cutting can be very cost increasing! If these dudes are so economically oriented, this should carry weight.

[20111129-18](#) 19:41 Anonymous1 Re: Simple Economics & Taxes (reply to SteveB, above)

Seriously, I believe that the folks who write the Republican agenda are likely wealthy enough that even they realize they don't need more, making it solely a power game. Otherwise, why WOULD the Republican agenda lead to so many things that defeat a healthy economy?

Maybe I am missing something, but many aspects of the Republican platform do not make sense, even in a selfish business-take-all sense.

Don't get me started on 'short term' results and quarterly reports.

[20111129-20](#) 20:11 SteveB Re: Simple Economics & Taxes (reply to Anonymous1, above)

I can't figure out why someone wants to destroy the country, but it seems to be happening, and certain parties sure don't want to do anything about that.

[20111129-15](#) 19:24 Art Re: Simple Economics & Taxes (reply to SteveB, above)

Very well stated. Trouble is that your position is a bit long term, and I sometimes think US business thinks in terms of next week.

[20111129-17](#) 19:35 SteveB Re: Simple Economics & Taxes (reply to Art, above)

But "their" current plan has run for, what, 30 years? Since Reagan and arguably since Ike.

Whoever these dudes are, they can certainly take the long view.

The question is—who would want to destroy the American economy and middle class and why? Are they our friends or our enemies?

Does that sound paranoid? Maybe that's how they keep the truth at bay...

[20111129-13](#) 19:12 Jim The Bush Tax Cuts

How many people remember, or were paying attention at the time, that the Bush tax cuts were passed in an era when the rules said you had to show the continuing cost of passing such a law.

The smoke and mirrors of setting an expiration date let them deny any continuing cost after the specified date. They all knew that they would fight to extend the cuts after they were supposed to expire but that cost to balancing the budget did not have to be defended when the law was passed.

They need to expire as a whole package and not be extended again. Then any parts we really want back should be passed on their merits in the current economic climate.

We would not have to get any new law passed in Congress to have them expire. It would take a new law to extend them more they were recently.

[20111129-14](#) 19:20 SteveB Re: The Bush Tax Cuts (reply to Jim, above)

Very good points. We have seen Congress getting very creative at weaseling out of their responsibilities. But they don't seem to be creative at really solving problems, do they? I like the expiration trick you explain. It should be used more (but in the intended way). Another place they didn't get create was not thinking of Art's idea that Republicans should have chosen the Democrats for the Super Committee, and the Democrats should have chosen the Republicans, instead of the opposite way, which was guaranteed to produce deadlock.

—Friends of the Middle,

Steven W. Baker (SteveB), Editor/Moderator

You can subscribe to this free, no-obligation, daily Newsletter filled with lively, intelligent discussion centered on politics and government, but ranging to anything members feel is important, interesting, or entertaining. To subscribe, use the form on our website or blog, or simply reply to this email with "Yes" or "Start" in the Subject line, then add our email address (below) to your Contacts or Safe list. To opt-out, reply with "No" or "Stop" in the subject line.

Welcome to all our new members who may be here for the first time. We want to hear from YOU! To submit your comment, you can use the form on our website or blog, or reply to this email with your two cents worth. Be sure to sign with your desired user name.

Your email address will always be kept strictly confidential.

Feel free to forward this Newsletter to anyone you know on the Right or the Left, though your motives might be different in each case. Regardless, PASS IT ON! Help keep your friends and acquaintances informed and thinking.

<http://www.FriendsOfTheMiddle.org>
FriendsOfTheMiddle@hotmail.com

original material ©2012 Steven W. Baker, all rights reserved