



FRIENDS OF THE MIDDLE **NEWSLETTER #31 — DEC. 5, 2011**

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The Return of Bad Newt

(posted by Steven W. Baker / SteveB, Dec. 5, 2011)

We have a new Republican presidential front runner – Newt Gingrich!



See what I mean about the flashlight in the dark? The dude is Scary!

Ginger Gibson reports today in Politico (<http://www.politico.com/news/stories/1211/69715.html>), “Newt Gingrich has taken the lead in Iowa, despite a minimal organization in the state, according to a new Des Moines Register poll out Saturday. Gingrich is at 25 percent, with Ron Paul at 18 percent and Mitt Romney dropping to 16 percent.”

I think I’m missing Herman already. I’d much rather contend with a light weight than this two ton gorilla, but what are you going to do? The powers that be (and they sure ain’t Democratic or democratic or the media!) decided Herman had to go. I think I’d prefer control by Republican primary voters (shudder) to whoever is actually controlling things in the Republican party and maybe in the country.

It will be interesting to see what history digs up on all this, but by then, it will be too late to help anyone. Because, you see, dear reader, I assume that the future will be like the present, where people apparently don't know enough history to learn any lessons from it whatsoever.

"The Return of Bad Newt" by Maggie Haberman and Alexander Burns, Politico

Dec. 2, 2011, (<http://www.politico.com/news/stories/1211/69669.html>)

(WEST DES MOINES) Bad Newt's coming back.

The all-too-familiar character from the 1990s has only peeked out in public a handful of times so far. But already, Newt Gingrich — flush with pride over new polls showing his left-for-dead candidacy now leading the pack — is letting his healthy ego roam free again, littering the campaign trail with grand pronouncements about his celebrity, his significance in political history and his ability to transform America.

"I helped lead the effort to defeat communism in the Congress," Gingrich said this week on Sean Hannity's show.

"I'm going to be the nominee," he informed ABC News while in Iowa.

"I was charging \$60,000 a speech and the number of speeches was going up, not down," Gingrich said in South Carolina, explaining why he didn't actually need his consulting fee from Freddie Mac. "Normally, celebrities leave and they gradually sell fewer speeches every year. We were selling more."

"The degree to which I challenge the establishment and the degree to which I'm willing to follow ideas and solutions to their natural consequence without regard to Republican or Democratic political correctness makes me probably the most experienced outsider in modern times," he told Radio Iowa.

Even descriptions of his wife Callista fall prey to aggrandizement: "She actually describes herself as being a cross between Nancy Reagan and Laura Bush with just a slight bit of Jackie Kennedy tossed in and I think there is, somewhere swirling in there, the model Callista would like to live up to."

The economy? There's a vainglorious boast for that, too.

"Obama is now 34 months into his presidency, and the economy has lost 1.9 million total jobs since he took office. At the same point in the Gingrich speakership (November 1997), Americans had created 303,000 jobs in one month alone, and had created 7.7 million total new jobs since he became speaker. This is an 'Obama-Gingrich jobs gap' of 9.5 million," the former congressman said in a statement.

Longtime Gingrich watchers see clear signs that "Good Newt" (disciplined, charming, expansive in personality and intellect) is engaging in an internal battle with "Bad Newt" (off-message, bombastic, self-wounding) as his political fortunes rise.

"Remember, this is the man of the combination of Churchill and de Gaulle to begin with," conservative columnist George Will told radio host Laura Ingraham. "He's the embodiment of a nation in deep peril. The stage has to be lit by the fires of crisis and grandeur to suit Newt Gingrich."

"Gingrich [is] always a fine a line between charming and brilliant on one hand, and eccentric and borderline dangerous on the other," said Dan Schnur, director of the Jesse M. Unruh Institute of Politics at the University of Southern California. "He's been 'Charming Newt' for the last several weeks. But the last couple of days have been a reminder of his other side."

Gingrich "only has two modes — attack and brag," explained one veteran GOP strategist.

Gingrich spokesman R.C. Hammond dismissed criticism about the speaker's self-regard, saying his boss is speaking the truth about the nation's problems.

"Newt Gingrich has been against the status quo in Washington since he first arrived from Georgia," Hammond said. "Many times he's the first to point out a dumb idea and say, 'here's how to fix it.' And in many cases, he uses the words 'dumb idea.'"

Gingrich's backers note there are various policy points that they say more than back up the former speaker's comment about communism, for example, saying he was referring to actions Congress took to thwart it while he was there.

There's no question Gingrich is working harder, and with more success, than he has in years to keep his flair for the grandiose in check — his talk is less fire-and-brimstone, and more positive, there's-another-way-forward.

At times, Gingrich sounds like he's consciously striking a different and humbler tone, telling audiences that he will need their help. He asks Republicans not to vote for him, but to "be with me."

"We have to have a team campaign," Gingrich told Iowa Republicans at a dinner event Thursday night. "I am totally committed to a team campaign."

During the same event, Gingrich delivered a notably moderate and nonpartisan riff — that is, for a politician long known for his sharp partisanship and rhetorical excess — telling the audience: "We need an American campaign, not a Republican campaign. And we need to be open to every person of every background."

But at the same event, Gingrich couldn't help himself, offering comparisons between his approach to politics to Thomas Jefferson's, and noting that he'd model parts of his campaign strategy on Abraham Lincoln's. Only a few hours before, Gingrich bragged of having overseen the creation of 11 million jobs as speaker of the House.

"The self-aggrandizing comments probably don't hurt him that much. They may strike his strongest supporters as a sign of confidence," said Schnur, adding that the policy pronouncements could be a bigger issue: "These 'porridge for poor children' things probably don't do him much good."

That's the side of Gingrich that has some Republican insiders privately fretting that, for all their worries about Mitt Romney's failings, it is Gingrich who may be especially susceptible to damaging himself if he emerges as the party's nominee.

"He's going to blow up at some point, and I'm just hoping it comes before he gets the nomination," said one unaligned Republican insider, who has worked with presidential campaigns before.

"I'm waiting for him to say, 'Literally, I'm the smartest guy to ever run for president,' " said the insider, adding that comparisons of Callista as Nancy Reagan fuel the notion that he thinks of himself as a new incarnation of The Gipper. "He's now kind of like the crazy scientist that's having his science proven correct....and you just don't know what the hell's gonna happen next."

Some Republicans are willing to say it on the record.

"He'd be a terrible nominee," said Long Island Rep. Pete King, who credited Gingrich with winning back the House for Republicans in the 1990s but also said Gingrich was driven out of the job because he "wears everybody else out."

"It's not like, with Newt, you end up dying for a noble cause," said King. "You end up dying for Newt Gingrich, because he puts himself in the center of everything."

Yet even if "Bad Newt" is back, given the fluidity of the race it might not be so damaging.

"Yes, 'Bad Newt' is emerging again," said GOP strategist Alex Castellanos. "He refers to himself as a celebrity, when voters despise Washington's arrogance and he knows that was one of McCain's most effective assaults against

Obama. He dismisses charges of corruption by telling us he's too successful to be tempted, when he's just seen what happened when Rick Perry declared he was "insulted" by charges that he could be bought for only \$5,000."

But, he added, "So what? The rule in politics is that if you tell voters what they already know, they remain where they already are. You have to give voters new information to change how they react to candidates. We already know 'Bad Newt' is undisciplined, even, reckless and has an inflated sense of self-worth. And Gingrich is leading in Iowa. A lot of 'Bad Newt' is already built into the front-runner's stock price."

The options for conservatives, Castellanos added, are dwindling.

"Despite his best efforts, Newt may not be able to dispatch himself as easily as he did the first time," Castellanos said. "And the Christmas holiday is a great gift for Newt: he only has to hang around for a couple of weeks before Christmas freezes the race and mitigates his opportunity to damage himself."

Craig Shirley, another longtime Republican strategist, argued that Gingrich is giving people what they want right now.

"I think it's based on his instincts, but you know, other politicians have talked like this before and invoked great leaders and great writers — Ronald Reagan invoked Cicero and Thomas Paine and Winston Churchill, and quoted them and cited them," he said.

"I think what it says to a lot of voters is, this is a very self-confident man, and right now I think the country wants a self-confident man. That was the great contrast between Reagan and Carter. Carter was full of doubts and blaming the American people ... He was lost in power. Obama was lost in power."

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[20111202-01](#) 12:04 Art Herman Cain & the Koch Brothers

How's this for conspiracy theory? As you know I have long felt Cain is simply a puppet for the Koch brothers thrown into the pile to show us all that tea baggers and the far Right are not racists. I remember when he started being mentioned thinking, where did this guy come from?

Cain freely admitted, when his connections with the Koch brothers came out, that he loved the Koch brothers. However, the Koch brothers also had no intention of him ever being seriously considered as the Republican nominee, so they had this dirt on hold just in case. When he did, for whatever strange reason leap to the front, they are the one who carefully released this info on these little indiscretions. I mean the timing is really interesting. Not earlier when he was just another low level candidate and not after he perhaps won the nomination but instead, just now. You notice there has been very little follow up as to whether anyone encouraged these women to come out. It would also be interesting to see if they don't all receive a healthy deposit to their bank accounts in a few months.

Along that line I agree with you that there seems to be a long range plan afoot. We can see it in all the actions in the House to destroy unions. The Post had a good article today on the efforts to eliminate the Labor Relations Board by denying the nomination of any new members. If the Board goes to two members only the courts have said it can no longer function. At the State level the actions to disenfranchise voters is remarkable. These are not the actions of publicly stated positions as much as they are the plans made in back rooms by a few. I am generally not a conspiracy guy but I think just maybe there is a conspiracy and the Koch brothers may well be at the heart of it. Or as Newt called it a few months ago, social re-engineering.

[20111202-02](#) 12:57 Pam Re: Herman Cain & the Koch Brothers (reply to Art, above)

Strangely, this makes me feel better. I believe you are right and that neither of us is crazy. There's just so much evidence of Right-wing creep. Bit by bit, our democracy is being undermined. We are in the midst of a revolution that probably began in the 'thirties, only it's so incremental we haven't noticed until now. There is so much power behind the scenes. Think of J. Edgar Hoover, for one. Yes, Cain is a stooge of the Koch brothers. They know the real way to get things done is not to run for office but to buy the office-holders. Karl Rove, Grover Norquist, the Koch bros., the Supreme Court; add it up. I just read an article in the NY Review of Books about FDR and his trials and tribulations with his Supreme Court. It sounded a lot like today, except FDR came out on top. The '60s really galvanized the Right and they became more aggressive in pushing their agendas. I was encouraged when Nixon left office without bringing tanks into the streets. At this point, I think I trust our military more than our politicians. As a good pacifist, I never imagined I'd say that, but the military has a tradition it pretty much follows, and it's all out in the open. Except for waterboarding, etc., and I blame that on Washington. Young men can be monsters, but a strong, principled military can keep them in line. Nothing, and no one, is perfect, but at least there is an unfailing military code. That said, I don't believe our military would mobilize against civilians. At least, I want to believe it wouldn't. My second husband's first wife was the daughter of a 4-star General in the Army. During the riots at the Democratic convention in 1968, he was consulted about drawing up a plan to bring in the army to quell the disturbances. Thank god that didn't come to pass, but it's not a thought that hasn't crossed some people's minds.

[20111204-13](#) 07:31 SteveB "Herman Cain Is Not a Victim"

I have to tell you all what seriously amazes me. In the midst of perhaps our biggest crisis since WWII, men run for president who have no idea what the job is even about. They aren't even, apparently, interested in the kinds of things one might hope a president would be interested in – things like foreign policy, geography, current events, economics, and keeping one's zipper up (maybe Clinton wasn't too good at the latter, but he certainly knows his chops).

As the article, below, by a noted conservative, says, "Herman Cain knew what he didn't know. He should have realized that it was too much to be president."

True, the pizza dude is probably not as bad as John Edwards. What a slimy rat that guy proved to be! Yuck! But the vast hypocrisy and ignorance of Herman Cain appalls me just as much.

I feel exactly as my youngest daughter did when she first stared into the incredible emptiness of the Grand Canyon. She looked for a long time in utter wonder at so much of what should have been there—gone!. Then she simply said, "I don't get it. I just don't get it."

Perfect words in the face of perfect mystery. Dear Herman Cain (and others)...**I just don't get it!**

"Herman Cain Is Not a Victim" by S. E. Cupp, CNN

Dec. 3, 2011, (http://www.cnn.com/2011/12/03/opinion/cupp-cain-candidacy/index.html?hpt=hp_t1)

(Editor's note: [S.E. Cupp](#) is author of *Losing Our Religion: The Liberal Media's Attack on Christianity* and co-author of *Why You're Wrong About the Right*. She is a columnist at the *New York Daily News*, senior writer at the *Daily Caller*, and a political commentator.)

(CNN) — Earlier this summer, before the allegations against Herman Cain had surfaced and life was, by all accounts, more innocent, I met him for an interview in New York City's Bryant Park. Amid sounds of chirping birds and a morning yoga lesson on the lawn, we had a long talk, about his family, his politics, and what was then Cain's most controversial material, his stance on Muslims in the Cabinet. It feels like such a simpler time.

Oh, what a difference a few months on the campaign trail make.

It seems the Cain train has come to an abrupt halt, not, it would seem, because of Cain's many challenges in effectively discussing both domestic and foreign policy, but because of numerous allegations of sexual harassment, at least one of sexual assault, and another of infidelity. In his bizarre announcement to suspend his campaign he said he was at peace with his wife, Gloria, and she was at peace with him, but the continued "distraction" of the allegations was too much to bear.

That morning in the park, when Cain was still just a long shot, he didn't yet speak in the third person, and we didn't know that Mark Block was a smoker, I remember being impressed with him. He seemed genuine and thoughtful. I remember applauding him for admitting that "he knows what he doesn't know." That's when I thought what he didn't know wasn't, well, just about everything.

While Cain's supporters may not have believed the allegations about him (or maybe they did and weren't bothered by them) if true, they would matter. They should matter. But for all the facts we still don't know about Herman Cain's relationships with women over the years, the facts that Cain doesn't know about the world — from Libya to China's nuclear program, to the president of "Beki, Beki, Beki" — should matter a lot more.

Herman Cain's appeal was that he was real. He wasn't politically savvy or polished. And when a candidate, as Charles Krauthammer asserted, decides to "wing it," as he did, that means that two things will happen. One, the candidate will appear authentic, unscripted, genuine and approachable. And two, the candidate will make mistakes. Cain made a bunch.

In his announcement, Cain blamed the media for spinning his campaign. And his supporters, as well as some conservative commentators, will likely continue to blame the media, Democrats and the women who spoke out against him for his campaign's demise. They will bemoan the campaign trail as an ugly place that eats its unsuspecting victims alive. But as unprepared as Cain may have been for life in the political spotlight and the invasive cavity search that is performed on presidential hopefuls, the truth is he was far less prepared to actually be our president.

He can't blame the media for his fumbles on foreign policy, or his inability to explain his own position on abortion. Nor can he blame Democrats or his alleged victims for his failure to sell his 9-9-9 plan as the solution to all of our ills.

Herman Cain is not a victim. He's a man who decided he deserved the highest vote of confidence the country could give him. And though he may be a genuine, likable and thoughtful person with some good ideas, he did not deserve that vote.

Herman Cain knew what he didn't know. He should have realized that it was too much to be president.

[20111204-03](#) 12:25 SteveG Re: "Herman Cain Is Not a Victim" (reply to SteveB, above)

Most candidates have no idea what it takes to be president until they get there, and then it is too late. To give Cain, Trump, Newt, Perry, etc. the press and attention that have gotten and are getting is a disgrace to the political system.

[20111204-07](#) 13:11 Pam Re: "Herman Cain Is Not a Victim" (reply to SteveB, above)

Americans love distractions, the more raucous the better. Consider all the reality TV shows, like Jerry Springer or whatever Nancy Grace calls her program. It's hard to sit down and figure things out. The ability to focus, concentrate, and stick with a difficult task is not something most people have, whether they're six or sixty. It's so easy to chill out and let a football game flow past your eyeballs, then listen passively when ex-athlete commentators analyze what they think is going to happen in the next game while you crack open another beer. Let them do the thinking and the talking. I'm not blaming sports fans—I'm married to one—I'm just making the point that most people check out when thinking becomes too hard.

But not us!

I keep thinking about the end of the Roman Republic, when lots of soldiers returned from the wars and flooded Rome with unemployed men because their land had been consolidated into plantations while they were away. Bread and circuses—that's what they were given. This may be simplistic, but it seems to me that our Republicans want to give the people circuses, while the Democrats want to give them bread. Not the greatest analogy, I admit, but there's some truth to it.

I'm going to go back and re-read Dale's post to see what I come up with. One thing I realize more and more is just how complicated everything is. People want simple solutions—me too—but there are no simple solutions to complex problems. Another analogy: amputating an injured limb (think Civil War battlefield) is a lot simpler than reconstructive surgery. Dale said, "patience is a virtue." It is indeed.

[20111202-03](#) 13:12 Art Re: "6 Shocking Revelations About Wall Street's 'Secret Government'" & Insurrection & S.1867 (reply to all, FotM Newsletter #30)

Today's military is a professional patriotic armed force. The words are carefully chosen and you don't have a lot of examples of those in history. Rome had that at the end of the Republic and initially in the Empire. Like you, I think the military would really think twice, if it were ordered into the streets, but I also equally think that many elected officials, especially Republican tea baggers would not hesitate to do that. I think many tea baggers feel they have the approval of God in many ways and that any ends may be justified.

To answer SteveB's question of how well we with our single shot 22s would do in opposition, it's complicated. First would the Army and Marines (the rest don't really count in a domestic dispute) stay together? Frighteningly they might. For better or worse we have created a professional force that is somewhat removed from the general population. Their loyalty may be more to one another than to the general populace, especially if the opposing populace presents itself as an unwashed mob out to loot and kill. Remember any domestic dispute will have folks on both sides and there will be those citizens who will be calling for the troops to save them. Right now I get these e-mails, one picture showing the tea baggers all orderly and well dressed displaying the American flag in

abundance. The next picture shows the OWS folks slovenly dressed barfing on a car or defecating in the park etc. The intent of those two pictures is obvious and it will be used on the troops.

Most officers and senior people will see through all that but they are professionals trying to keep their jobs, so which way to go? Follow orders or resign? As for us with our 22s, we can cause lots of irritation ambushing conveys etc. and staying out of any stand up fight, but that will require a vast majority of the population to support us. Probably that won't be the case and we will be sold out by our neighbors. Steve mentions Libya but the first thing those rebel guys did was get heavy weapons. Fairly early on they were as well armed on the ground as the other side.

If for any reason the opposition secures certain areas like a big city, then the Government will bring in the heavy stuff like aircraft and naval weapons. Revolutionaries have no counter for that. Again in Libya, it was NATO that grounded the Libyan AF and made that a non factor. We wouldn't be so lucky.

So, for the short term use of the national military by the government will be pretty decisive. They are conditioned to take orders from higher authority and will do so. Over the long haul, as you challenge the mission, you may influence individuals or units but that takes time.

This is very rough and quick, but my initial thoughts.

20111202-05	14:06	Pam	Re: "6 Shocking Revelations About Wall Street's 'Secret Government'" & Insurrection & S.1867 (reply to Art, above)
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Golly, it gets worse and worse. I truly appreciate your insights into this, as you have lots of knowledge here. I remember reading somewhere that when the Chinese leaders cracked down in Tiannamen Square, they brought in soldiers from the countryside who didn't know the protesters and were suspicious of city dwellers anyway. I take your point about there being a disconnect between the troops and the population. For most of us, the events taking place in Iraq, Afghanistan, or Libya are as remote as a video game. The reason there was so much protest against the Viet Nam war, one big reason anyway, was that everyone was in the same boat. Anyone could be drafted, so everyone was touched. I don't want a return of the draft, but I do think a draft keeps the general public more on its toes. We also saw more of the Viet Nam war on TV. The nightly news programs always had a body count for the day. We saw images of soldiers suffering unimaginable things and couldn't ignore what was happening. Now we seldom see what war actually does, unless we make an effort to find out. What we do see is Richard Engel walking bravely among a crowd of cheering Libyans or hunkered down with soldiers in Afghanistan while invisible bullets whiz by overhead. What we are being sold is a heroic, sanitized version of our wars. I know some of you, as well as Art, are Viet Nam vets. What is your feeling about this? We are fighting wars that have tepid public support, at best. Compare that to Britain at the beginning of WW II.

What is it they say? The generals are always fighting the last war? I wonder if the real threat we face in the 21st c. isn't invasion but a more insidious hijacking of the computer world. Already there are thousands of hackers attacking business and government every day. Didn't we disable an Iranian nuclear power plant or something by getting into their computer system? I can think of so many scenarios of things that could happen that I don't even want to name them. Sometimes I feel so overwhelmed I just want to retreat into my own small life and forget about everything else, but I know that is cowardly. People have to stand up and fight back. I believe the tea baggers believe that's what they're doing, but that's what the crowds at the Nuremburg rallies believed too. The tea baggers display many of the traits of Hitler's supporters: they feel they've been looked down upon by intellectuals and elites, they feel cheated because they've played by the rules and are now in big trouble, they are paranoid and turn to abstractions like religion and ideology for justification. There was general euphoria when Obama was elected. If a Republican leader emerged who could arouse that kind of passion, we'd be in deep doo-doo. It is observably true that every movement needs a charismatic leader to lead it, someone who can stir the emotions as much or more than the intellect. The Occupy movement is trying not to go that way—despite Michael Moore's ambitions—and I think that's a good thing. I just learned that the bailouts to the banks are hugely more than the public and Congress were led to believe. I know, those figures were posted on here, but I had a hard time wrapping my mind around them. When it comes from Jon Stewart, I believe it. If our finances are in similar

shambles to those of Weimar Germany, it is not inconceivable that the 21st c. could produce a Hitler of its own. This is what I'm thinking. Please tell me if I'm wrong.

20111202-09	15:55	Art	Re: "6 Shocking Revelations About Wall Street's 'Secret Government'" & Insurrection & S.1867 (reply to Pam, above)
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That's what the tea bag masses are waiting for. That's why they've jumped from Palin to Bachmann to Perry to Cain. Fortunately, and I never thought I'd say this, none of them is the caliber of Herr Hitler. Notice they don't want intelligence or reasoning, they want blood.

20111202-06	14:07	Pam	Re: "6 Shocking Revelations About Wall Street's 'Secret Government'" & Insurrection & S.1867 (reply to Art, above)
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Your email above makes my stomach hurt.

20111202-15	20:24	Art	Re: "6 Shocking Revelations About Wall Street's 'Secret Government'" & Insurrection & S.1867 (reply to Pam, above)
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You should have seen the first one I wrote which was much more specific but it got wiped out in an e-mail crash when I hit send. Didn't have the heart to do it again. But this is really an issue. Tea baggers are the new Brownshirts. Look at the parades, flag waving rallies fueled by hatred of others, rants against immigrants, etc etc. Again, maybe it is more modern communications which allows us to continually pour the cold water of fact on their parade but they are looking for a new Adolf Shiklegrubber. (sp) to lead them to the promise land. He won't be here for this round but could show up for the next.

20111203-02	10:41	Pam	Re: "6 Shocking Revelations About Wall Street's 'Secret Government'" & Insurrection & S.1867 (reply to Art, above)
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Hitler started out with only a small following. No one took him seriously, especially the officer corps and the well-educated. But we all know what happened. Hitler kept pushing, and no one pushed back, I think because no one believed things could really go so far. Times are different now. We have groups like this for one thing. Call me crazy, but I hear alarm bells clanging. Bit by bit, piece by piece, our freedoms and our individual autonomy are being eroded. Instead of limiting campaign financing to equal public funding for all legitimate candidates, we're going to have NO public funding and a deluge of special interest money that doesn't even have to be accounted for. Arrest without trial for suspected "terrorists." Hatred of immigrants. Financial instability and mass unemployment. Religious extremism made not only tolerable but mandatory. Anti-intellectualism. Homophobia. All that's missing is a charismatic leader. We've watched the Republican attempt to produce such a person; luckily they haven't managed to come up with one. Mitt Romney is too even-tempered to arouse a crowd, and the rest have revealed their own craziness. Except for Newt. He's the one we have to watch out for. I've always felt that, ever since his Speaker days and his Contract with America. He has the ego and the, excuse me, balls to go the limit. His arrogance makes him seem to some as if he knows what he's doing, so they would feel safer with him in charge. The ignorance of a Sarah Palin or a Herman Cain is frightening enough. The idea of Newt at the helm brings on the nightmares. Again, if anyone disagrees with me, I wish you'd tell me why.

20111202-04	13:35	Pam	Re: "6 Shocking Revelations About Wall Street's 'Secret Government'" & S.1867 (reply to all, above)
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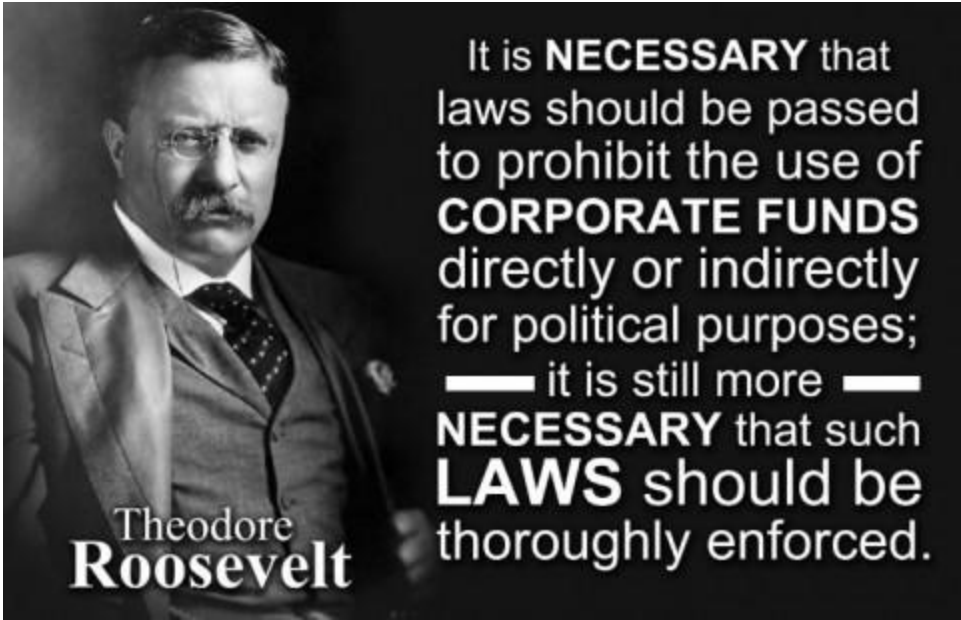
I just heard a piece on the radio (NPR) about that Senate bill. Whoever's behind it wants the military, not civilians, to be able to arrest and hold without trial any suspected terrorist, even if they're an American citizen. I couldn't believe it when I read about this yesterday. It sounded too far-fetched. But no, it's true. Joe McCarthy must be smiling somewhere.

from MoveOn's The Daily Share:

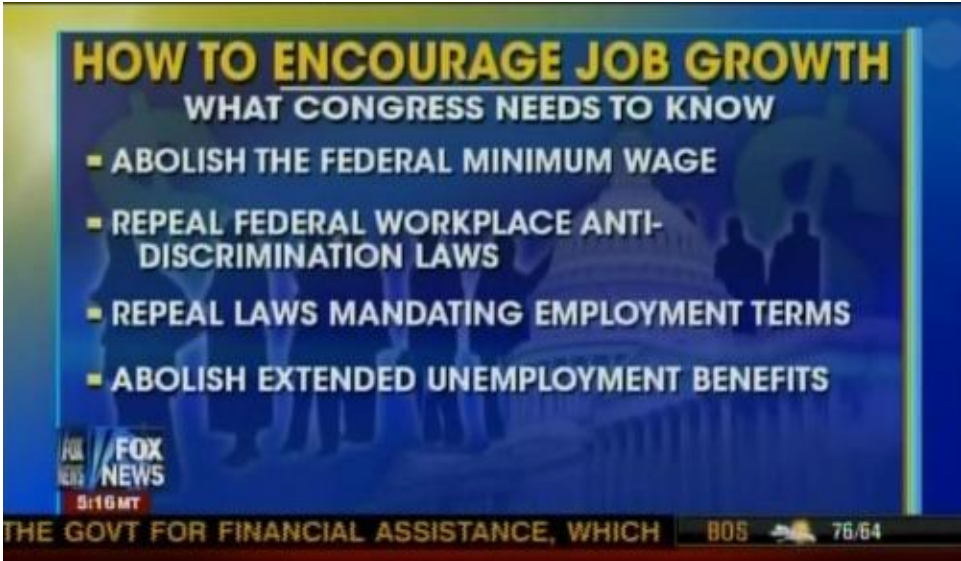
Hello! Here are the three hottest progressive videos and graphics that we found on the web today, Dec. 2, 2011:

"300 Economists Who Stand with Occupy Wall Street" (<http://front.moveon.org/300-economists-who-stand-with-occupywallstreet/?rc=daily.share&id=33468-18997482-m0h%3DFux>)

What Did Teddy Roosevelt Have To Say About Money In Politics? (<http://front.moveon.org/what-did-teddy-roosevelt-have-to-say-about-money-in-politics/?rc=daily.share&id=33468-18997482-m0h%3DFux>)



Below is how FOX News would fix the jobs problem: (<http://front.moveon.org/this-is-how-fox-news-would-fix-the-jobs-problem/?rc=daily.share&id=33468-18997482-m0h%3DFux>).



[OMG! And, so far, this seems to be the Republican platform too. –SteveB]

20111202-08 14:40 SteveG Fw: EDF Petition: Stand Up for Cleaner Air!

from Environmental Defense Fund:

The coal-burning lobby is pulling out the stops to pressure the White House to weaken and add gaping loopholes to the landmark Mercury and Air Toxics rule.

This is the same rule you helped fight for by sending an incredible 800,000 supportive comments to the EPA this spring and summer.

The Mercury and Air Toxic rule is one of the most important clean air standards to ever come out of the EPA. It would reduce mercury, arsenic, acid gases, and other hazardous air pollution from America's oldest and most polluting coal-fired power plants.

Power plants emit half of all toxic mercury pollution in the U.S and over 386,000 tons of other hazardous air pollution every year, endangering you and your family.

The 1990 Clean Air Act called for the EPA to address these dangerous emissions and we have been waiting for this crucial health protection ever since.

But now, led by Southern Company and a handful of other coal utility companies, an army of lobbyists is pressuring the Obama administration for delays in cleaning up and weakening clean air standards for the most toxic pollutants.

The Mercury and Air Toxics rule would prevent up to 17,000 premature deaths every year. We must make sure President Obama hears from us!

Please act now: Tell President Obama you support the Mercury and Air Toxics rule:

<http://support.edf.org/site/R?i=VG4UP3MruA87Qm9oosssWQ>.

Thank you for standing up for clean air, Sam Parry, Director, Online Membership and Activism

20111202-10 16:58 SteveG Fw: DNC Action: Help Protect Voters' Rights!

Learn how Republicans have introduced and passed anti voter laws in many states. Learn how to keep your rights to vote and to fight these anti voter laws. Do everything you can do to be able to vote. Be an activist. Don't bring us back to the old days. They weren't so good.

Be sure to VOTE!

from the Democratic National Committee (DNC):

If you value your right to vote, you need to look at our interactive report on how it's being threatened — and believe me, you will be amazed by some of the stuff in there. Then, sign on to fight back:

<http://www.protectingthevote.org>.

Here's why:

In at least 40 states, Republicans have introduced laws that would make voting more difficult for everyone — particularly minorities and young voters.

Coincidence? Of course not. It's all for partisan gain. GOP leaders have said it themselves: They do better when fewer people show up to vote.

That's right: Right here in America, some people are actually trying to make sure fewer people show up at the polls next year.

This is an issue that Democrats have always fought for — bringing more people into the electoral process. It's central to who we are. That's why we're jumping to action right now — and our vigilant voter protection team is on the case, digging in on these suppression efforts every day. Check out our report now.

When you do, you'll see that some of these new laws are downright absurd. You can vote with a gun license in Texas, but not a student ID. In some states, even a Veterans ID card wouldn't be sufficient photo identification to vote. Republicans are trying to justify their suppression efforts by claiming "voter impersonation" is rampant, but here's what's funny:

Between 2001 and 2007, there were just nine possible occurrences of voter impersonation. (During that same period, 352 people were killed by lightning, and there were more than 32,000 reports of UFO sightings.)

Republican lawmakers have already rammed through laws like these in Wisconsin and Florida, and given that they currently control both chambers in 24 other state legislatures — nearly all of which also have Republican governors — I'll bet they're thinking they're going to keep getting away with this.

They're banking on you not doing anything about it. Let's show them that's a bad assumption to make — and that we're just getting started fighting this.

Here's how we can beat this:

First, we spread the word about these laws, so that we're poised to fight them — one ballot initiative, one state legislature at a time.

Second, we compound our on-the-ground efforts to register and educate new voters in all 50 states. Because here's something we know: One of the best ways to thwart any voter suppression efforts is going to be by making 2012 the largest turnout ever — even larger than 2008.

Sound like something you want to be a part of? Learn more, and sign on to join us now.

Because this isn't about Democrats and Republicans. It's not about red states versus blue states. It's about a fundamental right that should transcend the politics that some of our own representatives are foisting on our democracy.

We're slapping that down right now, and that starts with a massive showing of support from people like you. Read our report, add your name, and stay tuned:

Thanks, Debbie Wasserman Schultz, Chair, Democratic National Committee

20111202-11	17:12	Pam	Re: DNC Action: Help Protect Voters' Rights! (reply to SteveG, above)
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The noose tightens.

20111202-12	17:19	SteveG	Expatriate Retirement
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Read yesterday that Panama, Thailand, and Malaysia are good places to move to. A couple of South American countries made the list too - Bolivia wasn't one of them.

20111202-13 17:35 SteveB Re: Expatriate Retirement (reply to SteveG, above)

Well, I think I agree that Bolivia shouldn't be on the list for most people. You have to be a little rugged to live here, I think. We lack a large, English-speaking ex-patriot community, though there are always 50-100 of us at any given time, that I know of. Probably about half are permanent. English is not spoken extensively otherwise, though there are at least three good schools teaching English, as well as high schools that are English only.

I always keep up on the ex-pat stuff and what's happening with the countries people recommend, etc. In South America, Ecuador, Peru, and Uruguay are always ranked ahead of Bolivia as good places for Americans to retire.

But I'll let you in on a secret. Bolivia is more inexpensive and, I think, better than anywhere else to be in South America. The economy is exploding, so there are all kinds of opportunities. I love that. Brazil and Peru are booming too, but Brazil has too much crime and Portuguese language, and Peru starts getting a little alien to me after a while, though I love it. People are so sweet in Bolivia. My experiences the last 10 years with healthcare, insurance, hospitals, facilities, dentists, and doctors have been better with the Bolivian healthcare system than the American, where we were met with misdiagnosis and outright fraud. And EXPENSIVE! Not in Bolivia.

The bottom line is that a couple can live very well indeed in Santa Cruz for \$1000/month total! Every single thing. If you want to add a full-time maid to clean and cook and shop and run errands, add \$125 to that. You'll have no need for a car. Our public transportation system is impeccable and a taxi ride usually costs about \$1. For road trips out of town, just rent a car for the day or the week.

Not for everyone, perhaps, but I love it.

P.S. I would also love any of those other places I mentioned too. Include Costa Rica and maybe Belize in that list. Panama seems to be up and coming. And so in Colombia. Cartagena would be an incredible place to live.

20111202-14 17:37 SteveG Fw: PCAF Action: Help Save Public Financing of Election!

The House of Representatives does not want PUBLIC FINANCING OF POLITICAL CAMPAIGNS.

That is a big mistake. Public Financing gives us a chance to cure special interest problems.

This is a big issue to protest about.

from Public Campaign Action Fund:

Yesterday, the U.S. House of Representatives voted to eliminate the presidential public financing system that was passed after the Watergate scandal in the 1970s. The legislation, which passed by a margin of 235 to 190, is a clear gift to special interests.

"With the continuing national debate about the influence of Wall Street and other corporate interests on our political process, a vote to end rather than fix this anti-corruption law is completely tone deaf," said Public Campaign Action Fund's David Donnelly. "Though, in a year in which House Republicans have done nothing but push legislation to benefit the bankers, Big Oil, and insurance companies funding their campaigns, we shouldn't be surprised. Congress should fix, not eliminate this program. They should be working to raise the voice of the 99%, not give the 1% even more control over our political process."

Public Campaign Action Fund's (PCAF) electoral accountability project, Campaign Money Watch, announced that it will consider this vote in its electoral targeting decisions in the 2012 election. The group has previously spent approximately \$10 million in congressional and presidential races.

<http://www.campaignmoney.org/>

In addition to eliminating the presidential public financing system, HR 3463 would also eliminate the Election Assistance Commission.

As evidenced by the Occupy movement, more and more people are fed up with big money influence in our government. Congress should be coming up with ways to raise the voice of everyday people in the political process—not drown it out.

[20111203-01](#) 09:05 SteveB Suggested Constitutional Amendment

This is as much a reminder to myself as anything, to remember to add the Constitutional Amendment proposal described below to my Constitutional Amendment article. I'm trying to keep my list as exhaustive as I can.

...to limit Congress, both houses, to "1 Bill, 1 Purpose". Everything lives or dies, is voted up or down, vetoed or not, overridden or not, on its own merits. No more smoke and mirrors. If that is more work for Congress...better get crackin'!

[20111203-03](#) 10:47 SteveBA "Europe — No More Tricks in the Keynesian Bag"

Thought you might enjoy what one economist thinks about Europe.

"Europe — No More Tricks in the Keynesian Bag" by Brian S. Wesbury, First Trust

Nov. 30, 2011, (<http://www.ftportfolios.com/Commentary/EconomicResearch/2011/11/30/europe—no-more-tricks-in-the-keynesian-bag>)

Watching Europe twist in the wind is very educational. For decades, European politicians have perfected the art of defending the Keynesian myth that government spending and government jobs actually do create wealth.

They are not alone in this practice...for example, here in the United States, Mark Zandi from Moody's is well known for his estimates of multipliers. These multipliers – which show how much a dollar of government spending will boost GDP – are used to support government spending. Zandi argued that \$1 spent extending unemployment benefits would increase GDP by \$1.63, and \$1 for infrastructure would add \$1.59 to GDP.

To a supply-sider, this talk of multipliers is ridiculous. However, proving that they do not exist is sometimes problematic. There are so many moving parts in an economy (for example Fed policy, regulatory policy, tax rates) that it is impossible to prove a multiplier does or does not exist by looking at short-term economic trends. After all, the Fed is super easy today and new technology is coming on line – so the question becomes whether current growth in consumer spending and jobs should be attributed to the Fed and tech; or to government spending?

The good news for those who are serious about finding an answer to this question is that we do have a long-term experiment. It's called Europe. Europe has been the Economic Petri Dish for experiments in Keynesian theory. And the results are spectacularly bad. Despite government spending of nearly 50% of GDP, European economies have been a mess. Unemployment, living standards and overall economic growth have lagged significantly.

Between 1980 and 2008, unemployment rates in Europe rose well above unemployment in the US. Only recently, as the US has massively expanded the size of its government, have these unemployment rates converged again. Now, all of them are at very high levels.

Faced with these facts, what did European politicians do? Well, they did lots of things – after all, their bag of tricks is deep. First, they moved the goal lines. They started talking about "happiness." They argued that growth rates and jobs were not the important measures of economic success...happiness was. And for a long time they got away with this. As long as they could borrow and make people happy, it worked.

Today, Europe is not growing...and it's not happy, either. The most disappointed person in the world is the 54-year old Italian or Greek who thought they were about to retire to a happy, upper-middle-class, worry-free existence. But Santa Claus is no more. The European welfare state is dead.

The Bag of Tricks is now empty. European politicians and economists have borrowed just about everything they can and they have no more room in the back of closets or under the rug to hide or sweep government spending and debt. They can't devalue their currency and inflate to make things look better, they can't fool the bond markets anymore and the only people left who believe that they can possibly spend their way out of this are teaching in American classrooms.

Italy has debt equal to 100% of GDP, a nominal GDP growth rate of about 1.8%, and interest rates of over 7%. In other words, debt service costs are higher than the economic growth rate. Greece is in worse shape by this measure.

There are only two ways out. Austerity – spend less than you take in and use the difference to pay down debt. Or default – like Greece. The stand-up thing to do is austerity. You borrowed the money, you should repay it. None of this is a surprise, or at least it shouldn't be. The Continent has known for a long time that growth rates were weak and that pension funds were underfunded. While government can and should do certain things, modern day politicians around the world have pushed it so far that government spending has become harmful to economic growth. Keynesian multipliers are less than zero – government spending subtracts from growth.

The obvious question at this point is whether or not the US has reached this point? The answer is, "not yet." Government spending in the US is hurting growth, but underlying productivity is still able to create new wealth. Entrepreneurs are pulling a very heavy wagon, but they are still making progress. The US is still ten years away from facing the kinds of problems so prevalent in Europe. There is still time to avert disaster in the US.

The next question is whether or not problems in Europe will drag the US down, too? Our answer is, "no." Banks in Europe may become zombie banks like those in Japan...they may be propped up by central bank or IMF money, but a contagion can be avoided either by action in Europe or actions in the US.

The real fix is to throw the Keynesian bag of tricks in the trash and pull out a supply-side bag of fixes. Cut spending, hold tax rates low and increase freedom. That's what creates wealth.

20111203-04	11:44	SteveB	Re: "Europe — No More Tricks in the Keynesian Bag" (reply to SteveBA, above)
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Thank you for this. I wonder if, historically, in situations such as Europe and the US face right now, it has ever worked to deny Keynes and do what this article suggests? I keep hearing it doesn't, yet how can more debt help either? Austerity didn't bring us out of the Depression, but economics always seems to present a unique, evolving flow, rather than the same thing over and over. What a situation!

Maybe Europe should try one approach and we should try another and see which works? (probably not possible)

How the heck did we ever let ourselves get to this point? I'm especially amazed that the Germans would put themselves at such risk, unless there's something I'm missing.

No solution seems good to me. In the U.S. or Europe.

COUNTRIES SHOULD NO GO INTO DEBT UNLESS ALL ELSE FAILS. Here in our poor little country of Bolivia, we are rather backward. We like cash. We have no national debt. This way, if the government can just keep itself from running the printing presses, which has been OK for quite a while now, there are not nearly as many catastrophes that can befall Bolivia as can my beloved USofA.

[20111203-07](#) 15:07 Dennis Re: "Europe — No More Tricks in the Keynesian Bag" (reply to SteveBA, above)

The next question is whether or not problems in Europe will drag the US down, too? Our answer is, "no." Banks in Europe may become zombie banks like those in Japan...they may be propped up by central bank or IMF money, but a contagion can be avoided either by action in Europe or actions in the US. [from "Europe — No More Tricks in the Keynesian Bag," by Brian S. Wesbury. —SteveB]

This is so simplistic, it is simply rubbish. It stupidly lumps all the economies in the EU together, from a dynamic one like Germany to a basket case like Greece. And since U.S. banks are highly invested in European debt, concluding that there is no risk of contagion is pretty naive. But it's not surprising for a libertarian economist to be naive.

The real fix is to throw the Keynesian bag of tricks in the trash and pull out a supply-side bag of fixes. Cut spending, hold tax rates low and increase freedom. That's what creates wealth. [from "Europe — No More Tricks in the Keynesian Bag," by Brian S. Wesbury. —SteveB]

More likely it will increase the speed of spiraling to the bottom. Three decades of supply-side fixes, such as deregulation of the banks (as if that is "increasing freedom"), has gotten both Europe and the U.S. into their present fix and has done a good job of sabotaging the capitalist system from within.

I'm not a Keynesian, but this guy's argument is based on a crude distortion of it. The assertion that "European politicians have perfected the art of defending the Keynesian myth that government spending and government jobs actually do create wealth" is a myth. Keynes never said it did.

[20111203-08](#) 15:19 SteveB Re: "Europe — No More Tricks in the Keynesian Bag" (reply to SteveBA & Dennis, above) & "Schnitts-Krieg in Europe: Germany's Plan for Euro Domination"

Maybe this is the answer?

["Schnitts-Krieg in Europe: Germany's Plan for Euro Domination" by Michael Moran, Slate](#)

Dec. 2, 2011,
(http://www.slate.com/blogs/the_reckoning/2011/12/02/schnitts_krieg_in_europe_germany_s_plan_for_euro_domination.html)

Daily, at least, someone in the blogosphere or media points out the irony: having attempted twice in the last century to force its writ on its European neighbors at gunpoint, in the twenty-first century Germany has a new weapon: sovereign default.

Call it *Schnittskrieg*: a war of cuts, deep, damaging austerity that amputates and excises and rearranges the targeted economies until – at least in theory – they can safely be allowed to maintain their links to the Reich ... I mean, euro zone.

An unfair characterization? Perhaps a bit overdone, I'll allow. But from the point of view of many in Europe – and not just "those old enough to remember" – a bit of hyperbole right now seems warranted.

The need for Europe's PIIGS (Portugal, Italy, Ireland, Greece and Spain) to produce viable, medium-term blueprints for major reform and fiscal deleveraging cannot be debated. But Germany actions (and German inaction in some cases) have made the situation worse, imposing radical austerity that destroyed any chance for growth in these economies. At the same time, German policymakers have dictated European monetary and other policies that produced a very strong euro on international currency markets, rendering the bright spots inside these small economies – the Greek shipping sector, Ireland's high-tech firms, for instance, or Spain's vibrant telecoms and wine industries — impossibly uncompetitive at precisely the moment when they are most vital to national survival.

On the surface, German Chancellor Angela Merkel seems to be balancing domestic political interests ("stop sending our hard-earned money to bailout profligate Greeks) against hard economic reality (the collapse of the single European market hurts no economy as much as Germany's, whose manufacturers have thrived since the euro zone's creation).

This oversimplifies the issue, however. For Germany's economic policymakers, wired to focus like a laser beam on hyperinflation of the kind that destroyed the Weimar Republic and brought you-know-who to power, this is a teaching moment. Most economists insist the obvious fix is to allow the European Central Bank to act as the Fed did in 2008 – standing at the ready to lend into the crisis and prevent credit markets from seizing up, systemic risks like major bank defaults and the contagion that implies from taking down the global economy.

Irwin Stelzer, director of economic policy at the Hudson Institute, lays out Germany's battle plan in the Wall Street Journal:

Lenders fleeing from risk put their money in safer bunds, keeping German interest rates low, saving Germany €20 billion between 2009 and 2011, with an additional €20 billion still to come according to a Brussels research institute. The troubles of Greece *et a l.* are keeping the euro lower than it would otherwise be, fueling Germany's export machine. And German voters heartily approve of Ms. Merkel's insistence on teaching the overly-indebted nations the virtues of German prudence and hard work.

So what, you realists say? Germany should look out for itself – like all great nations do. Perhaps, but other "great nations" have a huge stake in this problem, and the Fed's intervention on Thursday should have put to rest any silly questions about whether Europe's flu could spread across the Atlantic.

Arguing for precisely this move, the co-directors of the Center for Economic Policy Research laid out the global stakes here as they demanded action:

"The risk of a financial meltdown in Europe is significant and growing each day," wrote Dean Baker and Mark Weisbrot. "The financial fallout could be bigger than that following the collapse of Lehman Brothers in 2008, and could easily push the U.S. economy into recession. The European authorities are moving much too slowly to contain this risk. The European Central Bank (ECB), especially, is not fulfilling its function as a central bank to act as a lender of last resort in a crisis situation."

The Fed's coordinated action spurred a rally on Wall Street and other markets, but it really only provided blood for a patient that is hemorrhaging from multiple sovereign wounds. Yet Germany continues to refuse to act – or to allow the ECB, which it controls for all practical purposes, from intervening.

Merkel, speaking Friday, insisted the idea of a "Eurobond" backed by the healthiest six EZ economies, or massive ECB intervention to restore confidence that there is a "bottom" to the crisis, both remain out of the question. The debt crisis, she told her parliament today, is a marathon, not a sprint. A strong Germany – and Germany's economy has chugged along quite nicely so far, thank you – is synonymous with a strong Europe. *Ipsa facto*, I'm not going to do anything to hurt the German economy even if it causes enormous pain outside of it.

"Marathon runners often say that a marathon gets especially tough and strenuous after about 35 kilometers. But they also say you can last the whole course if you're aware of the magnitude of the task from the start."

Some advice to the chancellor: Don't let the Spanish or Irish runners get hold of that starting gun. They are angry – and while they know they have themselves to blame for allowing things to get out of hand during the bubble years, they also see clearly that Germany's selfish approach to the solution has made their plight far worse than it needs to be. They also understand that Germany's true interest – protecting German financial giants like Commerzbank, Deutsche Bank and others that lent recklessly in the boom years – has taken precedent.

The anger directed at Berlin takes on local characteristics, of course. The Greek media has taken to dressing up Merkel in an SS uniform. In one, a Greek "collaborator" points out a man relaxing in a café to a group of arm-

banded German soldiers (the swastika replaced by the euro's symbol, €). The incredulous caption: "Here's another one enjoying a coffee!"

In Ireland, bailed out last year by the European Financial Stability Facility (EFSF), some ask whether they fought the English for 300 years only to wind up ruled by Berlin. As one Irish commentator puts it, "Is this what Ireland has come to? A country which by 2016, the 100th anniversary of the 1916 Rising ... sold our assets [and] ceded our sovereignty to a nation which only 60 years ago was butchering its way across Europe. "

But the die seems cast, and Schnitzkrieg, relying as it does on the markets rather than the Luftwaffe or Wehrmacht to bring smaller nations to heel, is working like a charm. So, does this mean Merkel has Die Volk back home on her side?

Hardly. This is where the analogies end, however. For Germans, enthusiastic participants in the last century's effort to take over the continent, want nothing to do with it today.

Spiegel, Germany's best news magazine, ran a roundup on its website this week of newspaper editorials entitled "Germany as Isolated on Euro as US Was on Iraq." The round up is filled with anguished accounts of Germany's dilemma, from left and right.

Die Welt, the conservative weekly, wrote an op-ed labeling Germany "Europe's indispensable nation," borrowing a phrase from U.S. Secretary of State Madeleine Albright. In the 1990s, of course, Albright meant used that phrase to emphasize America's willingness to wear the mantle; in contrast, Die Welt regards it as an affliction.

"Scarcely a people is less suited to this task than the contrite Germans, who spent decades pretending to be smaller than they really are and who would prefer to be just a big Switzerland in foreign policy terms. But now they're suddenly realizing that the world is relying on them to save the euro and avert a disaster for the global economy. The Germans are going through a crash course in being a leading power."

Let's hope the lesson sinks in soon.

20111203-05	12:16	SteveG	Fw: CREDO Action Petition: Stop the Keystone XL Pipeline!
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from CREDO Action:

The fight to stop Keystone XL is far from over.

President Obama may have delayed his decision on the pipeline, but Republicans have redoubled their efforts, and could be dangerously close to forcing its approval.

House Republicans said Friday that they are planning to push a bill to force a decision on the pipeline and strip the President's authority to make that decision. Worse, they will attach this bill to the President's payroll-tax and unemployment benefit extension package — considered a must-pass piece of legislation that contains crucial help for our long-term unemployed.

Tell Leaders Reid and Pelosi: No back room deals on Keystone XL. Click here to sign the petition:

http://act.credoaction.com/campaign/keystone_end_run/?r=232233&id=31506-3891339-%3D02c9Hx.

20111203-06	12:28	SteveG	Fw: From Alan Grayson: "Labor is the Superior of Capital"
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from Alan Grayson:

During my two years in Congress, I heard an awful lot of speeches. Some of them were delivered by some of the finest public speakers in America today — like Barack Obama, Neil Abercrombie, John Lewis, Anthony Weiner and

Alcee Hastings. But none of them was as profound and poignant as the one that I'm about to share with you. It was delivered to a Joint Session of Congress by President Abraham Lincoln, exactly 150 years ago today. The focus of the President's speech was, of course, the Civil War. But President Lincoln took a short detour, and with a few bare sentences, he summed up an issue that remains with us to this day.

This is what President Lincoln said to Congress, to America, and to us:

It is not needed, nor fitting here [in discussing the Civil War] that a general argument should be made in favor of popular institutions; but there is one point, with its connections, not so hackneyed as most others, to which I ask a brief attention. It is the effect to place capital on an equal footing with, if not above, labor, in the structure of government. It is assumed that labor is available only in connection with capital; that nobody labors unless somebody else, owning capital, somehow by the use of it induces him to labor. This assumed, it is next considered whether it is best that capital shall hire laborers, and thus induce them to work by their own consent, or buy them, and drive them to it without their consent. Having proceeded thus far, it is naturally concluded that all laborers are either hired laborers or what we call slaves. And further, it is assumed that whoever is once a hired laborer is fixed in that condition for life.

Now, there is no such relation between capital and labor as assumed, nor is there any such thing as a free man being fixed for life in the condition of a hired laborer. Both these assumptions are false, and all inferences from them are groundless.

Labor is prior to, and independent of, capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration. Capital has its rights, which are as worthy of protection as any other rights.

If I were still in Congress, I would have repeated President Lincoln's speech on the Floor of the House this week, in the same spot where he rendered it 150 years ago. "Labor is the superior of capital." And we must not "place capital above labor in the structure of government." Thank you, Mr. Lincoln. If I had to sum up my job as a Congressman in 25 words or less, that would do it.

I realize that for a statement as profound as this one, it is "far beyond [my] poor power to add or detract" (as Lincoln himself said, two years later, at Gettysburg). But I'll try anyway, recognizing that "the world will little note, nor long remember, what we say."

I find it startling to read something like this, and realize how timeless these battles are. As the French say, "Plus ça change, plus c'est la même chose." ("The more things change, the more they stay the same.") In fact, you can hear echoes of Lincoln's words in what Elizabeth Warren said just ten weeks ago: "There is nobody in this country who got rich on his own. Nobody."

Now, admittedly, capital is wealthier, better organized, and far more powerful today than it was in Lincoln's time. Capital gorges on Republican tax cuts for the rich, on bailouts, on government contracts and corporate welfare, on free money from the Fed, and on monopoly profit. Capital treats politicians and whole political parties like puppets. Capital creates and perpetuates a system where Labor is unemployed, where Labor is in debt up to its eyeballs, where Labor cannot see a doctor when ill, where Labor is pitted against Labor. There probably are plenty of well-meaning people who realize this, throw up their hands, and say, "if you can't beat them, join them."

And then there are us. People with a head, and a heart. People who want to occupy Wall Street, occupy K Street, and occupy America with the simple concept of justice for all. People who understand that the very fact that this fight has been going on for 150 years or more, and will continue after you and I are gone – that very fact – makes this a fight that is worth fighting for.

And gradually, things do get better. I know, I know — two steps forward, one step back. But then two more steps forward. Oh say can you see, by the dawn's early light, What so proudly we hailed, at the twilight's last gleaming.

When Lincoln spoke, 150 years ago today, his time was the twilight's last gleaming. And today, you can see the dawn's early light. Can you see it?

Courage, Alan Grayson [I like the way Alan Grayson says "Courage" at the ends of his communications. Based on our recent discussions, we know why he says it. –SteveB]

20111203-09	16:24	SteveB	"The Rebirth of Social Darwinism"
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"The Rebirth of Social Darwinism" by Robert Reich, NationofChange

Dec. 3, 2011, (<http://www.nationofchange.org/rebirth-social-darwinism-1322924980>)

What kind of society, exactly, do modern Republicans want? I've been listening to Republican candidates in an effort to discern an overall philosophy, a broadly-shared vision, an ideal picture of America.

They say they want a smaller government but that can't be it. Most seek a larger national defense and more muscular homeland security. Almost all want to widen the government's powers of search and surveillance inside the United States – eradicating possible terrorists, expunging undocumented immigrants, "securing" the nation's borders. They want stiffer criminal sentences, including broader application of the death penalty. Many also want government to intrude on the most intimate aspects of private life.

They call themselves conservatives but that's not it, either. They don't want to conserve what we now have. They'd rather take the country backwards – before the 1960s and 1970s, and the Environmental Protection Act, Medicare, and Medicaid; before the New Deal, and its provision for Social Security, unemployment insurance, the forty-hour workweek, laws against child labor, and official recognition of trade unions; even before the Progressive Era, and the first national income tax, antitrust laws, and Federal Reserve.

They're not conservatives. They're regressives. And the America they seek is the one we had in the Gilded Age of the late nineteenth century.

It was an era when the nation was mesmerized by the doctrine of free enterprise, but few Americans actually enjoyed much freedom. Robber barons like the financier Jay Gould, the railroad magnate Cornelius Vanderbilt, and the oil tycoon John D. Rockefeller, controlled much of American industry; the gap between rich and poor had turned into a chasm; urban slums festered; children worked long hours in factories; women couldn't vote and black Americans were subject to Jim Crow; and the lackeys of rich literally deposited sacks of money on desks of pliant legislators.

Most tellingly, it was a time when the ideas of William Graham Sumner, a professor of political and social science at Yale, dominated American social thought. Sumner brought Charles Darwin to America and twisted him into a theory to fit the times.

Few Americans living today have read any of Sumner's writings but they had an electrifying effect on America during the last three decades of the 19th century.

To Sumner and his followers, life was a competitive struggle in which only the fittest could survive – and through this struggle societies became stronger over time. A correlate of this principle was that government should do little or nothing to help those in need because that would interfere with natural selection.

Listen to today's Republican debates and you hear a continuous regurgitation of Sumner. "Civilization has a simple choice," Sumner wrote in the 1880s. It's either "liberty, inequality, survival of the fittest," or "not-liberty, equality, survival of the unfittest. The former carries society forward and favors all its best members; the latter carries society downwards and favors all its worst members."

Sound familiar?

Newt Gingrich not only echoes Sumner's thoughts but mimics Sumner's reputed arrogance. Gingrich says we must reward "entrepreneurs" (by which he means anyone who has made a pile of money) and warns us not to "coddle"

people in need. He calls laws against child labor “truly stupid,” and says poor kids should serve as janitors in their schools. He opposes extending unemployment insurance because, he says, “I’m opposed to giving people money for doing nothing.”

Sumner, likewise, warned against handouts to people he termed “negligent, shiftless, inefficient, silly, and imprudent.”

Mitt Romney doesn’t want the government to do much of anything about unemployment. And he’s dead set against raising taxes on millionaires, relying on the standard Republican rationale millionaires create jobs.

Here’s Sumner, more than a century ago: “Millionaires are the product of natural selection, acting on the whole body of men to pick out those who can meet the requirement of certain work to be done... It is because they are thus selected that wealth aggregates under their hands – both their own and that intrusted to them ... They may fairly be regarded as the naturally selected agents of society.” Although they live in luxury, “the bargain is a good one for society.”

Other Republican hopefuls also fit Sumner’s mold. Ron Paul, who favors repeal of Obama’s healthcare plan, was asked at a Republican debate in September what medical response he’d recommend if a young man who had decided not to buy health insurance were to go into a coma. Paul’s response: “That’s what freedom is all about: taking your own risks.” The Republican crowd cheered.

In other words, if the young man died for lack of health insurance, he was responsible. Survival of the fittest.

Social Darwinism offered a moral justification for the wild inequities and social cruelties of the late nineteenth century. It allowed John D. Rockefeller, for example, to claim the fortune he accumulated through his giant Standard Oil Trust was “merely a survival of the fittest.” It was, he insisted “the working out of a law of nature and of God.”

Social Darwinism also undermined all efforts at the time to build a nation of broadly-based prosperity and rescue our democracy from the tight grip of a very few at the top. It was used by the privileged and powerful to convince everyone else that government shouldn’t do much of anything.

Not until the twentieth century did America reject Social Darwinism. We created the large middle class that became the core of our economy and democracy. We built safety nets to catch Americans who fell downward through no fault of their own. We designed regulations to protect against the inevitable excesses of free-market greed. We taxed the rich and invested in public goods – public schools, public universities, public transportation, public parks, public health – that made us all better off.

In short, we rejected the notion that each of us is on his or her own in a competitive contest for survival.

But make no mistake: If one of the current crop of Republican hopefuls becomes president, and if regressive Republicans take over the House or Senate, or both, Social Darwinism is back.

20111203-10	17:56	SteveB	Replay: “Getting to the Truth About Taxes & Public Spending”
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This is a post from the FotM Group Archive, but it presents such clear points to argue, and since we’re still in the middle of tax debates in Congress, I thought I would reprise it.

I would love to hear any of these points refuted. The last paragraph is great. This article was originally submitted by Dennis.

[“Getting to the Truth About Taxes and Public Spending” by Joshua Holland, AlterNet](#)

Dec. 19, 2010, (<http://www.alternet.org/story/149265/>)

It's difficult to know where to begin deconstructing conservative rhetoric on taxes and spending. It's such a central part of their worldview, and yet it's a view informed by a whole slew of falsehoods that have been repeated again and again during this year's debates over the Bush tax cuts, public spending and the deficit.

What follows are nine of the biggest fact-free whoppers that conservatives insist are true:

1. Cutting Taxes Leads to More Money for the Government

Conservatives can't say they oppose popular programs on ideological grounds, and they can't admit they're happy to run up huge budget deficits, so they've come up with the fiction that cutting taxes actually brings in more revenues to finance the public sector.

What's especially brazen about this is that it's usually preceded by debate-stifling phrases such as "as everyone knows," "history shows us" or "every single time taxes have been cut."

In 2007, Sen. John McCain, R-Arizona, said, "Tax cuts, starting with Kennedy, as we all know, increase revenues"; Sen. Kay Bailey Hutchison, R-Texas, claimed that "Every major tax cut we've had in history has created more revenue," and Senate Minority Leader Mitch McConnell, R-KY said earlier this year that the myth represented "the view of virtually every Republican on that subject."

It's also complete nonsense, and it's worth noting that only conservative politicians and pundits make the claim—economists across the ideological spectrum agree that the argument is cursed by voodoo math.

As *Time* Magazine's Justin Fox noted in 2007, "Every economics Ph.D. who has worked in a prominent role in the Bush administration acknowledges that the tax cuts enacted during the past six years have not paid for themselves—and were never intended to." Harvard professor Greg Mankiw, a former chairman of Bush's Council of Economic Advisers, dedicated a whole section of his economics textbook to debunking the claim.

And in an opinion column in the *Wall Street Journal* responding to Bush's claim that "You cut taxes, and the tax revenues increase," Andrew Samwick, who served as chief economist on Bush's Council of Economic Advisers, wrote, "You are smart people....You know that the tax cuts have not fueled record revenues... You know that the first order effect of cutting taxes is to lower tax revenues."

2. Conservatives' Favorite Economist Proves the Point

As I note in my book, *The Fifteen Biggest Lies About the Economy*, that falsehood is based in large part on an abuse of "Laffer's curve," the conservative media's favorite economic theorem. The idea, first scribbled on a cocktail napkin by economist George Laffer (according to lore), is pretty simple. It holds that you can raise income taxes to a degree, but when the top tax rate exceeds a certain point, people will go to such extraordinary lengths to avoid paying the piper that the government will actually end up collecting less revenue.

When Dylan Thomas asked a number of experts where the Laffer Curve "bends" for the *Washington Post*, the economists (he asked some conservative opinion columnists as well) all agreed that a top rate of 50 percent – several went as high as 70 percent – would still fall below the curve. That's important to keep in mind as we debate the merits of letting the top rate return to the 39 percent that prevailed during the Clinton years.

Each time taxes have been cut in the past few decades, it's led to a drop in revenues, which is why people like McCain like to go back to the Kennedy era, when cutting the top rate did spur growth and bring more money into the government's coffers. What they don't mention is that Kennedy cut the top rate from 91 percent to 70 percent, which has no bearing on the debate we're having today. (The "Kennedy tax cuts" were signed into law by Johnson, a year after JFK's assassination.)

3. Taxes on the Rich Keep 'Wealth Producers' from 'Creating Jobs'

We're all familiar with this one. In a New York Post column last week, Fox Business columnist Charles Gasparino claimed that businesses have "been hoarding cash instead of hiring" because of "the likelihood for higher taxes." Media Matters responded by citing the CBO's finding that "Increasing the after-tax income of businesses typically does not create much incentive" to hire.

What's noteworthy about the narrative is the degree to which it defies simple common sense. It shouldn't be a matter of debate that only one thing creates jobs, and that's demand for companies' goods and services. The idea that a business that was booming would refuse to hire people and forego expansion because top tax rates might nudge upward is as silly as the idea that a business that has no customers would add new employees because its owners expect taxes to be low.

4. The Opposite: Tax Cuts for Upper Earners Spur Job Growth

Demand creates jobs, and U.S. Demand is way down because American households lost around \$15 trillion dollars in wealth during the downturn. So it's important to note that research has shown that when you give a tax break to high-earners, they bank it, and when you give relief to working people, they spend it, increasing demand.

Like other types of public spending, giving cuts to those at the top does stimulate the economy, but very, very badly. According Mark Zandi, chief economist for Moody's, a dollar in tax cuts on capital gains adds .38 cents of economic growth and a dollar in corporate tax cuts brings us just .30 cents worth of stimulus, but a dollar in unemployment benefits gives the economy a boost of \$1.63 and a buck worth of food stamps adds \$1.73 in stimulus (PDF).

5. Only Half of American Families Pay Taxes

Rush Limbaugh put it this way: "The bottom 50 percent is paying a tiny bit of the taxes.... Remember this the next time you hear the 'tax cuts for the rich' business. Understand that the so-called rich are about the only ones paying taxes anymore."

That's an entirely false narrative that emerges from some rather transparent sleight-of-hand. You have to look at the federal income tax in isolation and then pretend that it represents the government's entire take. But the reality is that the government isn't financed from federal income taxes alone – far from it. Payroll taxes, for example, represent the biggest tax bite for the average worker.

When you add it all up—state and local taxes, federal taxes, sales taxes and excise fees—it turns out that the rich, the poor, and those in between all end up with about the same tax rate. That's the conclusion of a 2007 study by Boston University economists Laurence J. Kotlikoff and David Rapson. They summarized, "The average marginal tax rate on incomes between \$20,000 and \$500,000 is 40.3%, the median tax rate is 41.8%, and the standard deviation of all of those rates is 5.3 percentage points. Basically, most of us pay about 40%, plus or minus 5.3 percentage points."

6. Americans Are Taxed to Death

This is one of those claims made so frequently that it becomes a matter of faith. But faith doesn't rely on fact, and this one is totally untrue. In 2008, we ranked 26th out of the 30 countries in the Organization for Economic Cooperation and Development (OECD) in terms of our overall tax burden—the share of our economy we fork over to the government. The U.S. came in almost 9 percentage points below the average of the group of wealthy nations, and some 20 percentage points below highly taxed countries like Denmark.

7. We're Being Killed by Runaway Government Spending

Public spending has increased with the wars in Afghanistan and Iraq, and, temporarily, with the stimulus package. And it will rise in the future as more baby boomers retire. But beyond that, it's important to understand how "limited" our government really is relative to other wealthy countries.

Sabina Dewan and Michael Ettlinger of the Center for American Progress crunched the data and found that between 2004 and 2007, the U.S. ranked 24th out of 26 OECD countries in overall government spending as a share of our economic output. Only Ireland and South Korea, both relative newcomers to the club, had a more “limited government” than we did during that span. Again, we came in around 7 percentage points of GDP below the OECD average—and almost 20 percentage points beneath that of big spenders like France.

8. Conservatives Favor Low Taxes and Limited Government

The Right loves “Big Government” as long as it's pursuing their preferred agenda. What they don't like are the government's most popular functions – assuring a social safety net, protecting consumers and the environment, subsidizing education, etc. They don't want to debate priorities, so they claim an ideological preference for a smaller government while showering tons of money on the military, law enforcement, corporate subsidies, etc.

That's why the share of the economy represented by government spending (at the local, state, and federal levels combined) has been remarkably consistent during the last 40 years or so, regardless of which party controlled the White House or Congress.

In the two years that Gerald Ford presented budgets, government spending as a share of GDP averaged 31.4 percent; in ultra-liberal Jimmy Carter's four years, it dropped to 30.7 percent; Ronald Reagan, the patron saint of fiscal conservatism, came into office, and it rose to 32.2 percent. It nudged slightly higher during the first George Bush's term in office, then dropped to an almost Nixonian 30.3 percent during the Clinton years, before rising to 31.6 percent during the second Bush administration.

Looking at the other side of the ledger, overall government revenues have also remained relatively stable, but the pattern is reversed. The government's take, as a share of GDP, dropped during the Ford era, rose again under Carter, and fell again under Reagan. Revenues rose by almost 2 percent under Clinton and fell by a percent and a half under George W. Bush. (The only exception: government revenues rose from 27.3 percent of GDP during the Reagan years to 27.6 percent under George Herbert Walker Bush – that was the “peace dividend.”)

Although the government taxes and spends at fairly similar rates, under Republican leadership the nation shells out a bit more for government services and takes in just a bit less in taxes. With a \$15 trillion economy, those little differences add up to pretty big deficits, and this, rather than hot school lunches for poor kids, is responsible for a large chunk of our federal debt.

Given that reality, it's a wonder that conservatives have managed to convince the mainstream media and much of the country that they're the fiscally responsible ones who are always ready to step in and clean up the nation's budgetary mess.

9. Taxes on Top Earners Are Actually Taxes on 'Small Businesses'

For years, Republicans have pushed the spin that most of the Bush cuts for the highest earners were going to “small business owners,” the proverbial lifeblood of Small Town U.S.A. Then Republican national committee chair Ed Gillespie launched the meme in a 2003 speech, saying that “80% of the tax relief for upper income filers goes to small businesses.”

Fact-check.org, the nonpartisan campaign watchdog, looked at the claim, which was cooked up by GOP staffers on the House Economic Committee, and concluded that “it's untrue—and a classic example of a statistical distortion gone amok.” The lie is pretty simple: around 80 percent of the wealthiest Americans report some business income on their tax returns, either from private partnerships (think big law firms) or from “hobby” businesses. And the GOP committee counted everyone who reported even a dollar on Schedule C of their returns as a “small business owner.”

The reality? Less than 2 percent of tax returns reporting small-business income are filed by people in the top two income brackets. As a Washington Post analysis concluded, “If the objective is to help small businesses, continuing the Bush tax cuts on high-income taxpayers isn't the way to go—it would

miss more than 98 percent of small-business owners and would primarily help people who don't make most of their money off those businesses."

[20111203-11](#) 18:27 Pam Re: "Getting to the Truth About Taxes & Public Spending" (reply to all)

If there are reasonable counter-arguments to any of this, PLEASE divulge them. I assume that silence means there are no counter-arguments.

[20111203-12](#) 19:59 Dale Re: "Getting to the Truth About Taxes & Public Spending" (reply to Pam, above)

Wrong assumption...again.

[20111203-13](#) 20:42 SteveG Re: "Getting to the Truth About Taxes & Public Spending" (reply to Dale, above)

You declare the assumptions wrong and yet offers no counter assumptions. Interesting.

[20111203-14](#) 20:45 Dale Re: "Getting to the Truth About Taxes & Public Spending" (reply to SteveG, above)

Patience is a virtue.

[20111203-15](#) 22:31 Dale Re: "Getting to the Truth About Taxes & Public Spending" (reply to all, above) & "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery"

You asked for an explanation, read on....and then tell me specifically where this is faulty. The facts, the numbers are in front of you. Actually you will be unable to do so, because the logic is support by the results. SteveB, please have the balls to post the whole set of facts and charts, not just the link.

["Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" by Curtis Dubay, The Heritage Foundation](#)

Sept. 6, 2011, (<http://www.heritage.org/research/reports/2011/09/setting-the-tax-record-straight-clinton-hikes-slowed-growth-bush-cuts-promoted-recovery>)

Despite evidence to the contrary, President Obama and his supporters insist that a tax increase will not impede economic recovery. They claim that the Clinton tax hikes spurred the boom of the 1990s and that the subsequent Bush tax cuts hurt the economy. Members of Congress must reject this faulty notion—and reject the President's call for burdening Americans with higher taxes and an even slower economy.

President Barack Obama and his allies in Congress and elsewhere continue to press for tax increases, whether as part of a deal to raise the government's debt ceiling, or for any other reason. Even though common sense would dictate not raising taxes in the face of a badly weakened economy and almost non-existent job growth, the President and his supporters argue that tax hikes will not imperil the still-nascent recovery because the economy grew during the 1990s after President Bill Clinton raised taxes. The inference being that today's economy could also absorb the blow of tax hikes and grow despite them. They also argue the converse: that the tax cuts passed during President George W. Bush's tenure slowed growth and cost jobs.

This cursory and errant analysis of recent history has serious implications for policymaking today. If Congress raises taxes based on the faulty notion that tax hikes have no ill effects on economic growth, it will impede the still-struggling recovery and keep millions of Americans on the unemployment rolls far too long.

Clinton Tax Hikes Slowed Growth

A favorite liberal argument is to attribute the economy's strong performance during the 1990s to President Clinton's economic policies, chief among which was a huge tax increase. Clinton signed his tax hike into law in September 1993, the same year he took office. It included an increase of the top marginal tax rate from 31 percent to 39.6 percent; repeal of the cap on the 2.9 percent Medicare tax, applying it to every dollar of income instead of being capped to levels of income like the Social Security tax; a 4.3-cent increase in the gas tax; an increase in the taxable portion of Social Security benefits; and a hike of the corporate income tax rate from 34 percent to 35 percent, among other tax increases.[1]

The economic defense of the Clinton tax hikes does not hold up against the historical facts. The economy did exhibit strong economic growth during the 1990s, but rapid growth did not occur soon after the tax hike—it came much later in the decade, when Congress cut taxes. After the 1993 tax hike, the economy actually slowed to a point below what one would expect, considering the once-in-a-generation favorable economic climate that existed at the time.

As for the overall economic recovery—that started well before President Clinton took office. In January 1993, the economy was in the 22nd month of expansion following the recession from July 1990 to March 1991.

In addition to coming into office in the midst of an economic expansion, Clinton also benefited from a very unusual confluence of events that created a remarkably favorable environment for rapid economic growth:

- The end of the Cold War brought a sigh of relief to the world and a powerful dose of growth-enhancing certainty to the global economy.
- The price of energy was astoundingly low, with oil prices dropping below \$11 per barrel and averaging under \$20 per barrel, versus \$100 per barrel today.[2]
- The Federal Reserve had tamed inflation to an extent previously thought impossible, with inflation averaging 2 percent during the Clinton Administration.[3]
- The biggest wind at the economy's back was, of course, a tremendous set of new productivity-enhancing information technologies and the explosion of the Internet as a powerful tool for commerce and communication, further increasing productivity.

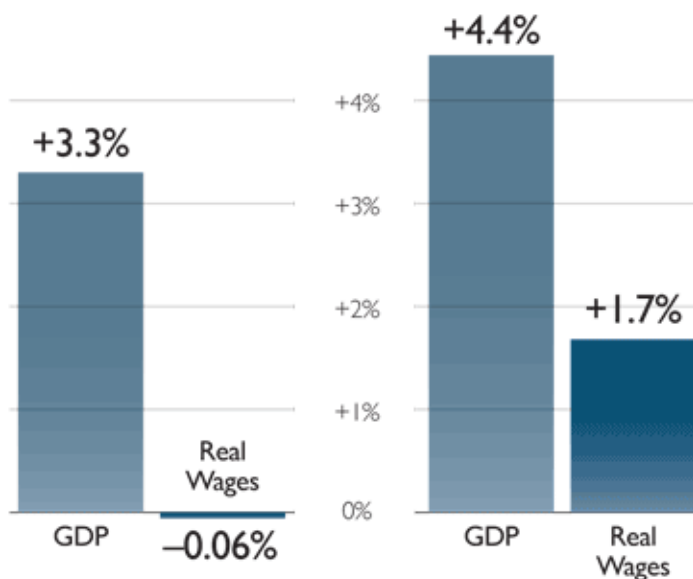
With these factors clearing the way, the economy should have displayed spectacular and accelerating growth in the years immediately after Clinton entered the White House, but growth of that magnitude did not materialize until later in the decade.

From 1993 until 1997, the economy grew at a pedestrian 3.3 percent per year.[4] While solid, this growth was certainly not exceptional. During that same time, real wages declined, despite the perception that the 1990s were an era of unmitigated abundance.[5]

Tax Hikes Dampened Economy in the 1990s, While Tax Cuts Spurred Growth

In the **four years following the 1993 Clinton tax hike**, real GDP grew 3.3 percent annually, but real wages fell.

In the **four years after the 1997 capital gains rate cut**, real GDP and real wages had significantly higher annual growth.



Source: Heritage Foundation calculations based on data from U.S. Bureau of Economic Analysis and U.S. Department of Labor, Bureau of Labor Statistics.

Chart 1 • BG 2601 [heritage.org](https://www.heritage.org)

It was not until after a 1997 tax cut, passed by the Republican-led Congress—a tax cut President Clinton resisted but ultimately signed—that the spectacular growth kicked in. While small in revenue impact, the 1997 cuts included a reduction of the capital gains rate from 28 percent to 20 percent. This opened the capital floodgates necessary for entrepreneurs to develop, harness, and bring to market the wonders of the new information technologies.

Business investment skyrocketed after the tax cut,^[6] and the economy grew at an annualized rate of 4.4 percent (33 percent faster than after the Clinton tax hike) from 1997 through the end of the Clinton presidency. Real wages reversed their downward trend and grew 1.7 percent per year during the same time.

Altogether, how much worse did the economy perform because of the Clinton tax hike? The data from the period do not provide a clear answer. What is clear is that the economy performed well below reasonable expectations given the favorable conditions existing in the years after the tax hike—and took off after the often-forgotten tax cut.

Bush Tax Cuts Promoted Strong Growth

Liberals also like to argue that the Bush tax relief hurt the economy and cost jobs. Again, the evidence runs to the contrary.

Unlike President Clinton, who entered office with a strong economic wind at his back, President Bush came into office on the precipice of a recession caused by the bursting of the “dot-com” bubble. President Bush entered office in January 2001; the recession began in March.

In addition to the recession, the peaceful conditions President Clinton enjoyed reversed course. The terrorist attacks of 9/11 brought on the beginning of the war on terrorism. There was no growth-enhancing advancement comparable to the tech boom to further boost the economy; energy prices were creeping up. Instead of swimming with the current, the economy was now fighting squarely against it to achieve even modest growth.

Faced with this new reality, President Bush pushed for tax cuts to revive the economy and set it on a stronger foundation for economic growth.

In June 2001, President Bush signed into law the first wave of tax cuts. The relief included reductions of marginal income tax rates and tax relief for families, for example, doubling the child tax credit from \$500 to \$1,000. To reduce the budgetary impact, Congress phased in the tax cuts over several years.

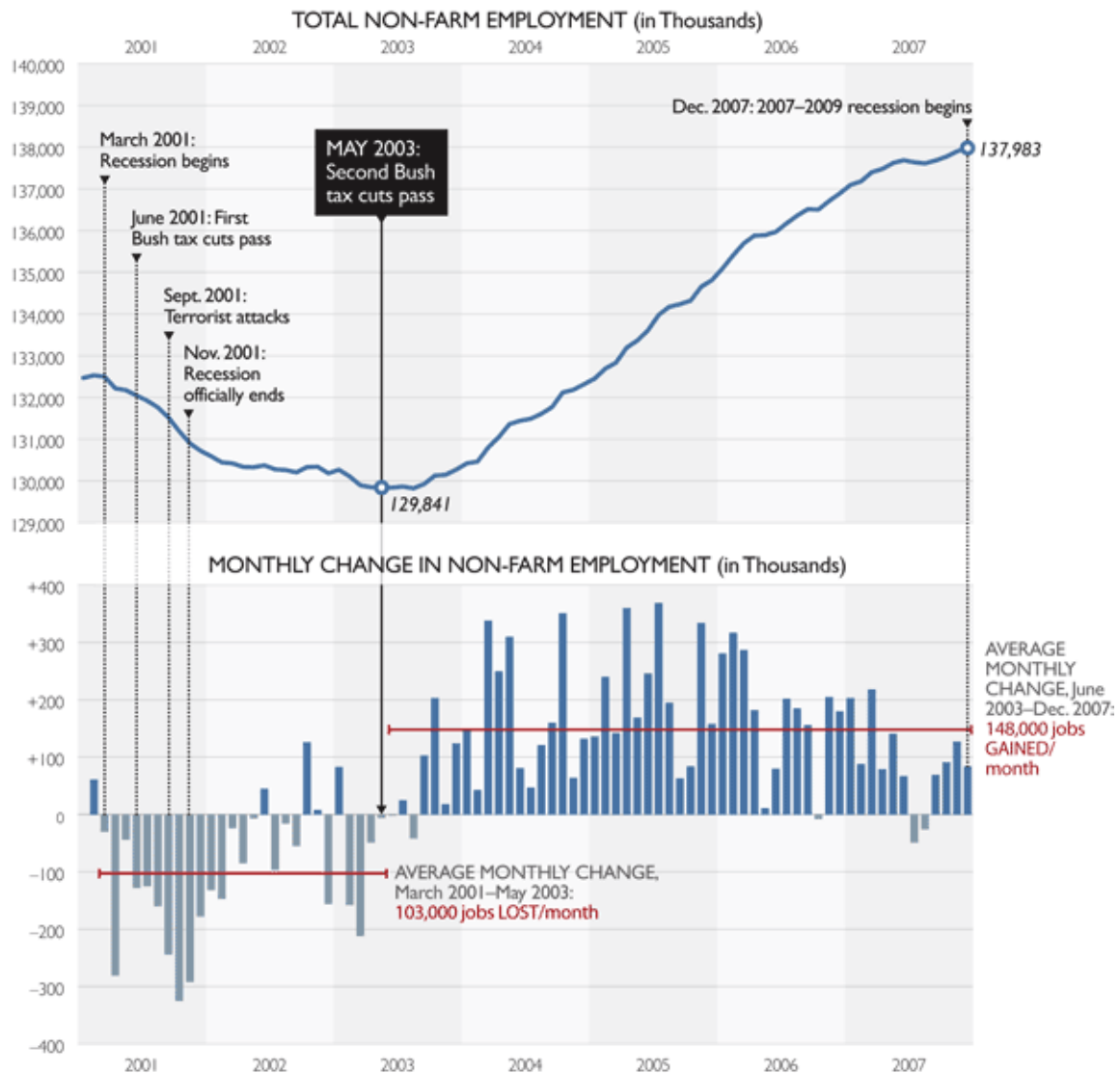
Since the tax cuts were slow to go into effect, they were slow to help the economy. In fact, the economy continued to lose jobs after the tax cuts even though the recession officially ended in November 2001.

Realizing the error of its ways, in May 2003 Congress accelerated the tax cuts to make them effective immediately. In addition to reducing marginal income tax rates, Congress also lowered the tax rates on capital gains and dividends.

It was at this point that economic growth took off. From May 2003 until December 2007 (when the recession caused by the *global* financial meltdown occurred) the economy created 8.1 million jobs, or 145,000 a month. By comparison, after the beginning of the 2001 recession and before the 2003 tax cuts, the economy was losing 103,000 jobs a month.^[7]

2003 Bush Tax Cuts Prompted Surge in Employment

From 2001 through early 2003, the U.S. was losing an average of 103,000 jobs per month. A full year after the end of the 2001 recession, job growth was still declining. Then in May 2003, the second Bush tax cuts were passed, lowering income, capital gains, and dividend tax rates. By the end of 2007, employment had risen by 8.1 million—an average of 148,000 new jobs each month.



Source: U.S. Department of Labor, Bureau of Labor Statistics, "Employment, Hours, and Earnings—National," Current Employment Statistics, Seasonally Adjusted, Total Non-Farm, All Employees, at <http://www.bls.gov/ces/> (July 12, 2011).

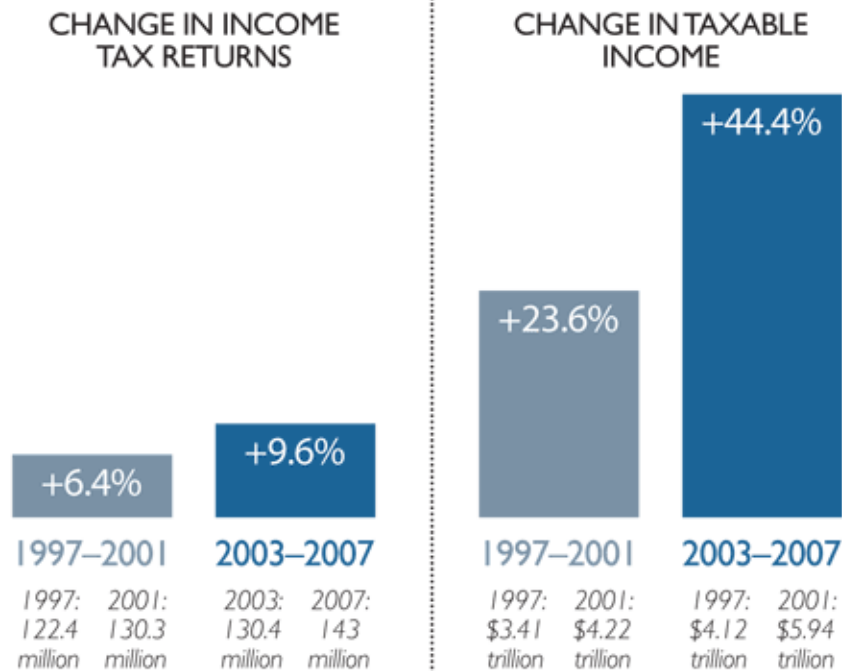
Chart 2 • B 2601 heritage.org

Those opposed to the tax relief argue that it blew a hole in the budget and dramatically increased deficits. Again, a look at the numbers disproves that argument. While receipts were below the historical level of 18 percent of GDP in 2003 as a result of the sluggish economy, they rebounded to above their historical norm by 2006 and grew further above their historical level in 2007.^[8] They clearly would have continued growing thereafter had it not been for the housing bust and global recession.

Tax revenue rebounded quickly because the tax cuts encouraged economic growth by increasing the incentives to work, save, invest, and take on new risk. These are the basic elements of economic growth. When those activities increase, tax revenues increase because more Americans work and earn more money. From 2003 to 2007, the number of tax filers rose by 9.6 percent, and taxable income, by 44 percent. By contrast, in the last four years of the previous expansion, from 1997 to 2001, these numbers grew by 6.4 percent and 23.6 percent, respectively.^[9] With income and taxpayers growing at such a fast clip it is not hard to see why tax revenue did not suffer from the tax cuts.

Number of Taxpayers and Taxable Income Grew Faster During Bush's Expansion than Clinton's

During the Clinton-era economic expansion, the number of taxpayers and taxable income grew at an impressive rate in the four years before the 2001 recession. But in the four years of expansion during the Bush years before the 2007 recession, both measures grew even faster.



Note: Figures have been rounded.

Source: U.S. Department of Treasury, Internal Revenue Service, "SOI Tax Stats—Individual Income Tax Returns Publication 1304," Table 1.1, "Selected Income and Tax Items, 2007, 2003, 2001, and 1999," at <http://www.irs.gov/taxstats/indtaxstats/article/0,,id=134951,00.html> (July 12, 2011).

Chart 3 • B 2601 heritage.org

To be clear: The Bush tax cuts did not pay for themselves. Revenues, on balance, are lower as a result of the Bush tax relief. However, the Bush tax cuts did accelerate the recovery markedly, and they did, and still do, create the possibility of a permanently stronger economy which, in turn, means the net revenue cost of the Bush tax cuts is far less than the traditional static score implies.

In 2008, the last full year of the Bush presidency, the economy entered a severe recession brought on by the global financial meltdown. The 2001 and 2003 tax relief packages had made the economy more resilient against economic shocks, but no tax policy can protect an economy against the storm that struck that year. The tax cuts certainly did not contribute in any way to recession, nor can anyone credibly claim that these policies had something to do with the financial implosion that was global in origin and impact.

Even with a recession at the beginning of his presidency and another severe recession at the end, the economy still created more than 1 million net jobs during President Bush's tenure. The tax cuts he pushed Congress to pass are a major reason for that job growth.

Lessons for Today

It is vitally important for the millions of Americans looking for work today that Congress and President Obama learn and accept what really happened when President Clinton raised taxes and President Bush lowered them. The evidence is clear that the Clinton tax hikes stifled what should have been remarkable economic growth and the Bush tax cuts cleared the way for the economy to grow despite growing obstacles in its way.

President Obama insists that tax hikes must be part of a “balanced” approach to reducing the deficit. He defends his tax hike desires by pointing to the Clinton tax hikes as evidence that the economy can withstand higher taxes.

But if the Clinton tax hikes were powerful enough to slow an economy that had everything going in its favor, what would tax hikes today do to an economy that has everything working against it? The unemployment rate remains stuck over 9 percent and there appears to be little hope for it to fall in the near future.^[10] The President should not be looking for policies the economy can withstand, but for policies that will encourage it to grow.

At best, tax increases would slow the already stalled recovery, and at worst, would reverse it altogether. A slowed recovery or double-dip recession would further reduce the chances that the more than 14 million Americans currently looking for work would find a job in the near future.

The best way to grow revenues is to promote faster economic growth, which will increase the number of taxpayers and taxable income more rapidly. Tax hikes—whether through higher tax rates or slashing credits, deductions, and exemptions without offsetting reductions elsewhere—will not do the job. Under President Obama’s current policies, spending will continue to grow at a faster rate than can be paid for by tax hikes—even assuming the huge tax increases the President insists upon. To add insult to injury, as history has shown, tax hikes would slow economic growth and make it even harder for unemployed Americans to find a job.

(Curtis S. Dubay is a Senior Analyst in Tax Policy in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.)

20111203-16	23:17	SteveG	Re: “Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery” (reply to Dale, above)
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The information you provided is from the Heritage Foundation. The Heritage Foundation is funded by the Olin Foundation, Scaife Foundation, DeVos Foundation, Bradley Foundation, and is a part of the Koch Brothers Associate Program.

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[20111203-17](#) 23:39 Dale Re: "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" (reply to SteveG, above)

Yes this is correct. So what are the specific flaws you find in the data and conclusions. Does the source change the facts?

In the spirit of full disclosure, the article: "Getting to the Truth About Taxes and Public Spending", by Joshua Holland comes from AlterNet (<http://www.alternet.org/>).

"Alternet is in the pocket of left-wing billionaire George Soros, and as part of a liberal group called the Media Consortium, has taken \$425,000 from his Open Society Institute. The Media Consortium is a propaganda apparatus that creates an "echo chamber" (<http://support.edf.org/site/R?i=VG4UP3MrU87Qm9oosssWQ>) in which a message pushes the larger public or the mainstream media to acknowledge, respond, and give airtime to progressive ideas because it is repeated many times."

Please stop changing the subject and respond to the facts.

[20111203-18](#) 23:50 SteveG Re: "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" (reply to Dale, above)

The source always makes the difference. Hasn't that been the claim of the conservative side versus the liberal side? The two sides typically pick the information they want and interpret it in a manner that proves their point of view. A good accountant can make a set of numbers say anything you want to be stated, that doesn't make anything fact.

How about the numbers that the national debt at the beginning of Clinton's term was 79% GDP and 49% at the end of his presidency? You can go further back and find that Eisenhower and Clinton were the only two presidents in modern history to end their terms with surpluses. But, today Eisenhower would be labeled a liberal.

[20111204-01](#) 00:54 Dale Re: "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" (reply to SteveG, above)

I agree completely with your comments above. That is exactly why I find the use of pasted, professionally written and heavily tilted articles distasteful. And yes, that is just what I did.

I'm not particularly proud of the move, but my point is when people challenge me, by name, to respond to a treatise and imply that if I don't it is because there is not a counter argument, I don't have much choice. I am not a professional writer or political science student, but I try to learn both sides of the positions we discuss and make judgments based on my experience and education. If my writing seems all right/conservative leaning, it is out of a perceived need to add some balance to this newsletter. My hope is that others will be willing to step out of their comfort zone of liberal-only web/press sources and read a different perspective. (Now I've probably offended those who already read widely...I'm sorry, if so.)

I'm not in this to win anything. I welcome the intellectual challenge of looking at alternative concepts, testing my own positions to see if they are still valid and trying to serve up some information that helps others do the same. As I recently told Steve, if this exchange is all about organizing a progressive, liberal action unit.....a way to rally the troops, I probably ought to drop out and let others get on with it.

It is kind of a perverse philosophy that makes it impossible to believe anything written by "the opposition" and to pro forma label it as "lies" or subversive. I think that leads to the same polarization at our local level that has evolved in Congress. The people in Washington don't trust each other, so they automatically view a proposal, almost no matter what it is, as a trick, a ploy, a maneuver which needs to be contested. They are so busy trying to outmaneuver each other that they've lost sight of the goal.

20111204-02	06:08	SteveG	Re: "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" (reply to Dale, above)
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Points well taken, as we get out of comfort zones that is when we challenge ourselves and are able to learn.

20111204-04	12:32	Pam	Re: "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" (reply to Dale, above)
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[before receiving Dale's 10:31 pm email, above.]

Well, OK then. What are the counter-arguments? I seriously want to know. I realize it's always a temptation (a strong one) to try to make the facts fit your prior assumptions. I'm sure I do it all the time. But I'm TRYING to be open-minded and rational. If I can understand WHY my "opposition" feels so strongly, then maybe I'll either change my mind or strengthen my own arguments.

20111204-05	12:35	Pam	Re: "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" (reply to Dale, above)
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[after receiving Dale's 10:31 pm email, above.]

This is more like it. I have to study this closely and get back to you.

20111204-06	12:38	Pam	Re: "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" (reply to Dale, above)
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I hope I can make some sense here. The Heritage Foundation (HF) says that liberals credit the '90s economic boom to Clinton tax hikes and the recession to Bush tax cuts. HF disagrees and goes on to present evidence they believe supports that. I know I'm sticking my neck out, because I'm neither an economist nor a mathematician. I'm going to go with my own paltry reasoning and see where I come out.

To begin their argument HF observes that Obama (and his admin.) wants tax hikes, but they offer no suggestion as to why that might be. If it's such a bad idea, then what is their reason for supposing that Obama wants to do something destructive? They also lump all tax hikes into one bundle, when taxes are not a monolithic entity. An increase in a cigarette tax does not affect the price of milk. In fact, Obama wants to REDUCE the payroll tax, a move Republicans inexplicably oppose.

The HF argument rests on cause and effect, citing economic shifts that followed upon changes in the tax code. Some of those changes came quickly, some more slowly, but the assumption is that post hoc ergo propter hoc. After this, therefore because of this. As any good logician knows, this is a logical fallacy. Let's go through their argument point by point. HF says the Clinton tax hikes produced no growth in '93. It was, they point out, not until later in the '90s that real growth kicked in—after Congress had reduced taxes. Additionally, HF notes the good economic climate Clinton enjoyed, a benefit that began before he took office. There was the end of the Cold War, which shifted spending priorities and boosted morale. Energy costs were low; there was low inflation, and IT was burgeoning, thereby prompting a 3.3% growth in GDP between '93 and '97. All these observations are accurate, but, like everything, they are open to interpretation. To zero in on but one, technology was indeed rapidly expanding. Twenty-somethings were becoming millionaires virtually overnight. Even I, risk averse as I am, invested a small amount in what I thought was an up and coming tech. firm. (I lost my money.) Yes, there was growth. Some economists believed the DOW would hit 30,000. That seems ludicrous today. A rapidly expanding economy is not necessarily a sustainable economy, as we have seen all too clearly.

HF provides a bar graph that visually displays the difference in rates of GDP growth and real wage gain (or loss). In '93 GDP grew 3.3%. After '97 it grew 4.4%. This is described as a huge gain, but is it? It looks dramatic when graphed, but what is the real impact? Where did growth occur (IT, housing?)? I'd like a fuller explanation.

HF says that when capital gains went from 28% to 20% the "floodgates" of investment opened. Again, what accounts for this influx of money, and where did that money go? If it went into IT, that's one thing. If it went into education and infrastructure, that's another. The economic growth that occurred between '03 and '07 is explained by HF as the result of tax cuts, but I would point out that this is the time of the great housing bubble, which could also account for it. What is the actual cause? What is the real effect?

I don't know if my argument convinces anyone. My intent here was mainly to convince myself—one way or another—by looking at both sides. Perhaps I'm twisting the truth to make it fit my preconceptions, but obviously I don't think so.

20111204-09	15:29	Dale	Re: "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" (reply to Pam, above)
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Kudos to you for making the effort and making a good effort at that! It is complicated and whether it's the HF or a Soros driven entity, the interpretations are all about supporting a preconceived thesis. But, if this stuff was easy, as easy and obvious as some writers would make you think, there would not be so much controversy.

There are left and right extremists who take the argument one more step, which I believe is counter productive and dangerous. That step is automatically attributing bad intent to "the other guy." For instance, to believe and say that Obama's real goal is to turn the US into a socialist state, with himself as the ruler, and then build a case to support that contention is flat wrong.....but I get right-wing material to that end. To say GOP candidates or even the majority of the party are stupid, heartless, selfish, money-grubbing, conniving SOB's is flat wrong. That they have different economic and social philosophies and approaches from the "yours" (not you specifically) does not automatically mean they don't care about the people of America or are trying to better conditions for all citizens. It means they believe in a different approach.

When we demonize the "other guy" it has a tendency to take away the responsibility of giving their arguments serious consideration. One of the fundamentals for propaganda campaigns, defined as the wartime effort to win hearts and minds USING ANY AND ALL MEANS POSSIBLE, is to dehumanize and demonize the enemy. Lump them together. Attribute evil intent and evil doing to all of these people. And, if you don't have enough real dirt on them, make some up.

The problem is, there are those practicing these same WARTIME, anything goes, techniques to our current political system. Washington, read the Congressional machine, has gone beyond the "civility to no civility" shift, to a total "winner take all" mode. My concern is that this basically conscienceless, hatred filled attitude is spreading outside of Washington.

I have real mixed feelings about OWS events. On the one hand I support the right of people to make their case known and to use non-violent, non-destructive freedom-of-speech methods. I used the phrase earlier, hold their feet to the fire, and I meant it. What concerns me is what I perceive to be the manipulation of some college students, unemployed, homeless and basically clueless people by larger forces. BTW, I acknowledge that there are also well meaning and intelligent people in the mix, but most of them are equally repulsed by the "circus performers" and the conditions and dissociate themselves relatively quickly. These are NOT spontaneous gatherings and it's naive to believe so; to pretend there is no organization is a lame facade. Unfortunately the pawns, like the ex-soldier who was hit in the head by a projectile or the druggies found dead in their tents, are paying the price for the organizers' play for publicity. All of us are frustrated, but we don't use the weak to do our dirty work.

20111204-10	16:54	Pam	Re: "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" (reply to Dale, above)
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OWS protesters are pawns. Tea baggers are pawns. No argument there. But there ARE intelligences behind these movements, and the point is to figure out what they're trying to accomplish and why, bad blood and misunderstanding notwithstanding. (Lots of "standings" there.) I agree with you that not all Republicans are evil and ill-intentioned, nor are all liberals Socialists who want to flatten society into a pancake. The "winner take all" mindset has taken over, and it's proving to be a disaster for all of us. Human beings need civilization; otherwise, the winner take all approach has no bounds.

I don't want to demonize the "other guy" but I do want to identify real points of difference. And when I see what are fundamental differences (privileging private enterprise and profit above government intervention—of whatever kind—to ensure health, safety, and opportunity for all), then I feel compelled to point them out. The Tea baggers have been making a lot of noise for some time now. Why wouldn't you expect the left to do the same—finally? OWS may not be totally pure, but it is trying to alert the public to very real injustices. The spokespeople for OWS are being far more civil than many of those in Congress. I'd go so far as to say OWS is setting a good example.

I'm glad you appreciate how complicated everything is, but that still does not explain our differing perspectives. But simply saying, "interpretations are all about supporting a preconceived thesis" you seem to assume that no accurate interpretation is possible—for either side. I think people can be better than that, if they try. If we take things back to first principles, those positions we hold that are not negotiable, then where are we? I believe society should provide for the general welfare, which includes physical safety, adequate diet, good health care for all, good education for all, freedom for the individual so long as his actions don't hurt others, and an economy that maximizes broad social well being as well as individual opportunity. What I hear from the Right is: No one owes you nothing! Life is not fair! Failure is your own fault! Quit your whining! What this translates into is, it's OK for the rich to increase their wealth exponentially, simply by virtue of having money, but it's not OK for people who are struggling to catch a break. I'm being overly dramatic here, but this is how I see it.

No one owes you anything, but compassion dictates that you help those in need (and that doesn't just mean the homeless and the insane). Life is not fair, but that does not mean we shouldn't try to make things more equitable. Getting rich is great, but that does not entitle you to special tax breaks or advantages that others don't get. We are in danger of blaming the victim when we say a family shouldn't have bought that big house they couldn't afford, when every financial adviser, politician, and property developer was urging them to do it. Yes, it was unreasonable to over-extend, but it's also easy and understandable to "go with the flow" when banks are begging to lend you money.

I gather you disagree with my response to the HF piece on taxes. I'm not saying you're wrong, but I'd like to know specifically why. This conversation is not easy, but I, at least, find it valuable.

20111204-11	17:36	SteveB	Re: "Setting the Tax Record Straight: Clinton Hikes Slowed Growth, Bush Cuts Promoted Recovery" (FULL reply to Dale, above)
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I have commented on your email within the text, so I will try to duplicate that here as best I can. I'm enjoying this discussion and the others we have going on at the same time!

Note: Please reference Dale's email above, concerning my reference to "HERITAGE FOUNDATION".

HERITAGE FOUNDATION: Despite evidence to the contrary, President Obama and his supporters insist that a tax increase will not impede economic recovery. They claim that the Clinton tax hikes spurred the boom of the 1990s and that the subsequent Bush tax cuts hurt the economy. Members of Congress must reject this faulty notion—and reject the President's call for burdening Americans with higher taxes and an even slower economy.

STEVEB: *An interesting start.*

1. Obama, etc. do want certain, specific tax hikes that are thought not to impede economic recovery. Proof: The assertion from my article that 98% of small businesses would be unaffected by the tax cuts the democrats want (un-refuted). You yourself claim that small business is the engine of job creation.

2 I don't think anyone claims that any Clinton tax hikes spurred any boom, just that they didn't seem to harm one either. Proof: your article proves it, above, when they say, "the boom of the 90's."

3. I don't see how republicans can continue to think they can have both sides of this issue their way. Republicans are supposed to be the ones who think the deficit is so almighty awful, not Democrats. But democrats are willing to risk some tax increases to try to do something about the problem. As far as economic risk goes, or impeding "economic recovery" Democrats now agree with the abandoned Republican idea that such huge deficits represent a risk in themselves and must be dealt with. I see Obamacare as another effort to deal with this among other problems.

History has clearly shown us the results of the Bush economic policies.

HERITAGE FOUNDATION: President Barack Obama and his allies in Congress and elsewhere continue to press for tax increases, whether as part of a deal to raise the government's debt ceiling, or for any other reason. Even though common sense would dictate not raising taxes in the face of a badly weakened economy and almost non-existent job growth, the President and his supporters argue that tax hikes will not imperil the still-nascent recovery because the economy grew during the 1990s after President Bill Clinton raised taxes. The inference being that today's economy could also absorb the blow of tax hikes and grow despite them. They also argue the converse: that the tax cuts passed during President George W. Bush's tenure slowed growth and cost jobs.

STEVEB: *Frankly, this paragraph states absolutely nothing and proves even less. Sorry.*

HERITAGE FOUNDATION: This cursory and errant analysis of recent history has serious implications for policymaking today. If Congress raises taxes based on the faulty notion that tax hikes have no ill effects on economic growth, it will impede the still-struggling recovery and keep millions of Americans on the unemployment rolls far too long.

STEVEB: *Frankly, this paragraph states absolutely nothing and proves even less. Sorry.*

HERITAGE FOUNDATION: A favorite liberal argument is to attribute the economy's strong performance during the 1990s to President Clinton's economic policies, chief among which was a huge tax increase. Clinton signed his tax hike into law in September 1993, the same year he took office. It included an increase of the top marginal tax rate from 31 percent to 39.6 percent; repeal of the cap on the 2.9 percent Medicare tax, applying it to every dollar of income instead of being capped to levels of income like the Social Security tax; a 4.3-cent increase in the gas tax; an increase in the taxable portion of Social Security benefits; and a hike of the corporate income tax rate from 34 percent to 35 percent, among other tax increases.[1]

STEVEB: *OK, Clinton raised taxes. I don't call that tax hike huge. You might want to read:*

http://www.slate.com/articles/news_and_politics/the_gist/1996/08/the_biggest_tax_increase_in_history.html

For Democrats, the important thing about these "huge tax increases" is revealed here:

*The only part of the 1993 tax bill that directly affected middle-income families was a 4.3-cent-per-gallon boost in the **gasoline tax**. This cost the average family \$45 a year and accounted for less than 10 percent of the total revenue raised.*

So my case is actually proven even more. The Clinton tax cuts, like what the Democrats want now, were geared more toward raising revenue from the upper strata of society. The result in the 90's, direct or not, was your "the boom of the 90's." (above)

HERITAGE FOUNDATION: The economic defense of the Clinton tax hikes does not hold up against the historical facts. The economy did exhibit strong economic growth during the 1990s, but rapid growth did not occur soon after the tax hike—it came much later in the decade, when Congress cut taxes. After the 1993 tax hike, the economy actually slowed to a point below what one would expect, considering the once-in-a-generation favorable economic climate that existed at the time.

STEVEB: *This is irrelevant when the Democratic argument is stated the correct way, instead of using the deceptive "straw dog" tactic of this Republican argument.*

HERITAGE FOUNDATION: As for the overall economic recovery—that started well before President Clinton took office. In January 1993, the economy was in the 22nd month of expansion following the recession from July 1990 to March 1991.

STEVEB: *Again, this is a distraction. The validity of the position I have stated does not depend upon Clinton having spurred any boom, only not suppressed it.*

HERITAGE FOUNDATION: In addition to coming into office in the midst of an economic expansion, Clinton also benefited from a very unusual confluence of events that created a remarkably favorable environment for rapid economic growth:

- The end of the Cold War brought a sigh of relief to the world and a powerful dose of growth-enhancing certainty to the global economy.
- The price of energy was astoundingly low, with oil prices dropping below \$11 per barrel and averaging under \$20 per barrel, versus \$100 per barrel today.[2]
- The Federal Reserve had tamed inflation to an extent previously thought impossible, with inflation averaging 2 percent during the Clinton Administration.[3]
- The biggest wind at the economy's back was, of course, a tremendous set of new productivity-enhancing information technologies and the explosion of the Internet as a powerful tool for commerce and communication, further increasing productivity.

With these factors clearing the way, the economy should have displayed spectacular and accelerating growth in the years immediately after Clinton entered the White House, but growth of that magnitude did not materialize until later in the decade.

STEVEB: *Pure unmitigated conjecture! And, gee, maybe that's the way good tax increases work, maybe they take a while to have the desired effect? None of this bolsters the case this article is making, not one iota.*

HERITAGE FOUNDATION: From 1993 until 1997, the economy grew at a pedestrian 3.3 percent per year.[4] While solid, this growth was certainly not exceptional. During that same time, real wages declined, despite the perception that the 1990s were an era of unmitigated abundance.[5]

STEVEB: *Well, I don't understand them calling their own "the boom of the 90's." pedestrian, but, hey, using whatever slant they want doesn't change the facts. They actually bolster, here, the current Democratic arguments because we also worry about the way "real wages declined in the 90's." We thought we were alone, but this article proves otherwise. Hey, glad to have the company, Heritage Foundation.*

(Graph #1) This article states below, "Altogether, how much worse did the economy perform because of the Clinton tax hike? The data from the period do not provide a clear answer."

HERITAGE FOUNDATION: It was not until after a 1997 tax cut, passed by the Republican-led Congress—a tax cut President Clinton resisted but ultimately signed—that the spectacular growth kicked in. While small in revenue impact, the 1997 cuts included a reduction of the capital gains rate from 28 percent to 20 percent. This opened the capital floodgates necessary for entrepreneurs to develop, harness, and bring to market the wonders of the new information technologies.

Business investment skyrocketed after the tax cut,^[6] and the economy grew at an annualized rate of 4.4 percent (33 percent faster than after the Clinton tax hike) from 1997 through the end of the Clinton presidency. Real wages reversed their downward trend and grew 1.7 percent per year during the same time.

Altogether, how much worse did the economy perform because of the Clinton tax hike? The data from the period do not provide a clear answer. What is clear is that the economy performed well below reasonable expectations given the favorable conditions existing in the years after the tax hike—and took off after the often-forgotten tax cut.

Liberals also like to argue that the Bush tax relief hurt the economy and cost jobs. Again, the evidence runs to the contrary.

Unlike President Clinton, who entered office with a strong economic wind at his back, President Bush came into office on the precipice of a recession caused by the bursting of the "dot-com" bubble. President Bush entered office in January 2001; the recession began in March.

In addition to the recession, the peaceful conditions President Clinton enjoyed reversed course. The terrorist attacks of 9/11 brought on the beginning of the war on terrorism. There was no growth-enhancing advancement comparable to the tech boom to further boost the economy; energy prices were creeping up. Instead of swimming with the current, the economy was now fighting squarely against it to achieve even modest growth.

Faced with this new reality, President Bush pushed for tax cuts to revive the economy and set it on a stronger foundation for economic growth.

In June 2001, President Bush signed into law the first wave of tax cuts. The relief included reductions of marginal income tax rates and tax relief for families, for example, doubling the child tax credit from \$500 to \$1,000. To reduce the budgetary impact, Congress phased in the tax cuts over several years.

Since the tax cuts were slow to go into effect, they were slow to help the economy. In fact, the economy continued to lose jobs after the tax cuts even though the recession officially ended in November 2001.

Realizing the error of its ways, in May 2003 Congress accelerated the tax cuts to make them effective immediately. In addition to reducing marginal income tax rates, Congress also lowered the tax rates on capital gains and dividends.

It was at this point that economic growth took off. From May 2003 until December 2007 (when the recession caused by the global financial meltdown occurred) the economy created 8.1 million jobs, or 145,000 a month. By comparison, after the beginning of the 2001 recession and before the 2003 tax cuts, the economy was losing 103,000 jobs a month.^[7]

STEVEB: *Well, they can claim all they want that the Bush tax cuts prompted a surge in employment, but that would be a claim based on no evidence. Our economy is just too complex to say this for sure. Maybe it was the deficit spending that created the jobs? Or the wars? Or illegal immigration? Stating a lie does not make it true, stating an assumption does not make it fact.*

That being said, I am willing to concede the same as I want conceded to me: that from all we know, we seem to know this from the evidence: neither the Clinton tax hikes nor the Bush tax cuts can be proven to have done any harm to the economy, but how much relative good or harm they might have done is unknown and probably unknowable at this time.

HERITAGE FOUNDATION: Those opposed to the tax relief argue that it blew a hole in the budget and dramatically increased deficits. Again, a look at the numbers disproves that argument. While receipts were below the historical level of 18 percent of GDP in 2003 as a result of the sluggish economy, they rebounded to above their historical norm by 2006 and grew further above their historical level in 2007.[8] They clearly would have continued growing thereafter had it not been for the housing bust and global recession.

STEVEB: *OK, let me make sure I understand this right. If the Bush years had brought us something like "the boom of the 90's." instead of "the housing bust and global recession" (to put the crisis mildly), then the Bush years would have worked out fine. But unfortunately that was not the case. Therefore, Republican policies can hardly be exonerated, even if he can't be absolutely proven to be guilty. Besides, what is at issue is not so much that receipts increased, thereby putting a damper on the economy by the article's argument, but that spending skyrocketed. If it hadn't, no one would be asking for any kind of tax increase.*

HERITAGE FOUNDATION: Tax revenue rebounded quickly because the tax cuts encouraged economic growth by increasing the incentives to work, save, invest, and take on new risk. These are the basic elements of economic growth. When those activities increase, tax revenues increase because more Americans work and earn more money. From 2003 to 2007, the number of tax filers rose by 9.6 percent, and taxable income, by 44 percent. By contrast, in the last four years of the previous expansion, from 1997 to 2001, these numbers grew by 6.4 percent and 23.6 percent, respectively.[9] With income and taxpayers growing at such a fast clip it is not hard to see why tax revenue did not suffer from the tax cuts.

To be clear: The Bush tax cuts did not pay for themselves. Revenues, on balance, are lower as a result of the Bush tax relief. However, the Bush tax cuts did accelerate the recovery markedly, and they did, and still do, create the possibility of a permanently stronger economy which, in turn, means the net revenue cost of the Bush tax cuts is far less than the traditional static score implies.

In 2008, the last full year of the Bush presidency, the economy entered a severe recession brought on by the global financial meltdown. The 2001 and 2003 tax relief packages had made the economy more resilient against economic shocks, but no tax policy can protect an economy against the storm that struck that year. The tax cuts certainly did not contribute in any way to recession, nor can anyone credibly claim that these policies had something to do with the financial implosion that was global in origin and impact.

Even with a recession at the beginning of his presidency and another severe recession at the end, the economy still created more than 1 million net jobs during President Bush's tenure. The tax cuts he pushed Congress to pass are a major reason for that job growth.

STEVEB: *This part seems to make some contentions, but that's all. No proof of anything.*

HERITAGE FOUNDATION: It is vitally important for the millions of Americans looking for work today that Congress and President Obama learn and accept what really happened when President Clinton raised taxes and President Bush lowered them. The evidence is clear that the Clinton tax hikes stifled what should have been remarkable economic growth and the Bush tax cuts cleared the way for the economy to grow despite growing obstacles in its way.

President Obama insists that tax hikes must be part of a "balanced" approach to reducing the deficit. He defends his tax hike desires by pointing to the Clinton tax hikes as evidence that the economy can withstand higher taxes.

But if the Clinton tax hikes were powerful enough to slow an economy that had everything going in its favor, what would tax hikes today do to an economy that has everything working against it? The unemployment rate remains stuck over 9 percent and there appears to be little hope for it to fall in the near future.^[10] The President should not be looking for policies the economy can withstand, but for policies that will encourage it to grow.

At best, tax increases would slow the already stalled recovery, and at worst, would reverse it altogether. A slowed recovery or double-dip recession would further reduce the chances that the more than 14 million Americans currently looking for work would find a job in the near future.^[11]

The best way to grow revenues is to promote faster economic growth, which will increase the number of taxpayers and taxable income more rapidly. Tax hikes—whether through higher tax rates or slashing credits, deductions, and exemptions without offsetting reductions elsewhere—will not do the job. Under President Obama's current policies, spending will continue to grow at a faster rate than can be paid for by tax hikes—even assuming the huge tax increases the President insists upon. To add insult to injury, as history has shown, tax hikes would slow economic growth and make it even harder for unemployed Americans to find a job.

STEVEB: *Based on everything I said above, this is all unproven conjecture.*

This article is an opinion piece. Unsubstantiated propaganda.

Meanwhile, I believe not one specific word of the article Dennis and I submitted to the group, *Getting to the Truth About Taxes and Public Spending*, by Joshua Holland, has been challenged, let alone disputed. Nice try, though.

20111204-08	15:02	Pam	Morality (to SteveB)
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I already said it, but I say again, you are right about sympathy/empathy. I've thought a lot about this, and my belief is that empathy is the foundation of morality, real morality. Following a set of rules laid down by a religious leader or movement is not morality; it's psychological coercion. Believing that morality comes from "God" and only from god shifts the responsibility for human action away from the individual or group onto an ever-changing, constantly disputable abstraction that by definition can have no agency. I believe (believe, not know) that human beings create their own moral codes, based on social necessity and cultural history. A shared morality is adhesive for community, provides a sense of identity, and reduces chaos. But, for me, the important morality is personal. I create my own set of values, and I am responsible for living up to them. Of course, many of my values I share with others, but for whatever reason I have always tried to base my thoughts and actions on how it would feel to be inside another person's skin. If someone let their dog crap on my lawn (this happened one memorable time when I lived in Canada), I react. (My children play here! What are you thinking?!) Therefore, I would not let my dog crap in someone else's yard. If it would crush me to be criticized by a teacher, then I would never want to hurt a student's feelings, no matter what. A 15 yr. old juvenile delinquent who is setting fire to a school probably wouldn't have his feelings hurt if I yelled, "What the hell are you doing, you idiot?" I'd probably say something even worse. Circumstances alter cases. Sometimes what you want to do is hurt another person's feelings. Many years ago, one of my teenage sons teased an African-American kid and chased him out of our yard. I witnessed this and sprang into action. You can believe I let my son have it. I know I hurt his feelings. When he started crying, I knew he'd gotten the point. I wanted him to FEEL for that kid. Morality is feelings, which need to be educated and developed just like everything else. One of the biggest things I get from literature (fiction) is insight into how others think, what their motivations are, why they do or don't suffer. Recognizing the humanity in others, even villains, is essential to negotiating the world. Terrorists fail at this, quite obviously, and by doing so place themselves outside the human community. It is important to know the reasons why someone does something. WHY was Hitler the way he was? Was he abused as a child? Did he have sexual issues? Did he feel like a failure and overcompensate? He obviously had no empathy. Sometimes if you know the reasons, you can forgive the act. A teenage girl goes to bed with her boyfriend because she needs to feel loved. An unemployed father steals a pound of hamburger to feed his kids. Some things are forgivable, some aren't. But you have to have empathy, as well as codes and laws, in order to know what is right.

20111204-12 17:45 SteveB Re: Morality (reply to Pam, above)

I think I told you one my Zen teacher's warnings: "The only problem with thinking is that it doesn't get you anywhere." What I didn't tell you is the beautiful Zen thing about this. The world that underlies it, because, when you think about it, and one thing leads to another, each single thing leads to everything, is in some sense supported by the world. The chain of meaning between my teachers words and "reality" starts with knowing that he knew he was lying, yet not.

I think you are right about morality being grounded in empathy. I haven't been able to figure anything better than that out and neither could one of our greatest moral philosophers, Jesus. Is empathy an emotion? Do we know what the heck it is? It sure is important. It seems that we have some sort of instinct for it, yet it can be bent or destroyed or nurtured to fruition.

Of course, one of my favorite moral philosophers, Lenny Bruce, sounded a lot like Jesus and you (below) when he used to define morality by how roommates would feel if their companions would "take a shit in the living room." You know foul-mouthed Lenny.

Too bad, maybe, Hitler didn't live so we could have studied him better. But maybe that would have ended up humanizing him somehow and done more harm than good, increasing the chances of another Reich arising. He is an interesting case to say the least.

20111204-14 21:14 SteveG OWS

I would bet than no one outside of myself has been to an OWS meeting or participated in an OWS event. And yet OWS is referred of as "pawns" and "the manipulation of some college students, unemployed, homeless and basically clueless people by larger forces."

Very interesting comments given the sources, but are not all of us pawns, and are not all of us manipulated by larger forces?

If you are satisfied with the status quo, do nothing. If you want change, get up and do something.

20111204-15 22:18 Pam Re: OWS (reply to SteveG, above)

I wouldn't condemn an entire movement as well-intentioned and on-target as OWS just because some jerk pooped on a cop car. I commend you, Steve, for getting out there and standing up for what you believe and for what I believe it right. I talk a good game, but I don't do nearly enough.

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

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