



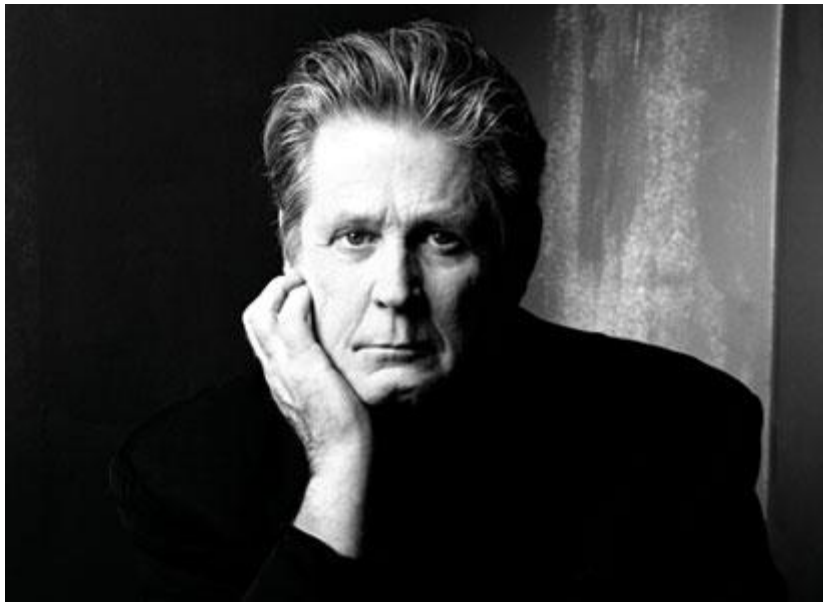
## FRIENDS OF THE MIDDLE NEWSLETTER #52 — JAN. 16, 2012

*Welcome to always lively political discussion and whatever else comes up.*  
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### **Genius, Courage, Triumph: The Story of Brian Wilson**

(posted by Steven W. Baker / SteveB, Jan. 16, 2012)



Brian Wilson, similarly to Steve Jobs, is a California icon and a hero of our generation. Seemingly the most fragile of the Beach Boys, he has outlived both of his famous, sturdier brothers, Dennis and Carl, and so many others. There is always that element of chance...or destiny, if you are so inclined.

Perhaps one can see this more clearly in an artist than, say, in a businessperson...and, generally, we are much more familiar with the biographies of our creative artists, in total, than of our money creators.

Brian Wilson has more talent in his little finger than most of us have in our entire bodies. Lucky birth. Not his fault or responsibility. He used that tremendous individual talent, as he says, "...to make one thing work with another." As the author of the piece puts it, "What Brian had was an ability to combine established forms into something new." This is what all successful artists do. It's often what someone does who builds a business.

Brian Wilson didn't, he couldn't, use his individual talent in a vacuum. No artist can. No businessman can. No billionaire can. Brian Wilson took! He took the richness of what all others had created before him—family, the community, the nation, the culture, the society, the music—and synthesized something new and good. Something

that teaches us what is good—in the case of the Beach Boys, how good it is to be young, maybe in love, but at least getting laid, on the beach havin' a good time, set to a unique and wonderful soundtrack. And, you know, he was completely right.

Brian Wilson, so much more than John Gault, embodies our deepest aspirations for what we want in ourselves, in those we love, and in mankind. His individual genius is immense. His destruction was imminent, yet he persevered, and he admits he was "lucky". He didn't run away and hide, thought he wanted to and tried to: "I'm lyin' in bed, just like Brian Wilson did."

And what he accomplished, which was a lot, **he did not do alone**, and he gracefully and humbly admits this. Maybe all of us should realize our interconnectedness and interdependencies, and work to solve our problems with that understanding.

Exactly like Brian, Dennis, and Carl Wilson, we are brothers. Let's have some fun and build something new together! How about an America that works?

"The Creative Struggle of Brian Wilson" by Todd Leopold , CNN

Jan. 14, 2012 ([http://us.cnn.com/2012/01/13/living/brian-wilson-creativity/index.html?hpt=hp\\_c1](http://us.cnn.com/2012/01/13/living/brian-wilson-creativity/index.html?hpt=hp_c1))

Video: <http://www.youtube.com/watch?v=zRdyIAGVxlg> and [http://www.cnn.com/video/?hpt=hp\\_c1#/video/showbiz/2012/01/13/orig-thespark-brian-wilson.cnn](http://www.cnn.com/video/?hpt=hp_c1#/video/showbiz/2012/01/13/orig-thespark-brian-wilson.cnn)

(Editor's note: This is the first in a weekly series on characteristics of creativity. Next Saturday's piece will focus on Pulitzer Prize-winning author Jennifer Egan, failure and determination.)

Los Angeles (CNN) -- Lives are messy.

Maybe that's why we try to put them in little boxes with neatly printed labels. Albert Einstein becomes "brilliant physicist." Ezra Pound is "crazy poet." Actors, musicians, authors, scientists -- all boiled down to a handful of words.

Such has become the case for Brian Wilson. He's the "troubled musical genius."

In this sound-bite version of the Beach Boy's life, there's "California Girls" and "Good Vibrations" and the "Pet Sounds" album, an invented West Coast soundscape of fast cars, pretty girls and endless summers: Genius.

"What we have from the Beach Boys is such an unmistakable sound that it's instantly recognizable," says Paul Levinson, a pop culture professor at Fordham University. "You hear the Beach Boys, and within 10 seconds, you know that it's them."

But then there's the sandbox in the house and the endless days in bed, the substance abuse, flying too high, crashing so fast. "Lying in bed, just like Brian Wilson did," the Barenaked Ladies sang, and that's become as defining an image as any.

It's accurate, but hardly adequate.

Brian Wilson is 69 now. His hair is gray. His belly threatens to peek through the untucked, colorfully striped button-down shirt he's wearing, a throwback to the Pendleton attire he and his Beach Boys brethren wore in the early '60s. His shoes, Louis Vuittons with bold "LV" logos stamped on the throatline, look cozy and well-worn.

He sits in a suite at the top of the Capitol Records building in Hollywood, surrounded by a makeup artist, an assistant and a public relations manager, all the support necessary for a big-ticket release. In November, the label issued "The Smile Sessions," a multidisc collection of songs and recordings from the famed Beach Boys album that fell apart in 1967. Portions of it have appeared previously, and Wilson revived the project with his touring band for a well-regarded 2004 album. But the original Beach Boys tapes were more or less shelved for 44 years.

On an L.A.-sunny day in October, Brian is gamely participating in all this music-business showmanship. But you get the feeling he'd be happier in one of the studios downstairs or at home with his wife, children and dogs. Maybe his pensiveness has nothing to do with "Smile" but revisiting the period in which it was recorded can't help.

"Smile" is the pivot point, in popular lore, between "genius" and "damaged." The project became engulfed by legend, and you know what they say: When the legend becomes fact, print the legend.

But listen to "The Smile Sessions," and the sound bite goes away. What's left is not just a "genius," but a creative man in full.

For creativity is not just defined by untethered, high-flying talent that flashes like lightning then fades into the darkness. It requires sustainability. It includes, to overlapping degrees, risk taking, genre-mixing skill, an aptitude for improvising and -- above all -- passion. Experts make a distinction between everyday creativity and big-C Creativity, and Wilson has the latter in spades.

"Big-C creators do not necessarily think differently than the rest of us, but they are more open to new ideas, acquire some degree of domain expertise and are highly motivated to pursue an idea until they have realized its creative potential," says psychologist and creativity expert Dean Keith Simonton.

You can try to put Brian Wilson in a box. But he won't stay there. Creativity is too complex for that. It's all of a piece with him, angelic voices chasing innocence while going through hell.

#### 'We had to do it'

If there's a theme that runs through the hours of recordings featured on "The Smile Sessions," it's "again." Over and over, as songs are developed and pieces are recorded, you hear Brian's voice asking -- insisting -- for one more take, as he tries to get the music in his head on record.

That passion was apparent from the very beginning of the Beach Boys. At a time when rock 'n' roll artists were considered as pliable and disposable as chewing gum, Brian took creative control, producing the Beach Boys -- featuring his brothers Carl and Dennis, their cousin Mike Love, and friend Al Jardine -- himself. He wrote the songs - - sometimes on his own, other times with collaborators -- picked the studios and directed the musicians.

He was the "Stalin of the studio," according to Love.

He drew from his influences and then leapt beyond them, adding a classically inspired opening to "California Girls," inserting a sharp silence in "The Little Girl I Once Knew," invoking the deity in "God Only Knows" -- all unusual in the Top 40 pop music of the mid-'60s.

It was that kind of drive that led to the "Pet Sounds" album and "Smile," which combined unusual arrangements, orchestral themes and -- in the case of "Smile" -- expansive, imagistic lyrics.

"You have to have what I call a 'persistent obstinacy,' " says Julie Burstein, creator of the public radio show "Studio 360" and the author of "Spark: How Creativity Works," which profiles 35 creative people and partnerships. "It's a willingness to say, 'I don't care what you think. I'm making this happen.' "

That's how the Beach Boys started, Wilson points out. On Labor Day weekend 1961, with the Wilson boys' parents on vacation, the nascent band blew an emergency fund the couple had left behind on musical instruments and recorded Brian's song "Surfin'."

It wasn't easy to explain to their father, Murry, a mercurial man who often terrorized his sons. "I thought he was going to go, 'Get in the bathroom, you're going to get beat with a belt,' you know, like he usually does," Brian told CNN's Larry King in 2004.

But Brian, who had demonstrated an aptitude for music since childhood, defended the choice.

"We had to do it because we wanted to write a song," he says, his voice taking on the hardness of a determined teenager, as if still addressing his parents.

"Surfin' " became a local hit, which led to a contract with Capitol, which led to all the rest. And Brian became a one-man music machine. Until "Smile," most everything he touched turned to gold records.

### Getting to 'Smile'

By 1966, he'd already picked up the reputation as a genius, thanks to some well-placed hype. Even today, he still doesn't quite buy it.

"The genius part is being able to make one thing work with another thing, like having the bass play this and the piano play that, or having the lead sing this and the background singers sing that," he says. "It's all a matter of balance."

What Brian had was an ability to combine established forms into something new, the kind of genre-bending that's a highlight of creativity. The initial Beach Boys sound was a mix of Four Freshmen-style vocal harmonies and Chuck Berry-tough guitar riffs, with a little Phil Spector production thrown in.

With "Pet Sounds" -- which included "Wouldn't It Be Nice," "God Only Knows" and the revealing lament "I Just Wasn't Made for These Times" -- and "Smile," Brian expanded the palette to include folk, sound effects and classical elements, including touches of his beloved George Gershwin.

Brian Torff, a jazz musician and music professor at Fairfield University in Connecticut, marvels at the Beach Boy leader's command.

"[Brian] could take his incredible gift, combine it with a craft -- and not many people had that craft in pop music at that time ... and could be a mastermind because he knew music so thoroughly," he says. "The thing that was great about 'Pet Sounds' is here was a guy who could craft something that was almost symphonic. Before the Beatles, before 'Sgt. Pepper's,' he was already doing incredible things ... really expanding the boundaries of what rock and pop music could be."

"Pet Sounds," released in spring 1966, was just the warm-up. The idea for "Smile" essentially began with a new song inspired by his mother's comment about people giving off "vibrations." The resulting single was "Good Vibrations." Brian thought of it "as a smaller, psychedelic version of 'Rhapsody in Blue,'" according to biographer Peter Ames Carlin. It was recorded in four studios, cost a then-unheard-of \$50,000 and shot to No. 1 near the end of 1966. Brian called it his "little pocket symphony."

He planned to do the same thing on a grander scale with "Smile," his next project. The songs would be built in pieces, like "Good Vibrations," with elaborate orchestration and recurring motifs. The lyrics would be expansive, telling a story in both word and metaphor. It was going to be as much of a leap from "Pet Sounds" as "Pet Sounds" was from, say, "Fun Fun Fun."

For Brian, it was "a musical mission, to spread the gospel of love through records," he writes in the "Smile Sessions" liner notes. He famously called the album a "teenage symphony to God."

In 1966 pop music, such great plans were not unprecedented. The times were a continuous game of one-upmanship, with artists soaking up ideas from everyone and everywhere. Eventually, even the so-called Establishment took notice: In April 1967, CBS News aired a documentary called "Inside Pop: The Rock Revolution," hosted by New York Philharmonic conductor Leonard Bernstein, which showcased -- among other personalities -- Brian Wilson.

It was the kind of hothouse atmosphere conducive to creative advances, as science author Steven Johnson points out: "An idea is not a single thing," he writes in "Where Good Ideas Come From." "It is more like a swarm."

"Smile" started strongly. Brian found a lyricist in Van Dyke Parks, whose fondness for puns and imagery resonated with Brian's plans for a Technicolor epic steeped in America. The first day they met they wrote "Heroes and Villains," one of "Smile's" cornerstones. Other songs quickly followed, including an "Elements" suite -- featuring songs referencing air, water, fire and earth -- and the gorgeous "Surf's Up," with a coda that reached for heavenly transcendence, the aural equivalent of watching a vividly hued sunset from a golden beach.

And then it all fell apart.

### 'The yin and the yang'

While reaching for heaven, Brian Wilson was entering hell. It was a place he'd been before.

Though the "tortured artist" has long been a cliché, there does appear to be a relationship between mental illness and creativity. Studies indicate that the brains of highly creative people react differently to information than those of "normal" people.

"Highly creative people are probably highly creative because of certain cognitive mechanisms that also would predispose them to symptoms of mental disorder if they didn't have additional protective factors," says Harvard psychology instructor Shelley Carson, author of "Your Creative Mind."

Their childhoods often "force them to spend time in their inner world. ... They can develop their own ideas about things rather than being dependent upon the ideas that are sort of forced down their throat."

Brian Wilson's childhood followed that template. Growing up in Hawthorne, California, a working-class suburb of Los Angeles, Brian showed an aptitude for music, constantly listening to "Rhapsody in Blue" and other records, harmonizing with his family. He and Mike Love idolized and emulated the Everly Brothers. Mentors noticed: His high school music instructor was impressed by his grasp of harmony.

And then there was the abuse.

Dad Murry Wilson was afflicted with bouts of depression and easily provoked to rage. Among the brothers, observed Timothy White in his Beach Boys chronicle "The Nearest Faraway Place," middle son Dennis was the rebellious one, shooting out windows with a BB gun, setting brush fires and cutting class to enjoy the young, mostly unknown pastime of surfing. Carl, the youngest, was generally the peacemaking observer. And Brian, the oldest, was the sensitive soul, something Murry -- who'd lost an eye in an industrial accident -- took advantage of when in a foul mood.

"Murry would repay Brian's mild subordinations by removing his artificial eyeball, grabbing a sobbing Brian by the scruff of the neck, and forcing him to peer at the mangled interior of his father's empty eye socket," White wrote.

Murry, who managed the band, antagonized many around them.

"His father created lots of problems," remembers drummer Hal Blaine, a member of the Wrecking Crew, the L.A. studio musicians who frequently recorded the Beach Boys' instrumental tracks. "His father once had a [song on a] Lawrence Welk record, and he wanted all of Brian's music to be like he wanted.

"And it finally blew up one day -- he told his father, 'You're not coming to any more sessions.' His father was a tough guy, and his attitude was, 'You guys are never going to amount to anything.' "

In the "Smile Sessions" press materials, Al Jardine adds, "They were like dynamic opposites -- the yin and the yang. There couldn't be two more opposite people in the world. The failed songwriter and the prodigy."

Brian was known for occasional eccentricities -- he famously built the sandbox in his house in the mid-'60s so he could feel the beach under his feet as he composed -- but as he got older, his psychological problems began manifesting themselves acutely. In late 1964, he had to be taken off a plane after having a nervous breakdown. By the time he started working on "Smile," he had stopped touring and was taking drugs, including hashish, the

amphetamine-barbiturate combination Desbutal, and a small amount of LSD. He believed angels were helping him write.

For various reasons, "Smile" started faltering, and Brian's mind started slipping. At one point, he went to see the Rock Hudson movie "Seconds," a thriller about a man who adopts a new life. Elements of the movie -- including the name of the Hudson character, Wilson -- freaked Brian out. And when Brian recorded "Mrs. O'Leary's Cow," the "fire" section of the "Elements" suite, he noticed a rash of fires in downtown Los Angeles and believed he was responsible.

Though "Smile" was almost done, the project was abandoned in May 1967.

" 'Smile,' " Brian says in the liner notes, "was killing me."

### Retreat and rebirth

"Smile" could have been the end for Brian Wilson. Having spent months pouring heart and soul into a big project that crashed, it would have been understandable, even at age 24, if he'd channeled his passions elsewhere.

But he didn't. In creativity, failure is just another word for learning experience. Wilson had taken risks with his music. With the "Smile" chapter ended, he was forced to retrench and find his way anew.

The turnaround didn't happen quickly. While his bandmates rallied, Wilson went on a well-chronicled descent. This was the era in which he wrote a charming song called "Busy Doin' Nothin' " but also lay in bed for days on end, particularly after his father died in 1973. Brian's health seesawed for the next 20 years. It wasn't until the late '80s that he managed to be rid of his enablers, including a domineering therapist, and recover himself.

The lessons of "Smile" were not forgotten. For one thing, having moved on, Brian kept composing. He still had a passion for music. For another, "Smile" never really went away. Stray songs appeared on Beach Boys records. By the 1980s, the album had been bootlegged enough to stir fans' blood. In 1993, Capitol released a career-spanning Beach Boys boxed set that included about 30 minutes of the "Smile" tapes.

Wilson initially ignored the clamor -- "That was just a bunch of fragments that didn't even add up to songs," Brian once said. "I hated it" -- but eventually Brian was intrigued enough to listen again to a part of his former life.

So, instead of shoving it away, he incorporated "Smile" into his solo career. The resurrected album was performed live in London in February 2004 and earned a standing ovation. A studio version was released later that year; it won Brian his first Grammy -- for "Mrs. O'Leary's Cow," of all tracks.

The album proves to be a showcase for Brian's genre-mixing abilities. He took almost everything he knew about composition, added Parks' evocative lyrics and created something distinctive and new.

"When you listen to 'Smile,' " says Torff, the Fairfield music professor, "you've got everything -- you've got incredible choral arranging going into doo-wop, there's a very strong jazz influence on a couple of these, he's got banjo and harmonica on 'Cabin Essence,' which kind of shows a whole country sort of influence, and there's this rhapsodic Broadway element through the whole thing.

"He's obviously a guy who has absorbed so many kinds of American music."

### One 'Smile' at a time

Sitting in the Capitol Records suite, Brian cradles the fresh-from-the-factory box of "The Smile Sessions." Along with the CDs, it includes a 60-page book, two vinyl LPs, a collection of photos, even a light switch that illuminates the store pictured on the cover. He perks up at the sight, momentarily slipping into a bright DJ voice. That's a side of "Smile," too -- humor, something that's been lost in all the stories around it.

Indeed, from more than four decades on, "Smile" is a window into Brian, then and now.

The newly released "Sessions" features the younger Brian on lead vocals, with a voice not yet ravaged by cigarettes and alcohol. The musicians include the other Wilson brothers, Carl and Dennis, both long dead. But the music, something startling and new for pop then, has become an accepted part of the overall mix in 2011. Brian's own career reflects that: the former rock 'n' roller's solo albums include nods to Disney standards and Gershwin.

He's also in a healthier place mentally, even returning to the concert stage in the past couple decades. In fact, putting aside years of enmity, the surviving Beach Boys recently announced they'll be reuniting for an extensive 50th-anniversary concert tour in 2012, along with a new album.

Painful as it was to put "Smile" aside, perhaps its years in the shadows provided Brian some breathing room to re-establish what it means to be Brian Wilson, accomplished composer, not just Brian Wilson, "troubled genius."

"The unfinished 'Smile' -- for all that it was a great part of his legacy -- was also an emotional millstone," says biographer Peter Ames Carlin. "I think it's been hugely rewarding for him for it to come out and be as richly celebrated as he had always hoped it would be."

And Brian, whose music once combined influences from his life, is now an influence himself. He's become part of a creative dialogue: The Beach Boys' impact is such that the group has become an adjective, the way "Beatlesque" is used to describe a certain kind of catchy pop song. In recent years, R.E.M. ("Near Wild Heaven," "At My Most Beautiful"), Fountains of Wayne ("The Senator's Daughter"), Wilco ("Pieholden Suite") and Sufjan Stevens (the "Illinois" album) have showcased their Beach Boys fixations.

His career has been far from a straight line, of course. He could have stayed with songs about cars 'n' girls. He could have given up after "Smile." He could have succumbed to the madness, the addictions, the enabling. But his passion -- his creativity -- has carried him through.

He's ready for the next thing, he says. He and his wife have five adopted children, including two who are younger than 5, and he's working on new music. He's inspired. After all he's gone through, he's smiling.

"My wife, my family, myself, my collaborators," he says, pondering his muses. "All of that makes me want to go to the piano and write a song."

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<a href="#">20120114-13</a>	14:45	Art	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Dennis, above)
<a href="#">20120114-15</a>	17:59	Pam	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics & P.G. Wodehouse (reply to all, above)
<a href="#">20120114-19</a>	21:09	Bill	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics & P.G. Wodehouse (reply to Pam, above)
<a href="#">20120115-01</a>	09:48	Pam	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics & P.G. Wodehouse (reply to Bill, above)
<a href="#">20120114-18</a>	20:15	SteveG	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Pam, above, 17:59)

<u>DATE-ID</u>	<u>TIME</u>	<u>FROM</u>	<u>SUBJECT/TITLE</u>
<a href="#">20120115-02</a>	10:04	Pam	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to SteveG, above)
<a href="#">20120114-16</a>	18:40	Art	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Pam, above)
<a href="#">20120114-17</a>	18:54	Clark	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Art, above)
<a href="#">20120115-04</a>	12:30	SteveG	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Pam, above)
<a href="#">20120115-16</a>	17:56	Bill	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to SteveG, above)
<a href="#">20120115-05</a>	13:18	Pam	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to SteveG, above)
<a href="#">20120115-07</a>	13:35	Art	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Pam, above)
<a href="#">20120115-08</a>	14:38	Art	Re: Does God Meddle in Mortal Affairs (Like Football)? & President Obama's Economy (reply to all, above)
<a href="#">20120115-20</a>	18:06	Dennis	Re: President Obama's Economy (reply to Art, above)
<a href="#">20120115-22</a>	18:17	Bill	Re: President Obama's Economy (reply to Art, above)
<a href="#">20120115-25</a>	19:11	SteveB	Re: President Obama's Economy (reply to Bill, above)
<a href="#">20120115-10</a>	14:57	SteveG	Re: President Obama's Economy (reply to Art, above)
<a href="#">20120115-15</a>	16:12	SteveB	Re: President Obama's Economy (reply to SteveG, above)
<a href="#">20120115-12</a>	15:01	Art	Re: President Obama's Economy (reply to SteveG, above)
<a href="#">20120114-01</a>	00:20	Jim	"Time To Talk Politics At The Dinner Table"
<a href="#">20120114-14</a>	15:31	SteveG	"The GOP's Efficiency Deficit"
<a href="#">20120115-11</a>	14:58	Art	Graphic: Deficits & Tax Cuts Linked
<a href="#">20120115-14</a>	15:57	SteveB	Re: Graphic: Deficits & Tax Cuts Linked (reply to Art, above)
<a href="#">20120115-18</a>	17:14	Pam	Quote: Hywel Williams on Politicians

<a href="#">20120113-01</a>	09:34	Pam	Re: "5 Founding Fathers Whose Skepticism About Christianity Would Make Them Unelectable Today" (reply to SteveBA & SteveG, FotM Newsletter #51)
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The thing is, you can't cherry-pick Founding Fathers' quotations. If the Constitution is set in stone, as conservatives seem to believe, then the things they said about religion are equally relevant. To misrepresent them is in itself an injustice. The Founding Fathers were not all of one mind, quite the contrary, but they were strongly influenced by Enlightenment philosophy. A little history lesson on 18th c. thought would go a long way.

If memory serves, I believe the Puritans who came to the New World forbade the celebration of Christmas, and the Founding Fathers worked on Christmas day.

<a href="#">20120113-02</a>	10:41	SteveG	Re: "5 Founding Fathers Whose Skepticism About Christianity Would Make Them Unelectable Today" (reply to Pam, above)
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Christmas did not become an established federal holiday until 1870.

<a href="#">20120113-03</a>	11:03	Phil	Re: "5 Founding Fathers Whose Skepticism About Christianity Would Make Them Unelectable Today" (reply to Pam, above)
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Please do not mix quotations, uttered by whomever to whomever, with the written constitution. One man's quotation does not equilibrate in any way to the Constitution. The Constitution was the result of agreement by many intelligent and influential people, not just a thought by one, uttered or not.

<a href="#">20120113-04</a>	11:15	DaveY	Re: "5 Founding Fathers Whose Skepticism About Christianity Would Make Them Unelectable Today" (reply to Phil, above)
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I totally agree!

<a href="#">20120113-05</a>	11:17	Pam	Re: "5 Founding Fathers Whose Skepticism About Christianity Would Make Them Unelectable Today" (reply to Phil, above)
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This little quotation dispute is not terribly serious, but it does point to a deeper issue: Constitutional originalism. Any religion or political system that relies on a document(s) faces the difficulty of changing times. Aside from Ben Franklin, most (all?) of the Founding Fathers were young men, most well under 40. I grant that they were intelligent and far-sighted, but they were mortals just like the rest of us and young to boot. If they could argue with each other, then why can't we argue with them upon occasion? Having a constitution is a good thing, and changing it should only be done reluctantly and after much deliberation. But it is not a sacred text. It was a political document created to address a particular crisis in American history. It was a mission statement, if you will. Anyone who has worked for an organization that has a mission statement knows how much time and effort goes into coming up with one and also knows how often real practice seems to leave it behind. We need a certain amount of flexibility, lest we break instead of bend.

<a href="#">20120113-06</a>	11:20	SteveG	Re: "5 Founding Fathers Whose Skepticism About Christianity Would Make Them Unelectable Today" (reply to Phil & Pam, above)
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I am confused. Who or whom is confusing quotes with the constitution?

The Constitution as I have read it and a company's mission statement are all living documents that have various interpretations over time. In the case of the US constitution the Supreme Court interprets the Constitution over time and it is clear the interpretations change over time.

<a href="#">20120113-07</a>	11:26	Pam	Re: "5 Founding Fathers Whose Skepticism About Christianity Would Make Them Unelectable Today" (reply to SteveG, above)
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Unless you're Antonin Scalia.

<a href="#">20120113-09</a>	12:15	SteveB	Re: "5 Founding Fathers Whose Skepticism About Christianity Would Make Them Unelectable Today" (reply to all, above)
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Ya, I didn't see any mixing, myself. Very good points, I think, that the Constitution is very important, but we have to be careful not to assume the U.S. to be a sacred country or founded on God or embedding God in our Constitution, etc. We are a secular nation and the Constitution is a secular piece of paper with changes past due. If you are a Christian, more power to you. Many of the Founding Fathers would barely deserve the name, at best.

<a href="#">20120113-08</a>	12:08	SteveB	LET'S ELIMINATE BUSINESS INCOME TAXES COMPLETELY!
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I make this modest proposal in all seriousness. I realize it's an idea more far Right than Ron Paul or the KKK. Bear with me and I will try to explain.

I got to thinking along these lines because of:

1. SteveG's article (ref. below, even though I consider they're simply talking about "S" corp's, which pay no tax because the owners do).
2. My exchange in today's FotM Newsletter #51 with Bill about whether businesses actually pay any taxes.
3. Arguments from the Right about the obvious need for American business to be as competitive as possible if it is to provide the jobs, growth, and prosperity we need and so richly deserve.

Fair enough?

For this to work, all profit (net income) from all business, large and small, would have to be either dispersed to the owners (in which case they pay personal income tax), or reinvested in the business. Otherwise, a 50% tax is imposed. No funny accounting. Foreign profit must be treated the same as domestic profit, with the following exception: any profit retained in a foreign country and not dispersed in the U.S. as income or dividends, or not reinvested in the U.S., will also have a 50% tax imposed.

All personal income would be treated the same. All income would ultimately be personal income and have taxes paid or, alternatively, every dollar not paid to someone as income would be reinvested in America. Capital gains would be taxed at some flat rate (for now).

ZERO BUSINESS INCOME TAXES. (the rest is up to the states)

IN RETURN: NO PERSONHOOD FOR BUSINESS "ENTITIES"!!! (No political contributions permitted whatsoever, only citizens can contribute modest amounts to campaigns.)

AND, THE PERSONAL INCOME TAXES WE'RE LEFT WITH MUST BE PROGRESSIVE (The rule has to be this: regardless of a person's income, the last dollar paid in tax should cause an equal amount of pain to each. What else could be fair? Bye, bye, Bush tax cuts!)

Does that sound like a fair set of compromises to you?

Why eliminate all business income taxes?

1. 69% of corporations pay no federal income tax (see below). These business are already essentially operating under my system. We just need to expand this to all business.
2. Come on! No business pays any tax anyway. It's all paid by the customer. What other pocket could it possibly come out of? The investors? Big problem! The owners? Big problem! The workers? Bigger problem! It's out of pockets and I'm left only with the pockets of the customers of the business. Period! Also, have you noticed that if taxes on a product go up, the price of the product goes up immediately to cover the tax? Who pays that? The customer.
3. To the extent that businesses pass these costs on, prices could fall. This could help our foreign competitiveness, especially.
4. To encourage re-investment is good. To discourage foreign investment and retaining of earnings would strengthen America.
5. Good to eliminate the cost of compliance. Individuals are paying taxes anyway. Less burden on business, so it can be lean and mean and compete!

20120113-10

12:20

GaryC

Re: LET'S ELIMINATE BUSINESS INCOME TAXES COMPLETELY! (reply to SteveB, above)

You do realize that as soon as the Socialist Party sees this, you'll lose all rights in the lodge?

Seriously, this is a good start except for one minor issue. Good corporate governance could not possibly allow all profits to be disbursed every year. Good managers know there are good times (Reagan) and bad times (Obama), so a good corporate manager keeps his powder dry and well preserved in order to weather the bad times. Even union bosses would not want good managers to disburse all of the funds as the consequence could be no money in reserve when times are bad. However, many corporations do find that they are better off disbursing earnings to the shareholders (who many times are union employees) than keeping the money in the bank when no good projects for business expansion are available. Good governance can't be mandated by government.

<a href="#">20120113-12</a>	13:26	SteveB	Re: LET'S ELIMINATE BUSINESS INCOME TAXES COMPLETELY! (reply to GaryC, above)
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(as stated in my original email) AND reinvestment! Your choice. Very damned liberal, if you ask me.

We tried trusting the monopolies. Read history. It failed miserably. That's the only alternative to regulation by law—unless you want Christian control.

My proposal gets together the best provisions of the S and C corps. The income flow and personal taxes of the S, with the profit investing advantages of a C.

You say, "Good governance can't be mandated by government."

Let me ask you this, especially in light of the 2008 debacle, if good governance cannot be mandated by regulation and law and vigilance (the government's very reason for being), then how?

<a href="#">20120113-11</a>	13:10	Larry	Re: LET'S ELIMINATE BUSINESS INCOME TAXES COMPLETELY! (reply to SteveB, above)
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Smart thinking! [Published just to show everyone that this sort of thing does happen sometimes. :-) –SteveB]

<a href="#">20120113-13</a>	16:16	Art	Re: LET'S ELIMINATE BUSINESS INCOME TAXES COMPLETELY! (reply to SteveB, above)
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Brilliant!!! [See above. I couldn't resist! –SteveB]

<a href="#">20120113-14</a>	17:48	SteveG	Re: LET'S ELIMINATE BUSINESS INCOME TAXES COMPLETELY! (reply to SteveB, above)
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All costs in one way or the other are always passed onto the customer. I remember in the 1950's when Meis Department store in Terre Haute had people operating the elevators – most were people with some type of disability. Minimum wage went into effect and soon the elevators were replaced with the controls that the passengers operated and the people with disabilities were unemployed. When minimum wage goes up there is usually a corresponding increase of product price or a corresponding decrease in the number of employees. If a company is unable to increase prices or decrease employees technology is used to increase efficiency and decrease the amount of time to do a job.

<a href="#">20120114-02</a>	08:08	Charis	Re: LET'S ELIMINATE BUSINESS INCOME TAXES COMPLETELY! (reply to SteveB, above)
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What about those of us, like myself, who own businesses overseas and already pay taxes overseas and reinvest overseas? Our beloved Obama has already passed a law, which will take effect on January 1st, 2013 requiring us to pay taxes to the U.S. on all foreign-earned income, and I'm still unclear as to why. My company is not a U.S. company and I am not an employee of a U.S. company. So basically I will already be living on less than 50% of what I earn by then. And since I live overseas I will see no benefits from the taxes I will pay to the U.S.

<a href="#">20120114-04</a>	10:28	SteveB	Re: LET'S ELIMINATE BUSINESS INCOME TAXES COMPLETELY! (reply to Charis, above)
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It's more complicated than that. And unless you make a lot of money, you will receive a free tax refund bonus.

<a href="#">20120113-23</a>	23:34	Bill	Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to SteveB, FotM Newsletter #51)
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Your assertion was "Businesses don't pay any taxes. Ever." This simply isn't correct, and I want once again to try to explain why this assertion isn't correct and is a simplistic approach to how an income statement works and how finance works. Perhaps it isn't easy to learn—or to convey—but bear with me, if you would:

If you are an investor in a business, you want to earn what is appropriate for the kind of business in which you invest. And I assume you'd be content to earn at a rate better than that, if possible. It isn't crucial to this discussion, but you should know that a rational investor would also want a return commensurate with the risk of the enterprise and the market in which it operates: Greater risk demands greater return is the principle here.

If the kitchen accessories business in which you invest is in a market in which the average return—after taxes, of course!—to the investor is 5 per cent, then you would want the same return in the long run, would you not? If you know you can't get such a return, then you wouldn't invest, would you?

It so happens that a few businesses earn more than the usual return for their chosen market; conversely, many earn less. In this latter case, income taxes, payroll taxes, excise taxes, business privilege taxes, state income taxes, local property taxes, and every other species of tax will still be due to the taxing authority.

From whose pocket do those taxes come in the case of the business that earns less than the prevailing rate? Do bear in mind that most businesses fail in the long run (viz. GM and other companies).

I think you are forced to an answer here. In case you're not, put yourself in the place of management of a business. You are responsible for payment of all taxes due, and if you are not tax-compliant, you are liable for, and probably will, experience pain from both investors and the taxing authority.

The investor in an entity in essence buys a package of risk. The hope is that a good or even superior return is received from that investment, but there is no guarantee that the business will generate enough to cover those taxes, income and all its companions. The business of course wants embed all taxes in the prices charged for products and services sold, but the market is fickle—and often ruthless. It is that corpus of capital accumulated from investors that is finally liable for payment of taxes, so I don't believe you can assert "Businesses don't pay any taxes. Ever."

As far as 69 per cent of corporations not paying taxes, do observe that a very large proportion of businesses are either not formed as corporations or are S corporations that are conduits for earnings to investors. I think the Huffington Post article says that about 24 per cent of businesses are legally formed as S corporations, so their not paying federal income taxes is moot.

Finally, investor capital is liable for payment of taxes, income and otherwise, and that's how the capital markets look on the situation.

I'm smiling!

Mmmmmmm???

I approach economics as a child, even though I've studied it. Forget everything we've ever learned and just use plain logic. Let me ask these simple questions, which I hope will cover the pertinent permutations:

1. Assume a given business is successful and making a profit. From where does it get the money to pay its taxes (any taxes)? Normally, it would come from gross income (property tax, etc.—expenses), or net income (income tax). The latter, especially, would tend to come at the end of a period of time (quarterly, yearly) during which profits, hopefully, have been banked.
2. Accounting-wise, expenses and income tax are importantly different. But aren't there also important similarities? Both are expenditures by nature. They are both cash someone has to take out of some pocket, are they not?
3. Where does gross or net income originate? Does it not derive, ultimately, from cash flow from customers? It is not even remotely possible for it to come from anywhere else. It cannot come from loans or owners' equity (investment). Neither of those are allowed to contribute a dime to either type of income.
4. I suppose a business could also borrow the money to pay its taxes. Where would the money come from to repay the loan? Does it not derive, ultimately, from cash flow from customers?
5. Otherwise, in the case of either #3 or #4, above, it would be the investor(s) who would have to come up with the cash. This is, by definition, a business in trouble, is it not? The investors were hoping it would never come to this juncture. They were hoping to have the cash flow flow in the other direction, were they not? Will they not hope and expect, should they have to pay the taxes or the loan for the taxes, that any money paid in the wrong direction will, eventually, come back to them? Otherwise the business has failed. Where would the money come from to repay the investors' out-of-pocket tax expenditures? Would it not derive, ultimately, from cash flow from customers?
6. Granted, there is often a pool of money available to a company that would be used to pay taxes. This pool might contain business receipts, loans, proceeds from the sale of stock or owner's equity (investor money). Are you saying that, if this is the case, it is the investors or the loan paying all or part of the tax? If this is the case, it is not a thriving business and cannot exist in this state forever. At some point in time, the business must get its customers to pay its expenses and taxes or it fails...completely. True?
7. And specifically, when taxes (expenses) rise for all businesses in a marketplace, we have all noticed that prices also tend to rise. This is certainly the accepted theory, is it not? Rising labor, material, or energy costs would have the same tendency to produce higher prices. Why would income taxes be any different? Are you also saying that totally eliminating business taxes, for example, would not make business more competitive internationally? If such a tax change lowered prices, wouldn't it mean that the tax is somehow "included" in the price? If it's included in the price, does it not derive, ultimately, from cash flow from customers?
8. As a human person, I sure know that I have to pay my taxes out of my income (or I am in big trouble). How is a business any different? Where does business income come from?
9. So...aren't all business taxes of all even marginally successful businesses (not the business failure) ultimately paid by the customers of that business? Doesn't that mean that, like everything else, the cost is built into the price, by whatever mechanism?

And so, as I've said. **The customers pay all the taxes. The businesses pay zero, except when they fail as businesses.** This is the nature of business.—pass all your costs on to your customers, plus enough for you to live on. If you don't do that, you won't be in business for long. One of the fairest and best things about capitalism.

Thanks again for the discussion, Billy!

Anyone else? What am I missing here?

[20120114-06](#) 11:20 Pam Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to all, above)

This is a great discussion. All I can do is sit back in wonder.

[20120114-08](#) 13:21 Bill Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to SteveB, above)

You're dancing on me now, old boy. Your assertion, I'll recall once again, was "Businesses don't pay any taxes. Ever." This is tantamount to saying that the taxing authority cancels any responsibility for payment when you, or the corporation, doesn't have the capital to pay what is due. This just isn't the case (unless you're AIG or GM and being bailed out by the taxpayers). For you and me and the average corporation, whether we have the funds or not, the tax is due and payable. For those corporations that don't have revenue from customers to pay taxes—and there has been an epidemic of them the last four years—the capital comes from the shareholders, i. e. the owners.

What follows in the instance of non-payment is legal process to force payment. If the corporation doesn't have the capital to satisfy the taxing authority, then bankruptcy is the succeeding step.

You seem to suggest that whatever capital the corporation may have come from customers. Aside from start-up capital committed to the enterprise by investors, yes, it would have come from customers, but it doesn't belong to the customers; it belongs to the corporation. It is what is earned by the investors for their commitment of capital to the enterprise. When the corporation or any species of business has to pay taxes from that accumulated capital or from the investors' start-up capital, you simply can't say that "Businesses don't pay any taxes. Ever."

Let's say that a delinquent corporate taxpayer finds a bank that will lend money, based on its belief in the corporation's prospects for earnings, for payment of the corporation's taxes that are due. It's the bank's funds then, and the corporation may or may not be repaid, depending on customers' willingness to continue patronizing the corporation. The bank's funds are at risk in this case. (And, of course, the bank will have secured itself by either claim on the corporation's assets or through someone else's credit commitment. You simply can't assert that "Businesses don't pay any taxes. Ever."

This isn't quantum mechanics. This is the way the world works. The corporation definitely hopes that it can embed in its prices sufficient amounts to cover taxes that it will owe, but there simply is no guarantee of that, leaving the corporation responsible for the taxes.

[20120115-19](#) 17:29 SteveB Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to Bill, above)

I think we're getting very close! I hope I didn't obfuscate my point with the hype. Remember my original subject line: "Most Businesses Pay Zero"!

You say below, "The business, of course, wants to embed all taxes in the prices charged for products and services sold." [Just like all their other costs of doing business!]

This is exactly my point. In reality, income taxes are just like all other business expenses. They are paid for by the customers, 100%, or the business is in serious danger if it has to borrow this money or take it from investors or the



investment fund of the business for long. Then it would always be expected that this money would be re-paid by funds from sales—money from the customers!

I discussed all the investor, risk, liability, S corporation, etc. points in my emails. Of course I never meant to even imply that customers are legally responsible for the taxes of corporations. That would make no sense.

It's just that in the truest sense of the word, I see this as an important revelation. Businesses don't pay income taxes (many of them literally) anyway, so why tax them at all (with income tax...all other taxes should apply)? S corporations work fine with no corporate tax. (Except when the media erroneously accuses them of being tax cheats!)

But, to get this Zero Business Tax, the Republicans would have to compromise on the issues I listed in my first email on the subject—elimination of the Bush tax cuts, maybe slight increases in the rate for top personal income tiers, 50% income tax on all business income not disbursed to investors or reinvested (both within the U.S. only!) in the business in a fiscal year. What could be more fair?

Customers pay all the taxes of successful businesses and most of the taxes of the failures. INDIRECTLY! Which does not change the reality.

Thanks again!

<a href="#">20120115-03</a>	12:15	Bill	Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to SteveB, above)
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I realize that I can lead you to water but that I can't make you drink. Nevertheless and once again, My quarrel was with your statement that "Businesses don't pay taxes. Ever." It's simply not true.

When that capital of the business generated from its revenue from customers is inadequate, taxes must be paid by owners. It's that simple. And when the owners (corporate shareholders or individual owners) don't meet the taxing authority's legitimate demands by paying their own capital, then there will be bankruptcy or other involuntary satisfaction of the taxing authority's demands. In the latter case the shareholder or owners are liable to lose still more of their capital.

Where I believe we agree is that businesses will seek to embed all costs, including taxes and return to capital, in prices charged to customers. Businesses simply aren't able to do that in many cases, and they fail, consuming their own capital to meet their obligations, including taxes.

Can we, in fact, agree on that?

<a href="#">20120115-09</a>	14:45	SteveB	Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to Bill, above)
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*Definitivamente.* As I said, successful businesses pass these costs on.

Unsuccessful businesses try to.

Failing businesses (or start-ups) have to borrow money or use owners equity, as you state, to pay their income taxes. (Though it's rare for them to have income taxes, given their losing situation—no profits to tax.)

And, when the unsuccessful or failing businesses are S corporations, play their accounting tricks right, or don't make a profit (that's why they're failing) THEY PAY NO INCOME TAXES ANYWAY.

So the number of cases where the customers of a business do not pay its taxes must be miniscule. Of course, "never" is too strong a word, but not by much, and I said so in my headline ("Most Businesses Pay Zero"). As I said,

I was trying to be as provocative as possible. I would bet that 99%+ of all U.S. business taxes are paid by the customers (out of sales receipts). To me, this is a revelation. Our U.S. tax code is built on an entirely different foundation that may not actually exist.

My real point is...S-o-o-o-o...**why should the government mess with business income taxes at all? Just eliminate them! It would benefit all and be a great bargaining chip for the Democrats.**

<a href="#">20120115-23</a>	18:20	Bill	Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to SteveB, above)
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You're backing and filling. What I went after from the beginning was your statement that "Businesses don't pay any taxes. Ever." That just isn't the case, and I showed why.

<a href="#">20120115-24</a>	19:02	SteveB	Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to Bill, above)
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[New! The system is just not set-up or meant to collect income taxes from profitless businesses, or even businesses made to look profitless! –SteveB, 6/20/12)

I'm sorry to see what I thought was a useful, maybe even a valuable, idea, buried under one misstatement, completely contradicted by my repeated headline and all my lengthy, detailed explication.

I stand by what I so obviously meant, but was stretching (very slightly) for effect only. In fact, I myself obviously contradicted the statement, "Businesses don't pay any taxes. Ever." many times myself, in every email, more precisely stating exactly what I meant.

I wish I had the ability to always get every little detail right and still get my work done. But I accept your correction.

**Very rarely do American businesses of any size ever pay income taxes. Therefore, these useless taxes should be negotiated away in a revenue neutral deal.** (See details in previous emails on this thread.)

Isn't this really the important and even astounding point? I guarantee you most Congressmen don't know this, or there would be no business income tax. All income tax should be personal.

<a href="#">20120115-26</a>	19:39	Bill	Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to SteveB, above)
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I get it with respect to your suggestion that corporations not be taxed. Corporations would rather not have to pay taxes on income, but would you instead want a sales tax to generate what corporations currently pay? Would anyone want individual taxes to replace what is now generated at the corporate level? Congress, I would suggest, would utterly balk at such a prospect. It would eliminate the double taxation of corporate income, but it's very problematic both politically and practically. It has been lengthily discussed, by the way, in Congress and in a thousand articles.

Forgive me for being a stickler for accuracy, but your statement—I won't repeat it—was one that needed to be corrected. Large numbers of corporations, the ones that can't price in all costs and taxes, still have to pay income taxes, and it comes out of capital, not from customers. So I wouldn't agree with your revised headline that "Very rarely do American businesses every pay any income taxes." You could instead say that viable corporations generate sufficient capital from revenues to pay their income taxes. As far as ending corporate income taxes and generating the same revenue otherwise, don't expect it to happen any time soon.

[20120115-27](#) 21:22 SteveB Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to Bill, above)

Yes, except it almost never ever comes out of capital. That would be a company in dire straits. Most aren't.

Show me one healthy company paying taxes out of investor funds which are not then "paid back" by receipts from sales.

Rarely, rarely do investors pay a company's taxes, however indirectly. Only companies in birth or death spirals, and in the birth spiral they expect to be paid back, in the death spiral they hope to be.

To be revenue neutral, I talked about ending the Bush tax cuts, etc. If my theory is correct, and I know it is, there should be a zero-sum economic displacement and government revenues should hold. Business should prosper, according to the theories of the businessmen, and prices should fall for all consumers. Taxes cannot be raised on the lower 50% of earners. More taxes would be collected from CEO's, etc. than are now collected from corporations. My plan includes a provision for foreign profits and mucho domestic reinvestment, which should also create more jobs. All I see is win, win, win, but it would take guts. So did freeing the slaves. So did fighting the British. We just fought two wars at once (or 3 or 4 at times), are you saying we can't change a little tax code sometime after the 2012 election?

I have never once read the theory that business income taxes might as well be eliminated because they fall on the wrong people, not on business at all. And I read a lot. It's the customers who pay.

For all practical and worldly purposes, it is business customers who pay business income taxes in the good old U.S. of A. What could be more logical?

[20120115-28](#) 22:06 Bill Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to SteveB, above)

You acknowledge that there are companies in dire straits; let me suggest that there have been large numbers of them in the last four years. For those companies that recover and are able to price into the market with product prices that cover taxes, that's great. Many won't; many haven't. They instead consumed their capital by paying taxes and other expenses.

A typical scenario is the company using accelerated depreciation for its tax books. When times become tough and the company can't afford new capital expenditure, or the IRS ends the accelerated depreciation preference, then the company in its next period will have comparatively little expense to offset its revenues. This causes artificially high taxable earnings and consequently high tax load. At the same time the company's sales are weakening. Prices times volume of sales can not be expected to cover taxes. The company must pay taxes from its accumulated capital. This is a typical; there are many other scenarios of weakness, when the company must reach into its accumulated capital—if it happens to have any. GM's failure had a significant component of this typical scenario.

With respect to your new headline, you must remember the failure of many corporations (one if five fails) and bear in mind what happens when capital is eroded.

Something will happen one day to cure the severely unbalanced budget. It almost certainly will involve higher taxes for many and significant cuts in the expenditures. Gotta happen.

[20120115-29](#) 22:20 SteveG Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to Bill, above)

**From SteveG (Jan. 15, 2012, 10:20 pm)—reply to Bill, above, ref: Yet Another Tax Scam: Most Businesses Pay Zero**

Reality versus theory in taxes have nothing to do with slavery or the British are coming.

<a href="#">20120115-06</a>	13:33	Art	Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to SteveB & Bill, above)
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If I could interject a note on this really very interesting exchange, there may be another different approach here. Despite the current interpretation of the Supreme Court, corporations are not people. They have no conciseness or soul and they are never either happy or sad or remorseful or anything else. They, by themselves are things, just like a rock. Corporations however, are made up of and controlled by people. People, individuals, make all the decisions, bear all the responsibility and have all of those attributes listed above that corporations do not.

As to taxes, corporations don't care if they pay taxes or not or make a profit or loss or not, only the people within a corporation do. The reason they do is because these things affect their personal loss or gain. My thought is no corporate taxes for the company itself (also helps to reinforce the argument that corporations are not people) but very healthy graduated income tax for those individuals who derive gain from the corporation. That includes especially income but also thing like use of corporate jets or other vehicles, per diem pay, hotel accommodations etc etc. Equally there can be no law suits against corporation but only against individuals and they must compensate, if they lose, from personal not corporate funds.

May sound a little goofy and naive, but what it says is, if you plow the vast majority of the profits back into the corporation, you will not have to face any tax issue (no matter whether you merely get those funds by increasing the price of the items or service you sell or whatever) and this will encourage corporate growth but, if you decide to take for personal use a large amount of the profits made, you will pay the taxman. And, oh by the way, watch those decisions made for the corporation, because you will be held personally and fiscally responsible.

Does anyone recall when Madoff was marched off to prison how his wife was absolutely indigent that she had to give up the company car and jet. The unfairness of it all.

Just a naive thought.

<a href="#">20120115-13</a>	15:23	SteveB	Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to Art, above)
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No, not goofy or naive, just out of the box, Art. This is the right idea, I think.

<a href="#">20120115-17</a>	16:13	Pam	Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to Art, above)
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Yeah, make CEOs, CFOs, and the gang personally responsible for their companies' losses. Now that would really change things up.

<a href="#">20120115-21</a>	18:07	Bill	Re: Yet Another Tax Scam: Most Businesses Pay Zero (reply to Art, above)
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You're indicting the whole of the tax regimen; I'm addressing one assertion Steve made earlier: "Businesses don't pay any taxes. Ever" That simply isn't the case. Please see my responses to SteveB.

As to the existence of outrageous things—CEO salaries, wasteful expenses and capital purchases—I'd be the first to acknowledge there's plenty of it and that there oughta be a law agin' it .... With respect to the double taxation that is associated with ownership of C corporations, well, it could be replaced with individual taxation, but those individual rates on all of us will be raised substantially. And about preferences (sometimes called loopholes)

enjoyed by corporations, they are exceedingly abundant and probably the larger part of what makes the IRS Code such a monster.

[20120113-15](#) 19:10 SteveG Does God Meddle in Mortal Affairs (Like Football)?

I saw on ESPN today the results of a poll. The question was if there is divine intervention in close games for Tim Tebow and the Denver Broncos. 43% responded yes. Something is really wrong if God is intervening in a football game instead of curing cancer, stopping wars, etc. Just saying, something is wrong.

[20120113-18](#) 20:20 Pam Re: Does God Meddle in Mortal Affairs (Like Football)? (reply to SteveG, above)

from SteveG:

Something is really wrong if God is intervening in a football game instead of curing cancer, stopping wars, etc.

You've got that right.

[Ah, but, then who is to tell Him what He should be doing? –SteveB]

[20120113-17](#) 20:10 Art Re: Does God Meddle in Mortal Affairs (Like Football)? (reply to SteveG, above)

Who did they poll? Tea Party intellectuals? Both of them?

[20120113-16](#) 19:19 Dennis Re: Does God Meddle in Mortal Affairs (Like Football)? (reply to SteveG, above)

Wonder if Tebow's Bible-thumping fans know that he is gay. Not that there's anything wrong with that (Tebow, not his fans).

[20120113-19](#) 20:21 Pam Re: Does God Meddle in Mortal Affairs (Like Football)? (reply to Dennis, above)

Really?! I love it.

[20120113-21](#) 20:28 Art Re: Does God Meddle in Mortal Affairs (Like Football)? (reply to Dennis, above)

Do we really know that? Personally I think he is an outstanding young man ( I could care less which team he plays on) who the religious right is secretly trying to demonize to show the rest of us how religiously biased the rest of us pagans are. I mean who really gives a hoot if he bends his knee in prayer after a touchdown???? Better one of those goof ball dances????

It's a lot like the gun nuts who, every time there us a shooting, respond that really millions of Americans are saved every years by guns but the liberal press just won't report it.

[20120113-20](#) 21:27 Pam Re: Does God Meddle in Mortal Affairs (Like Football)? (reply to Art, above)

Art: always the voice of reason. Of course, it's just a rumor. And if it's true, so what? I'm not as tolerant of his public displays of religion as you though. I find his posturing ridiculous, rather like the sole survivor of a plane crash thanking god for looking out for him. But those goofy end-zone dances are just as irritating. You know what? People can really get on your nerves.

[20120113-22](#) 22:35 SteveG Re: Does God Meddle in Mortal Affairs (Like Football)? (reply to all, above)

"Divine intervention in a football game is like divine intervention in finding a parking place." —SteveG

[20120114-05](#) 11:17 Bill Re: Does God Meddle in Mortal Affairs (Like Football)? (reply to SteveG, above)

Couldn't agree more. I'm in the minority, I'm sure, but big sports tends to be a racket, motivated mostly by money. The players are the best, and the moves are often amazingly good, but it's all about money. Sports still seem to exist for the most part at the small college level, high school, and at lower levels.

[20120114-07](#) 11:52 Pam Re: Does God Meddle in Mortal Affairs (Like Football)? (reply to Bill, above)

Are you all familiar with Taylor Branch's article in a recent Atlantic about how college athletes at the big schools are being exploited so the NCAA can make a bundle? It won't happen, but I wish all college sports could be "amateur." Money is so corrupting, as we all know it is in politics. It is in sports too. I'm not saying get rid of pro teams and TV contracts and all that, just take money-making out of our educational system. Why not have minor leagues in football and basketball as well as baseball? Sports in the university are great and should be encouraged, but what goes on at the big schools has nothing to do with education--unless you're Stanford maybe. But--too many are making too much, so things won't change.

[20120114-09](#) 14:05 Bill Re: Does God Meddle in Mortal Affairs (Like Football)? & Indianapolis Superbowl (reply to Pam, above)

I had said in a previous remark that big sports is a racket. Please do not convey this remark, especially to those you know in Indianapolis, because I will be hunted down and stoned to death. There is a very loud and mounting clamor about the Super Bowl game that will be played here in Indianapolis. The amount of hoo-hah is absolutely astounding. People believe, I think, that Indianapolis will be lifted into some new and exalted state of being as a result of the Super Bowl being played here. Maybe so, but there will be one hell of a hangover and pile of trash to somehow recover from as a result. I'm not a believer that a Super Bowl will precipitate good times for all. Maybe for a few, while the rest of us are paying for stadium, team, clean-up, etc. It's nice to have a county fair, but the hype here is at absolutely looney levels.

[20120114-11](#) 14:39 Dennis Re: Does God Meddle in Mortal Affairs (Like Football)? & Indianapolis Superbowl (reply to Bill, above)

from Bill:

People believe, I think, that Indianapolis will be lifted into some new and exalted state of being as a result of the Super Bowl being played here.

See what it did for Detroit. Indianapolis will be a vacant lot before you know it.

<a href="#">20120114-10</a>	14:33	Art	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Bill, above)
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My response to this is to say that I have never, ever paid for any sports event, college or professional. I know it is a small meaningless gesture, but that is how I voice my displeasure.

Once as part of a Harvard course I did attend a Boston baseball game at Fenway Park, I think it is. The University paid for it. I was amazed. It was on a maybe Thursday work night, in September, I think, and neither team was in contention for any playoff spot. There must have been 30 thousand screaming fans there. The game was a no hitter and went extra innings. My classmates and I were all bored to tears, and when they announced extra inning, several us asked "please just kill us now". Fortunately for the remainder of our sanity someone scored a run in the 10th inning and thankfully it was over.

The capper was the next day as we all caught breakfast at the student cafeteria and were looking at the daily paper, 'Boston Herald'? Headlines mind you, not the sports page "IT DOESN'T GET ANY BETTER THAN THIS". Go figure.

<a href="#">20120114-12</a>	14:42	Dennis	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Art, above)
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Art, you didn't pray for divine intervention soon enough.

<a href="#">20120114-13</a>	14:45	Art	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Dennis, above)
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Well, there was that, Dennis, but who knew then?

<a href="#">20120114-15</a>	17:59	Pam	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics & P.G. Wodehouse (reply to all, above)
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It's amazing, isn't it, how much energy, time, and money Americans spend on essentially trivial things? The millions generated by the Super Bowl are certainly not trivial, but--sorry, sports fans--football is trivial. That's not to say that there isn't a place for trivialities. I just read an essay about P.G. Wodehouse, who is nothing if not trivial, but the world would be a dimmer place without Bertie and Jeeves. We all crave entertainment, and tastes differ, and that's fine. I used to believe no one could live a really fulfilling life without Shakespeare; now I know that's just silly. (I think I'm sort of talking myself out of my own argument here.) Entertainment is important in principle. I guess what bothers me sometimes is the way we set our priorities. I read about a biologist who has left the computer and gone back into the field, where he counts things--like the life in tidal pools. As the climate changes, the creatures in the pools adapt or move to a more hospitable clime. They do not face one obstacle, solve it, then never change again--the way people do. This fellow is applying what he observes in tidal pools to homeland security. Rather than setting up rigid procedures, like we have at airports, we should be more flexible and we should anticipate the unexpected, not just what's happened already. I find this fascinating, and I wonder why we don't pay more attention to creative and innovative thinking and maybe a little less to which quarterback does or does not have his act together. My dad was a coach, and my husband is an avid sports fan, but we can be enthusiasts without forgetting what's really important. Do I sound like a pompous a\*s?

<a href="#">20120114-19</a>	21:09	Bill	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics & P.G. Wodehouse (reply to Pam, above)
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Was that "Bertie" Williams who was with the Steelers a few years ago?

[20120115-01](#) 09:48 Pam Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics & P.G. Wodehouse (reply to Bill, above)

Wooster. Bertie Wooster. :-)

[20120114-18](#) 20:15 SteveG Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Pam, above, 17:59)

It all depends on how people interpret things and how they define creativity. Some say sports are creative, others say books, others say dance, others say movies, others theater, etc. Division 1 college sports and AAU sports are entirely out of control – college presidents allow the Division 1 and parents allow the AAU. Both need to be cleaned up!

[20120115-02](#) 10:04 Pam Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to SteveG, above)

Some years ago (maybe 20), our chancellor (UNCG) decided to take us to Division I from Division III. My husband, sports fan extraordinaire, strongly opposed the move and said so from his position on the faculty athletics committee. He has never changed his mind about that. However, the university in its wisdom continues to pour millions, literally millions, into a basketball team that hasn't won a game in forever. (Not quite, but almost.) The U. leased the big coliseum for the men's basketball games, leaving a perfectly nice, adequately large venue on campus that students had easy access to. Now they have to take a bus into the dark city in a not-so-hot neighborhood to watch other teams beat the snot out of us in a practically empty arena. You should be there when we play Duke! When they made this move, I quit going to games. (A good excuse.) UNCG used to be a women's college and only went co-ed in '63. It has no big-sports tradition, though we've done pretty well in soccer because of all the Icelandic players. I know none of this affects any of you, but I use it to make the point that university administrations and boards of trustees (usually rich business people) just love the idea of their school's name in lights and have some idea that this will attract more students. Well, it doesn't attract more music and nursing students, and these are two of our most outstanding programs. There, I got that off my chest.

[20120114-16](#) 18:40 Art Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Pam, above)

Frankly I sometimes wonder if schools like Florida State or Oklahoma or Auburn even bother to have academic departments.

I am sure I insulted someone with this one. Sorry.

I think your theories about (larger) universities' governance is correct. They want to keep their U's name in a favorable light before the public, and the chauvinism surrounding their U's team is the most convenient vehicle for that individuation and favorable light. It's hard to do the same through a sociology program.

There was a professor at IU Bloomington, Murray Sperber, who was a high profile critic of sports programs' overreaching, both of IU and in general. He was an easy target for the chauvinists, but he made eminent sense. I think he has left IU, by the way. God help the poor man in his Sisyphean efforts. Anyway, I'd get out the pom-poms and cheer for him any day.

[20120114-17](#) 18:54 Clark Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Art, above)



The philosophy of football, the calculus of the forward pass and the biology of the offensive line are all very big in those fine schools.

<a href="#">20120115-04</a>	12:30	SteveG	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Pam, above)
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:-) Sounds like the University of Evansville. They were a powerhouse in division 2 and went to division 1 – they cannot compete. Gym is about 10 miles away, student population is 2,400. They did quit football a few years ago.

If they are going to have such major sports programs as are currently in existence – the one year and done needs to get out of basketball (look at Kentucky as an example), University of Connecticut has to increase their graduation rate from 25%, coaches need to be held accountable for violations – Pete Carroll, Jim Trimel, Kelvin Sampson, etc. all break rules and at times leave the programs in shambles and yet they get raises as they go on to jobs in the pros. The governing body of sports NCAA needs to grow a pair.

<a href="#">20120115-16</a>	17:56	Bill	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to SteveG, above)
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It's a racket, alas. People want it.

<a href="#">20120115-05</a>	13:18	Pam	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to SteveG, above)
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I used to have a lot of respect for the NCAA. My dad was a vice-president of it for a time. But now it looks to me like it's morphed into a giant money machine, in league with the media and major universities. They all get a piece of a sizable pie. I guess I'm a little Anne Frankish, in that I do believe that most people are basically good. Does anyone really think he's a bad person, even those who awful things? The thing that gets me is how "good" people can do such bad things. I understand how bad things happen to good people, but when seemingly good people (Sandusky etc.) do bad things, do they realize what they're doing is bad, or do they convince themselves it's not? I know this sounds like a naive question, but I really wonder. Maybe the truth is, people are basically bad, and we should be grateful for the good they manage to do.

<a href="#">20120115-07</a>	13:35	Art	Re: Does God Meddle in Mortal Affairs (Like Football)? & Professional College Athletics (reply to Pam, above)
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And that's the problem!

<a href="#">20120115-08</a>	14:38	Art	Re: Does God Meddle in Mortal Affairs (Like Football)? & President Obama's Economy (reply to all, above)
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Getting away from the things most Americans really care about, sports, (somehow the divine intervention thing didn't go so well last night - still it was interesting after the game I saw St. Tebow surrounded by literally dozens of cameras and press, while Mr. Brady, who had just played perhaps the best four quarters of professional football I have ever seen, walked alone to the locker room - Hmmm?) couple of good articles in the news (WP) the last few days.

An editorial on Saturday sort of took apart the idea that the President, any president, can accomplish miracles, he is only one man. The thrust of the article is that any president can only advocate ideas, try to get some legislation passed and then wait for it to take effect, and all this takes time. He doesn't control foreign economies, the weather

or much less, even Congress. I think we all really know that, but the current political Republican rhetoric holding President Obama personally responsible for not turning the US economy around on a dime is just so much hot air.

Another article on Sunday about the Keystone Pipeline reveals that my favorite Speaker, Bonehead Boehner, had personally invested last year between \$10K and \$50K in seven different companies directly connected with the oil extraction. He has also received more than \$1M in campaign donations from these oil companies. Hmmm, think there might be a connection??? Think there might be a conflict of interest??? Of course his office says that it is all in a blind trust and that "He doesn't have any control over day-to-day trades, so there's no conflict of interest on this or any other investment,". Right! And we are to believe that? Think maybe he should recuse himself from any further political connection with the Keystone Project? Au Contraire. Instead Speaker Bonehead has set up some kind of ticking clock on Facebook to try and force the President to make a positive decision. This is about as politically blatant and self serving as I can recall.

Finally and here is one for our Republican fiscally conservative friends. When Bush, a God fearing, business friendly, fiscally conservative politician came to office in 2001 the S&P index was at 1350 something, when he left office it was down to 850. A huge drop. When President Obama, a socialist pinko job destroying, business hating left/right wing Nazi Commie came to office it was, not surprisingly 850, and today it is 1290. A very significant jump back up. Hmmm? How did that work?

[20120115-20](#) 18:06 Dennis Re: President Obama's Economy (reply to Art, above)

The stock market has historically always done better under Democrats than Republicans, yet the Dems get smaller campaign contributions from business than Repugs. Would you want any of these business guys handling your investments?

As for calling Republicans fiscally conservative, I'm waiting to see some actual evidence.

[20120115-22](#) 18:17 Bill Re: President Obama's Economy (reply to Art, above)

Agree. The bail-outs are repellent, but had they not been done, what we've been through would have been far more aggravated. There is extreme hypocrisy among the Republicans on this. And, as you suggest, many of the recent problems were brought to us by the %@# Bush administration. Now both parties must agree on means to reduce the national debt, a Mt. Everest of obligation that demands an ever larger share of each year's budget. I suppose I'm living in fantasy land in thinking that this will happen.

[20120115-25](#) 19:11 SteveB Re: President Obama's Economy (reply to Bill, above)

I agree with you completely on this one, Bill. Isn't it amazing how quickly we've forgotten the lessons we didn't learn then? Duhhhh...it was all Obama's fault, right?

Since no human on Earth can say with any certainty whatsoever that the bailouts weren't necessary, it seems like such a waste of energy to bemoan them instead of tackling our many huge problems.

[20120115-10](#) 14:57 SteveG Re: President Obama's Economy (reply to Art, above)

Add to it all the Republicans wanting smaller government and lower expenditures. Watch them squirm as Obama proposed consolidating 6 bureaus into 1 that would save \$3 billion or so dollars and decrease the number of federal employees by over 1, 000 (over the next 10 years). Questions are starting now: What is he trying to do, what is Obama up to?

[20120115-15](#) 16:12 SteveB Re: President Obama's Economy (reply to SteveG, above)

Good point. I think Obama must have the Republicans in Congress completely freaked out right now. They're noticeably reeling. Maybe the POTUS knew what he was doing all along. Please "make it so," Heavenly Intervention!

20120115-12 15:01 Art Re: President Obama's Economy (reply to SteveG, above)

Making sense! You're right they will squirm since I think the real and only Republican policy is to just oppose anything that might make President Obama look good.

20120114-01 00:20 Jim "Time To Talk Politics At The Dinner Table"

This lady makes sense and I believe her statistics about the ignorant state of current "adults" being the major problem. Forty per cent not knowing their legislators names is pitiful.

The statement about "voters knowing too much" not being the source of problems resonates.

"Time To Talk Politics At The Dinner Table" by Connie Schultz, The National Memo

Jan. 12, 2012. (<http://www.nationalmemo.com/content/time-talk-politics-dinner-table>)

We all have heard the admonishment that polite people never discuss politics or religion at the dinner table. Forgive me, but that sounds like a big part of the problem right now in America.

I grew up in a small working-class town in northeast Ohio. In our Protestant home, the dining room table faced the Jack-and-Jesus wall. Under Mom's watchful gaze in 1961, Dad had hung a painting of Christ next to an official-looking portrait of President John F. Kennedy. Once, a neighbor and fellow Presbyterian breathlessly pointed to the wall and declared that Kennedy was a Catholic. Mom smiled and assured her that God loved everyone -- even bigots. That was a short visit.

Our table manners were impeccable, thanks to my mother. Our politics were part of the menu, thanks to my father, who worked at the local power plant and was a proud member of the Utility Workers, Local 270. Reminders of Dad's work were everywhere in our house, from the potholders printed with images of Reddy Kilowatt, the cartoon mascot of the Cleveland Electric Illuminating Co., to the electrical outlets and light switches in every room. So often, I'd flick a switch and hear my mother chirp, "Thank your father for that light." As far as Mom was concerned, every volt of electricity to 1225 W. Prospect Rd. was delivered on the brawny shoulders of her husband, Chuck Schultz.

Another reminder of Dad's work came in a bound union contract that he tucked in his back pocket every day before he left for the plant. At night, he'd lay it next to his watch and wallet on my parents' dresser. Before I was 10, I was leafleting for candidates Dad supported. I saw my first presidential candidate in 1968, when my parents piled all four of us kids into the family car to drive to downtown Ashtabula for the chance to hear Vice President Hubert Humphrey speak. We have silent footage of that speech, filmed by Dad's shaky hand.

I knew "the personal is political" long before feminists declared this to be so. In a union home, you grow up knowing that some people -- our kind of people -- are only strong in numbers. You also know who's on your side. You learn all of this in the nightly discussions over family dinners. If you grow up talking over dinner about the role of government in your daily life, chances are you still will be doing that when it's your turn to be the grown-up at the table. It's also likelier you'll know the names of your elected officials and be a consistent voter, too.

In a column last week for *The Wall Street Journal*, Jonah Lehrer asked readers to consider the following statistics about today's voters in America:

1. The vast majority of them can't name their member of the House of Representatives or any single congressional candidate.

2. Forty-five percent of adults don't know that each state elects two senators.
3. Forty percent of Americans can't name the vice president.
4. Sixty-three percent can't name the chief justice of the U.S. Supreme Court.

In most communities, you need only to ask 10 strangers to name their member of Congress to get that sinking feeling that Lehrer's numbers are not far off the mark. There's a reason that misleading campaign ads work, and it's never because the public knows too much.

The 2012 presidential race will see an onslaught of negative ads produced by groups with no discernible identities. The Supreme Court's decision in the Citizens United v. Federal Election Commission case unleashed wealthy donors to give unlimited amounts of money to independent groups that produce campaign ads. They can do this anonymously, so you won't even know who's trying to play you for a chump.

So let's be willing to make some people uncomfortable at the dinner table. Let's unravel the mystery of politics, one meal at a time, and start with the basics:

1. No matter what state you call home, you have two senators and one member of the House representing you. Libraries, newspapers and countless websites can tell you their names.
2. The vice president of the United States is Joe Biden.
3. The chief justice of the Supreme Court is John Roberts.
4. Election Day is Nov. 6 this year.

If you already know all this, speak up, even at the dinner table. Especially at the dinner table. This is no time to mind your manners.

(Connie Schultz is a Pulitzer Prize-winning columnist and an essayist for Parade magazine. She is the author of two books, including *...and His Lovely Wife*, which chronicled the successful race of her husband, Sherrod Brown, for the U.S. Senate. To find out more about Connie Schultz (con.schultz@yahoo.com) and read her past columns, please visit the Creators Syndicate Web page at [www.creators.com](http://www.creators.com).)

20120114-14	15:31	SteveG	"The GOP's Efficiency Deficit"
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A further indictment of American capitalism...

"The GOP's Efficiency Deficit" by Christopher Petrella, NationofChange

Jan. 14, 2012, (<http://www.nationofchange.org/gop-s-efficiency-deficit-1326558972>)

Save the word "Obamacare" there is not a single term in the GOP lexicon said with more vigor or ubiquity than "efficiency." Despite daily bloviation on the theme of annual deficit reduction, however, the Right has been cravenly silent on its own ideological deficit of efficiency. Republican apothegms are about as trite as they are tired: "reducing taxes on job creators will help to grow the economy," "government is a not a solution to our problems, government is our problem," and "efficient markets inevitably lead to economic stability."

But contrary to the claims of most conservatives, corporate capitalism is ruthlessly inefficient and irrational; it's socialism for the wealthy. They insist that the satisfaction of human need is best satisfied by maximizing the reach and frequency of market transactions. To this end, they charge that the marketplace is a rational, self-correcting mechanism that, despite booms and busts, will ultimately deliver the most efficient distribution of goods and

services. The unswerving drive for privatization of publicly owned resources –whether they be utilities, social programs, or public lands—draws cachet from the illusion that private ventures are always more “efficient” than public endeavors. “Efficiency,” of course, is not a value-neutral term and so we must pose the question: efficiency for whom? Efficiency for labor? For the poor? For people of color? For capital? The alluring but fallacious notion that efficiency is an objective, class-neutral concept dissolves when we consider examples of market-measured, profit-premised “efficiency”.

Conservative endorsement of efficient markets remains largely unsubstantiated when such assumptions are applied to three very simple interrelated economic measures:

1. The capacity utilization rate.
2. The U-6 unemployment rate.
3. Corporate profits.

The capacity utilization rate (also known as the operating rate), simply stated, is an index used to mark the rate at which potential output levels are being met or utilized. Exhibited as a percentage, capacity utilization levels offer insight into the overall excess or glut in the economy or in a company at any point in time. That is, the capacity utilization rate quantifies how much a company does produce as a percentage of what it could produce. For instance, if a company manufactures 1,000 shoes a day but could produce 2,000 for the same cost, then it has a capacity utilization rate of 50%.

Since 1989 the U.S. Federal reserve has calculated capacity utilization rates. The data are startling. Since 1990 the average total industry capacity utilization rate rests at 79.7% and since the beginning of the recession, 75.4%. The nadir occurred in 2009 with an average annual rate of 69.2%. What does this all mean? And why should it matter? This obscure measurement of capacity, and therefore productivity, suggests that nearly 25% of fixed assets (raw materials) and factory machinery is collecting dust at a time when 15.2% of the working population –23 million Americans—is without work.

According to the Bureau of Labor Statistics, “the U-6 unemployment rate counts and describes not only people without work seeking full-time employment, but also counts marginally attached workers and those working part-time for economic reasons. Note that some of these part-time workers counted as employed by U-3 could be working as little as an hour a week. And the marginally attached workers include those who have gotten discouraged and stopped looking, but still want to work.”

Such dispiriting examples of inefficiency, of course, also occur against the backcloth of corporate protectionism of profits. According to the U.S. Federal Reserve, American businesses are currently sitting on at least \$1.9 trillion in profits, or surplus. This is the highest figure recorded since the government began keeping data in 1959.

So let me get this straight...

**U.S. corporations are sitting on at least \$1.9 trillion in surplus while 23 million citizens are jobless and 25% of our country’s fixed assets and machinery are collecting dust? Is this capital efficiency?**

Capitalism’s first priority has never been, nor ever will be, the satisfaction of social need; I cannot imagine anything more financially unsustainable, irrational, inefficient, and unethical than an economic system that refuses to match surplus capital with surplus workers and machinery. After all, what is the market without morality? Freedom without fairness? Efficiency without ethics?

[“Free” trade prevents the surplus capital, workers, and machinery from getting together. One could also take the view that it is the high wages of American workers which do the preventing. I believe this latter view to be disastrous to our American way of life, while the elimination of the former might be its salvation. –SteveB]

Note most of the accelerating debt occurred after 1980 when the tax rate for the top 1% went down from 90% to 35%. From: <http://www.connectthedotsusa.com/>.



[Here's a link to a better quality graphic and many more interesting graphs. A valuable resource: <http://www.connectthedotsusa.com/pdf/BudgetsOhMySlides.pdf>. --SteveB]

Good graphic. And the Republicans say they're so worried about the deficit their policies have actually have caused. THE BIG LIE!

Here is something to ponder. I took this from a book review by Hywel Williams, in the Dec. 23 *TLS*, of Simon Heffer's *A Short History of Power*.

"Democratic politicians only differ from fascist and communist leaders because they recognize that a ballot box confers legitimacy. But that is not a sign of their willingness to yield power: they have just learned that 'they must go through certain procedures to earn the right to exercise it.'"

—Friends of the Middle,

Steven W. Baker (SteveB), Editor/Moderator

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