



FRIENDS OF THE MIDDLE NEWSLETTER #61 — JAN. 27, 2012

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Fossil Fuel Subsidies Must End

(posted by Steven W. Baker / SteveB, Jan. 27, 2012)

Here's an area where Republican philosophy is on-target, but Republican policy is wrong, because it's dominated by big money from energy companies. The U.S. government gives the money directly to the oil and coal companies. Many of the world's governments give their people cheap gasoline. The last time I looked, gasoline was 12 cents per gallon in Venezuela and bankrupting the country. All types of government subsidies for fossil fuels need to end (and fuel taxes raised in developed nations). If these same subsidies were applied, instead, to alternative energy solutions, we might have a fighting chance.

What makes sanity almost impossible to implement is that middle class and poor people all over the world would be hurt. People who have gotten rich off of existing policies would have to step-in to help. The amazing truth? None of these souls or companies seem interested.

Some things only government can do, because private enterprise doesn't give a damn! And why would it? Capitalism is a mindless, heartless beast with one thought—money! For the benefit of all, mankind has tamed other beasts and then, under control, turned them to do our bidding. Why not this one too?

"Dirty Money" by Matthew Yglesia, *Slate*

Jan. 26, 2012,

http://www.slate.com/articles/business/moneybox/2012/01/fossil_fuel_subsidies_and_global_warming_we_could_cut_the_climate_change_problem_in_half_simply_by_abolishing_inefficient_fossil_fuel_subsidies.html)

(Saudi King Abdullah ordered petrol prices in the oil-rich kingdom slashed by more than 30 percent yesterday. The astonishing new data showing that simply eliminating inefficient fossil fuel subsidies could achieve half the world's carbon reduction goals.)

What if I told you that we could obtain half the reduction in carbon emissions needed to stave off climate disaster not with new government interventions in the economy but simply by removing existing interventions?

Fatih Birol, chief economist of the International Energy Agency is telling you exactly that. In data released this month as part of the IEA's latest World Energy Outlook report, he shows that in 2010 the world spent \$409 billion on subsidizing the production and consumption of fossil fuels, dwarfing the world's \$66 billion or so of subsidies for renewable energy. Phasing fossil fuel subsidies out would be sufficient to accomplish about half the reduction in

greenhouse gas emissions needed to meet the goal of preventing average world temperatures from rising more than 2 degrees Celsius.

You don't hear as much about this as you should largely because the biggest offenders are far from our shores. Still, the scale and scope of the issue is worth dwelling on if only because these subsidies are so wrongheaded.

Far and away the biggest problem seems to be that misguided sense that countries that are large producers of certain kinds of fuels ought to subsidize domestic consumption of the fuel in question. Thus Saudi Arabia spends more than \$30 billion a year on gas consumption subsidies while Russia spends \$17 billion on natural gas subsidies. Iran, which produces both, subsidizes both, spending \$66 billion in total plus an additional \$14.4 billion on electricity consumption subsidies. Large-population developing countries such as China, India, and Indonesia are also important players in the subsidy game. In no case do these subsidies make sense.

For starters, the mere fact that your country contains a lot of oil offers no special reason to subsidize gasoline consumption. For one thing, gasoline isn't oil. Like other usable fuels, it needs to be refined from crude. Iran is actually a net importer of refined petroleum products, and the United States has recently become a net exporter of them, even as the situation for crude oil is the reverse. More broadly, the opportunity cost of using a domestically produced barrel of oil is identical to the financial cost of buying a barrel on international markets. In other words, if the Japanese government wants to offer subsidized oil to its citizens, it needs to go buy the oil first from Saudi Arabia. By the same token, if the Saudi government wants to offer subsidized oil to its citizens, it needs to sell less to Japan. The budgetary impact is identical in either case and the merits of the policy have nothing to do with how much oil a country has.

And what are the merits? Not much. Consumption subsidies are typically justified as beneficial to the poor. But while it's certainly true that in rich countries utility bills and transportation fuel costs disproportionately burden the poor, it's not clear that this is true in the developing world. Here in the United States, only rich people go to fancy restaurants, but everyone needs to run home appliances, which is why higher energy costs hit the poor hardest. In India, however, more than a third of the population doesn't have electricity, and most people don't have cars. China's not as poor as India, but the same logic applies: The people who truly need help are the people who can't afford to take advantage of the subsidies. The IEA calculates that less than 10 percent of global fossil fuel subsidies benefit the poorest 20 percent. These subsidies would be much better spent on a mix of cash grants to the poor, lower taxes to spur growth, and investments in infrastructure and education.

But even a direct fuel subsidy for the poor is a pretty bad way to help people. America doesn't go in for lavish spending on fuel consumption subsidies, but we do have something called the Low-Income Home Energy Assistance Program, which offers targeted subsidies to help poor families in cold-weather states to keep their families warm in the winter. This is hardly the worst idea in the world, but you'd do more for the families and the environment if you just gave them cash. Some of that cash might go to pay the heating bill, but some might go to the purchase of sweaters or better insulation, ecologically friendlier solutions that will probably help households more over the long run.

That these kinds of subsidies are misguided counts as conventional wisdom in the economics world, but it's not clear that even economists have recognized the sheer scale of the impact. If roughly half of what needs to be done can be achieved simply by eliminating economic distortions—economic distortions that would be unwise even if there were no concern about pollution—then the whole framework of a trade-off between prosperity and sustainability is largely misguided. The outlook for greener, freer markets gets even brighter when you consider that consumption subsidies aren't the only dirty interventions out there. The U.S. government offers generous tax subsidies for the production of oil and natural gas (each year, President Obama proposes to scrap them, and each year Congress declines), and the European Union does the same for coal. Local governments nearly everywhere require the construction of more parking spaces and lower-density buildings than a free market would provide, encouraging excessive driving and energy-intensive large detached homes.

At the end of the day, pure laissez faire can never meet the world's environmental challenges. If you want to reduce greenhouse gas emissions, you need to cap them and then you need to reduce the cap. But a surprisingly large step toward that target can occur by simply allowing the market to do its work by removing the subsidies that encourage lavish and inefficient consumption of fossil fuels.

FotM NEWSLETTER #61 (Jan. 27, 2012)—HYPERTEXT INDEX

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20120126-01	13:43	SteveG	MSNBC's "Rachel Maddow Show"
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Worth a watch:

http://www.msnbc.msn.com/id/26315908/ns/msnbc_tv-rachel_maddow_show/

20120126-02

14:43

SteveB

Tax Problem Joke & Graphic: Newt & 'His Well of Sleaze' [sounds like a great name for a rock group!]

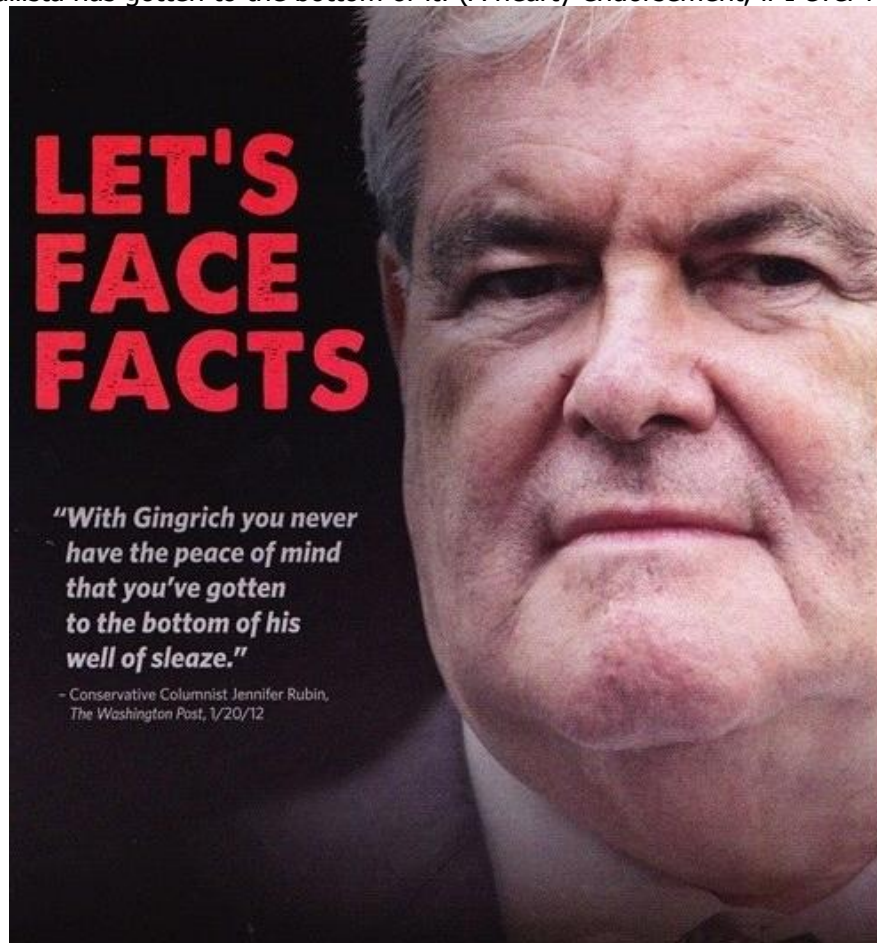
The IRS sent Joe's tax return back! AGAIN!!! In response to the question: "List all dependents..."

Joe replied:

12 million illegal immigrants; 3 million crack heads; 44 million unemployable people on food stamps; 2 million people in over 250 prisons; half of Mexico ; most third-world countries', and 535 idiots in the U.S. House and Senate.

Apparently, this was NOT an acceptable answer.

I bet Callista has gotten to the bottom of it! (A hearty endorsement, if I ever read one.)



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20120126-05

15:38

Dennis

Re: Tax Problem Joke (reply to SteveB, above)

[In reference to the joke, above... --SteveB]

You forgot to include Big Oil, Big Pharma, the military-industrial complex, bankers, mortgage companies, parasitic insurance companies and all the other welfare cases who make up the bulk of the dependents who suck up much more tax payer dollars than the ones you listed.

[20120126-09](#) 17:18 SteveB Re: Tax Problem Joke (reply to Dennis, above)

Oh...the tax thing was just a forward, but you're quite right.

Everybody's got their hand out. The bigger the hand, the farther the stretch. The biggest hands are stretched the farthest—around all our throats...

But it's Mexico and Canada that really pi*s me off! They have essential stolen our stuff, because we should own them! Newt's right, we shouldn't be wasting our time on the rest of the world we'll never understand anyway. There aren't any bothersome indigenous peoples on the moon, and we could just get what we need right here in our own backyard—the lands of Latinos and Canucks—with Mexico and Canada soon to be the 51st and 52nd states, and Cuba soon following, combined with Puerto Rico as the state of "Cuba Libre" or "South Florida"—land of cheap retirement and domestic servants for all true Americans! That Newt is a brilliant thinker.

[20120126-10](#) 17:29 Pam Re: Tax Problem Joke (reply to Dennis, above)

Better to laugh than to cry, I guess.

[20120126-03](#) 15:03 Ben "Gingrich Vows to Build a Permanent U.S. Base on the Moon"

I sure like this idea, as a national goal:

"Gingrich Vows to Build a Permanent U.S. Base on the Moon" Reuters/ *The Globe and Mail*

Jan. 26, 2012, (<http://www.theglobeandmail.com/news/world/gingrich-vows-to-build-a-permanent-us-base-on-the-moon/article2316004/>)

(COCOA, FI) Republican presidential contender Newt Gingrich called on Wednesday for a base on the moon and an expanded federal purse for prize money to stimulate private-sector space projects. Gingrich vowed to build a permanent US base on the moon.

[20120126-04](#) 15:36 SteveB Re: "Gingrich Vows to Build a Permanent U.S. Base on the Moon" (reply to Ben, above) & "Santorum: Moon Base Idea Is 'Crass Politics'"

As much as I wish it were the time to pursue such a plan, I don't think the payback is there.

Much better to spend the money on finding energy solutions and water solutions. We could build that pipeline between the mouth of the Mississippi to Texas (at least) instead of the Keystone XL Pipeline.

We could invest in public transportation. We could solve the healthcare crisis. You want technological innovation? We could improve education, make it more accessible, and provide plentiful financing to creative entrepreneurs.

We could send almost half the illegal aliens back to Mexico, coach. We could defeat the Taliban (just kidding about that one).

I don't see such vast rewards in returning to the moon. I'd be perfectly happy to let the Chinese do it while we work on the hyper-drive. Now, if there's one of those damned monoliths up there, whatever the hell they are, then, yes, we'd better try to get there first. Do you suppose Newt knows something?

It's not a super simple equation, because there is much still to be gained from such space travel, but it also seems to me a little like engineering masturbation, not even scientific masturbation like the LHC.

I guess I find myself in complete agreement with Mr. Glitter Bomb (below). You do know that, eventually, we are going to have to inflate our way out of this mess, right?

"Santorum: Moon Base Idea Is 'Crass Politics'" by Emily Schultheis, Politico

Jan. 26, 2012, (<http://www.politico.com/blogs/burns-haberman/>)

POLITICO's Robin Bravender reports from Tallahassee, Fla.:

Santorum was asked at Florida State University about whether he'd expand NASA programs after Newt Gingrich's pledge for a new moon base.

"I go back to trying to be very up front and honest with the people of Florida, the people of the country," he said.

But given a potential explosion of inflation, he said, "the idea that anybody's going out and talking about grand, new, very expensive schemes to spend more money at a time when we do not have our fiscal house in order, in my opinion, is plain, crass politics."

20120126-06	16:59	Ben	Re: "Gingrich Vows to Build a Permanent U.S. Base on the Moon" (reply to SteveB, above)
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I see anything to further develop our efforts in space as ultimately requiring a boost in education, focused in particular on math and science: just like Eisenhower's program -- the one that shaped you and me. So some of that, I have covered, if a realistic effort is made to do the Space thing. I also feel strongly that as more water becomes less accessible, the wilder ideas like comets as a source of water begin to look - at some point - necessary. There's so much potential, with energy just coursing throughout, that I feel not to accept that challenge is to guarantee an endpoint for humanity.

Maybe that's a good thing. But I think not.

20120126-07	17:00	SteveB	Re: "Gingrich Vows to Build a Permanent U.S. Base on the Moon" (reply to Ben, above)
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OK, Newt. (just kidding...I wish these were better times...but there is a limit to growth that only work on this planet will solve. At least for a while.)

Believe me, you want water from the Mississippi before you tackle some damned comet. ^_^

20120126-11	17:36	Ben	Re: "Gingrich Vows to Build a Permanent U.S. Base on the Moon" (reply to SteveB, above)
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Agreed. About the pipeline.

"Low IQ & Conservative Beliefs Linked to Prejudice" by Stephanie Pappas, LiveScience.com/Yahoo! News

Jan. 26, 2012, (<http://news.yahoo.com/low-iq-conservative-beliefs-linked-prejudice-180403506.html>)

There's no gentle way to put it: People who give in to racism and prejudice may simply be dumb, according to a new study that is bound to stir public controversy.

The research finds that children with low intelligence are more likely to hold prejudiced attitudes as adults. These findings point to a vicious cycle, according to lead researcher Gordon Hodson, a psychologist at Brock University in Ontario. Low-intelligence adults tend to gravitate toward socially conservative ideologies, the study found. Those ideologies, in turn, stress hierarchy and resistance to change, attitudes that can contribute to prejudice, Hodson wrote in an email to LiveScience.

"Prejudice is extremely complex and multifaceted, making it critical that any factors contributing to bias are uncovered and understood," he said.

Controversy ahead

The findings combine three hot-button topics.

"They've pulled off the trifecta of controversial topics," said Brian Nosek, a social and cognitive psychologist at the University of Virginia who was not involved in the study. "When one selects intelligence, political ideology and racism and looks at any of the relationships between those three variables, it's bound to upset somebody."

Polling data and social and political science research do show that prejudice is more common in those who hold right-wing ideals than those of other political persuasions, Nosek told LiveScience.

"The unique contribution here is trying to make some progress on the most challenging aspect of this," Nosek said, referring to the new study. "It's not that a relationship like that exists, but why it exists."

Brains and bias

Earlier studies have found links between low levels of education and higher levels of prejudice, Hodson said, so studying intelligence seemed a logical next step. The researchers turned to two studies of citizens in the United Kingdom, one that has followed babies since their births in March 1958, and another that did the same for babies born in April 1970. The children in the studies had their intelligence assessed at age 10 or 11; as adults ages 30 or 33, their levels of social conservatism and racism were measured.

In the first study, verbal and nonverbal intelligence was measured using tests that asked people to find similarities and differences between words, shapes and symbols. The second study measured cognitive abilities in four ways, including number recall, shape-drawing tasks, defining words and identifying patterns and similarities among words. Average IQ is set at 100.

Social conservatives were defined as people who agreed with a laundry list of statements such as "Family life suffers if mum is working full-time," and "Schools should teach children to obey authority." Attitudes toward other races were captured by measuring agreement with statements such as "I wouldn't mind working with people from other races." (These questions measured overt prejudiced attitudes, but most people, no matter how egalitarian, do hold unconscious racial biases; Hodson's work can't speak to this "underground" racism.)

As suspected, low intelligence in childhood corresponded with racism in adulthood. But the factor that explained the relationship between these two variables was political: When researchers included social conservatism in the analysis, those ideologies accounted for much of the link between brains and bias.

People with lower cognitive abilities also had less contact with people of other races.

"This finding is consistent with recent research demonstrating that intergroup contact is mentally challenging and cognitively draining, and consistent with findings that contact reduces prejudice," said Hodson, who along with his colleagues published these results online Jan. 5 in the journal *Psychological Science*.

A study of averages

Hodson was quick to note that despite the link found between low intelligence and social conservatism, the researchers aren't implying that all liberals are brilliant and all conservatives stupid. The research is a study of averages over large groups, he said.

"There are multiple examples of very bright conservatives and not-so-bright liberals, and many examples of very principled conservatives and very intolerant liberals," Hodson said.

Nosek gave another example to illustrate the dangers of taking the findings too literally.

"We can say definitively men are taller than women on average," he said. "But you can't say if you take a random man and you take a random woman that the man is going to be taller. There's plenty of overlap."

Nonetheless, there is reason to believe that strict right-wing ideology might appeal to those who have trouble grasping the complexity of the world.

"Socially conservative ideologies tend to offer structure and order," Hodson said, explaining why these beliefs might draw those with low intelligence. "Unfortunately, many of these features can also contribute to prejudice."

In another study, this one in the United States, Hodson and Busseri compared 254 people with the same amount of education but different levels of ability in abstract reasoning. They found that what applies to racism may also apply to homophobia. People who were poorer at abstract reasoning were more likely to exhibit prejudice against gays. As in the U.K. citizens, a lack of contact with gays and more acceptance of right-wing authoritarianism explained the link.

Simple viewpoints

Hodson and Busseri's explanation of their findings is reasonable, Nosek said, but it is correlational. That means the researchers didn't conclusively prove that the low intelligence caused the later prejudice. To do that, you'd have to somehow randomly assign otherwise identical people to be smart or dumb, liberal or conservative. Those sorts of studies obviously aren't possible.

The researchers controlled for factors such as education and socioeconomic status, making their case stronger, Nosek said. But there are other possible explanations that fit the data. For example, Nosek said, a study of left-wing liberals with stereotypically naïve views like "every kid is a genius in his or her own way," might find that people who hold these attitudes are also less bright. In other words, it might not be a particular ideology that is linked to stupidity, but extremist views in general.

"My speculation is that it's not as simple as their model presents it," Nosek said. "I think that lower cognitive capacity can lead to multiple simple ways to represent the world, and one of those can be embodied in a right-wing ideology where 'People I don't know are threats' and 'The world is a dangerous place'. ... Another simple way would be to just assume everybody is wonderful."

Prejudice is of particular interest because understanding the roots of racism and bias could help eliminate them, Hodson said. For example, he said, many anti-prejudice programs encourage participants to see things from another group's point of view. That mental exercise may be too taxing for people of low IQ.

"There may be cognitive limits in the ability to take the perspective of others, particularly foreigners," Hodson said. "Much of the present research literature suggests that our prejudices are primarily emotional in origin rather than

cognitive. These two pieces of information suggest that it might be particularly fruitful for researchers to consider strategies to change feelings toward outgroups," rather than thoughts.

"The Secrets of the Republican Hair Helmet" by Brian Moylan, Gawker

Jan. 23, 2012, (<http://gawker.com/5878549/the-secrets-of-the-republican-hair-helmet>)

20120126-12	19:32	SteveG	Fw: (from Alan Grayson) Dennis Kucinich vs. Predatory Capitalism
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CONTRIBUTE TO BOTH ALAN GRAYSON AND DENNIS KUCINICH SIMULTANEOUSLY:
<https://secure.actblue.com/contribute/page/grayson4kucinich?refcode=nationaljan26>.

from Alan Grayson:

Mitt Romney did not invent predatory capitalism. It's been around for a while.

Predatory capitalism was already alive and well in 1978, in Cleveland. That was when the One Percent who controlled the banks, and pretty much everything else of value, decided that they wanted to steal the local power company from the people of Cleveland.

By way of background, Cleveland Public Power was founded by the Mayor of Cleveland, more than a century ago. It provides the people of Cleveland with electricity -- without the price gouging, poor service, pollution and monopolization for which Big Energy seems to strive.

The One Percent didn't like that idea at all. So they invested in a private company called Cleveland Electric Illuminating. They wanted to steal Cleveland Public Power from the people, and then jack up the rates, and make lots and lots of money.

They then issued this ultimatum:

1. Hand over the assets of Cleveland Public Power to us.
2. Or we will pull the plug on Cleveland.

By which they meant that they would boycott the City of Cleveland's bonds as they came due, and drive the City into bankruptcy.

Which they then did. The One Percent forced the City of Cleveland into bankruptcy.

But they didn't anticipate one thing. What the 32-year-old, first-term Mayor of Cleveland would say.

That was Dennis Kucinich. And Dennis said no.

No matter what the banks said, Dennis said no.

No matter what the City Council said, Dennis said no.

No matter what the bankruptcy court said, Dennis said no.

A newspaper on December 22, 1978 quoted Dennis as follows: "They are maneuvering to offer the city terms so bad that we will feel pressured to beg." And Dennis would not beg.

No. Just no.

And Dennis paid a price for that. The "Boy Mayor of Cleveland" went down to defeat that year. The One Percent made sure of that. But the people of Cleveland kept their power company.

Twenty years later, the Cleveland City Council honored Dennis Kucinich for having the "courage and foresight" to stand up to the banks, for the sake of the people. They calculated that Dennis had saved the people of Cleveland \$195 million in one decade alone. And Cleveland elected Dennis Kucinich to Congress.

Let me tell you something. There is not one person in a hundred -- Democrat or Republican, liberal or conservative, male or female, white, black, red or brown -- who would have the courage to do what Dennis Kucinich did. For the good of the people.

That's why we need Dennis Kucinich in Congress.

Thanks to Republican gerrymandering in Ohio, Dennis is facing the fight of his career. His election is on March 6. And absentee ballots in his district will be mailed out next Tuesday.

Dennis needs your help. He needs to contact thousands of absentee voters, and that costs money. If you helped him before, then help again. If you didn't help him before, then help now.

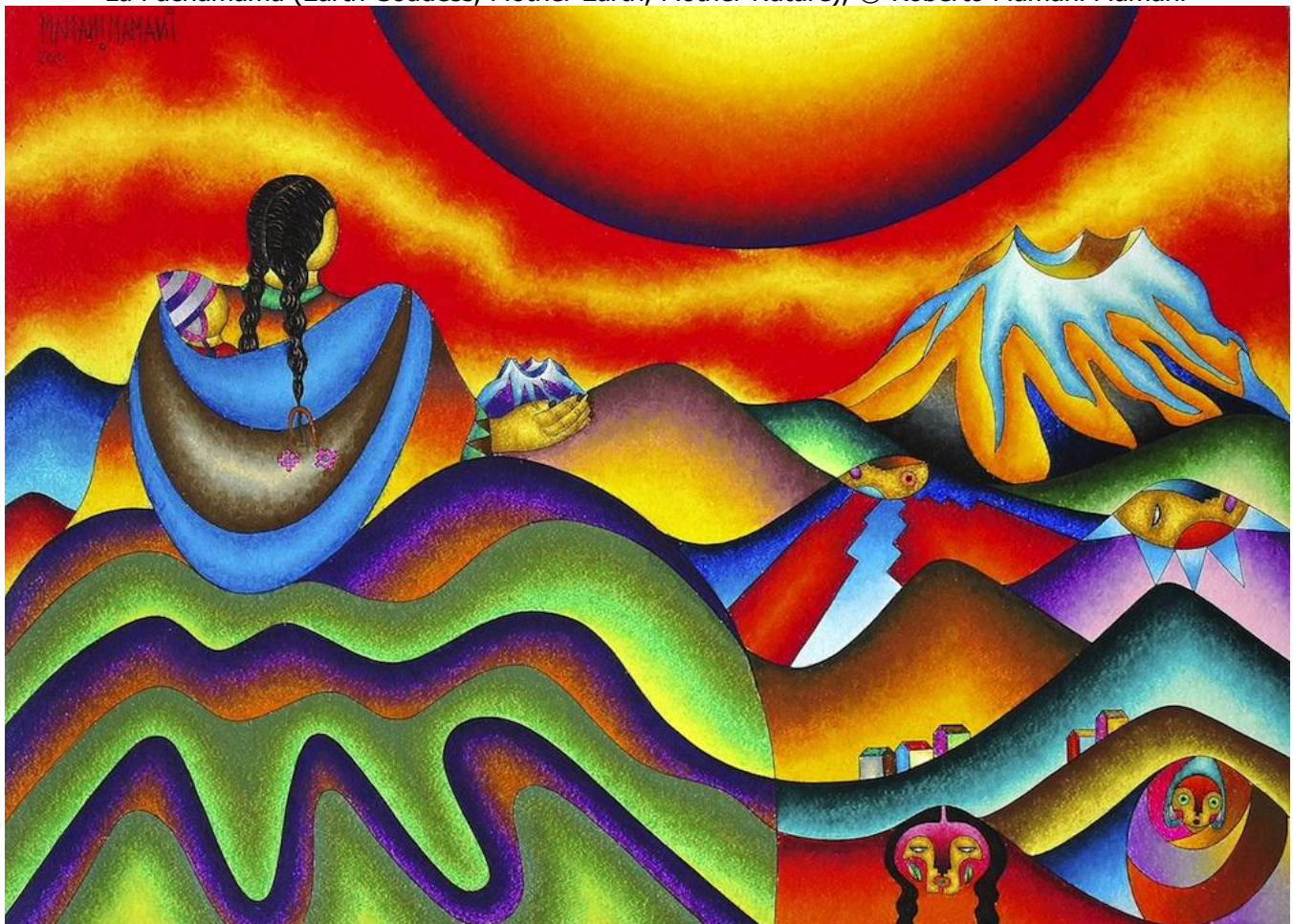
Because Dennis has guts. And that's what we need in our leaders.

Courage, Alan Grayson

This is the artist who is painting the cover of my new poetry book. I believe him to be the greatest living painter in South America. Our other national treasure is Ejti Stih, who is one of my wife's many cousins. Bolivia is such a small country, less than 10 million people, that I'm lucky to know both truly great artists. They're pretty interesting people too! The painting below absolutely blows me away. To me, it's like what Picasso wanted to do—to inhabit and exhibit the interiors of his subjects, not just the outside; what he intended to do, but couldn't quite bring off. Mamani Mamani does. Time after time. With some mysterious inner vision...with the impeccable intent of a true warrior.

<http://indiancountrytodaymedianetwork.com/2011/04/21/color-earth-andes-the-work-of-bolivian-artist-roberto-mamani-mamani-29630>

La Pachamama (Earth Goddess, Mother Earth, Mother Nature), © Roberto Mamani Mamani



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

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