



## FRIENDS OF THE MIDDLE NEWSLETTER #110 — APR. 5, 2012

*Welcome to always lively political discussion and whatever else comes up.*  
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### Index to Friends of the Middle Newsletter #110 — Apr. 5, 2012

## The Obligations of American Companies Like Apple

The argument that American companies, or even their uber-rich CEOs, owe nothing to American society is ludicrous. It is past time for the chickens to come home and roost. The model of using China, or any other country, to rape America must end.

"Apple Has an Obligation to Help Solve America's Problems" by Clyde Prestowitz, CNN

Apr. 3, 2012, ([http://edition.cnn.com/2012/04/03/opinion/prestowitz-apple-jobs/index.html?iid=article\\_sidebar](http://edition.cnn.com/2012/04/03/opinion/prestowitz-apple-jobs/index.html?iid=article_sidebar))

(Apple should realize that what is good for the company can also be good for the American economy, says Clyde Prestowitz.)

Editor's note: Clyde Prestowitz is the founder and president of Economic Strategy Institute. A former counselor to the commerce secretary in the Reagan administration, Prestowitz is the author of *The Betrayal of American Prosperity* and blogs about the global economy at Foreign Policy.)

Americans have become used to the fact that most of the jobs created by Apple are in China. We know that Steve Jobs told President Barack Obama that "those jobs aren't coming back." Recently, an executive at Apple said that the company has no obligation to solve America's problems by moving some of those jobs back to the United States.

As a business, Apple has a right to fear that moving the assembly work from China to the United States will entail raising labor costs so high as to make the company less competitive and profitable. But for it to say that it has no obligation to help solve America's problems is completely unacceptable.

Virtually every piece of technology in any Apple product had its origin or was partially developed on the basis of a U.S. government-funded program. In a global world where piracy of products is commonplace, Apple, like other multinationals, has continuously pressed the U.S. government to enforce copyright and patent laws to protect its intellectual property from international theft. Does Apple owe anything to Uncle Sugar? You betchum. Big time.

Skeptics are right to point out that moving the factory assembly operations to the United States is a nonstarter as long as we continue to have free trade with China. These kinds of jobs are labor-intensive, and the differential in the cost of labor between America and China is just too large. But this is not where the real value or the good jobs we want for Americans lies.

The assembly value in an iPhone is only about \$7. The real treasure-trove is in the parts. For example, the displays, the processors, memory chips and other key electronic components comprise nearly half of the value of the iPhone.

These components require intensive capital and technology investments, but they do not require a great amount of labor. In other words, they can all be produced in America. Indeed, according to a recent study by Booz and Co., to supply the U.S. market, the most competitive location in which to produce these components is the United States.

At the moment, however, Apple is not procuring most of these parts in America. With a few exceptions, the company is getting them from South Korea, Japan, Taiwan, China or Germany.

Let's take Gorilla Glass, a product made by Corning Inc. of Corning, New York, that is used as the display for the iPhone and iPad as well as many other smartphones and tablets. Corning can and does make that glass in America.

But to gain access to China's market, Corning is pressured by the Chinese government to make Gorilla Glass in China so that it can be used in any Chinese factory that makes a product that needs the glass. Basically, Corning must invest and produce in China, even though, in my estimates, it might be less expensive to make Gorilla Glass in America and export it to China. The same is true for other assembly line parts.

So what should Apple do?

We know that Samsung, a South Korean supplier, had started to produce a key processor for Apple in Austin, Texas. That's a good first step. Apple should go further by telling other suppliers that it wants more components to be made in America. One advantage for this move is that it can create an environment in which more research and development is possible, which in turn can strengthen overall innovation for Apple.

Apple should also move some of its assembly operations to Mexico. Mexican labor isn't as cheap as Chinese labor, but after one adjusts for the differences in the cost of shipping, establishing assembly-line factories in Mexico should be quite acceptable from a financial and quality perspective. By moving more production of advanced components to America and the human labor to Mexico, more jobs will be added to North America and help reduce the U.S.-Mexican trade deficit, which is about \$55 billion annually. And by having the assembly work just over the border, Apple can ensure that costs can be kept under control.

As Apple is trying to get out of the recent controversy surrounding its suppliers' labor practices in China, where workers put in more than 60 hours a week, the world's most highly valued company would do well to consider how best to spend and invest its \$100 billion cash pile. It needs to realize that what is good for Apple can also be good for the American economy.

**FotM NEWSLETTER #110 (Apr. 5, 2012)—HYPERTEXT INDEX**

<b><u>DATE-ID</u></b>	<b><u>TIME</u></b>	<b><u>FROM</u></b>	<b><u>SUBJECT/TITLE</u></b>
<a href="#">20120405-00</a>		SteveB	<b>The Obligations of American Companies Like Apple</b> by Steven W. Baker / SteveB ("Apple Has an Obligation to Help Solve America's Problems")
<a href="#">20120404-01</a>	10:34	Art	Re: Powerful Speech on Climate Change (reply to Dennis, FotM Newsletter #109)
<a href="#">20120404-02</a>	11:06	Art	Re: Why Labels Can Be Misleading (reply to Dennis, FotM Newsletter #109)
<a href="#">20120404-03</a>	12:48	SteveB	"The Corporate Media Crisis: Everything Old is New Again"
<a href="#">20120404-04</a>	13:50	SteveB	"Measure Progress in Happiness, Not Money, Bhutan Urges"
<a href="#">20120404-05</a>	23:59	SteveB	Photos: Bhutan

<a href="#">20120404-01</a>	10:34	Art	Re: Powerful Speech on Climate Change (reply to Dennis, FotM Newsletter #109)
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THIS IS FABULOUS!!!!

Really worth a listen. Note the timetable.

<a href="#">20120404-02</a>	11:06	Art	Re: Why Labels Can Be Misleading (reply to Dennis, FotM Newsletter #109)
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**From Art (Apr. 4, 2012, 11:06 am)—reply to Dennis, Apr. 3, 2012, ref: Why Labels Can Be Misleading (Cartoon)**

Finally it makes sense. I have found the real logic for Republican objections to health care. Now it all fits.

<a href="#">20120404-03</a>	12:48	SteveB	"The Corporate Media Crisis: Everything Old is New Again"
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"The Media Is the Massage" —Marshall McLuhan (another Canadian)

"The Corporate Media Crisis: Everything Old is New Again" by Robert Jensen, NationofChange

Apr. 4, 2012, (<http://www.nationofchange.org/corporate-media-crisis-everything-old-new-again-1333545674>)

(More than ever, it's important to understand the forces that constrain good journalism.)

These days there's one political point on which one can usually get consensus: Mainstream journalists are failing. In common parlance, most everyone "hates the media." But there is little agreement on why journalism might be inadequate to the task of engaging the public in a democratic society. More than ever, it's important to understand the forces that constrain good journalism.

In *Prophets of the Fourth Estate: BroadSides by Press Critics of the Progressive Era*, editors Amy Reynolds and Gary Hicks look back to the press criticism of the Progressive Era for help in that project. In the material they've collected and analyzed, we can see how the problems of a corporate-commercial media system go back more than a century.

In my Foreword to the book, I try to identify some of the key limitations of the contemporary media system and emphasize the importance of this work to the project of deepening democracy.

The managers of commercial news organizations in the United States love to proclaim their independence from the corporate suits that sign their paychecks. Extolling the unbreachable “firewall” between the journalistic and the business sides of the operation, these editors and news directors wax eloquent about their ability to pursue any story without interference from the corporate front office.

“No one from corporate headquarters has ever called me to tell me what to run in my paper,” one editor (let’s call him Joe) told me proudly after hearing my critique of the overwhelmingly commercial news media system in the United States.

I asked Joe if it were possible that he simply had internalized the value system of the folks who run the corporation (and, by extension, the folks who run the world), and therefore they never needed to give him direct instructions.

He rejected that, reasserting his independence from any force outside his newsroom. I countered:

“Let’s say, for the purposes of discussion, that you and I were equally capable journalists in terms of professional skills, and we were both reasonable candidates for the job of editor-in-chief that you hold. If we had both applied for the job, do you think your corporate bosses would have ever considered me for the position given my politics? Would I, for even a second, have been seen by them to be a viable candidate for the job?”

Joe’s politics are pretty conventional, well within the range of mainstream Republicans and Democrats – he supports big business and U.S. supremacy in global politics and economics. In other words, he’s a capitalist and imperialist. I am on the political left, anti-capitalist, and critical of the U.S. Empire. On some political issues, Joe and I would agree, but we diverge sharply on the core questions of the nature of the economy and foreign policy.

Joe pondered my question and conceded that I was right, that his bosses would never hire someone with my politics, no matter how qualified, to run one of their newspapers. The conversation trailed off, and we parted without resolving our differences.

I would like to think my critique at least got Joe to question his platitudes, but I never saw any evidence of that. In his subsequent writing and public comments that I read and heard, Joe continued to assert that a news media system dominated by for-profit corporations was the best way to produce the critical, independent journalism that citizens in a democracy needed. After he retired from the paper, he signed on as a “senior adviser” with a high-powered lobbying/public relations firm, apparently without a sense of irony, or shame.

The collapse of mainstream journalism’s business model has given news managers less time to pontificate as they scramble to figure out how to stay afloat, but the smug, self-satisfied attitude hasn’t changed much.

As a former journalist, I certainly understood Joe’s position. When I was a working reporter and editor, I would have asserted my journalistic independence in similar fashion, a viewpoint that reflected the dominant assumptions of newsroom culture. We saw ourselves as non-ideological and uncontrolled. We knew there were owners and bosses whose political views clearly were not radical, and we knew we worked in a larger ideological system. But we working journalists were convinced that we were not constrained.

It was not until I got some critical distance from the daily grind of journalism that I learned there were compelling analyses of the news media that questioned those assumptions I had taken for granted. That media criticism, which had taken off in the 1970s on the heels of the progressive and radical social movements of the ‘60s, was a rich source of new insights for me, first as a graduate student and later as a professor.

But that was only part of my education about the political economy of journalism. As is so often the case, I needed to look to the past to better understand the present. While I had immersed myself in contemporary criticism, I had been slow to look at history, and turning to the critiques of journalism from the progressive/populist era of the early 20th century proved fruitful. Early critics of the commercial news media were pointing out the ways that media owners’ interest in profit undermined journalists’ desire to serve the public interest. Owners and managers are interested in news that serves the bottom line, while journalists are supposed to be pursuing news that serves democracy.

The writings collected and analyzed in this volume provide that historical context. This material is important for the ways it reminds us of a simple truth: An overwhelmingly commercial, for-profit media system based on advertising will never adequately serve citizens in a democracy. But while history helps us recognize simple truths, it does not lead to simplistic predictions – we study history not only to identify the continuities, but also to help us understand the effects of the inevitable changes in institutions and systems.

Indeed, news media and society as a whole have changed over the century. Most obvious are the recent economic changes that have undermined the business model of commercial media. Newspapers and broadcast television stations were wildly profitable through the 20th century, which subsidized an annoying cockiness on the part of owners, managers, and working journalists. Competition from digital media has wiped that smug smile off the face of mainstream journalism, leaving everyone scrambling to come up with a new model. But to focus only on the recent economic crisis would be to miss other trends in the past century that are at least as important.

Reporters who were once members of the working class have become quasi-professionals, and that professionalization of journalism has had effects both positive (elevating ethical standards) and negative (institutionalizing illusory claims to neutrality). Too often journalists in the second half of the 20th century acted as part of the power structure rather than critics of it, as reporters and editors increasingly identified with the powerful people and institutions they were covering rather than being true adversaries.

In the 21st century, the idea of professional journalism – whatever its problems and limitations – is under assault from a pseudo-journalism driven by right-wing ideology. The assertion that the problem with media is that they are too liberal is attractive to many ordinary people who feel alienated from a centrist/liberal elite, which appears unconcerned with their plight. But the right-wing populism offered up by conservatives obscures the way in which elites from that perspective are equally unconcerned with the struggles of most citizens.

So, we sit at a strange time: Professional journalism is inadequate because of its ideological narrowness and subordination to power, but the attacks on professional journalism typically are ideologically even narrower and are rooted in a misguided analysis of power. Some of us are tempted to applaud the erosion of the model of professional journalism we find inadequate for democracy, but a more politicized model for journalism likely will follow the right-wing propaganda that has dominated in the United States in recent decades.

Does history offer insights as we struggle to create a more democratic news media? My reading of the past century leaves me focused on two points.

First, we have to be clear about what we mean by “democracy.” The elites in the United States prefer a managerial conception of democracy based on the idea that in a complex society, ordinary people can participate most effectively by choosing between competing groups of political managers. A participatory conception understands democracy as a system in which ordinary people have meaningful ways to participate in the formation of public policy, not just in the selection of elites to rule them.

Second, we must recognize that expansions of individual freedom do not automatically translate into a deepening of democracy. Though legal guarantees of freedom of expression and political association are more developed today, there is less vibrant grassroots political organizing compared with the United States of the late 19th and early 20th centuries. In other writing I have referred to this as the “more freedom/ less democracy” paradox, and it is central to understanding the perilous political situation we face. (see *Citizens of the Empire: The Struggle to Claim Our Humanity* (San Francisco: City Lights Books, 2004), Chapter 4, “More Freedom, Less Democracy: American Political Culture in the Twentieth Century,” pp. 55–76.)

The lesson I take away: Real democracy means real participation, which comes not from voting in elections or posting on blogs, but from **a lifelong commitment to challenging power from the bottom up.**

The problem, in short, is not just a media that doesn't serve democracy, but a political, economic, and social system that doesn't serve democracy. Paradoxically, radical movements have over the past century won an expansion of freedom, but much of the citizenry has become less progressive and less politically active at the grassroots. Concentrated wealth has adapted, becoming more sophisticated in its use of propaganda and skillful in its manipulation of the political process.

Journalism's claim to a special role in democracy is based on an assertion of independence. The corporate/commercial model puts limits on journalists' ability to follow crucial stories and critique systems and structures of power. Flinging the doors open to a more ideological journalism in a society dominated by well-funded right-wing forces will not create the space for truly independent journalism that challenges power.

The simple truth is that a more democratic media requires a more democratic culture and economy. The media critics in this volume articulated that idea in the context of their time. We need to continue that tradition.

20120404-04	13:50	SteveB	"Measure Progress in Happiness, Not Money, Bhutan Urges"
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Bhutan: Happiness is more important than money...

"Measure Progress in Happiness, Not Money, Bhutan Urges" by Haider Rizvi, NationofChange

Apr. 4, 2012, (<http://www.nationofchange.org/measure-progress-happiness-not-money-bhutan-urges-1333548769>)

("Gross national happiness (GNH) is more important than gross domestic product.")

"We are starting a global movement on this issue," Jigme Thinley, the prime minister of Bhutan, told IPS after a high-level meeting on "Happiness and Well-being: Defining a New Economic Paradigm" held at United Nations (U.N.) headquarters in New York on Monday.

Thinley said he wants the international community to realise that a paradigm shift in addressing the issue of sustainability in both the environment and global development is urgently needed.

The prime minister explained that in his country, "gross national happiness" is a development paradigm that has guided its development for several decades. He said hoped the world community would embrace that model.

The phrase "gross national happiness" was first coined in 1971 by the fourth king of Bhutan, Jigme Singye Wangchuck, who declared, "Gross national happiness (GNH) is more important than gross domestic product."

That concept implies that sustainable development should not depend solely on economic aspects of wellbeing as it addresses the notion of progress.

Since then, the idea of GNH has influenced Bhutan's economic and social policy and also captured the imagination of others far beyond its borders. According to Bhutanese officials, their country has created a system of measurement that would not only be useful for policymaking but would also create policy incentives for the government, non-governmental organisations and businesses to increase GNH.

The GNH index incorporates traditional areas of socio-economic concern, such as living standards, health and education, as well as less traditional aspects of culture and psychological wellbeing.

"It is a holistic reflection of the general wellbeing of the Bhutanese population rather than a subjective psychological ranking of 'happiness' alone," said Thinley.

Bhutan has developed nine domains – psychological wellbeing, health, education, time use, cultural diversity and resilience, good governance, community vitality, ecological diversity and resilience, and living standards – that help measure GNH.

So what kind of results does the GNH index give?

According to the 2010 GNH index, 41 percent of Bhutanese qualified as "happy". The remaining 59 percent ranged from "narrowly happy" to "unhappy", with 47.8 of the totally population characterised as "narrowly happy". Happy people have sufficiency in six out of the nine domains.

"Deeply happy" people – about eight percent – enjoyed sufficiency in seven or more of the nine domains, officials said.

A measure of gross national happiness might be presumed to comprise a single psychological question on happiness such as, "Taking all things together, would you say you are: very happy, rather happy, not very happy, or not at all happy?"

Bhutanese officials debunked this myth, however. "The objectives of Bhutan, and the Buddhist understandings of happiness, are much broader than those that are referred to as 'happiness' in the Western literature," they said in a press note.

In 2011, the U.N. unanimously adopted a General Assembly resolution, introduced by Bhutan with support from 68 member states, calling for a "holistic approach to development" aimed at promoting sustainable happiness and wellbeing.

This week, the high-level meeting on "Happiness and Wellbeing" brought together world leaders, development experts and civil society representatives to develop a new economic paradigm based on sustainability and wellbeing.

"It's imperative that we build a new, creative guiding vision for sustainability and our future," said Nasir Abdulaziz Al-Nasser, president of the General Assembly. "That will bring a more inclusive, equitable and balanced approach."

U.N. Secretary-General Ban Ki-moon said gross domestic product (GDP) has long been "a yard stick by which economies and politicians have been measured. Yet it fails to take into account the social and environmental costs of so-called progress."

Gross national product, or GNP, is often contrasted with Gross Domestic Product (GDP). While GNP measures the output generated by a country's enterprises (whether physically located domestically or abroad) GDP measures the total output produced within a country's borders - whether produced by that country's own firms or not, according to the government of Bhutan.

When a country's capital or labour resources are employed outside its borders, or when a foreign firm is operating in its territory, GDP and GNP can produce different amounts of total output. In 2009, for instance, the United States estimated its GDP at 14.119 trillion dollars, and its GNP at 14.265 trillion.

Reflecting on the fact that the Himalayan kingdom introduced the new ways of looking at national prosperity, Vinanda Shiva, a leading human rights and environmental activist from India told IPS, "It's an important event. It cannot be ignored."

Her compatriot Asghar Ali Engineer added, "What happiness we are talking about here? If we are talking about happiness of all human beings, we must change this (global) economic system."

So long as patterns of consumption continue, he said, "I don't think that millions of people around the world will be happy."

"We should not be deprived of happiness. We have oceans of tears in this world. This model of development is not sustainable," added Alexander Likhotal from Russia.

The chairperson of the meeting on happiness, Helen Clark, former prime minister of New Zealand, urged the U.N. to provide a platform for success stories about how to measure global advancement in sustainable development.

The prime minister of Bhutan told IPS that he attend a U.N. summit on sustainable development, commonly called the Rio+20 summit, in Rio de Janeiro in June. There, he said, he would urge policymakers to consider Bhutan's idea about happiness.

"That will be a historic moment," he told IPS. "I will make a request to the Secretariat to adopt a holistic approach towards development. I hope the U.N. will adopt this new paradigm."

20120404-05 23:59 SteveB Photos: Bhutan

<http://www.lifeawayfromlife.com/bhutan.htm>

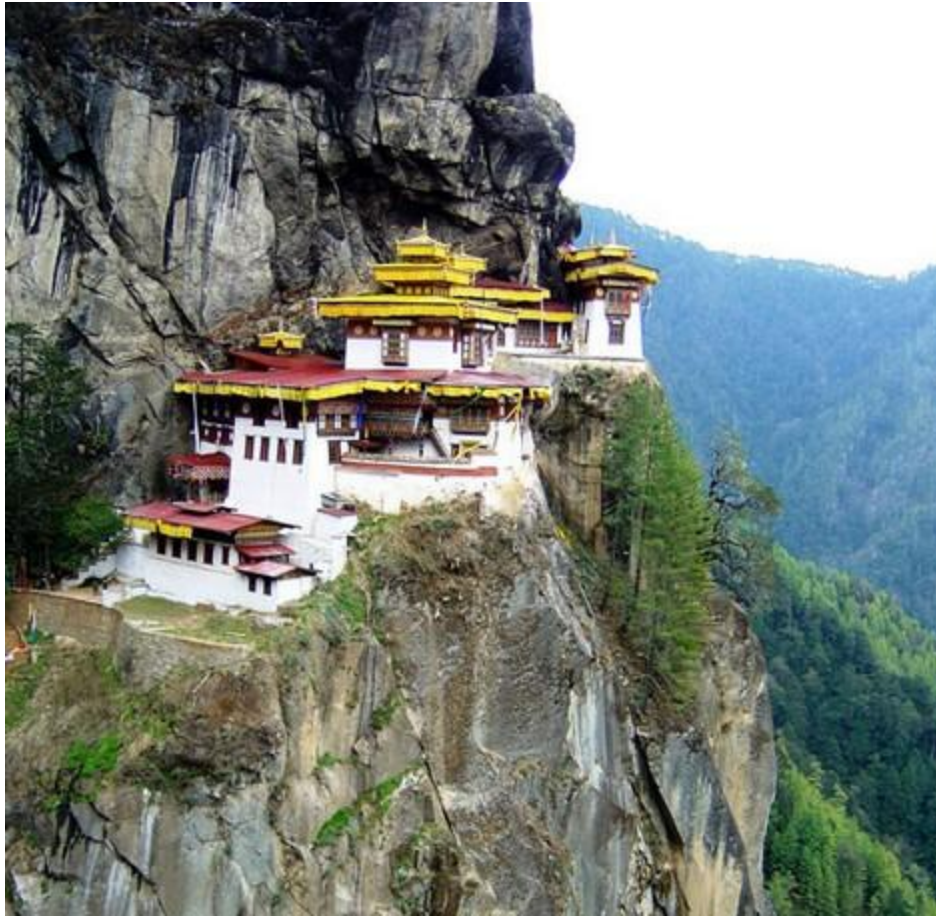
<http://www.bhutanguru.com/>

(source: LifeAwayFromLife.com)



(source: HimalayanTours.com)





(source: Zimbio)



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

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