



FRIENDS OF THE MIDDLE NEWSLETTER #126 — APR. 27, 2012

Welcome to always lively political discussion and whatever else comes up.
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Bill O'Reilly: 'Robert Reich Is a Communist'

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

This McCarthy crap is getting to be a little too much for me!

"Why Anyone Should Care That Bill O'Reilly Calls Me a Communist" by Robert Reich, NationofChange

Apr. 25, 2012, (<http://www.nationofchange.org/why-anyone-should-care-bill-o-reilly-calls-me-communist-1335358919>)

Bill O'Reilly, the tumescent personality of Fox News, said on his Friday show "Robert Reich is a communist who secretly adores Karl Marx." (This came after Fox News' Neil Cavoto called me a "sanctimonious twit" for suggesting the rich should pay more in taxes.)

O'Reilly's accusation is odd, to say the least. If we were living in the 1950s, amid Senator Joe McCarthy's communist witch-hunts, the claim might have some bite and cause me injury. But these days it's hard to find a full-throated communist anywhere in the world.

O'Reilly's accusation isn't even logical. How can he know if I secretly adore Karl Marx, if it's a secret?

For the record, I'm not a communist and I don't secretly adore Karl Marx.

Ordinarily I don't bother repeating anything Bill O'Reilly says. But this particular whopper is significant because it represents what O'Reilly and Fox News, among others, are doing to the national dialogue.

They're burying it in doo-doo.

O'Reilly based his claim on an interview I did last week with Jon Stewart on the Daily Show, in which I argued that because America's big corporations were now global we could no longer rely on them to make necessary investments in human capital or to lobby for public investments in education, infrastructure, and basic R&D. So, logically, government has to step in.

Since when does an argument for public investment in education, infrastructure, and basic R&D make someone a communist or a secret adorer of Karl Marx?

Obviously, O'Reilly has no interest in arguing anything. **Ad hominem attacks are always the last refuges of intellectual boors lacking any logic or argument.** (Whoops, I think I just stooped to name-calling. Sorry, Bill.)

Yet this is what's happening to all debate all over America: It's disappearing. All we're left with is a nasty residue.

In Washington, Democrats and Republicans no longer even talk. They just vent charges and counter-charges.

The 2012 election doesn't seem likely to clarify any issue. At this moment the candidates and their surrogates are debating the treatment of dogs.

Across the nation, conservatives right-wingers and liberal or progressive lefties have stopped debating their respective views, or even listening to anyone they disagree with. They just find broadcasters and bloggers who confirm their views.

We're even sorting by belief according to where we live. Today your neighbors are more likely to agree with your politics than disagree. We've settled into like-minded enclaves where we don't need to think because everyone we meet confirms what we assume we already know.

It's not that the nation is more polarized than it's been in the past. America has been through searing conflicts, some within the living memories of most of us. The communist witch-hunts of the 1950s were followed by the civil rights movement, the Vietnam War, battles over womens' reproductive rights and gay marriage.

What makes America's current polarization remarkable isn't the severity of our disagreements but our utter lack of engagement debating them.

So many Americans are so angry and frustrated these days – vulnerable to loss of job and healthcare and home, without a shred of economic security – they're easy prey for demagogues offering simple answers and ready scapegoats. Take, for example, Bill O'Reilly and his colleagues at Fox News.

But people can only learn from others who disagree with them — or at least from witnessing debates between people who respectfully and civilly disagree. Without respect and civility, it's not a debate – it's just name-calling.

A democracy depends on public deliberation and debate. Without it, the members of a society have no means of understanding what they believe or why. The Lincoln-Douglas debates were notable not because they solved anything but because they helped Americans clarify where they agreed and disagreed on the wrenching issue of slavery.

Hence the danger today – when deliberation has stopped.

This morning I left a message on Bill O'Reilly's office phone asking him to invite me onto his show to debate whether public investments in education and infrastructure are needed.

What are the odds he'll invite me on?

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[Note: this email in FotM Newsletter #125 (Apr. 26) was incorrectly attributed. It was from SteveG, not SteveB. As usual, the online version will be corrected, but the email Newsletter is bye-bye. –SteveB]

Wow! That pretty well highlights the problem.

20120426-02	10:17	SteveG	A Thought or Two on Immigration
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Just a thought or two:

- The house, senate, and executive branch cannot take care of immigration – a planned gridlock?
- If there is no effective national immigration policy, the states implement their own laws – planned because the gridlock?
- State laws are upheld by the supreme court because there were no adequate federal laws handling immigration.
- If so we would potentially have 50 different state immigration laws.
- One way to get smaller government?

20120426-03	11:12	SteveB	"Welcome to Political Chaos"
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I hate to sound like Dennis...but could chaos, as we've been saying, be in America's future? (Dramatic organ music in the background, preferably The Band's Garth Hudson playing the introduction to "Chest Fever": http://www.youtube.com/watch?v=QLDmOgDI_3Y&feature=related. (Still one of the greatest things ever recorded!)

This conservative financial writer predicts turmoil, "...unless leaders take drastic action to lighten the load on the many at the expense of the few."

I'm pretty sure he's not making a threat or advocating such a potentially catastrophic turn of events...just stating facts, but this is pretty much what most of us have been saying here for quite some time—now, here are more details:

"Welcome to Political Chaos" by Anthony Mirhaydari, MSN Money

Apr. 25, 2012, (<http://money.msn.com/investing/welcome-to-political-chaos-mirhaydari.aspx?page=0>)

(With leaders in Europe and elsewhere offering only austerity and pain for the foreseeable future, they're inviting political upheaval. Now that it has begun, drastic action will be needed to stop it.)

In the thousands of years of human history, law by popular consent has been the exception, not the rule. Domination of unruly populations by strongmen, warlords, tribal leaders and monarchs is much more common than democracy.

Why? For one, it's easier to get big things done. But also because democracy and humanity's innate selfishness don't mix -- especially when it comes to money. It's easy to lose our way, voting for low taxes and higher benefits, while allowing things like the housing bubble or the deficit problem to build unchecked.

But people power can also be a catalyst for good, which I think is happening now.

Late last year, in "Why All Signs Point to Chaos" [in FotM Newsletter #??? –SteveB] I warned that strict austerity from governments, especially in Europe, was making harsh economic realities even worse. Higher fuel and food prices only add to the toxic mix. When this has happened historically, people get angry. Social disorder follows. But positive change can come out of it.

Economists see this phenomenon, too. In fact, what inspired that column was a study that found protests, labor strikes, political upheaval and even riots and assassinations increase as people are faced with higher taxes and fewer benefits, along with joblessness and stagnant wages. This kind of chaos was in decline for most of the past 20 years.

It's on the rise now, with last year's Arab Spring being answered by political upheaval in Europe and the rising popularity of fringe parties -- just a preview of the turbulence to come. (As I wrote last week, the United States isn't immune, as it faces its own fiscal cliff in just eight months.)

The stage is set for socioeconomic turmoil on a scale not seen since the 1970s and 1980s -- turmoil that rich-world countries won't be able to avoid unless leaders take drastic action to lighten the load on the many at the expense of the few. Otherwise, the people will elect someone who will. And if they can't, they'll take to the streets.

Long term, this turmoil could be a positive. But, for the moment, welcome to chaos.

Where there's smoke

The first act started in March in Europe and accelerated this week, sending shudders through global markets. I'll spare you the long and tortuous history of the eurozone debt crisis, which started more than two years ago, but here are the highlights:

- Many eurozone countries, particularly Greece, Italy, Portugal, Spain and Ireland, are suffering from uncompetitive economies, bloated governments, rising debt levels and deep budget deficits.
- These are caused by lax enforcement of European Union limits on national deficits, Germany's trade mercantilism, lax banking regulation and the fallout from excess credit creation during the 2002-2007 boom.

The European Central Bank, worried about slow growth and high unemployment in Germany, kept interest rates low. But that was too low for fast-growing countries like Spain and Portugal, leading to housing and credit bubbles.

- Three nations have already required bailouts from the eurozone to stay afloat, and the worry is that Italy and Spain will need help, too.
- In response, Germany and other AAA-rated members of the eurozone, along with France, are pushing for harsh budget austerity in a bid to restore market confidence and keep Italian and Spanish borrowing costs down.
- But this austerity -- read: cuts in government spending and payrolls -- is deepening a new eurozone recession and causing the weaker countries to rebel against the central authority's mandate.

In early March, new Spanish Prime Minister Mariano Rajoy, under pressure with youth unemployment north of 50% as the country sinks into recession, announced that his government would go a little easier on the economy. He set a deficit target of 5.8% of gross domestic product for 2012, rather than the 4.4% target Spain had agreed on with European Union leaders in Brussels. This still translates to a massive 2.7% cut to economic growth this year in an economy that's already in recession.

The EU and the paymasters in Berlin balked, though, and the target was pushed back to 5.3%. This was the catalyst that sent Spanish and Italian borrowing costs climbing again and helped slam the brakes on the multimonth stock rally here at home.

The problem isn't just in the weaker EU nations. This week, the Dutch government -- one of the five AAA-rated eurozone countries and a fervent supporter of the austerity-led approach to Europe's woes -- collapsed after members balked over domestic budget cuts.

In France, the results of the first round of voting suggest the left will capture the presidency for the first time in 24 years. Polling suggests Socialist candidate François Hollande will win and force a renegotiation of the EU's strict budget agreement. He would balance the French budget one year later than current President Nicolas Sarkozy, and he favors steep tax hikes on the rich rather than deep cuts to state spending.

Meanwhile, in Greece, officials have taken a knife to 2012 growth forecasts, as protests and labor strikes continue. It's becoming increasingly clear that the country has no future in the eurozone. The head of German economics institute Ifo said in New York this week that there's "no chance for Greece to become competitive" unless it exits the eurozone and restores the drachma.

"If Greece is kept in the eurozone, there will be ongoing mass unemployment. But if they exit, they will see a very sudden recovery," he said, as lower prices boost competitiveness. Something similar happened in Iceland after that country devalued its currency, the króna.

Both Greece and France will hold elections May 6. The Dutch are expected to vote in September. Democracy is reasserting itself in Italy and Greece after unelected technocrats favored by Brussels and Berlin were installed in Rome and Athens. Elections have already swept away governments in Slovakia, Ireland, Portugal and Spain.

The threat is that the conservative Franco-German alliance that has been steering Europe through this crisis with maxims of "austerity before bailouts" and "bankers before taxpayers" will collapse. A breakdown increases the risk that a country such as Greece will exit the eurozone due to a lack of rescue funding.

And it increases the risk that Germany, realizing that it's milked all it can from the euro (via massive trade surplus with the weaker peripheral countries) packs up and leaves rather than providing more rescue funding. Without Germany -- the eurozone country with the deepest pockets -- there is no orderly resolution to the debt crisis.

It's as simple as this: The eurozone's strategy of rigid austerity is resulting in economic asphyxiation, with any support it had crumbling under the weight of popular dissatisfaction. Massive injections of cheap cash from the

European Central Bank late last year bought everyone time and sent stocks and other risky assets screaming higher. But with Europe's economy stalling, that money running out and political frustrations rising, time's up.

That's bringing the endgame into focus, and Europe has two main choices.

One, it can follow the current strategy, get rid of democracy and force the average men, women and children in the weakest parts of Europe to suffer an internal devaluation on a scale not seen since the Great Depression as joblessness grows, wages fall and the cost of living rises.

The second choice would be to vote for a restart, a new beginning, even if it means pain and losses for the big investors and bankers who have thus far been the ones rescued.

Surveying the damage

Europe's prospects are grim.

New data this week confirm a slowdown -- weakness that will only add to the budget issues being faced there as tax revenues drop (due to less sales and income tax) and spending rises (with the need for unemployment pay and social benefits).

Manufacturing activity is contracting quickly. Monday's April flash reading staggered in at a provisional 46.0, two full points below the consensus and well off March's figure of 47.7. Any reading under 50 indicates a month-to-month contraction.

New orders and unfilled orders declined for the 11th straight month, and output fell at its steepest pace since November. Even stalwart Germany couldn't pick up the slack. German manufacturing contracted at a 46.3 pace, down from an already-negative 48.4 and hitting its slowest pace since the depths of recession in January 2009.

Activity in the services sector wasn't much better -- the 47.9 reading was 2.1 points short of the growth threshold, which the market was hoping the index would approach, and more than a point slower than the March reading. Output collapsed in the service sector as well, and unfilled orders declined for the 10th straight month. The decline in new orders makes for eight straight months.

The chief economist at financial services company MarkIt said the readings extend "what appears to be a double-dip recession into a third consecutive quarter."

Separately, the Spanish central bank announced that Spain's economy shrank by 0.5% in the first quarter. The bank added that the Spanish economy "faces several quarters of uncertainty" and is looking for a 1.5% drop in 2012 overall. Austerity measures will bring that figure down even more.

Confidence throughout Europe is slipping badly, as you might expect, and that loss of confidence is driving social unrest and political turbulence. The ISAE consumer confidence index in Italy plummeted from 96.3 to 89, a level last seen in 1996. Istat, the index's publisher, noted a "wave of pessimism in all sectors" and said Italians are anticipating a surge in unemployment over the next few months. French business sentiment dropped 3 points, from 98 to 95.

The reach of chaos

The problem is global, of course, and it is debt. Not just government debt but overall debt, including households, which, in real debt-to-GDP terms, quadrupled in the 18 richest countries between 1980 and 2010. Credit Suisse estimates that the rich world is holding around \$8 trillion in excess credit. This, like an infection, travels through the veins of the economic and financial system and then festers on government balance sheets.

Household debt is elevated in places such as the United States, Spain, Iceland and Ireland, but also in the Netherlands, which is now coming under pressure. Loans eventually sour as home prices fall and wages drop,

putting pressure on banks. Governments are forced to backstop the banks as taxpayers subsidize spendthrift consumers and reckless loan officers and bank risk managers. The weak growth that results creates deficit woes.

Whether a country such as Italy (high government debt) or Spain (high household debt) can sustain its leverage depends on its economic competitiveness. The trouble is, competitiveness is low for a variety of reasons: high wages, closed professions, state meddling -- the list is long.

The response from policymakers has been massive central bank intervention mixed with stiff budget austerity, reforms and bank deleveraging. All this is done to placate the equity, credit and credit-derivatives markets and keep cash flowing into troubled countries at low interest rates. This prevents runs on weak banks and holds stock prices higher in an attempt to boost consumer confidence and spending. It's a delicate balancing act prone to failure.

Clearly, it's not working. Over the past year, the unemployment rates in Italy, France, Portugal, Greece and Spain have all increased. Growth is faltering. Inflation has increased on higher food and fuel prices. Real wages are falling. And now, governments are threatened by electorates desperate for a different plan -- and increasingly willing to fight, sometimes violently, for it.

I've been saying for months that the financial elite running this mess risk a rerun of the disastrous 1937 double-dip that extended the Great Depression. Their motivation seems to be a misplaced desire to avoid taking more dramatic action, such as nationalizing zombie banks or creating a new euro bond backed by the entire eurozone.

But offering populations austerity with no end in sight is a recipe for chaos.

A return to Mesopotamia

Is there an answer?

A team at the Boston Consulting Group led by David Rhodes and Daniel Stelter suggests our distant history (.pdf file) offers a way out: A widespread debt restructuring. This was the tradition of ancient Mesopotamia, where debts were commonplace and individual balances were recorded on clay tablets.

Periodically, when a new monarch took power, debts were forgiven. The slate was wiped clean.

Governments such as Spain would follow Greece's example by simply announcing they will only pay a portion of their outstanding debt. In the private sector, homeowners with negative equity would get a principal reduction on their mortgages. Banks would be forced to take massive losses. The Chinese, Saudis and Japanese would take a hit on their reserve bond holdings, too.

But it would end the long, balance-sheet recession and debt deleveraging nightmare we're in.

We've already tried the alternative. The solution coming out of the 2008 financial crisis was to fence off the banks, keep them in private hands using public money and protect the fantasy that government debt is a risk-free asset that banks can rely upon. The results have been uninspiring.

It's time for a fresh start. It's time to let the fire clear the forest.

According to the Boston Consulting Group calculations, the required reboot of the financial system could be paid for with a one-time wealth tax -- which would address the rising income inequality problem that's beginning to worry even the International Monetary Fund. The downside is, it might create a huge backlash by rewarding reckless borrowers, something that fueled the genesis of the Tea Party. (Of course, one could argue the reckless bankers have already been rewarded, as Occupy Wall Street complains.)

It's not a perfect solution. But it's more desirable than the alternative: a protracted downturn spiked with chaos and maybe the rise of tyranny. Just look at what's happening in Hungary.

The BCG report says that if we tip into a new recession now, as the elites' play for time fails, it'll be very, very hard to get back out with government coffers empty and central bankers out of ammunition.

If this happens, it says, "there will be no place to hide."

[20120426-04](#) 11:25 Art Re: "Welcome to Political Chaos" (reply to SteveB, above)

Interesting - why is it all so complicated?

One thing on Greece, I believe it still has the highest ration of Defense spending to GNP in the world. In line with yesterday's discussion on Defense spending.

[20120426-06](#) 12:15 Pam Re: "Welcome to Political Chaos" (reply to SteveB, above)

This is a fascinating article; I think I understand most of it, especially the part about ancient Mesopotamia. Wiping the slate clean sounds like a plan to me. I cannot imagine what will happen if the government raises interest rates on student loans. Loans for education are already like loans from the Mafia: the one debt you can't ever get out of. There will be chaos. I only hope there won't be blood. Unless virtually everyone feels financially secure, there is no security for anyone, including the rich. Republicans like to argue that a big tax on the rich won't solve the budget crisis. I disagree. I think it would go a long way toward easing this crisis and it would be good public relations for Romney & co. Manufacturing has been restructured in recent decades, with a lot of it going overseas, and middle class workers have taken the hit. Now it's time for the "nobility" to pony up. No one proposes reducing the rich to pauperism. They'll still have at least two homes and as many cars as they want. Maybe they won't be able to throw \$4 million birthday parties, but is that a tragedy? I've been living with an austerity budget for over thirty years, this is not an abstraction to me. The Romneys of this world really don't have a clue about how "real" people live. Why people who have no financial worries are so desperate to hang onto their surplus wealth is a mystery to me. Millions of Americans have seen their standard of living slide downwards. The very rich could be taxed up the wazoo and still not have to trim the grocery budget. The queen of Denmark rides a bicycle to get around. She is one of the people, and if she isn't she's at least perceived that way. Good examples need to begin at the top. It's an obscenity that this Presidential campaign is going to be the most costly in history, with the advantage going to the candidate with the most money. The media doesn't ask, How many votes does candidates X have but how much money has he raised?. Money is the measure of all things. It used to be man. If the rich want to keep enjoying the benefits of democracy, they need to be a big part of the solution. The private sector hasn't created enough jobs, and trickle-down economics is voodoo economics. Our only way out is to figure out how to forgive much of middle-class debt, raise taxes on the wealthy, tax capital gains at the same rate as income, and use government money to improve the infrastructure and education, not prop up reckless banks. Obama couldn't let the banks fail and risk a depression, but the time for protecting bad decisions is over. It is complicated, but at the end of the day it's all about whose goat gets gored. The poor and the middle class have suffered enough. Many have lost their homes and their retirement. Let's see what the rich can give up now. I can already imagine your counter-arguments, SteveBA. Bring it on!

[20120426-08](#) 13:27 SteveB Re: "Welcome to Political Chaos" (reply to Pam, above)

Amen!

[20120426-05](#) 11:53 Art Reply to SteveM's 3 postings (FotM Newsletter #125, Apr. 26, 2012)

I am sure that movie will set hair on fire for some. It is irritating and I wonder how prevalent?

I have tried to get into the conspiracy theory but it is so tedious. I will spend a little more time on it today. It frankly reminds me of all my time in the Arab world. They seem to collectively love conspiracy theories and see the CIA behind every bush. I remember a Tunisian at the General Staff College presenting a paper on the rise of

Bourguiba. He really got into his paper but because the presentation was in English he had to read from his paper. My memory at some point was " and then he scratched his nose with his left hand, while holding the pistol clearly showing that he supported the liberation movement only on Tuesdays", and on and on and on.

Thought the AARP letter also interesting. My experience with immigrants has all been pretty positive. They work their butts off for the most part and do a lot of jobs natural born wont do. The other day my neighbor hired a yard service group out of the phone book. All young white men with one exception a black kid. They took three days to do what a couple of Mexicans would have done in a morning. They ordered too much mulch and tried to get the neighbor to pay for the excess amount. Seemed to me they spent most of their time on cell phones or standing around. The only one that worked was the black kid. Not a particularly good example of our youth in action. Things like this are why I have problems with immigrant bashing. Also believe read somewhere that over half the start up business in America are done by immigrants.

20120426-10 15:10 SteveB Re: Reply to SteveM's 3 Postings (reply to Art, above)

Immigrants, yeh raw! Illegal immigrants, I'm not so sure.

I'm hoping you can tell me if the CIA and intelligence really acts like that. The Obama stuff, as Pam says, seems like science fiction, yet his mother did have a strange life and spoke Russian and had traveled all over...???

Thanks for wading into it...even a little...I love for someone to verify my sanity, even if they're a little crazy themselves...oops!

[Art, I noticed, yesterday, a poster on the front wall of one of our supermarkets. And this is a poor country, right? It was a poster for a lost golden retriever, with a picture of him and a reward for \$5000! I think they want their doggie back!]

20120426-07 12:53 SteveB "The R0mney Opportunity"

Amazingly erroneous.

"The Romney Opportunity" *Wall Street Journal* editorial

Apr. 25, 2012,

http://online.wsj.com/article/SB10001424052702304723304577365980491312146.html?mod=WSJ_Opinion_LEAD_Top

Running on biography and the economy won't be enough.

With Newt Gingrich finally leaving the GOP Presidential race, Mitt Romney is now closer to realizing the ambition he has so long pursued: He has an even-money chance to become America's 45th President. He's more likely to fulfill that ambition if he overcomes his cautious nature and runs a campaign that is equal to America's current political moment.

This will not be the instinct of Mr. Romney or his close-knit group of advisers. Looking at the polls, they see a nearly even race, with President Obama below 50% despite the beating Mr. Romney took in the primaries.

The temptation will be to assume the public has decided to fire the incumbent and so run a campaign to become the safe alternative. Take no policy risk, stress Mr. Romney's biography, his attractive family and the seven habits of highly effective businessmen, and then hammer away on the economy.

It's possible, if job creation sputters again or Europe goes into bond-market arrest, that this kind of campaign will be enough to win. It's also possible—more likely in our view—that this will play into Mr. Obama's strengths of

personal likability and Oval Office experience, especially if the economy keeps chugging on its current slow-growth path. Mr. Romney will have to make a case not merely against Mr. Obama's failings but also for why he has the better plan to restore prosperity.

On the economy in particular, such a larger argument would fit the country's current mood. The public's anxiety isn't merely about the failures of the last three years, as important as it is for Mr. Romney to score this Administration for its failed stimulus, crony capitalism, hyperregulation, soaring debt and ObamaCare.

Americans are more deeply worried than at any time since the 1970s about their country's long-term prospects. Why aren't middle-class incomes rising? Why are nonmilitary public institutions failing—from K-12 education to entitlements?

Mr. Obama understands these anxieties, even if he has no new answer for them. So his diversionary re-election strategy will be a combination of class warfare, more government subsidies (free student loans!), and personal attacks on Mr. Romney for being wealthy. Mr. Romney will need allies who can rebut these attacks.

But he'll find it easier to defeat Mr. Obama's argument—even to transcend it—if he offers his own economic narrative that reaches back to the mistakes of the Bush Administration to explain how we got here and how he can get us out. Politically, this will help shield Mr. Romney from Mr. Obama's inevitable attempt to link the Republican to the Bush era. Such a critique also has the advantage of being true.

Before Mr. Obama's stimulus, Mr. Bush joined with Nancy Pelosi and Larry Summers on the blunder of "targeted, temporary" tax cuts. Mr. Bush began playing business favorites for ethanol and green energy fads. Republicans in Congress spent like Democrats and protected Fannie Mae and the housing lobby. And Mr. Bush and most Republicans embraced an easy-money Federal Reserve that favored Wall Street and asset bubbles at the expense of real middle-class incomes.

Coming from outside Washington and with his business background, Mr. Romney can make the case for an economic restoration that corrects the mistakes of both the Bush and Obama eras. He can join with the younger generation of GOP reformers—in the states and on Capitol Hill—to pursue an agenda that promises to fix our ailing public institutions, wean Wall Street from Washington, and create more opportunity for all Americans.

This does not require a daily recitation of Paul Ryan's House budget. But it will require more policy content than the gauzy American exceptionalism that Mr. Romney offered in his Tuesday night speech. His remarks had the right tone, the necessary optimism and some nice lines, such as the rebuke of politicians who end up "spreading poverty" in the name of spreading the wealth. But the speech was policy-free. To be credible, a reform agenda has to have some reform substance.

To offer one example, Mr. Romney might as well go on offense on Medicare. This will no doubt horrify Stuart Stevens and his other advisers, since entitlements are supposed to be a Democratic strength. But it's not as if Mr. Romney can dodge the argument.

He has already endorsed enough of Mr. Ryan's premium-support plan to have to defend it, and Mr. Obama is vulnerable with his Medicare cuts and unaccountable rationing board that are part of ObamaCare. Mr. Romney won't win the election on Medicare, but even a draw will be a political victory. Leading on the debate will show voters he is willing to take on difficult issues and give him a reform mandate if he wins.

One of Mr. Romney's trickiest challenges will be how to handle Mr. Obama's, er, veracity. More than any President we've seen, this incumbent is willing to say things that aren't in the area code of the truth. Thus he gives himself credit for the natural gas drilling boom, the deficits are still Mr. Bush's fault, Mr. Obama has never raised taxes, and "green jobs" in his dream economy are blooming by the millions.

Mr. Romney can't let the President get away with this, or Mr. Obama will conjure a vision of unreality that enough voters might believe. The challenger has to find a way to mock the mirage of an "economy built to last" without sounding arch or personal. He needs his version of Reagan's "there he goes again."

For all of his challenges, the most important political news is that Mr. Romney has a fighting chance to win. The incumbent's accomplishments are unpopular and the economy is failing average Americans. To win the GOP nomination, Mr. Romney has shown reserves of tenacity and discipline. To win the White House, he'll need to show a larger vision and the nerve to pursue it.

20120426-09 13:27 SteveB "Small Donor Spin" (I'd call it "Blatant Romney Lies")

Here's some great election advice from a commenter to the below article (also good, about how R0mney lies):

Posted by Dan Dean Mutispaugh:

It appears that many Americans don't vote with their pocketbooks or brains. **Try looking at the candidate who will protect your child's public education, college loans, and your Social Security/Medicare, and won't waste your money by starting new wars or trying to revive a Cold War.** Think about it.

Somehow I don't think he's recommending the R0mney.

"Small Donor Spin" by Joshua Chaffee, NOW/MSNBC

Apr. 26, 2012 (<http://nowwithalex.msnbc.msn.com/news/2012/04/26/11353456-small-donor-spin?lite>)



A Mitt Romney campaign announcement declaring its latest fundraising figures raised a few eyebrows on our team - not because of the amount of money that was raised, but rather because of how the campaign characterized its contributors. The press release highlighted that "84% Of All Donations Received Through The End Of March Were \$250 Or Less," which seems to suggest a groundswell of grassroots support for the former governor. While the percentage the campaign cites is correct, it doesn't illustrate the role small donors play in the campaign's overall fundraising. A closer look at the numbers reveals that in fact, a majority of Romney's money has come from people who donated the maximum amount of \$2,500 -- 64 percent through March, according to the Campaign Finance Institute (CFI).

What the "84 percent" figure really means is that roughly 8 out of 10 checks received by the Romney campaign were \$250 or less, not that 84% of the campaign's total fundraising came from checks of that size. The press release says these donations have totaled \$11.6, or 13 percent of the nearly \$87 million the campaign has raised so far. But even that doesn't tell the whole story, since it can include donors who have cumulatively given more than \$250 in smaller increments -- for instance, 2,500 checks in the amount of \$1. The CFI weeds out these repeat contributors once they cross certain donation thresholds. We had the CFI crunch the numbers for \$250 and they

found just 11 percent of Romney's cash has come from contributions of \$250 or less. When you compare this to his rival, the CFI found 49 percent of the president's fundraising has come from donors who gave \$250 or less.

It's important to note that \$250 is a somewhat arbitrary figure. Reports typically refer to "small donors" as those who have given \$200 or less, as those contributions are filed as "unitemized" with the FEC. The Romney campaign's April FEC file shows his campaign pulled in \$9.1 million from small donations through March 31, which is 10.5 percent of its total fundraising (according to the CFI, that falls to just under 9 percent if you exclude repeat donors who have cumulatively have given more than \$200). On the other hand, Obama for America's latest filing shows \$85 million, or 57.9% of his total haul so far, has come from small donor contributions (44 percent by the CFI calculation).

Team Romney appears eager to tout its small donor support, but looking inside their books shows his campaign is overwhelmingly funded by large checks. The campaign is certainly looking to appeal to more small donors. Currently \$5 buys you a chance to "Grab a Bite with Ann," and in March a \$3 donation gave you a chance to watch a baseball game with the Romney family.

Added pressure for Team Romney is that nearly two-thirds of his money is from supporters who have maxed out their contributions. Not only does the president hold a tremendous advantage in tapping small donors, but just 16 percent of his cash has come from those who have given the full \$2,500.

20120426-11	15:49	SteveB	"Killing the Messenger: The Downsizing & Death of the Postal Service"
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Has anybody but me noticed that Dean Baker looks a lot like Dennis?

"Killing the Messenger: The Downsizing and Death of the Postal Service" by Dean Baker, NationofChange

Apr. 26, 2012, (<http://www.nationofchange.org/killing-messenger-downsizing-and-death-postal-service-1335445785>)

It is fashionable to think of the postal service as an antiquated relic of a different era in the same way that all right-thinking people regarded standard 30-year fixed rate mortgages as old-fashioned at the peak of the housing bubble. Many of the same people who assured us that we could effectively manage risk through mortgage securitization are now anxious to hand the postal service a death sentence.

Death, or at least a near-death experience, is the likely outcome of S.1789, the bill to downsize the Postal Service that the Senate is scheduled to vote on Tuesday night. The bill would end Saturday delivery and also raise the target delivery time from 1-2 days to 2-3 days.

The idea is that people won't generally care if a letter takes three days rather than two to reach its destination. While that is probably true, this will certainly increase the frequency with which a letter takes a week or more to reach its destination, and people do care about and remember these instances. This additional delay is likely to seriously reduce the standing of the Postal Service in most people's eyes, leading to a further erosion of business.

The certain effect of this bill is to cut 100,000 jobs over the next three years. This is somewhat better than the 200,000 job loss that would result from a bill being pushed by Representative Darrell Issa and the House Republicans, but any final bill is likely to end up somewhere in the middle. If we assume 150,000 lost jobs, that is equivalent to more than 5 weeks of job growth at the March rate.

Or, to take another comparison in the news, the Postal Service would be eliminating about 20 times as many jobs as would be created by the Keystone Pipeline. Even if the Postal Service were wracked by waste and inefficiency as its critics contend, it doesn't make sense to apply the ax at a time when the economy is still suffering from massive unemployment. The haste to reduce Postal jobs now will simply add to unemployment.

But the assumption that the Postal Service is an uncompetitive basket case requires closer examination. The Postal Service has been crippled by a series of accounting rulings that have imposed enormous penalties on it ever since it was first established as a government-run company (as opposed to a government agency) in the early '70s.

The initial sin was the division of pension liabilities between the new company and government for its workforce at the time it became independent. A fair division of liabilities would have implied that a private buyer would have paid neither more nor less for the Postal Service due to its remaining pension liabilities.

As the deal went down, the Postal Service was stuck with a large portion of the liabilities that were effectively accrued prior to its establishment as an independent company. Independent auditors put the hit to the postal service in the range of \$50-\$75 billion. That would cover the cumulative losses of the system over the last decade several times over.

The second accounting hit to the Postal Service is the restriction that it can only invest its pension in government bonds, rather than the stocks and other assets held by private pension funds. Since bonds provide a considerably lower rate of return on average, this means the Postal Service must put aside much more money to offer the same pension as a private competitor like UPS.

The difference in returns is a big deal. If the Postal Service will need to pay \$20 billion in pensions in 30 years, it would have to put aside roughly \$2 billion this year using the rate of return assumption that private pensions had traditionally used. On the other hand, it would have to put aside almost \$4 billion using the assumed rate of return on government bonds. The restriction that the pension can only invest in government bonds is a very serious handicap for the Postal Service.

Finally, in 2006 Congress decided that the Postal Service had to rapidly pre-fund its retirement health benefits. The extent of prefunding required by this measure vastly exceeds the level of prefunding for retiree benefits in any private company in the entire country.

If the explicit intent of Congress was to destroy the Postal Service it would be difficult to envision a more effective route than imposing a huge and arbitrary prefunding burden like this one. If the Postal Service had a more reasonable prefunding requirement and were allowed to invest its pension in the same way as private companies, it would have run a profit over the last decade.

This does not change the fact that the Post Service faces enormous challenges going forward. First class mail volume, the system's bread and butter, has collapsed. Some of this is due to the recession, but most of it is clearly technological. It's easier and cheaper to pay bills online.

But the Postal Service can and is moving into new markets. For example, it actually acts as the delivery agent for almost one-third of the packages shipped through FedEx's ground division. Its massive nationwide network offers many potential opportunities, if Congress will give it the chance.

This means relaxing the arbitrary pre-funding restrictions. Caution is great, but Google and Apple didn't get ahead by prefunding their real estate taxes for the next century.

Congress also has to be prepared to allow the Postal Service to win. About a decade ago, the Postal Service had an extremely effective ad campaign highlighting the fact that its express mail service was just a fraction of the price charged for overnight delivery by UPS and FedEx.

The two companies actually went to court to try to stop the ad campaign. When the court told them to get lost, they went to Congress. Their friends in Congress then leaned on the Postal Service and got it to end the ads.

The goal is to have a public Postal Service that can compete effectively in the market. But it's not a fair fight when we shove it into the ring with its shoes tied together and both hands tied behind its back.

This is a stupid maneuver on so many levels I cannot believe it has happened.

1. The rules demonstrate a lack of understanding of farm life and work ethic.
2. It plays directly into the Conservative belief that the Obama administration and progressive liberals are ready at every turn to introduce intrusive meddling in private citizens lives.
3. It supports those who believe large city liberals, the core of the left, think they know better than everyone else what is good for them and centralized government control is the answer for all perceived ills.

Tactically, I can think of few moves that will motivate the right to action more than this simpleton rule, and what good does it achieve.....for anyone? No one is going to jump up and say "Woo Hoo, what a brilliant a necessary thing this is." But, it will tick off a lot of people in farming states. It is another boneheaded decision that demonstrates what a lame administration this is. What were they thinking?

20120426-15 23:58 SteveB Re: Ban on Farm Chores — NOT! (reply to Dale, above)

I wasn't sure what you were referring to, Dale, so I had to look it up. The Press Release appears to be from almost a year ago. I wasn't aware of this story, so thank you!

Looks to me like they aren't talking about the family farm (and children have NO place in grain bins or silos!):

"Prohibited places of employment," a Department press release read, "would include country grain elevators, grain bins, silos, feed lots, stockyards, livestock exchanges and livestock auctions."

It seems like they're only talking about places where employers might replace adult labor with child labor, and with so many adults not working, this seems like a good thing to me.

I knew this didn't sound right. It's been vastly distorted by your right-wing news media. I grew up in farming country, I worked on farms, I know there are real dangers there and I see no harm in protecting children from them. That's all the proposed changes are about, not what you imply that kids won't be able to work on their farms doing chores. Simply not true.

Also, President Obama is NOT the Dept. of Labor.

From the press release: **"The FLSA also provides a complete exemption for youths employed on farms owned by their parents."**

It is the "Information Age" so we might as well take advantage of it. I have also included an article I found which seems to completely misinterpret what's actually happening.

WHD News Release: (08/31/2011) (<http://www.dol.gov/opa/media/press/whd/WHD20111250.htm>)

Contact Name: Laura McGinnis or Sonia Melendez
Phone Number: (202) 693-4653 or x4672
Release Number: 11-1250-NAT

US Labor Department proposes updates to child labor regulations

Aims to improve safety of young workers employed in agriculture and related fields

(WASHINGTON) The U.S. Department of Labor is proposing revisions to child labor regulations that will strengthen the safety requirements for young workers employed in agriculture and related fields. The agricultural hazardous occupations orders under the Fair Labor Standards Act that bar young workers from certain tasks have not been updated since they were promulgated in 1970.

The department is proposing updates based on the enforcement experiences of its Wage and Hour Division, recommendations made by the National Institute for Occupational Safety and Health, and a commitment to bring parity between the rules for young workers employed in agricultural jobs and the more stringent rules that apply to those employed in nonagricultural workplaces. The proposed regulations would not apply to children working on farms owned by their parents.

"Children employed in agriculture are some of the most vulnerable workers in America," said Secretary of Labor Hilda L. Solis. "Ensuring their welfare is a priority of the department, and this proposal is another element of our comprehensive approach."

The proposal would strengthen current child labor regulations prohibiting agricultural work with animals and in pesticide handling, timber operations, manure pits and storage bins. It would prohibit farmworkers under age 16 from participating in the cultivation, harvesting and curing of tobacco. And it would prohibit youth in both agricultural and nonagricultural employment from using electronic, including communication, devices while operating power-driven equipment.

The department also is proposing to create a new nonagricultural hazardous occupations order that would prevent children under 18 from being employed in the storing, marketing and transporting of farm product raw materials. Prohibited places of employment would include country grain elevators, grain bins, silos, feed lots, stockyards, livestock exchanges and livestock auctions.

Additionally, the proposal would prohibit farmworkers under 16 from operating almost all power-driven equipment. A similar prohibition has existed as part of the nonagricultural child labor provisions for more than 50 years. A limited exemption would permit some student learners to operate certain farm implements and tractors, when equipped with proper rollover protection structures and seat belts, under specified conditions.

The Wage and Hour Division employs a combination of enforcement, compliance assistance and collaboration strategies in partnership with states and community-based organizations to protect children working in the United States. When violations of law are found, the division uses all enforcement tools necessary to ensure accountability and deter future violations.

The division is responsible for enforcing the FLSA, which establishes federal child labor provisions for both agricultural and nonagricultural employment, and charges the secretary of labor with prohibiting employment of youth in occupations that she finds and declares to be particularly hazardous for them. The FLSA establishes a minimum age of 18 for hazardous work in nonagricultural employment and 16 in agricultural employment. Once agricultural workers reach age 16, they are no longer subject to the FLSA's child labor provisions. The FLSA also provides a complete exemption for youths employed on farms owned by their parents.

The public is invited to provide comments on this important proposal, which must be received by Nov. 1. A public hearing on the proposal will be held following the comment period. More information, including a complete list of the proposed revisions, will be available in the Federal Register on Sept. 2.

"Farm Chores for Kids May Soon Be Against the Law" by Norm Van Ness, WNW Meteorology Dept.

Apr. 26, 2012, (<http://www.northwestohio.com/news/story.aspx?id=746778#.T5pmx6tSSRQ>)

There are still a bunch of family farms here in NW Ohio and SE Michigan. Membership in the Future Farmers of America and 4-H clubs is still healthy and strong.

But a new measure being worked through the U.S. Department of Labor could soon outlaw kids under the age of 18 from doing many of the daily chores family farms need done each day to get by.

The rule has already drawn criticism from members of Congress who represent rural districts and the prospect is proving equally unpalatable for the children the rule is meant to 'protect'.

The Labor Department says "Under the rules, children under 18 could no longer work in the storing, marketing and transporting of farm product raw materials."

"Prohibited places of employment," a Department press release read, "would include country grain elevators, grain bins, silos, feed lots, stockyards, livestock exchanges and livestock auctions."

A County Farm Bureau president, Jeff Clark, explains that the problem isn't merely about farm families losing vital labor from their children.

He told educationnews.org, "Losing that work-ethic — it's so hard to pick this up later in life. There's other ways to learn how to farm, but it's so hard. You can learn so much more working on the farm when you're 12, 13, 14 years old."

The new regulations were first proposed last August by Labor Secretary Hilda Solis, and will additionally revoke approval of safety training and certification by independent groups like the F.F.A. and 4-H, instead mandating a federal 90-hour government training course.

Republican Senator Jerry Moran, from Kansas, was already angry about farmers being cited by inspectors for chores that the Labor Department didn't think were age appropriate and the new regulations will only exacerbate this problem.

"The consequences of the things that you put in your regulations lack common sense," Moran said. "And in my view, if the federal government can regulate the kind of relationship between parents and their children on their own family's farm, there is almost nothing off-limits in which we see the federal government intruding in a way of life."

Do you think kids should be banned from common farm chores? Would the ban be detrimental to already suffering family farm operations? Relate your experiences as a kid on the farm...and what that work means now to you as an adult.

20120426-13	20:09	MarthaH	"Americans Put to Shame by Immigrants on Sample Civics Test"
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"Americans Put to Shame by Immigrants on Sample Civics Test" by Gregory Korte, AP

Apr. 26, 2012, (<http://www.usatoday.com/news/nation/story/2012-04-26/immigrant-civics-test-americans-fail/54563612/1>)

(WASHINGTON) Immigrants applying for U.S. citizenship have to pass a 10-question civics test asking basic questions about American history and government, and about 93% succeed.

But only 65% of native-born Americans could get the required six out of 10 right answers when asked the same questions in a telephone poll.

That's the finding from the Center for the Study of the American Dream at Xavier University in Cincinnati, which commissioned the telephone survey of 1,023 native-born Americans last month. Michael Ford, the director of the center, said the results are particularly troubling in an election year featuring competing visions of a Constitution that many citizens may not understand.

"If we are civic illiterates, the chances of losing our freedom is greater than being invaded by aliens or a foreign country," he said.

Most Americans agree. In a separate survey, 77% said all Americans ought to be able to pass the citizenship test, and 60% said it should be a requirement for high school graduation.

The survey was designed to mimic the actual test. The 10 questions were selected from the same bank of 100 questions that U.S. Citizenship and Immigration Services (USCIS) uses. Like the test, the answers are open-ended — no multiple choice — and can have multiple valid answers.

One difference: Unlike citizenship candidates, the survey respondents didn't have time to study.

"The citizenship candidates who have decided to file their application for naturalization and begin their life in the United States, they want it really bad," said Christopher Bentley, a USCIS spokesman. "That said, it is stuff that people would have learned in Civics 101 class."

They are not learning it, said Gene Koo, director of iCivics, an education non-profit founded by Sandra Day O'Connor, a former Supreme Court justice. Many schools aren't teaching civics as they used to — an unintended consequence of the justifiable emphasis on science and math, he said.

"We always assumed that those who grew up here were getting that in the school system. That stopped being true a couple decades ago, and you can see the results of that in this study," he said.

Ford noted that 44% of those with a high school education or less passed the test, rising to 82% among college grads. "They're still getting whopped by immigrants. ... I don't blame the educational system. We have personal responsibilities as citizens. Not just rights."

[My wife just passed this last year in Tampa. Got 100%. It's really extremely easy if you know English –SteveB]

20120426-14	20:42	SteveG	Upcoming '60 Minutes' Segment on Torture
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On Sunday April 29, 2012 be certain to watch "60 Minutes." Segment on enhanced interrogation, water boarding, torture, whatever you want to call it – all authorized by the CI and up. Make you proud?

20120426-16	23:59	SteveB	Photo: American Farm Life
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<http://costonscomplaint.blogspot.com/2011/12/department-of-labor-outlaws-american.html>



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

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