



FRIENDS OF THE MIDDLE NEWSLETTER #155 — JUNE 7, 2012

Welcome to always lively political discussion and whatever else comes up.
<http://www.FriendsOfTheMiddle.org> FriendsOfTheMiddle@hotmail.com

[INDEX: Click here.](#)

When the Unraveling?

(posted by Steven W. Baker / SteveB, June 7, 2012)

I don't want to alarm anyone, but it's good to know how things stand in the world of money. Romney and the Republicans are right about one thing: President Obama and the Democrats have not been able to get the Bush catastrophes behind us. How could they, when the opposition seems determined to drive the nation over the edge? The burning question in my mind: to what purpose? Chaos? Governmental reorganization? The 19th Century all over again? Our problems transcend parties, yet we're trapped in greed and selfishness, obstructionism, lies, corrupt party politics, and false prophets. How long before the Right's seeking of a magical answer results in some "divinely inspired" leader with his or her own, deceptively simple solution?

"Collapse at Hand" by Paul Craig Roberts, OpEdNews

June 5, 2012, (<http://www.opednews.com/articles/1/Collapse-At-Hand-by-Paul-Craig-Roberts-120605-598.html>)

Ever since the beginning of the financial crisis and quantitative easing, the question has been before us: How can the Federal Reserve maintain zero interest rates for banks and negative real interest rates for savers and bond holders when the US government is adding \$1.5 trillion to the national debt every year via its budget deficits? Not long ago the Fed announced that it was going to continue this policy for another 2 or 3 years. Indeed, the Fed is locked into the policy. Without the artificially low interest rates, the debt service on the national debt would be so large that it would raise questions about the US Treasury's credit rating and the viability of the dollar, and the trillions of dollars in Interest Rate Swaps and other derivatives would come unglued.

In other words, financial deregulation leading to Wall Street's gambles, the US government's decision to bail out the banks and to keep them afloat, and the Federal Reserve's zero interest rate policy have put the economic future of the US and its currency in an untenable and dangerous position. It will not be possible to continue to flood the bond markets with \$1.5 trillion in new issues each year when the interest rate on the bonds is less than the rate of inflation. Everyone who purchases a Treasury bond is purchasing a depreciating asset. Moreover, the capital risk of investing in Treasuries is very high. The low interest rate means that the price paid for the bond is very high. A rise in interest rates, which must come sooner or later, will collapse the price of the bonds and inflict capital losses on bond holders, both domestic and foreign.

The question is: when is sooner or later? The purpose of this article is to examine that question.

Let us begin by answering the question: how has such an untenable policy managed to last this long?

A number of factors are contributing to the stability of the dollar and the bond market. A very important factor is the situation in Europe. There are real problems there as well, and the financial press keeps our focus on Greece, Europe, and the euro. Will Greece exit the European Union or be kicked out? Will the sovereign debt problem spread to Spain, Italy, and essentially everywhere except for Germany and the Netherlands?

Will it be the end of the EU and the euro? These are all very dramatic questions that keep focus off the American situation, which is probably even worse.

The Treasury bond market is also helped by the fear individual investors have of the equity market, which has been turned into a gambling casino by high-frequency trading.

High-frequency trading is electronic trading based on mathematical models that make the decisions. Investment firms compete on the basis of speed, capturing gains on a fraction of a penny, and perhaps holding positions for only a few seconds. These are not long-term investors. Content with their daily earnings, they close out all positions at the end of each day.

High-frequency trades now account for 70-80% of all equity trades. The result is major heartburn for traditional investors, who are leaving the equity market. They end up in Treasuries, because they are unsure of the solvency of banks who pay next to nothing for deposits, whereas 10-year Treasuries will pay about 2% nominal, which means, using the official Consumer Price Index, that they are losing 1% of their capital each year. Using John Williams' (shadowstats.com) correct measure of inflation, they are losing far more. Still, the loss is about 2 percentage points less than being in a bank, and unlike banks, the Treasury can have the Federal Reserve print the money to pay off its bonds. Therefore, bond investment at least returns the nominal amount of the investment, even if its real value is much lower.

The prostitute financial media tells us that flight from European sovereign debt, from the doomed euro, and from the continuing real estate disaster into US Treasuries provides funding for Washington's \$1.5 trillion annual deficits. Investors influenced by the financial press might be responding in this way. Another explanation for the stability of the Fed's untenable policy is collusion between Washington, the Fed, and Wall Street. We will be looking at this as we progress.

Unlike Japan, whose national debt is the largest of all, Americans do not own their own public debt. Much of US debt is owned abroad, especially by China, Japan, and OPEC -- the oil exporting countries. This places the US economy in foreign hands. If China, for example, were to find itself unduly provoked by Washington, China could dump up to \$2 trillion in US dollar-dominated assets on world markets. All sorts of prices would collapse, and the Fed would have to rapidly create the money to buy up the Chinese dumping of dollar-denominated financial instruments.

The dollars printed to purchase the dumped Chinese holdings of US dollar assets would expand the supply of dollars in currency markets and drive down the dollar exchange rate. The Fed, lacking foreign currencies with which to buy up the dollars would have to appeal for currency swaps to sovereign debt troubled Europe for euros, to Russia, surrounded by the US missile system, for rubles, to Japan, a country over its head in American commitment, for yen, in order to buy up the dollars with euros, rubles, and yen.

These currency swaps would be on the books, unredeemable and making additional use of such swaps problematical. In other words, even if the US government can pressure its allies and puppets to swap their harder currencies for a depreciating US currency, it would not be a repeatable process. The components of the American Empire don't want to be in dollars any more than do the BRICS.

However, for China, for example, to dump its dollar holdings all at once would be costly as the value of the dollar-denominated assets would decline as they dumped them. Unless China is faced with US military attack and needs to defang the aggressor, China as a rational economic actor would prefer to slowly exit the US dollar. Neither do Japan, Europe, nor OPEC wish to destroy their own accumulated wealth from America's trade deficits by dumping dollars, but the indications are that they all wish to exit their dollar holdings.

Unlike the US financial press, the foreigners who hold dollar assets look at the annual US budget and trade deficits, look at the sinking US economy, look at Wall Street's uncovered gambling bets, look at the war plans of the delusional hegemon and conclude: "I've got to carefully get out of this."

US banks also have a strong interest in preserving the status quo. They are holders of US Treasuries and potentially even larger holders. They can borrow from the Federal Reserve at zero interest rates and purchase 10-year Treasuries at 2%, thus earning a nominal profit of 2% to offset derivative losses. The banks can borrow dollars from the Fed for free and leverage them in derivative transactions. As Naomi Prins puts it, the US banks don't want to trade against themselves and their free source of funding by selling their bond holdings. Moreover, in the event of foreign flight from dollars, the Fed could boost the foreign demand for dollars by requiring foreign banks that want to operate in the US to increase their reserve amounts, which are dollar based.

I could go on, but I believe this is enough to show that even actors in the process who could terminate it have themselves a big stake in not rocking the boat and prefer to quietly and slowly sneak out of dollars before the crisis hits. This is not possible indefinitely as the process of gradual withdrawal from the dollar would result in continuous small declines in dollar values that would end in a rush to exit, but Americans are not the only delusional people.

The very process of slowly getting out can bring the American house down. The BRICS -- Brazil, the largest economy in South America; Russia, the nuclear armed and energy independent economy on which Western Europe (Washington's NATO puppets) are dependent for energy; India, nuclear armed and one of Asia's two rising giants; China, nuclear armed, Washington's largest creditor (except for the Fed), supplier of America's manufactured and advanced technology products, and the new bogymen for the military-security complex's next profitable cold war; and South Africa, the largest economy in Africa -- are in the process of forming a new bank. The new bank will permit the five large economies to conduct their trade without use of the US dollar.

In addition, Japan, an American puppet state since WWII, is on the verge of entering into an agreement with China in which the Japanese yen and the Chinese yuan will be directly exchanged. The trade between the two Asian countries would be conducted in their own currencies without the use of the US dollar. This reduces the cost of foreign trade between the two countries, because it eliminates payments for foreign exchange commissions to convert from yen and yuan into dollars and back into yen and yuan.

Moreover, this official explanation for the new direct relationship avoiding the US dollar is simply diplomacy speaking. The Japanese are hoping, like the Chinese, to get out of the practice of accumulating ever more dollars by having to park their trade surpluses in US Treasuries. The Japanese US puppet government hopes that the Washington hegemon does not require the Japanese government to nix the deal with China.

Now we have arrived at the nitty and gritty. The small percentage of Americans who are aware and informed are puzzled why the banksters have escaped with their financial crimes without prosecution. The answer might be that the banks "too big to fail" are adjuncts of Washington and the Federal Reserve in maintaining the stability of the dollar and Treasury bond markets in the face of an untenable Fed policy.

Let us first look at how the big banks can keep the interest rates on Treasuries low, below the rate of inflation, despite the constant increase in US debt as a percent of GDP -- thus preserving the Treasury's ability to service the debt.

The imperiled banks too big to fail have a huge stake in low interest rates and the success of the Fed's policy. The big banks are positioned to make the Fed's policy a success. JPMorgan Chase and other giant-sized banks can drive down Treasury interest rates and, thereby, drive up the prices of bonds, producing a rally, by selling Interest Rate Swaps (IRSwaps).

A financial company that sells IRSwaps is selling an agreement to pay floating interest rates for fixed interest rates. The buyer is purchasing an agreement that requires him to pay a fixed rate of interest in exchange for receiving a floating rate.

The reason for a seller to take the short side of the IRSwap, that is, to pay a floating rate for a fixed rate, is his belief that rates are going to fall. Short-selling can make the rates fall, and thus drive up the prices of Treasuries.

When this happens, as these charts illustrate, there is a rally in the Treasury bond market that the prostitute financial media attributes to "flight to the safe haven of the US dollar and Treasury bonds." In fact, the circumstantial evidence (see the charts in the link above) is that the swaps are sold by Wall Street whenever the Federal Reserve needs to prevent a rise in interest rates in order to protect its otherwise untenable policy. The swap sales create the impression of a flight to the dollar, but no actual flight occurs. As the IRSwaps require no exchange of any principal or real asset, and are only a bet on interest rate movements, there is no limit to the volume of IRSwaps.

This apparent collusion suggests to some observers that the reason the Wall Street banksters have not been prosecuted for their crimes is that they are an essential part of the Federal Reserve's policy to preserve the US dollar as world currency. Possibly the collusion between the Federal Reserve and the banks is organized, but it doesn't have to be. The banks are beneficiaries of the Fed's zero interest rate policy. It is in the banks' interest to support it. Organized collusion is not required.

Let us now turn to gold and silver bullion. Based on sound analysis, Gerald Celente and other gifted seers predicted that the price of gold would be \$2000 per ounce by the end of last year. Gold and silver bullion continued during 2011 their 10-year rise, but in 2012 the price of gold and silver has been knocked down, with gold being \$350 per ounce off its \$1900 high.

In view of the analysis that I have presented, what is the explanation for the reversal in bullion prices? The answer again is shorting. Some knowledgeable people within the financial sector believe that the Federal Reserve (and perhaps also the European Central Bank) places short sales of bullion through the investment banks, guaranteeing any losses by pushing a key on the computer keyboard, as central banks can create money out of thin air.

Insiders inform me that as a tiny percent of those on the buy side of short sells actually want to take delivery on the gold or silver bullion, and are content with the financial money settlement, there is no limit to short selling of gold and silver. Short selling can actually exceed the known quantity of gold and silver.

Some who have been watching the process for years believe that government-directed short-selling has been going on for a long time. Even without government participation, banks can control the volume of paper trading in gold and profit on the swings that they create. Recently short selling is so aggressive that it not merely slows the rise in bullion prices but drives the price down. Is this aggressiveness a sign that the rigged system is on the verge of becoming unglued?

In other words, "our government," which allegedly represents us, rather than the powerful private interests who elect "our government" with their multi-million dollar campaign contributions, now legitimized by the Republican Supreme Court, is doing its best to deprive us mere citizens, slaves, indentured servants, and "domestic extremists" from protecting ourselves and our remaining wealth from the currency debauchery policy of the Federal Reserve. Naked short selling prevents the rising demand for physical bullion from raising bullion's price.

Jeff Nielson explains another way that banks can sell bullion shorts when they own no bullion. Nielson says that JP Morgan is the custodian for the largest long silver fund while being the largest short-seller of silver. Whenever the silver fund adds to its bullion holdings, JP Morgan shorts an equal amount. The short selling offsets the rise in price that would result from the increase in demand for physical silver. Nielson also reports that bullion prices can be suppressed by raising margin requirements on those who purchase bullion with leverage. The conclusion is that bullion markets can be manipulated just as can the Treasury bond market and interest rates.

How long can the manipulations continue? When will the proverbial hit the fan?

If we knew precisely the date, we would be the next mega-billionaires.

Here are some of the catalysts waiting to ignite the conflagration that burns up the Treasury bond market and the US dollar:

- A war demanded by the Israeli government with Iran -- beginning with Syria -- that disrupts the oil flow and thereby the stability of the Western economies or brings the US and its weak NATO puppets into armed

conflict with Russia and China. The oil spikes would degrade further the US and EU economies, but Wall Street would make money on the trades.

- An unfavorable economic statistic that wakes up investors as to the true state of the US economy, a statistic that the prostitute media cannot deflect.
- An affront to China, whose government decides that knocking the US down a few pegs into third world status is worth a trillion dollars.
- More derivative mistakes, such as JPMorgan Chase's recent one, that send the US financial system again reeling and reminds us that nothing has changed.

The list is long. There is a limit to how many stupid mistakes and corrupt financial policies the rest of the world is willing to accept from the US. When that limit is reached, it is all over for "the world's sole superpower" and for holders of dollar-denominated instruments.

Financial deregulation converted the financial system, which formerly served businesses and consumers, into a gambling casino where bets are not covered. These uncovered bets, together with the Fed's zero interest rate policy, have exposed Americans' living standard and wealth to large declines. Retired people living on their savings and investments, IRAs and 401(k)s can earn nothing on their money and are forced to consume their capital, thereby depriving heirs of inheritance. Accumulated wealth is consumed.

As a result of jobs offshoring, the US has become an import-dependent country, dependent on foreign made manufactured goods, clothing, and shoes. When the dollar exchange rate falls, domestic US prices will rise, and US real consumption will take a big hit. Americans will consume less, and their standard of living will fall dramatically.

The serious consequences of the enormous mistakes made in Washington, on Wall Street, and in corporate offices are being held at bay by an untenable policy of low interest rates and a corrupt financial press, while debt rapidly builds. The Fed has been through this experience once before. During WW II the Federal Reserve kept interest rates low in order to aid the Treasury's war finance by minimizing the interest burden of the war debt. The Fed kept the interest rates low by buying the debt issues. The post-war inflation that resulted led to the Federal Reserve-Treasury Accord in 1951, in which agreement was reached that the Federal Reserve would cease monetizing the debt and permit interest rates to rise.

Fed chairman Bernanke has spoken of an "exit strategy" and said that when inflation threatens, he can prevent the inflation by taking the money back out of the banking system. However, he can do that only by selling Treasury bonds, which means interest rates would rise. A rise in interest rates would threaten the derivative structure, cause bond losses, and raise the cost of both private and public debt service. In other words, to prevent inflation from debt monetization would bring on more immediate problems than inflation. Rather than collapse the system, wouldn't the Fed be more likely to inflate away the massive debts?

Eventually, inflation would erode the dollar's purchasing power and use as the reserve currency, and the US government's credit worthiness would waste away. However, the Fed, the politicians, and the financial gangsters would prefer a crisis later rather than sooner. Passing the sinking ship on to the next watch is preferable to going down with the ship oneself. As long as interest-rate swaps can be used to boost Treasury bond prices, and as long as naked shorts of bullion can be used to keep silver and gold from rising in price, the false image of the US as a safe haven for investors can be perpetuated.

However, the \$230,000,000,000,000 in derivative bets by US banks might bring its own surprises. JPMorgan Chase has had to admit that its recently announced derivative loss of \$2 billion is more than that. How much more remains to be seen. According to the Comptroller of the Currency, the five largest banks hold 95.7% of all derivatives. The five banks holding \$226 trillion in derivative bets are highly leveraged gamblers. For example, JPMorgan Chase has total assets of \$1.8 trillion but holds \$70 trillion in derivative bets, a ratio of \$39 in derivative bets for every dollar of assets. Such a bank doesn't have to lose very many bets before it is busted.

Assets, of course, are not risk-based capital. According to the Comptroller of the Currency report, as of December 31, 2011, JPMorgan Chase held \$70.2 trillion in derivatives and only \$136 billion in risk-based capital. In other words, the bank's derivative bets are 516 times larger than the capital that covers the bets.

It is difficult to imagine a more reckless and unstable position for a bank to place itself in, but Goldman Sachs takes the cake. That bank's \$44 trillion in derivative bets is covered by only \$19 billion in risk-based capital, resulting in bets 2,295 times larger than the capital that covers them.

Bets on interest rates comprise 81% of all derivatives. These are the derivatives that support high US Treasury bond prices despite massive increases in US debt and its monetization.

US banks' derivative bets of \$230 trillion, concentrated in five banks, are 15.3 times larger than the US GDP. A failed political system that allows unregulated banks to place uncovered bets 15 times larger than the US economy is a system that is headed for catastrophic failure. As the word spreads of the fantastic lack of judgment in the American political and financial systems, the catastrophe in waiting will become a reality.

Everyone wants a solution, so I will provide one...

The US government should simply cancel the \$230 trillion in derivative bets, declaring them null and void. As no real assets are involved, merely gambling on notional values, the only major effect of closing out or netting all the swaps (mostly over-the-counter contracts between counter-parties) would be to take \$230 trillion of leveraged risk out of the financial system. The financial gangsters who want to continue enjoying betting gains while the public underwrites their losses would scream and yell about the sanctity of contracts. However, a government that can murder its own citizens or throw them into dungeons without due process can abolish all the contracts it wants in the name of national security. And most certainly, unlike the war on terror, purging the financial system of the gambling derivatives would vastly improve national security.

(Paul Craig Roberts was an editor of the *Wall Street Journal* and an Assistant Secretary of the U.S. Treasury. His latest book, *How the Economy Was Lost*, has just been published by CounterPunch/AK Press. He was awarded the Treasury Department's Meritorious Service Award for "his outstanding contributions to the formulation of United States economic policy.")

FotM NEWSLETTER #155 (June 7, 2012)—HYPERTEXT INDEX

<u>DATE-ID</u>	<u>TIME</u>	<u>FROM</u>	<u>SUBJECT/TITLE</u>
20120607-00		SteveB	When the Unraveling? by Steven W. Baker / SteveB ("Collapse at Hand")
20120606-01	09:16	Pam	Re: "Truth, Lies & Afghanistan" (reply to Art, FotM Newsletter #154)
20120606-03	14:15	Dennis	Re: "Truth, Lies & Afghanistan" (reply to Pam, above)
20120606-04	15:18	Bill	Re: "Truth, Lies & Afghanistan" (reply to Dennis & Pam, above)
20120606-06	16:24	Dennis	Re: "Truth, Lies & Afghanistan" (reply to Bill, above)
20120606-02	09:39	SteveB	Fw: MoveOn Petitions: Start Your Own!
20120606-05	16:03	SteveB	"What Scott Walker's Survival in the Wisconsin Recall Really Means"
20120606-07	18:52	Art	Obamacare
20120606-08	20:02	SteveG	Fw: Dennis Kucinich Petition: Support H.J. Res. 100 to Overturn <i>Citizens United!</i>
20120606-09	20:44	MarthaH	"Author Ray Bradbury Has Died in California"
20120606-10	20:46	Paula	Fw: Video: "Test of Fire: Election 2012"
20120606-11	21:27	SteveB	Re: Video: "Test of Fire: Election 2012" (reply to Paula, above)
20120606-12	23:57	SteveG	Quote: President Obama on Equal Pay for Women
20120606-13	23:58	Bill	Women as Explained by Engineers, Part 2
20120606-14	23:59	SteveB	Photo: Lincoln, Rhode Island

[20120606-01](#) 09:16 Pam Re: "Truth, Lies & Afghanistan" (reply to Art, FotM Newsletter #154)

Why, oh why, did the top brass make such disastrous decisions in Iraq? You knew it at the time. Even I knew it was a mistake to cut out all Baath Party members. Hell, if you weren't a Baathist you'd have been in one of Uday's prisons. And the disgraceful looting of the museum was beyond stupid. What was the thinking behind such actions? There must have been some rationale.

[20120606-03](#) 14:15 Dennis Re: "Truth, Lies & Afghanistan" (reply to Pam, above)

Thinking? What thinking?

[20120606-04](#) 15:18 Bill Re: "Truth, Lies & Afghanistan" (reply to Dennis & Pam, above)

I would trace it all back to the commander-in-chief.

[20120606-06](#) 16:24 Dennis Re: "Truth, Lies & Afghanistan" (reply to Bill, above)

Oh yeah, that's right.....Cheney.

[20120606-02](#) 09:39 SteveB Fw: MoveOn Petitions: Start Your Own!

from MoveOn:

You know that old saying, "If you don't vote, you can't complain?" Personally, I'd go one step further and say it's not enough to just vote once every two years. People gotta speak out.

That's why MoveOn has built a website called SignOn.org where you can make your voice heard by starting your very own petition—to the mayor of your town, the governor, Congress, or even the President of the United States.

SignOn.org is super-easy to use, and we'll even help you build your petition by sending the most popular petitions to other MoveOn members.

So what's the issue that's really bugging you? Don't just complain about it—start a petition. Maybe it's a big corporation in your area that's up to no good. Or an important piece of legislation that's languishing for lack of public attention. Click here to start your petition:

http://www.signon.org/create_start.html.

Thanks! –Steven, Stefanie, Manny, Bobby, Christine, and the rest of the team

20120606-05	16:03	SteveB	"What Scott Walker's Survival in the Wisconsin Recall Really Means"
-------------	-------	--------	---

"What Scott Walker's Survival in the Wisconsin Recall Really Means" by Robert Borosage, NationofChange

June 6, 2012, (<http://www.nationofchange.org/what-scott-walker-s-survival-wisconsin-recall-means-us-1338998534>)

("Wisconsin is a sterling example of what elections will be: the power of mobilized right-wing and corporate money against the power of mobilized people.")

That Gov. Scott Walker survived the recall in Wisconsin is a tragic setback for the stunning citizen's movement that challenged his extremist agenda in Wisconsin. Its implications are likely to be exaggerated by the right, and underplayed by progressives. Here are some thoughts on its meaning.

1. Extremism will be challenged

Scott Walker is now a conservative hero. The right's mighty Wurlitzer will argue that Republican Governors and legislators will be emboldened because he survived. The attack on public sector workers and basic worker rights, the sweeping cuts in education combined with top end tax cuts, the efforts to restrict voting rights, they will boast, will now spread even more rapidly across the country.

Really? Walker barely survived the backlash his policies caused. He lost effective control of the Senate even before last night's recall returns are known. He had to go through a brutal recall, and watch his popularity plummet.

I suspect that most governors with a clue will see this as a calamity that they want to avoid. They'll be looking to find ways to compromise, to avoid this brutal backlash. No question that the Tea Party and big money right will be lusting for more blood. But I suspect that Walker's travails -- and those of John Kasich in Ohio and Rick Scott in Florida -- will sober Republicans up a bit.

2. This is only Round One [well...maybe 2 or 3... --SteveB]

That said, progressives should not dismiss the recall as idiosyncratic, dismissing its import since exit polls showed President Obama would win the state against Republican nominee Mitt Romney, and many voters voted for Walker because they objected to the recall itself, not because they endorsed his policies.

Conservative columnist Russ Douthat suggests that Wisconsin represents the new era of American politics, where scarcity and slow growth limits the ability of politicians to find win-win compromises. Instead, he predicts more Wisconsin-like battles, "grinding struggles in which sweeping legislation is passed by party-line votes and then the politicians responsible hunker down and try to survive the backlash." As noted above, I think more politicians will seek to find middle ground than Douthat suggests. He, for example, risibly argues that Obama's first two years were an example of sweeping partisan legislation. In fact, Obama's two years were devoted to painful efforts to find middle ground -- compromising on the stimulus,

wasting months on Democratic Sen. Max Baucus' phantom health care negotiations with "Republican moderates," pre-diluting Wall Street reform.

But that is right that the country has to make big choices. Will working and poor people continue to pay the cost for the mess caused by 30 years of failed conservative policies? Or will people succeed in sending the bill to those that caused the mess? Will we continue to see America starve its public services – from schools to health care to retirement security to internal improvements in everything from clean water to sensible energy? Or will we rebuild our commonwealth with fair taxes on private wealth? Will we empower workers to gain a fair share of the profits and productivity that they help to create or will we continue to give CEOs multimillion-dollar personal incentives to ship jobs abroad, break unions, cook the books, plunder their own companies to meet short-term expectations? Will America continue to police the world or will we put our attention and priority on rebuilding our own country?

Scarcity and slow growth will make choices necessary – and these will be brutal fights, even with moderate leaders like Barack Obama who are looking for common ground.

3. Money counts

And in these fights, big money is mobilized to protect its interests. Walker outspent his opponent by more than seven to one. In the post-Citizens United world, we don't even have an accurate count of how much money was spent by outside groups. And money counts. It not only floods the airwaves with ads, but it pays for identifying allied voters, registering them, and getting them to the polls.

Wisconsin is a sterling example of what elections will be: the power of mobilized right-wing and corporate money against the power of mobilized people. The union-led We Are One movement that opposed Walker ran a powerful popular mobilization effort. They handed in almost one million signatures on the recall petition, about 40 percent of the vote. They knocked on doors and stayed on the phones. But the \$47 million that Walker and outside allied groups spent enabled him to frame the election early with unopposed ads, and to gear up his own sophisticated ground operation.

Wisconsin is a clear warning to progressives. We'll have to work harder, stretch more, educate more, reach out more and build more to match the increasing force of big money.

This flood of money has another corrosive effect. Democratic candidates and causes will seek to be financially competitive. Unions and progressive small-donor-based operations will be less able to provide the resources needed. Democrats will dilute their agenda and dull their message to appeal for funds from deep-pocket donors. So while mobilized money is likely to sharpen the right-wing agenda, it is likely to dull the Democratic response. That puts even more of a burden on building an independent progressive citizens' movement that can frame the stakes, make the case and get out the vote.

4. The potential of millennials

In Wisconsin, according to exit polls, seniors were 18 percent of the vote. Walker won 56 percent of their vote. Young people – aged 18-29 – were only 16 percent of the vote. They voted for Barrett 51-47 percent. The turnout – 2.4 million – was higher than it was in the Republican sweep in 2010, but lower than the 3 million that turned out in 2008.

In elections across the country, the biggest generation – the millennials – will decide much by how they vote and whether they turn out or tune out. The enthusiasm of 2008 has been lost in the disappointments of the Obama years and the harsh economy that young people are facing. But this is a generation that carries very different perspectives than its boomer parents and grandparents. It is far more comfortable with diversity, far more socially liberal, far more concerned about the environment.

The economic prospects of millennials are also far more difficult, as they struggle with the worst jobs market since the Great Depression, declining wages and rising debts. How they react—and how engaged they become in the political process—will say much about the direction this country takes.

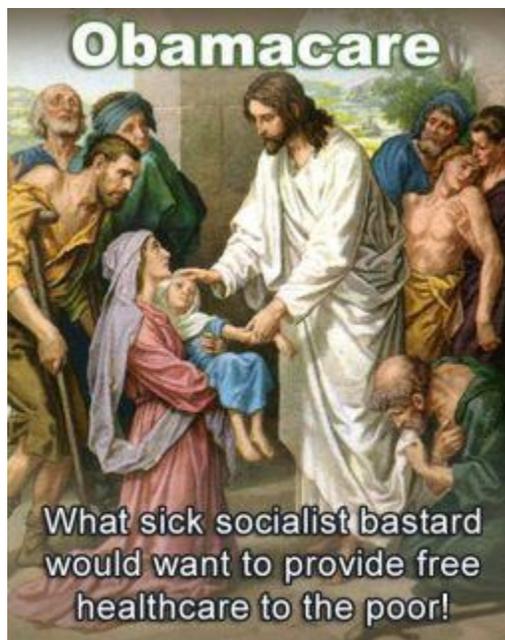
5. Union power and weakness

Wisconsin showed that unions are still a mighty force in American politics. They were at the center of the We are One movement and drove the recall campaign. As noted, they sent a message to conservative politicians across the country.

That said, Walker won 38 percent of the vote of people who said they were members of a union household. In an election framed by Walker's assault on basic worker rights, that is a dispiriting number, not much different than normal election results.

Clearly, the divide and conquer tactics of pitting public workers against private workers had some traction. It also suggests that unions have serious work to do in educating and mobilizing their own members about the existential threat that they now face.

[20120606-07](#) 18:52 Art Obamacare



[20120606-08](#) 20:02 SteveG Fw: Dennis Kucinich Petition: Support H.J. Res. 100 to Overturn *Citizens United!*

from Dennis Kucinich:

I was in Wisconsin in the winter of 2011. I marched with the protestors and stood with the thousands fighting to ensure all workers have a right to join a union, to collective bargaining, to decent wages and benefits, and to a secure retirement. It was the birth of a movement where we stood up together to reclaim our democracy.

Last night, the result of the Wisconsin recall was not what we wanted. This movement will lose elections and we'll lose political battles. That's democracy. But what makes last night especially difficult is how we lost. This wasn't a debate over ideas or even a test of political skill. It was a corruption of our democracy, when unregulated and shadowy corporate money drowned out everything. Corporate money once again prevailed in its takeover of our democracy.

We have had too many nights like last night since the Supreme Court, in the *Citizens United* decision, opened the doors to undisclosed, unlimited corporate spending in our elections. As we have come to know too well, the funding

of our electoral contests has a direct effect on who controls our political process -- and the legislation that comes out of it.

Citizens United invalidated a century old law in Wisconsin banning independent expenditures. Governor Walker and his allies spent over \$45 million dollars - 3 out of every 4 dollars spent on the race. *Citizens United* allowed more money to be spent in 2010 than any prior midterm election, and will allow even more money to be spent in 2012 than any prior presidential election. Corporations are buying our elections and buying our government, while the rest of us -- the poor, the middle class and main street -- get left behind.

Never has it been more necessary to overturn *Citizens United* and restore our democracy. Earlier this year, I introduced a Constitutional Amendment which would require that all federal campaigns be financed exclusively by public funds and prohibit expenditures from every other source. My amendment, H.J. Res. 100, would change the way we finance the elections of our Presidents, Senators and Representatives, and return control of the political system to the people.

Please join me today in signing the petition today to support H.J. Res 100 and overturn *Citizens United*:

<http://action.kucinich.us/page/s/restore-our-democracy-pass-h-j-res-100>.

Make no mistake about it -- we're witnessing a sad turning point in our democracy, and we need to come together and do everything we can to reverse this destructive corporate takeover.

Forward, Dennis

20120606-09	20:44	MarthaH	"Author Ray Bradbury Has Died in California"
-----------------------------	-------	---------	--

"Author Ray Bradbury Has Died in California" by John Rogers, AP/USA Today

June 6, 2012, (<http://www.usatoday.com/life/books/story/2012-06-06/ray-bradbury-dies/55417888/1?csp=hf#uslPageReturn>)

(LOS ANGELES) Ray Bradbury, the science fiction-fantasy master who transformed his childhood dreams and Cold War fears into telepathic Martians, lovesick sea monsters, and, in uncanny detail, the high-tech, book-burning future of Fahrenheit 451, has died. He was 91.

He died Tuesday night, his daughter said Wednesday. Alexandra Bradbury did not have additional details.

Although slowed in recent years by a stroke that meant he had to use a wheelchair, Bradbury remained active into his 90s, turning out new novels, plays, screenplays and a volume of poetry. He wrote every day in the basement office of his Cheviot Hills home and appeared from time to time at bookstores, public library fundraisers and other literary events around Los Angeles.

His writings ranged from horror and mystery to humor and sympathetic stories about the Irish, blacks and Mexican-Americans. Bradbury also scripted John Huston's 1956 film version of *Moby Dick* and wrote for "The Twilight Zone" and other television programs, including "The Ray Bradbury Theater," for which he adapted dozens of his works.

"What I have always been is a hybrid author," Bradbury said in 2009. "I am completely in love with movies, and I am completely in love with theater, and I am completely in love with libraries."

Bradbury broke through in 1950 with *The Martian Chronicles*, a series of intertwined stories that satirized capitalism, racism and superpower tensions as it portrayed Earth colonizers destroying an idyllic Martian civilization.

Like Arthur C. Clarke's *Childhood's End* and the Robert Wise film *The Day the Earth Stood Still*, Bradbury's book was a Cold War morality tale in which imagined lives on other planets serve as commentary on human behavior on

Earth. *The Martian Chronicles* has been published in more than 30 languages, was made into a TV miniseries and inspired a computer game.

The Martian Chronicles prophesized the banning of books, especially works of fantasy, a theme Bradbury would take on fully in the 1953 release, *Fahrenheit 451*. Inspired by the Cold War, the rise of television and the author's passion for libraries, it was an apocalyptic narrative of nuclear war abroad and empty pleasure at home, with firefighters assigned to burn books instead of putting blazes out (451 degrees Fahrenheit, Bradbury had been told, was the temperature at which texts went up in flames).

It was Bradbury's only true science-fiction work, according to the author, who said all his other works should have been classified as fantasy. "It was a book based on real facts and also on my hatred for people who burn books," he told The Associated Press in 2002.

A futuristic classic often taught alongside George Orwell's *1984* and Aldous Huxley's *Brave New World*, Bradbury's novel anticipated iPods, interactive television, electronic surveillance and live, sensational media events, including televised police pursuits. Francois Truffaut directed a 1966 movie version and the book's title was referenced — without Bradbury's permission, the author complained — for Michael Moore's documentary *Fahrenheit 9-11*.

Although involved in many futuristic projects, including the New York World's Fair of 1964 and the Spaceship Earth display at Walt Disney World in Florida, Bradbury was deeply attached to the past. He refused to drive a car or fly, telling the AP that witnessing a fatal traffic accident as a child left behind a permanent fear of automobiles. In his younger years, he got around by bicycle or roller-skates.

"I'm not afraid of machines," he told *Writer's Digest* in 1976. "I don't think the robots are taking over. I think the men who play with toys have taken over. And if we don't take the toys out of their hands, we're fools."

Bradbury's literary style was honed in pulp magazines and influenced by Ernest Hemingway and Thomas Wolfe, and he became the rare science fiction writer treated seriously by the literary world. In 2007, he received a special Pulitzer Prize citation "for his distinguished, prolific and deeply influential career as an unmatched author of science fiction and fantasy." Seven years earlier, he received an honorary National Book Award medal for lifetime achievement, an honor given to Philip Roth and Arthur Miller among others.

"Everything I've done is a surprise, a wonderful surprise," Bradbury said during his acceptance speech in 2000. "I sometimes get up at night when I can't sleep and walk down into my library and open one of my books and read a paragraph and say, 'My God, did I write that? Did I write that?', because it's still a surprise."

Other honors included an Academy Award nomination for an animated film, *Icarus Montgolfier Wright*, and an Emmy for his teleplay of *The Halloween Tree*. His fame even extended to the moon, where Apollo astronauts named a crater "Dandelion Crater," in honor of *Dandelion Wine*, his beloved coming-of-age novel, and an asteroid was named 9766 Bradbury.

Born Ray Douglas Bradbury on Aug. 22, 1920, in Waukegan, Ill., the author once described himself as "that special freak, the man with the child inside who remembers all." He claimed to have total recall of his life, dating even to his final weeks in his mother's womb.

His father, Leonard, a power company lineman, was a descendant of Mary Bradbury, who was tried for witchcraft at Salem, Mass. The author's mother, Esther, read him the Wizard of Oz. His Aunt Neva introduced him to Edgar Allan Poe and gave him a love of autumn, with its pumpkin picking and Halloween costumes.

"If I could have chosen my birthday, Halloween would be it," he said over the years.

Nightmares that plagued him as a boy also stocked his imagination, as did his youthful delight with the Buck Rogers and Tarzan comic strips, early horror films, Tom Swift adventure books and the works of Jules Verne and H.G. Wells.

"The great thing about my life is that everything I've done is a result of what I was when I was 12 or 13," he said in 1982.

Bradbury's family moved to Los Angeles in 1934. He became a movie buff and a voracious reader. "I never went to college, so I went to the library," he explained.

He tried to write at least 1,000 words a day, and sold his first story in 1941. He submitted work to pulp magazines until he was finally accepted by such upscale publications as *The New Yorker*. Bradbury's first book, a short story collection called *Dark Carnival*, was published in 1947.

He was so poor during those years that he didn't have an office or even a telephone. "When the phone rang in the gas station right across the alley from our house, I'd run to answer it," he said.

He wrote *Fahrenheit 451* at the UCLA library, on typewriters that rented for 10 cents a half hour. He said he carried a sack full of dimes to the library and completed the book in nine days, at a cost of \$9.80.

Few writers could match the inventiveness of his plots: A boy outwits a vampire by stuffing him with silver coins; a dinosaur mistakes a fog horn for a mating call (filmed as *The Beast From 20,000 Fathoms*); Ernest Hemingway is flown back to life on a time machine. In "The Illustrated Man," one of his most famous stories, a man's tattoo foretells a horrifying deed — he will murder his wife.

A dynamic speaker with a booming, distinctive voice, he could be blunt and gruff. But Bradbury was also a gregarious and friendly man, approachable in public and often generous with his time to readers as well as fellow writers.

In 2009, at a lecture celebrating the first anniversary of a small library in Southern California's San Gabriel Valley, Bradbury exhorted his listeners to live their lives as he said he had lived his: "Do what you love and love what you do."

"If someone tells you to do something for money, tell them to go to hell," he shouted to raucous applause.

Until near the end of his life, Bradbury resisted one of the innovations he helped anticipate: electronic books, likening them to burnt metal and urging readers to stick to the old-fashioned pleasures of ink and paper. But in late 2011, as the rights to *Fahrenheit 451* were up for renewal, he gave in and allowed his most famous novel to come out in digital form. In return, he received a great deal of money and a special promise from Simon & Schuster: The publisher agreed to make the e-book available to libraries, the only Simon & Schuster e-book at the time that library patrons were allowed to download.

Bradbury is survived by his four daughters. Marguerite Bradbury, his wife of 56 years, died in 2003.

20120606-10 20:46 Paula Fw: Video: "Test of Fire: Election 2012"

Have you seen this one? Outstanding & Very powerful. I hope that you will send this to everyone that you know regardless of their faith. It cuts to the very heart of our society and **how it is being torn apart by secular progressives**. The time has come to act and not just moan and groan.

Incredible ad by the Roman Catholic Church:

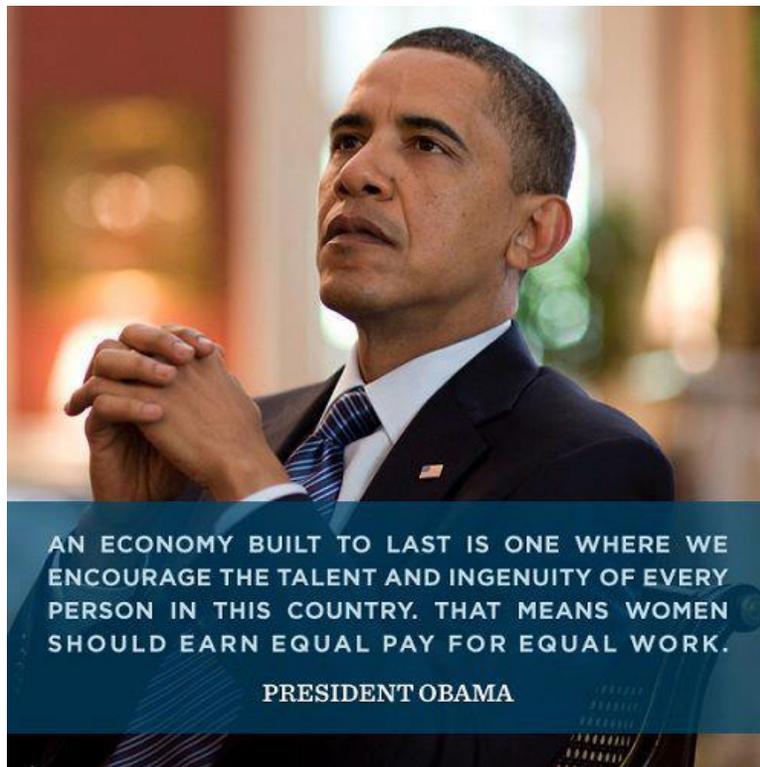
Video: "Test of Fire: Election 2012"

http://www.youtube.com/watch_popup?v=D9vQt6IXXaM&hd

20120606-11 21:27 SteveB Re: Video: "Test of Fire: Election 2012" (reply to Paula, above)

I find this absolutely frightening! What I really find the most awful is the incredible power of propaganda—even that which espouses that which will destroy us. I am very afraid of what the power of propaganda and the power of unlimited greed and money will create/destroy, all under the alleged auspices of the Bible and the Divine. Truly Scary!

[20120606-12](#) 23:57 SteveG Quote: President Obama on Equal Pay for Women



Chances of a Man Winning an Argument



<http://www.newenglandmagazine.com/rhode-island/lincoln/>



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

You can subscribe to this free, no-obligation, daily Newsletter filled with lively, intelligent discussion centered on politics and government, but ranging to anything members feel is important, interesting, or entertaining. To subscribe, use the form on our website or blog, or simply reply to this email with "Yes" or "Start" in the Subject line, then add our email address (below) to your Contacts or Safe list. To opt-out, reply with "No" or "Stop" in the subject line.

Welcome to all our new members who may be here for the first time. We want to hear from YOU! To submit your comment, you can use the form on our website or blog, or reply to this email with your two cents worth. Be sure to sign with your desired user name.

Your email address will always be kept strictly confidential.

Feel free to forward this Newsletter to anyone you know on the Right or the Left, though your motives might be different in each case. Regardless, PASS IT ON! Help keep your friends and acquaintances informed and thinking.

<http://www.FriendsOfTheMiddle.org>
FriendsOfTheMiddle@hotmail.com

original material ©2012 Steven W. Baker, all rights reserved