



FRIENDS OF THE MIDDLE NEWSLETTER #193 — JULY 31, 2012

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The Dismal Science

(posted by Steven W. Baker / SteveB, July 31, 2012)

Today: Everything you ever wanted o know about economics and free trade...

"Escape from Economics" by Paul Craig Roberts, OpEdNews

July 30, 2012, (<http://www.opednews.com/articles/Escape-From-Economics-by-Paul-Craig-Roberts-120730-11.html>)



(<http://www.cargonewsasia.com/index.aspx>)

Readers ask me from time to time to recommend a book from which they can learn about economics.

The problem with reading a book to learn economics that is taught in the universities and practiced in Washington is that economics is now a highly formalized subject based on abstract models and assumptions and has been mathematized. It is not that the subject is totally useless and without any applicability to real world problems. Rather, the problem is that the discipline both lags an ever-changing world and got some things wrong at the

beginning. Consequently, learning economics places one inside a box where some of the tools and understanding provided are outdated and incorrect.

For example, every textbook will draw a picture of agriculture as the perfect example of competitive markets in which "no producer's output is large enough to affect price." This made sense when one-third of the US work force was on family farms. Today, American agriculture is dominated by corporations and agribusiness. Additionally, part of the disastrous financial deregulation pushed by no-think economists and special interests was the removal of position limits on speculators. Formerly, speculators smoothed agricultural and commodity markets by buying and selling in order to stabilize price over periods when supply and demand were out of balance. Now speculators can dominate markets and rig prices to the benefit of their profits.

There are many such examples where economics no longer speaks to the real world.

Two other examples will suffice:

Most intelligent people are aware that natural resources are finite, including the environment's ability to absorb the wastes or pollution from productive activities (see for example, Jared Diamond, *Collapse*, 2005). But few economists are aware, because economists assume that man-made capital is a perfect substitute for nature's capital. **This assumption implies that there are no finite environmental limits to infinite economic growth. Lost in such a make-believe world, economists neglect the full cost of production and cannot tell if the value of the increases in GDP are greater or less than the full cost of producing it.**

Economists have almost universally confused jobs offshoring with free trade. Economists have even managed to produce "studies" purporting to show that a domestic economy is benefitted by being turned into the GDP of some other country. Economists have managed to make this statement even while its absurdity is obvious to what remains of the US manufacturing, industrial, and professional skilled (software engineers, for example) workforce and to the cities and states whose tax bases have been devastated by the movement offshore of US jobs.

The few economists who have the intelligence to recognize that jobs offshoring is the antithesis of free trade are dismissed as "protectionists." Economists are so dogmatic about free trade that they have even constructed a folk myth that the rise of the US economy was based on free trade. As Michael Hudson, an economist able to think outside the box has proven, there is not a scrap of evidence in behalf of this folk myth (see *America's Protectionist Takeoff 1815-1914*).

My advice to readers who wish to develop economic comprehension is to begin with the outside-the-box economists who are addressing real issues. For example, Herman E. Daly and John B. Cobb's *For the Common Good* is accessible to ordinary readers willing to take the effort to google the definitions of unfamiliar terms. However, the most important development in trade theory is not. *Global Trade and Conflicting National Interests* by Ralph E. Gomory and William J. Baumol (MIT Press, 2000) is apparently even over the heads of professional economists, who prefer to babble on ignorantly about the "benefits of free trade" than to learn what they don't know. Nevertheless, readers should understand that the case for free trade will never been the same after its dissection by Gomory and Baumol.

With this preface to the column, I now turn to its subject: economist Michael Hudson. Hudson is totally outside the matrix in which economists imprison themselves. Hudson doesn't live in the artificial reality of economists or shill for corporations and Wall Street.

A person can learn a lot from Hudson. His book, *Trade, Development and Foreign Debt* (2009) explains how foreign trade and economic development have been used to concentrate economic power in the hands of dominant nations. What is really going on is covered up with do-good verbiage and formal models. In reality, trade and development are ways to colonize countries that think they are independent. (Another good book on this subject is Michel Chossudovsky's *The Globalization of Poverty*.)

Perhaps the best place to begin with Hudson is his latest book, *The Bubble and Beyond*, which should be available within a few days of the appearance of this column. In this book Hudson addresses the crisis in the economy and

the crisis in the discipline of economics. From this book you can understand not only the crisis but also why economists have misdiagnosed the crisis and are applying incorrect remedies.

Hudson shows that a central problem is that economic theory ignores the role of debt in the economy. Economic theory also pretends that economic policy, such as the Federal Reserve's monetary policy, serves the public's interest rather than the interests of powerful private interests.

As Lenin and others predicted, industrial capitalism has turned into finance capitalism. Finance capitalism does not finance or create new real investments such as manufacturing facilities. Instead, finance capitalism functions as a rentier. It leverages debt and extracts interest payments (and today taxpayer bailouts for its over-leveraged gambles). Finance capitalism flourishes by converting more and more of society's resources into payments to itself.

One result is that markets cease to expand and economies cease to grow as austerity is imposed to service the build-up in debt. Austerity pushes economies down as consumption and investment are cut back in order to service debt. Hudson concludes that the result is that bankers now receive the rents (a form of unearned income) that once flowed to the landed aristocracy. Unlike the aristocracy, who were dispossessed of their rents, the bankers have not been.

Hudson knows the history of economic thought and economic history. Reading *The Bubble and Beyond* lets readers see how economic ideas developed in ways that leave economists unable to perceive the real character of the problems that are challenging them. Trapped in the matrix that they have constructed for themselves, economists are unable to devise solutions.

Hudson writes that western economies are at a turning point. GDP growth consists increasingly of the build-up of financial overhead. The wealth gains are paper gains, not gains from real plant and equipment, and are increasingly concentrated in the hands of the one percent. Financial earnings are extracted from the earnings of tangible capital and labor. Matt Taibbi captured the point with his imagery of Goldman Sachs as "a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money."

My suggestion is that you read Hudson along with Taibbi's *Griftopia*, Nomi Prins' *It Takes A Pillage*, Gretchen Morgenson and Joshua Rosner's *Reckless Endangerment*, and Daly and Cobb's *For the Common Good*. Then if you ever do study economics, you will be armored against being ensnared in the matrix that produces economists as skills for finance capitalism, environmental destruction, and the offshoring of the economy.

Everyone always wants a solution. Hudson offers suggestions how to reconstruct the economy in order that it serves the needs of the 99% instead only of the needs of the 1%.

Get busy. Reading these books will do you much greater good than playing video games, watching TV or hanging out in bars. Our country needs a larger informed younger generation to replace the smaller informed older generation.

(Note to readers: Accompanying my column today is an article, below, in the guest section by Herman Daly (titled: "Nationalize Money, Not Banks"). For those looking for solutions to the banking crisis, this astute and highly experienced economist tells you what can be done.)

"Nationalize Money, Not Banks" by Herman Daly, Institute for Political Economy

July 30, 2012, (<http://www.paulcraigroberts.org/2012/07/30/nationalize-money-not-banks-herman-daly/>)

(In the article below, Herman Daly, a University of Maryland and former World Bank economist, makes the case for 100% reserves. This reform, once a principle goal of important economists, would terminate the ability of the banking system to create credit to finance its own speculations and return the power over money to the government from private banks. Herman Daly is one of the few economists who are capable of thinking outside the box and who can devise reforms that benefit the people rather than the vested interests.)

If our present banking system, in addition to fraudulent and corrupt, also seems “screwy” to you, it should. Why should money, a public utility (serving the public as medium of exchange, store of value, and unit of account), be largely the by-product of private lending and borrowing? Is that really an improvement over being a by-product of private gold mining, as it was under the gold standard? The best way to sabotage a system is hobble it by tying together two of its separate parts, creating an unnecessary and obstructive connection. Why should the public pay interest to the private banking sector to provide a medium of exchange that the government can provide at little or no cost? Why should seigniorage (profit to the issuer of fiat money) go largely to the private sector rather than entirely to the government (the commonwealth)?

Is there not a better way? Yes, there is. We need not go back to the gold standard. Keep fiat money, but move from fractional reserve banking to a system of 100% reserve requirements. The change need not be abrupt—we could gradually raise the reserve requirement to 100%. Already the Fed has the authority to change reserve requirements but seldom uses it. This would put control of the money supply and seigniorage entirely with the government rather than largely with private banks. Banks would no longer be able to live the alchemist’s dream by creating money out of nothing and lending it at interest. All quasi-bank financial institutions should be brought under this rule, regulated as commercial banks subject to 100% reserve requirements.

Banks cannot create money under 100% reserves (the reserve deposit multiplier would be unity), and banks would earn their profit by financial intermediation only, lending savers’ money for them (charging a loan rate higher than the rate paid to savings or “time-account” depositors) and charging for checking, safekeeping, and other services. With 100% reserves every dollar loaned to a borrower would be a dollar previously saved by a depositor (and not available to the depositor during the period of the loan), thereby re-establishing the classical balance between abstinence and investment. With credit limited by saving (abstinence from consumption) there will be less lending and borrowing and it will be done more carefully—no more easy credit to finance the leveraged purchase of “assets” that are nothing but bets on dodgy debts.

To make up for the decline and eventual elimination of bank- created, interest-bearing money, the government can pay some of its expenses by issuing more non interest-bearing fiat money. However, it can only do this up to a strict limit imposed by inflation. If the government issues more money than the public voluntarily wants to hold, the public will trade it for goods, driving the price level up. As soon as the price index begins to rise the government must print less. Thus a policy of maintaining a constant price index would govern the internal value of the dollar. The external value of the dollar could be left to freely fluctuating exchange rates.

Alternatively, if we instituted John M. Keynes’ international clearing union, the external value of the dollar, along with that of all other currencies, could be set relative to the “bancor,” a common denominator accounting unit used by the payments union. The bancor would serve as an international reserve currency for settling trade imbalances—a kind of “gold substitute”.

The United States opposed Keynes’ plan at Bretton Woods precisely because under it the dollar would not function as the world’s reserve currency, and the US would lose the enormous international subsidy that results from all countries having to hold large transaction balances in dollars.

The payments union would settle trade balances multilaterally. Each country would have a net trade balance with the rest of the world (with the payments union) in bancor units. Any country running a persistent deficit would be charged a penalty, and if continued would have its currency devalued relative to the bancor. But persistent surplus countries would also be charged a penalty, and if the surplus persisted their currency would suffer an appreciation relative to the bancor.

Keynes’ goal was balanced trade, and both surplus and deficit nations would be expected to take measures to bring their trade into balance. With trade in near balance there would be little need for a world reserve currency, and what need there was could be met by the bancor. Freely fluctuating exchange rates would also in theory keep trade balanced and reduce or eliminate the need for a world reserve currency. Which system would be better is a complicated issue not pursued here. In either case the IMF could be abolished since there would be little need for financing trade imbalances (the IMF’s main purpose) in a regime whose goal is to eliminate trade imbalances.

Returning to domestic institutions, the Treasury would replace the Fed (which is owned by and operated in the interests of the commercial banks). The interest rate would no longer be a target policy variable, but rather left to market forces. The target variables of the Treasury would be the money supply and the price index. The treasury would print and spend into circulation for public purposes as much money as the public voluntarily wants to hold. When the price index begins to rise it must cease printing money and finance any additional public expenditures by taxing or borrowing from the public (not from itself). The policy of maintaining a constant price index effectively gives the fiat currency the "backing" of the basket of commodities in the price index.

In the 1920s the leading academic economists, Frank Knight of Chicago and Irving Fisher of Yale, along with others including underground economist and Nobel Laureate in Chemistry, Frederick Soddy, strongly advocated a policy of 100% reserves for commercial banks. Why did this suggestion for financial reform disappear from discussion? The best answer I have received is that the great depression and subsequent Keynesian emphasis on growth swept it aside because limiting bank lending to actual savings was too restrictive on growth, which became the big panacea. Also there is the obvious vested interest of commercial banks in retaining the privilege of creating money and lending it at interest.

Now suppose for a moment that aggregate growth has begun to increase environmental and social costs faster than production benefits, thus becoming uneconomic growth. There is much evidence that this is the case. Then a financial constraint on growth (balancing investment with abstinence) would be much needed, and 100% reserves would be a good way to accomplish it. If, however, growth remains the summum bonum of the economy, then we will inevitably borrow against our hoped for larger future income to finance the investments needed to produce it.

Financing investment by saving would require less present consumption, which many will deem to be an unacceptable drag on growth. But real growth has encountered the biophysical and social limits of a "full world." Financial growth is being stimulated ever more in the hope that it will pull real growth behind it, but it is in fact pushing uneconomic growth— growth of "illth." Since illth is negative wealth it can hardly redeem the growing debt that is financing it.

The original 100% reserve proponents mentioned above were in favor of aggregate growth, but wanted it to be steady growth in wealth, not speculative boom and bust cycles. Soddy was especially cautious about uncontrolled physical growth, but his main concern was with the symbolic financial system and its disconnect from the real system that it was supposed to symbolize. The result was confusion between wealth and debt. One need not advocate a steady-state economy to favor 100% reserves, but if one does favor a steady state the attractions of 100% reserves are increased.

How would the 100% reserve system serve the steady-state economy?

1. As just mentioned it would restrict borrowing for new investment to existing savings, greatly reducing speculative growth ventures—for example the leveraging of stock purchases with huge amounts of borrowed money (created by banks ex nihilo rather than saved out of past earnings) would be severely limited. Down payment on houses would be much higher, and consumer credit would be greatly diminished. Credit cards would become debit cards. Long term lending would have to be financed by long term time deposits, or by carefully sequenced rolling over of shorter term deposits. Growth economists will scream, but a steady-state economy does not aim to grow, for the very good reason that growth has become uneconomic.
2. The money supply no longer has to grow in order for people to pay back the principal plus the interest required by the loan responsible for the money's very existence in the first place. The repayment of old loans with interest continually threatens to diminish the money supply unless new loans compensate. With 100% reserves money becomes neutral with respect to growth rather than biasing the system toward growth by requiring more loans just to keep the money supply from shrinking.
3. The financial sector will no longer be able to capture such a large share of the nation's profits (around 40%!), freeing some smart people for more productive, less parasitic, activity.

4. The money supply would no longer expand during a boom, when banks like to loan lots of money, and contract during a recession, when banks try to collect outstanding debts, thereby reinforcing the cyclical tendency of the economy.

5. With 100% reserves there is no danger of a run on a bank leading to a cascading collapse of the credit pyramid, and the FDIC could be abolished, along with its consequent moral hazard. The danger of collapse of the whole payment system due to the failure of one or two "too big to fail" banks would be eliminated. Congress then could not be frightened into giving huge bailouts to some banks to avoid the "contagion" of failure, because the money supply is no longer controlled by the private banks. Any given bank could fail by making imprudent loans, but its failure, even if a large bank, would not disrupt the public utility function of money. The club that the banks used to beat Congress into giving bailouts would have been taken away.

6. The explicit policy of a constant price index would reduce fears of inflation and the resultant quest to accumulate more as a protection against inflation. Also it in effect provides a multi-commodity backing to our fiat money. Keynes bancor scheme or a regime of fluctuating exchange rates would automatically balance international trade accounts, eliminating large surpluses and deficits. Thus, there would no longer be any need for the International Monetary Fund and the austerity it "conditionality" imposes on weaker economies.

To dismiss such sound policies as "extreme" in the face of the repeatedly demonstrated failure and fraud of our current financial system is quite absurd. The idea is not to nationalize banks, but to nationalize money, which is a natural public utility in the first place. The fact that this idea is hardly discussed today, in spite of its distinguished intellectual ancestry and common sense, is testimony to the power of vested interests over good ideas. It is also testimony to the veto power that our growth fetish exercises over the thinking of economists today.



(<http://www.automotivedigitalmarketing.com/profiles/blogs/that-money-machine>)

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It's been a very busy week for the Snicker-Doodle crew and there were several bumps in the road. At this time, the Cookie Factory is remodeled, painted, clean (finally), and we're buying and moving in the big equipment. Shiny new business cards have been printed.

The sink, as you know, is already installed, but has a leak that must be repaired. We've been waiting for the guy for a week. Today he is actually supposed to show-up. We shall see. The commercial spray faucet still doesn't have the water pressure we expected, though it is functional. We have to get the plumber and faucet people to look at it, and hope we don't have to dig up the walls and/or floor tile to run a 3/4" pipe from the street (we have 1/2", which I think should be sufficient).

We had a big scare this week when our neighbors, the Transfer Company/American Express Office next door told us they had been without water since the day our plumber connected our new plumbing. We share water and a meter, so the most likely scenario was that it was our fault. But Jesus saved us again, it turned out to be their problem and a big coincidence. Weird, huh? Fortunately, we didn't have to demolish floors and walls again to find out.

Our big, commercial refrigerator arrived yesterday. We were so proud that Marci cheered and clapped when the delivery guys removed the outer packing box. Strangely, the plug wouldn't fit our outlets. They said I'd need an adapter, which they sell everywhere, but...uh...they didn't have. The delivery team left. I rounded up an adapter. Plugged it in. The refrigerator sounded like a semi chugging up a mountain—loud! Something was wrong. I was supposed to leave it on for 3 hours continuously, but as soon as it seemed to reach temperature (after about 3 minutes) and automatically(?) turned off, I unplugged it and started to get curious. Why would the refrigerator have

an American 3-prong plug? Guess what? It was a 110V refrigerator, not 220V like we need here in Santa Cruz. I probably fried the thing rather than it reaching temperature! Evidently there was some kind of mix up because the capitol, La Paz, strangely, uses 110V, not 220V like the rest of the country. How convenient! They're supposed to bring a replacement fridge this morning. We'll try again.

The giant oven will be delivered tomorrow, though we don't have the gas completely hooked-up yet. We have to remove a big plate (tempered, security) glass window to be able to get the monster inside. Fortunately, as I figured, Jesus' arched doorway to the Bake Room is just big enough for the oven to pass through—it seems! It will be fun coordinating these activities.

The company doing the bulk of the gas hook-up hired a sub-contractor to do part of the work, which he should have finished a week ago Saturday. But it got late, his engineer supervisor was out of town, and he wanted us to pay him even though he wasn't done and it wasn't our place. He claimed he couldn't finish because he didn't have the parts he needed, they were in a warehouse somewhere the engineer would have to access. When the worker finally showed-up on Wednesday, there were the required parts, right there with his tools. They'd been at our place the whole time. The work was finally finished, but we weren't very happy about the timing and apparent lies.

We have one more step to complete at the government tax office before we can actually collect tax from customers, but the lines have been so long that we have been daunted. Next week!

Meanwhile, I have entered kind of a state of limbo here in Bolivia because my visa and, hence, my Bolivian ID have expired. Here, you can't do much at all without a valid ID. I'm in the process of attaining my next visa (which will be for two years) but it will be about two months before I have my passport back and can obtain another ID card. I have a paper from Immigration which makes me legal without a passport, but I can't even take money out of my own bank account except with my ATM card. So, this week, we had to spend time doing a power of attorney for Marci, so we don't get hung-up during this strange period.

We continue to meet a lot of very nice, interesting people. That's a lot of compensation for problems. I find that friendship, or even the veneer of friendship, works so much better than anger when problems must be solved.

By this time next week, we should have all our equipment purchased and moved-in, gas connected, and maybe have the oven exhaust finished, ready to do some experimental baking. And Marci has just invented a new cookie—fresh locotos (habañero/Scotch Bonnet pepper) and chocolate-chips. Hot! I think our toughest problem is maybe going to be packaging. I have some workable possibilities, but we need an optimal solution in this important area.

20120730-02	06:23	SteveB	"What Super PAC Donors Really Want Is a Return on Their Investment"
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"What Super PAC Donors Really Want Is a Return on Their Investment" by Howard Fineman and Paul Blumenthal, Huffington Post

July 29, 2012, (http://www.huffingtonpost.com/2012/07/29/super-pac-donors-2012_n_1711696.html?utm_hp_ref=politics)

(WASHINGTON) Heed their names for they are the country's new power brokers: Sheldon Adelson, David and Charles Koch, Harold Simmons, and Bob Perry, among others. Along with similarly wealthy individuals and groups, they're pouring unprecedented sums into the 2012 election -- tens, perhaps even hundreds, of millions of dollars.

When asked why, they prefer to offer lofty motives. The billionaire Koch brothers speak about libertarianism and the need to save free enterprise. Casino magnate Adelson talks in equally apocalyptic terms about preserving the security and Jewish identity of Israel. Institutions such as the AFL-CIO and the National Education Association tend to stress liberal agenda items such as expanded health care and progressive taxation.

Some super donors say they want to level the playing field in the interest of a fair fight. Jeffrey Katzenberg of DreamWorks, President Barack Obama's most influential ally in Hollywood, has said that his goal is to blunt the

efforts of Republican strategist Karl Rove, the Koch brothers and other hard-core conservatives to run away with the election.

But all these super donors have other goals that are less high-minded and more specific. Simply put, they want the federal government to do something or to stop doing something. For their money, they want results that will help their bottom line, their industry or their members.

"When people contribute to political action committees," then-Sen. Bob Dole (R-Kan.) said in 1983, "they expect something in return other than good government." And the money back then was trifling, and the rules back then were strict. Now it's anything goes.

So what do the big boys want? What do they really, really want? The Huffington Post looked behind the rhetoric for the potential policy payoffs -- there's truly no other word for it -- sought by 15 individual and institutional super donors in the 2012 campaign.

With the Koch brothers, for example, the motivation has less to do with libertarian ideology than with the fact that many of their industrial and mining companies are environmentally invasive -- to put it mildly. They expect a Republican administration and Congress, if they can buy one, to abolish laws, regulations and regulatory bureaucracies that interfere with their business.

For Adelson, the real close-to-home issue isn't in the Middle East; it's in the Far East -- and in Washington, D.C. Federal investigators are examining whether Adelson's company violated the Foreign Corrupt Practices Act by offering large payments to officials in Macau, where it has a major casino operation. Adelson would like an administration more likely to see his side of that story.

As for the AFL-CIO and the teachers' union, their goal is to preserve collective bargaining rights and union prerogatives at a time when membership has declined in all but public employee unions. Indeed, the main goal is to preserve public employees' collective bargaining rights and benefits, which are under attack at the state level. For these institutions, the identity of the president who has the power to nominate members of the National Labor Relations Board -- an obscure agency to most Americans -- is paramount.

Huey Long, the famously corrupt governor of Louisiana long ago, said that voters in his state "one of these days are going to get good government -- and they aren't going to like it." Well, that day has yet to come, in Louisiana or the 2012 election.

(Check out the slideshow (link, above) for more details about these and other super donors -- and what they really want for their money. Alexander Becker and Melissa Bendixen contributed research to this article.)

20120730-03	07:05	SteveB	"Avatar' Project Aims for Human Immortality by 2045"
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Just what we need! Immortality for the 1%!

"Avatar' Project Aims for Human Immortality by 2045" by Dario Borghino, Gizmag

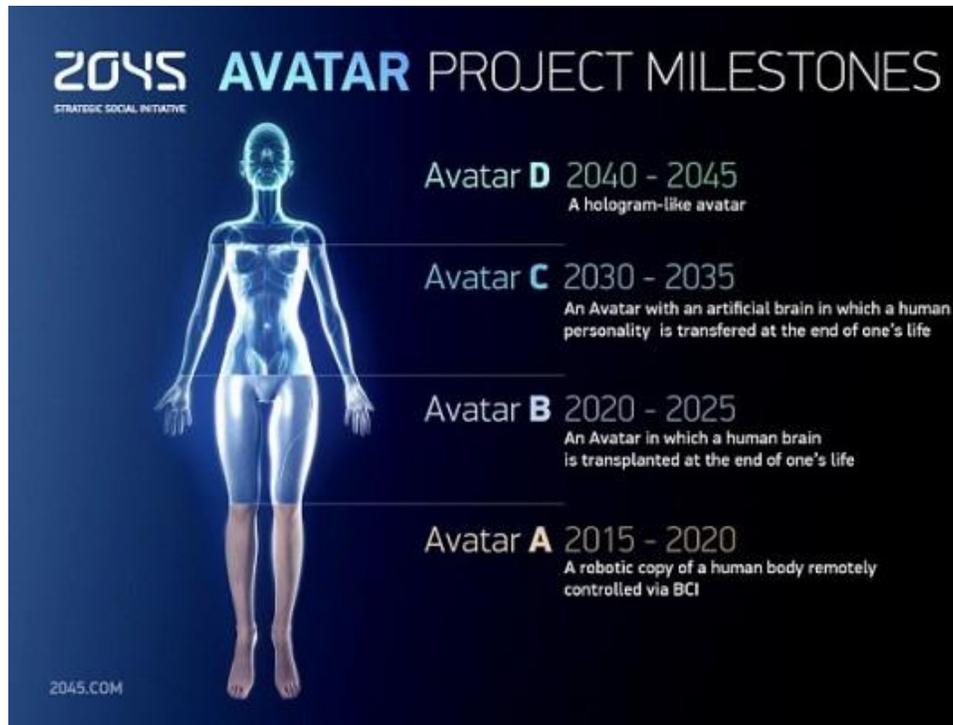
July 25, 2012, (<http://www.gizmag.com/avatar-project-2045/23454/>)

Russian media magnate Dmitry Itskov is heading "Avatar," a tremendously ambitious and far-reaching multidisciplinary research project that aims to achieve immortality in humans within the next three decades. He plans to do it by housing human brains in progressively more disembodied vehicles, first transplanting them into robots and then, by the year 2045, by reverse-engineering the human brain and effectively "downloading" human consciousness onto a computer chip.

When speculating on seemingly unobtainable goals such as this, one must be careful not to believe that improbable technological advances automatically become more likely simply by looking further away in the future. This is the

cognitive trap that, for instance, has seen many leading IT experts predict the development of a human-level artificial intelligence at roughly twenty years in the future for at least the past five decades.

Looking at Avatar's proposed timeline, Itskov's project seems to suffer from the same fallacy. Certainly, if we borrow Carl Sagan's rule that "extraordinary claims demand extraordinary proof," the project comes up short for the time being; it does, however, have the merit of basing most of its steps on technology that is either in the works or of general interest. And with the rate of technological change continuing to accelerate, the project's goals may be within reach, although not necessarily within the project's aggressive timeline.



The first of the proposed steps, to be completed before the end of the decade, would be to create an android "avatar" controlled entirely by a brain-computer interface. The system would at first be of interest to physically challenged people, but might also enable people to work in hazardous environments or perform dangerous rescue operations.

As futuristic as this vision may seem, Itskov is not the only person to share it. DARPA allotted US\$7 million of next year's budget to the development of interfaces enabling a soldier to guide a semi-autonomous bipedal machine and allow it to act as the soldier's surrogate. Other researchers have reported being able to exert basic control over the movement of a humanoid robot using brainwaves alone, and many are working on refining this technology.

The second step would be the creation of an autonomous life support system for the human brain, which could then be integrated into the previously developed "avatar" by 2025. If the efforts are successful, immobile patients with an intact brain would be able to regain the ability to move via their new synthetic bodies, and a varied range of bio-electronic devices might become possible, creating superimpositions of electronic and biological systems.

Not a great deal of research is going into this at the moment – in fact, the closest match would have to be the research of Dr. Robert J. White who, back in the 70s, managed to perform several head transplants in monkeys. Building an artificial environment in which a brain could not only survive, but also continue working to full effect, is sure to prove a much harder task.

By 2035, Itskov hopes to be able to reverse-engineer the human brain and find a means of "downloading" its consciousness to a synthetic version. Coupled with the previous advancements, this would allow humans to achieve cybernetic immortality. It would also lead to the creation of a human-like artificial intelligence, and even provide opportunities for ordinary people to restore or enhance their own brains, for instance by manipulating memories.

While there is no current research going into transferring your consciousness into a silicon chip, there is plenty of interest among neuroscientists in better understanding the inner workings of the brain. Although we are just scratching the surface, recent advancements – such as a robotic arm that can analyze the electricity patterns of single neurons – are certainly steps in the right direction.

The fourth and final step is also the most science-fictiony. By the year 2045, Itskov would like to see "substance-independent minds" uploaded not onto a computer chip, but into bodies of different compositions. A holographic body could walk through walls or move at the speed of light, while a body made of nanorobots would be able to take on a number of different forms at will. "Humanity, for the first time in its history, will make a fully managed evolutionary transition and eventually become a new species," he writes.

Itskov says he has invested plenty of his own money to kick start the necessary research, hiring 30 scientists to reach this goal, organizing meetings, with plans to establish offices in San Francisco later this summer. He is also working on building a social network to raise awareness in his initiative, and on a "business incubator" for the creation of commercial applications - mostly in the medical field - that would capitalize on the research and fund further development. In other words, as crazy as this sounds, Itskov is absolutely serious about this, and the wheels are turning on this project.

Of course, the sheer pace of scientific inquiry required to make this project succeed will require very large - perhaps prohibitive - amounts of capital. To address this, Itskov recently addressed a letter to billionaires in the Forbes richest list in an appeal for funds, but he is also looking for government support.

Surprisingly, the Russian Ministry of Education and Science announced its support of the initiative, and has scheduled talks to discuss a specialized research and development center. Oddly enough, the initiative has also received the support and blessing of the Dalai Lama.

The video below is a short presentation detailing the steps and goals of the "Avatar" project ("2045: A New Era for Humanity", <http://2045.com/>): http://www.youtube.com/watch?feature=player_embedded&v=01hbkh4hXEK

20120730-04	12:51	SteveB	"How Mitt Got His"
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"How Mitt Got His" by Jim Hightower, NationofChange

July 30, 2012, (<http://www.nationofchange.org/how-mitt-got-his-1343661639>)



What a blessing it is for Mitt Romney to serve as the Republican nominee for president.

He's a living portrait of Mr. Wall Street Man. As his candidacy unfolds, it's allowing us commoners to get a peek into how the privileged few rig the rules for their own gain — at our expense.

Romney is, of course, a full-fledged initiate in the Uppermost One-Tenth-of-1-Percenters Club. He's got at least a quarter-billion dollars stashed away.

It's not Mitt's wealth, however, that's troubling. We've had many rich politicians who've become admirable servants of the common good. Rather, it's how he got it — and where he put it.

The "how" has now been well documented: Romney's corporate takeover outfit, Bain Capital, practiced the hocus-focus of legalized Wall Street robbery known as private equity deals. Bain continues to put millions in Mitt's pocket, even as it has bankrupted companies, cut thousands of jobs, and slashed workers' pay.

But where did he put his booty? We don't know about all of it, for Romney keeps playing hide-and-seek with his fortune, refusing to release his tax returns or fully report his holdings on legally required disclosure forms. Good investigative reporters, however, are now digging out some rich nuggets, such as the secret \$3-million Swiss bank account he has used to bet against the U.S. dollar. That's legal, I guess, but not nice.

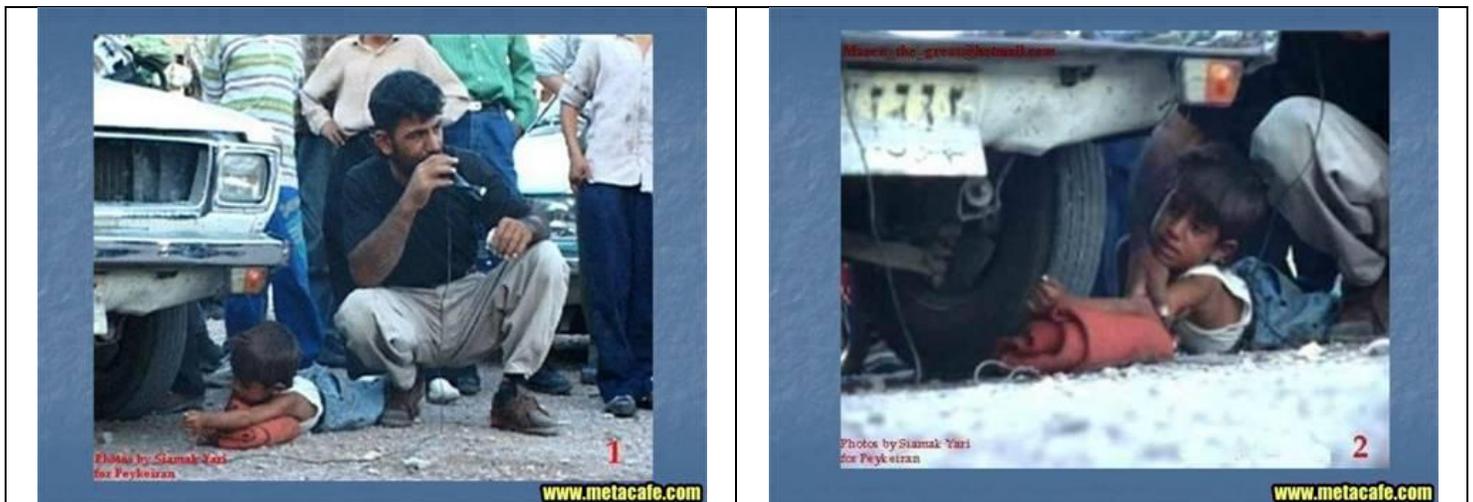
Also uncovered is his tax shelter in the Cayman Islands, where he uses a tricky dodge called a "blocker corporation" to shield his IRA investments from business taxes — and from public scrutiny. Other assets turn out to be hidden in offshore accounts and tax havens in Australia, Bermuda, Luxembourg, and elsewhere.

How sneaky! As the old saying goes, Romney can run, but he can't hide.

20120730-05 13:35 SteveM Fw: Boy's Arm Crushed by Islam

[Source of original email unknown. –SteveB]

An 8 years old child was caught in a market in Iran for stealing bread. In the name of Islam he is being punished, his arm will be crushed by a car. He will lose forever the possibility to use his arm again. Is this a religion of peace and love?





Photos by Siamak Yasi
for Peykeiran

www.metacafe.com



Photos by Siamak Yasi
for Peykeiran

www.metacafe.com



Mazen_the_great@moma.com

Photos by Siamak Yasi
for Peykeiran

www.metacafe.com



20120730-06 14:02 SteveB Re: Boy's Arm Crushed by Islam (reply to SteveM, above)

This is a famous, old trick! (Though I agree with you that Islam is not necessarily "a religion of peace and love", but then, neither is Christianity, if you look at actual historical deeds rather than rhetoric.)

You might want to read this about your very old (2004), lying email:
<http://www.snopes.com/photos/gruesome/crushboy.asp>.

Why do you always believe this right-wing cr*p?

I wish you wouldn't send this type of email because all of us liberal progressives love Islam! Long live Mohammed!

LOL!

20120730-07 14:39 Art Re: Quote: President Obama on Middle-Class Tax Cuts (reply to SteveM, FotM Newsletter #192)

I thought you might find the following article from snopes.com interesting:

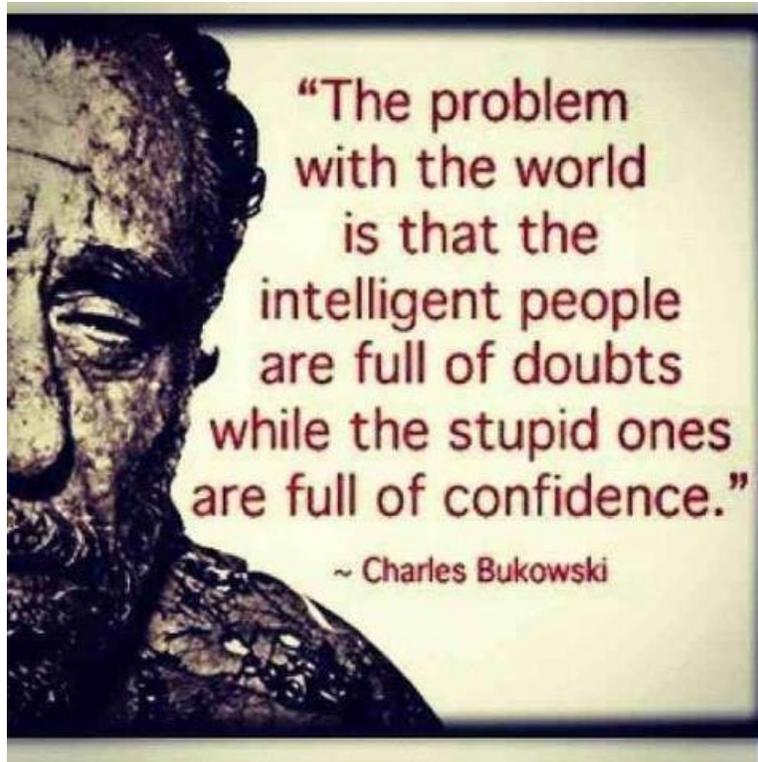
<http://www.snopes.com/politics/business/chrysler.asp>.

[20120730-08](#)

14:45 Art

Re: Quote: President Obama on Middle-Class Tax Cuts (reply to SteveB, FotM Newsletter #192) & Quote: Charles Bukowski on the Problem with the World

Good newsletter again. The car dealership thing is somewhat an old story that has come out from more than a few angels. It is also largely BS. SteveM seems to really harbor a lot of hate. I really can't understand people who think anyone who disagrees with their particular line of thought is utterly stupid and feels compelled to tell them so.



[20120730-09](#)

15:30 SteveB

Re: Quote: President Obama on Middle-Class Tax Cuts (reply to Art, above)

Thanks, Art.

It's a good thing I'm not too fragile or these fricking right-wingers would have me convinced I'm an idiot.

But I'm kinda older and set in my ways. Do they really think I'll fall for that after a lifetime of solid accomplishments? I'm stupid? Interesting.

So far, not one of them has been able to face the light of honest debate. ____ came close, but he couldn't hack it either.

They all run away because they're really scaredy-cats and bullies. Maybe hate does come from fear + ignorance after all.

[20120730-10](#)

15:57 Art

Re: Quote: President Obama on Middle-Class Tax Cuts (reply to SteveB, above)

There is something about people who support a political party that believes:

- A. People in the American mid west are fat because of a genetic disorder, but being gay is a lifestyle choice.

- B. They know more about global warming than 97% of the world's climate scientists,
- C. The earth was invented 6000 years ago.

Calling me stupid—that I find mildly disturbing, but then I realize what Mr. Bukowski said above makes it sort of a self-fulfilling prophecy.

20120730-11	20:01	SteveB	Re: Quote: President Obama on Middle-Class Tax Cuts (reply to Art, above)
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Mmmm...yes...but maybe not so much a self-fulfilling prophecy as one of the inevitable(?) axioms of life??? As $E=mc^2$ arises logically from the nature of physical existence, Bukowski's quote arises from something even more fundamental than the nature of man—the universal nature of intelligence and stupidity. It would be as true for intelligent aliens who can swim in hot lava as for man.

Intelligence seeks. Stupidity defends and attacks, and, once those decisions are made, a man can convince himself of anything and no longer cares to listen.

High Summer (St. Joseph, MI)

The stillness settles softly
As the silky heat waves rise
Taking silent circling birds higher
Midday in midsummer in the Midwest.

Down by the languid lake
I know kids are splashing
Cooling their smooth bodies
But not near this non-shore.

Some sleep-inducing drug
Seems to flow through the still heat
And I'm reminded of boyhood afternoons
When my mother would take a nap.

I'd be forced down too, else she
Could have no carefree rest
But if I could keep sleep at bay
Freedom and adventure would be mine.

After a wait quietly out I'd sneak
Opening the noisy screen door with care
To run through this same weighted air
Not caring that I would be in trouble.

Some sense of that old exhilaration lingers
I refuse to be still like the dead air
I must explore these deserted streets
Happy to be alive in high summer.

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20120730-12	20:16	SteveG	"We Won't Know the Cause of Gun Violence Until We Look for It"
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"We Won't Know the Cause of Gun Violence Until We Look for It" by Jay Dickey and Mark Rosenberg, *The Washington Post*

July 27, 2012, (http://www.washingtonpost.com/opinions/we-wont-know-the-cause-of-gun-violence-until-we-look-for-it/2012/07/27/gJQAPfenEX_story.html)

(Jay Dickey, a Republican and life member of the NRA, represented Arkansas in the House from 1993 to 2000. Mark Rosenberg, president and chief executive of the Task Force for Global Health, was director of the National Center for Injury Prevention and Control at the U.S. Centers for Disease Control and Prevention from 1994 to 1999.)

A few years ago, one of us came across a young woman who had just been hit by a car. She was the mother of two young children and one of Atlanta's star runners. I found her unconscious and bleeding profusely from a severe head injury. She died in my arms while I tried to resuscitate her.

Her death was tragic, but it wasn't "senseless." In scientific terms, it was explicable. The runner, who had competed in 15 marathons and broken many records, wore no lights or reflective vest in the early-morning darkness; she crossed the street within crosswalk lines that had faded to near-invisibility; there were no speed bumps on this wide, flat street to slow cars down.

Scientists don't view traffic injuries as "senseless" or "accidental" but as events susceptible to understanding and prevention. Urban planners, elected officials and highway engineers approach such injuries by asking four questions: What is the problem? What are the causes? Have effective interventions been discovered? Can we install these interventions in our community?

The federal government has invested billions to understand the causes of motor vehicle fatalities and, with that knowledge, has markedly reduced traffic deaths in the United States. Since the mid-1970s, research has inspired such interventions as child restraints, seat belts, frontal air bags, a minimum drinking age and motorcycle helmets. The National Highway Traffic Safety Administration estimates that 366,000 lives were saved through such efforts from 1975 to 2009.

Through the same scientific, evidence-based approach, our country has made progress understanding and preventing violence. Once upon a time, law-abiding citizens believed that violence generated by evil always had existed and always would exist. By the mid-20th century, that sense of fatalism was yielding to discoveries by social scientists, physicians and epidemiologists. Now a body of knowledge exists that makes it clear that an event such as the mass shooting in Aurora, Colo., was not a "senseless" occurrence as random as a hurricane or earthquake but, rather, has underlying causes that can be understood and used to prevent similar mass shootings.

We also recognize different types of violence, including child abuse and neglect, sexual assault, elder abuse, suicide and economically and politically motivated violence. Like motor vehicle injuries, violence exists in a cause-and-effect world; things happen for predictable reasons. By studying the causes of a tragic — but not senseless — event, we can help prevent another.

Recently, some have observed that no policies can reduce firearm fatalities, but that's not quite true. Research-based observations are available. Childproof locks, safe-storage devices and waiting periods save lives.

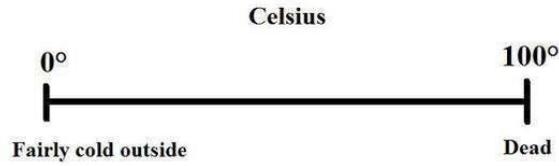
But it's vital to understand why we know more and spend so much more on preventing traffic fatalities than on preventing gun violence, even though firearm deaths (31,347 in 2009, the most recent year for which statistics are available) approximate the number of motor vehicle deaths (32,885 in 2010).

20120730-13	21:22	Tom	Graphic: The Number Representing Temperature Is Relative
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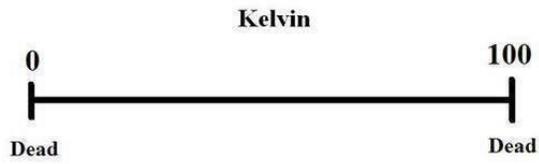
Are you hot or cold? It is all contingent on what "Scale" you use! It relates to the system.



VS



VS

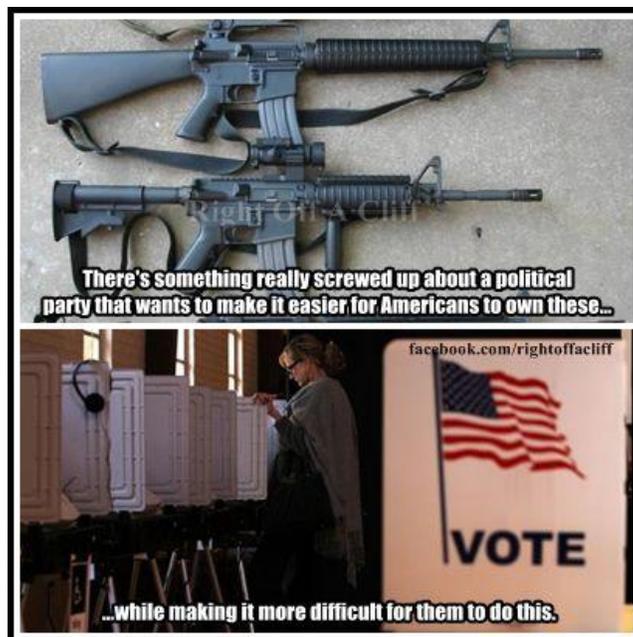


20120730-14 23:55 SteveG Graphic: Vaginas



[Unfortunately, He never told me either! ;-)-SteveB]





<http://fineartamerica.com/featured/southern-drive-live-oaks-and-spanish-moss-dustin-k-ryan.html>



(by Dustin K. Ryan)

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

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