



FRIENDS OF THE MIDDLE **NEWSLETTER #227 — SEPT. 17, 2012**

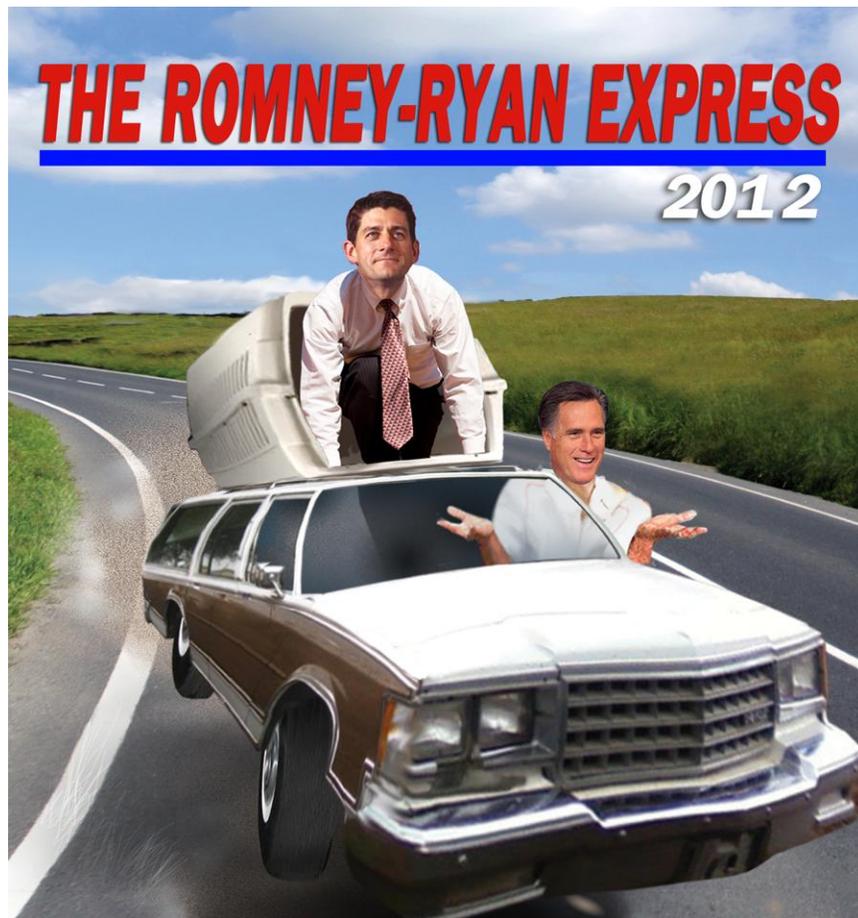
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What Is 'Executive Experience' Really Worth?

(posted by Steven W. Baker / SteveB, Sept. 17, 2012)

Big political campaigns are fascinating, aren't they? We're now witnessing one that seems to be running smoothly and one that seems to be nearly a train wreck.



I can remember when Mr. Obama ran in 2008, the chorus chirping from the Right repeated over and over how the guy had no administrative/executive experience, had never been a governor or CEO. How could he be President as an "empty suit"?

Yet there he was, running his Presidential campaign in much better fashion than John McCain, who also had no executive experience, just centuries more experience in Congress and decades more as a POW.

And, as the article below points out, running a modern Presidential campaign is like "being the CEO of a \$1 billion start-up." How a candidate runs this massive enterprise tells us a lot about how he would function as President.

I know Romney has "executive experience." I know he was a CEO and is supposed to understand business. But maybe he was just lucky?

He certainly doesn't seem to be running his campaign the way anyone, Democrat or Republican, would want America run. Meanwhile, the Right continues to beat the "Obama has no experience" drum, even though the man has run the country pretty darned well for almost four years. I guess if you're black, you just can't learn, no matter what.

It seems to me like Mittens is the man with no "executive experience" this election cycle. He doesn't even seem to be able to go to Europe, or give an effective speech, or, most importantly, run a campaign. Would you trust him with our nation's future only because he isn't black?

Maybe what really counts is the man and what is in his heart and head?

"Inside the Campaign: How Mitt Romney Stumbled" by Mike Allen and Jim VandeHei, Politico

Sept. 16, 2012, (<http://www.politico.com/news/stories/0912/81280.html>)

Stuart Stevens, Mitt Romney's top strategist, knew his candidate's convention speech needed a memorable mix of loft and grace if he was going to bound out of Tampa with an authentic chance to win the presidency. So Stevens, bypassing the speechwriting staff at the campaign's Boston headquarters, assigned the sensitive task of drafting it to Peter Wehner, a veteran of the last three Republican White Houses and one of the party's smarter wordsmiths.

Not a word Wehner wrote was ever spoken.

Stevens junked the entire thing, setting off a chaotic, eight-day scramble that would produce an hour of prime-time problems for Romney, including Clint Eastwood's meandering monologue to an empty chair.

Romney's convention stumbles have provoked weeks of public griping and internal sniping about not only Romney but also his mercurial campaign muse, Stevens. Viewed warily by conservatives, known for his impulsiveness and described by a colleague as a "tortured artist," Stevens has become the leading staff scapegoat for a campaign that suddenly is behind in a race that had been expected to stay neck and neck through Nov. 6.

This article is based on accounts from Romney aides, advisers and friends, most of whom refused to speak on the record because they were recounting private discussions and offering direct criticism of the candidate and his staff, Stevens in particular.

Stevens, in a lengthy interview Sunday afternoon, defended the campaign's performance, refused to discuss internal conversations and insisted Romney is doing far better than the pundits portray. "Like all campaigns, we have good days and bad days. I'm happy to take responsibility for the bad days," he said. "This is a tremendously talented team."

To pin recent stumbles on Stevens would be to overlook Romney's role in all this. As the man atop the enterprise — in effect, the CEO of a \$1 billion start-up — Romney ultimately bears responsibility for the decisions he personally oversaw, such as the muffling of running mate Paul Ryan's strict budget message and his own convention performance.

As the Tampa convention drew near, Wehner, now a “senior adviser” and blogger for the campaign, was laboring under an unusual constraint for the author of a high-stakes political speech. He was not invited to spend time with Romney, making it impossible to channel him fluently.

Nevertheless, Wehner came up with a draft he found pleasing, including the memorable line: “The incumbent president is trying to lower the expectations of our nation to the sorry level of his own achievement. He only wins if you settle.” It also included a reference to Afghanistan, which was jettisoned with the rest of his work.

Instead, eight days before the convention, at a time when a campaign usually would be done drafting and focused instead on practicing such a high-stakes speech, Stevens frantically contacted John McConnell and Matthew Scully, a speechwriting duo that had worked in George W. Bush’s campaign and White House. Stevens told them they would have to start from scratch on a new acceptance speech. Not only would they have only a few days to write it, but Romney would have little time to practice it.

McConnell and Scully, drawing on their experience writing for Vice President Dick Cheney, were racing to finish the convention speech for Romney’s running mate, Ryan (R-Wis.), the House Budget Committee chairman. It was the Wednesday before convention week. Ryan was to speak the following Wednesday, followed by Romney on Thursday.

The two finished Ryan’s text the next day and started crashing on Romney’s. That weekend, Stevens accompanied Romney as he went to a school auditorium in New Hampshire with his wife, Ann, to practice yet another version of the speech. Only one paragraph from the McConnell-Scully draft wound up being used, about a rose that Romney’s father had put on his mother’s bedside table each day. The speech that was actually delivered, it turned out, had been cobbled together by Stevens and Romney himself.

When asked about the various versions of the convention speech, Stevens said: “The governor writes his speeches.” Pressed on whether he does so with no help, Stevens added: “He reaches out to a lot of people. ... We don’t discuss who works on what. It’s all just the Romney campaign. Everything is just the Romney campaign.”

The hasty process resulted in a colossal oversight: Romney did not include a salute to troops serving in war zones, and did not mention Al Qaeda or Afghanistan, putting him on the defensive on national security just as the Middle East was about to erupt. It was also very light on policy specifics, much to the chagrin of conservatives who were certain the addition of Ryan and inclusion of Wehner meant a real battle of ideas was about to begin.

The damage had been compounded when, in compressing the program from four days to three because of a hurricane delay, convention organizers had scrapped a planned remote appearance by Romney and veterans that was to be fed live into the Tampa hall from a speech he was giving to an American Legion convention in Indiana. With the salute-the-troops tribute out, the assumption was Romney would pay tribute to them in the speech. He didn’t.

The convention finale was undermined even further by Eastwood’s rambling comedy routine, which became the only glimpse that many swing voters got of the Republican show. Eastwood had been added to the program after chatting with Romney at a fundraiser in Idaho just weeks before the convention.

Stevens and his team loved the idea of the tough-talking American icon greeting the millions of viewers tuning in to the main event. But Eastwood, unlike every other speaker at the tightly controlled convention, had free rein to say or do whatever he wanted without the campaign’s approval. Eastwood has said just minutes before going live, he was handed a chair to sit on, which he promptly decided should become a prop in his speech.

Many in the Romney high command watched in fury. Later, a poll by the Pew Research Center for the People & the Press found that for many voters — especially independents and casual viewers, exactly the ones convention organizers hoped to reach — the Eastwood skit, not Romney’s speech, was the highlight of the convention.

As mishaps have piled up, Stevens has taken the brunt of the blame for an unwieldy campaign structure that, as the joke goes among frustrated Republicans, badly needs a consultant from Bain & Co. to straighten it out.

"You design a campaign to reinforce the guy that you've got," said a longtime Romney friend. "The campaign has utterly failed to switch from a primary mind-set to a general-election mind-set, and did not come up with a compelling, policy-backed argument for credible change."

In what many in the campaign now consider a fundamental design flaw, Stevens is doing three major jobs: chief strategist, chief ad maker and chief speechwriter. It would be as if George W. Bush had run for president in 2000 with one person playing the roles of Karl Rove, Mark McKinnon and Michael Gerson. Or if on the Obama campaign of 2008, David Axelrod had not been backed up by Jim Margolis, Robert Gibbs and Jon Favreau.

Asked if he had assumed too many roles, Stevens said he had big teams to help him in each area. "Everybody wears a lot of hats," he said. "We're that kind of campaign — very un-compartmentalized." He said that making the ads in-house has been a huge advantage. "You can walk down and stick your finger in the cookie batter."

Stevens enjoys little of the internal affection that surrounded the brain trusts of the Bush and Obama campaigns. "I always have the impression Stuart must save his best stuff for meetings I'm not important enough to attend," said one Romney campaign insider. "The campaign is filled with people who spend a lot of their time either avoiding him or resisting him."

Stevens, who has won a string of U.S. Senate and governor's races, worked on the Bush campaigns of 2000 and 2004, and was signed up with Sen. John McCain (R-Ariz.) in 2008, but then switched to Romney.

POLITICO has learned when Romney was gearing up for his 2012 run, he made never-before-reported overtures to Ken Mehlman, the manager of Bush's campaign, and Mike Murphy, a top strategist who remains close to Romney.

Still, when Romney went for a leaner campaign with fewer consultants, Stevens was left standing. At Romney's insistence, Stevens and his business partner, Russ Schriefer, went all in, closing the Stevens and Schriefer Group office in Washington and moving into a first-floor warren at Romney headquarters in Boston's North End.

Schriefer said Stevens "has done a very good job of keeping the campaign focused on a message of jobs and the economy, and focused on what it takes to win."

"He has a competitive spirit that translates to the rest of the team," Schriefer said. "When there's criticism, you're always going to get people trying to blame someone. This is not something unusual. The important thing is that the campaign is staying very focused. We know what we want to do, and we think we're in a very good position to win."

A mad-professor aura, combined with post-midnight calls to sleeping senior staffers, have led some colleagues to express increasing concern about what the campaign is doing to Stevens — and what Stevens is doing to the campaign.

The GOP convention failed to generate momentum or excitement for Romney — a potentially fatal setback for the struggling campaign. Before that, Romney's criticism of Olympics organizers just after he landed in London set the tone for a snake-bitten foreign tour that some top campaign officials had argued against taking. Last week, Romney diluted his repeal-"Obamacare" message by saying on "Meet the Press" that he would keep part of the plan. Then Romney's incendiary late-night statement after the attack on the U.S. Consulate in Libya led many conservative allies to say he had squandered credibility as a potential commander in chief.

Stevens had vocal internal critics long before the recent blunders. One proposal by the strategist that drew ridicule behind his back envisioned a "Route 66" bus tour along the pre-Interstate, Dust Bowl migration highway. Other advisers argued that Romney hardly needs more retro or nostalgic connotations. That idea morphed into a blander "Every Town Counts" week, hitting smaller population centers of six target states in the Northeast and Midwest.

Asked about the bus-tour ideas, Stevens said: "We bat around a lot of ideas. ... The campaign has a very collegial — we have a good locker room. There's a lot of support, a lot of collaboration, a lot of cross-pollination of idea from across the board."

But whatever Stevens's shortcomings, presidential candidates get the campaigns they want. And Romney, who in an interview with POLITICO last month said his leadership style very much centers on having a variety of smart people offering advice and him being the decider, has taken a very active role running his own campaign.

In a way, that's the problem. Romney associates are baffled that such a successful corporate leader has created a team with so few lines of authority or accountability.

Romney has allowed seven distinct power centers to flourish inside his campaign, with the strategy pod, headed by Stevens and Schriefer, handling the most essential ingredient — the candidate's public message and image.

Then there is the conventional staff, led by campaign manager Matt Rhoades, who functions as an air-traffic controller. For months, Republicans inside and out of the campaign have said the structure is problematic. Rhoades, for instance, is as disciplined and methodical as Stevens is improvisational and disorganized.

Add to those the old Boston hands — Beth Myers, Peter Flaherty and Eric Fehrstrom; longtime friends and advisers — Mike Leavitt, Bob White and Ron Kaufman; newcomers with juice, especially Ed Gillespie; the family, with his sons and Ann Romney involved in many decisions; and the money folks, headed by a longtime Romney friend and helper, Spencer Zwick.

Campaign officials said most parts of the Romney operation run in the rigid, metrics-driven style of Rhoades, a veteran of the buttoned-up Bush operation of 2004. These parts include finance, voter contact, legal and communications. This stands in contrast to the hazy controls over things in Stevens's domain, the officials said.

"It is organized the way enterprises are organized: There is a person in charge, and people underneath him with specific responsibilities," a Romney official said. "There are clear goals and objectives, and constant measurement. Elsewhere in the enterprise, there are all kinds of people with influence and authority but only vague responsibilities."

Stevens, a 58-year-old son of the South, is easy for conservatives to dislike. His official bio does not exactly scream "Republican ad guy from Mississippi": "Stuart was educated at Colorado College, Middlebury College, Oxford University and the UCLA Film School, [and] is also a former Fellow of the American Film Institute."

He is not particularly ideological, and has a big-city, Hollywood aura that grates on movement conservatives. "He's a smart, capable guy but he sends bad signals" to the right, said a Republican operative who works closely with the campaign. "He has a lot of goofy quotes that cause everybody to shake their heads. ... Stuart is one of the most insecure guys in the business. But he has become the top strategic adviser to the nominee, which is a huge accomplishment."

A Romney official explained: "Mitt is a sticker — he stays with you. He had a reputation at Bain for sticking with people. They made a bad investment, he hung with them. ... None of this is going to be fixed. This is the organization, and this is who Mitt is betting on to win. There aren't going to be further changes."

A person who recently was alone with Romney added: "Big changes would destabilize the thing."

Every profile of Stevens includes the descriptor "eclectic," which seems fair, given he has skied to the North Pole, chronicled his use of steroids to compete in an extreme race, written novels and a campaign memoir, advised clients in Albania and Congo and consulted on Hollywood projects, including the political film "The Ides of March."

Stevens has a free-flowing way about his life and is excited by ideas he deems wonderful or weird. He enjoys a love-hate relationship with the media — firing off emails with his candid and often illuminating take on the political spat of the moment, while also stoking the media-is-so-damned-biased flames inside the campaign and among conservatives.

Inside the Romney campaign, Stevens has preached a gospel of caution and consistency: Keep the candidate tightly focused on a bad economy and a worse president. In an interview last year with Robert Draper for *The New York Times Magazine*, Stevens explained his theory of the case this way: Philadelphia Eagles quarterback "Michael Vick's

not a real good pocket guy ... So don't tell him he can't roll out. Try to make him the best rollout guy that's ever played."

A growing number of conservatives are blaming Stevens for advocating a campaign of caution, one that puts all the emphasis not on how good Romney could be but how bad Obama is. "Credit for this fog goes to that inner circle of Romney advisers who never liked the Ryan pick and have reasserted their will over a candidate who is naturally cautious," conservative columnist Kimberley Strassel wrote in Friday's *Wall Street Journal*. "In the la-la land where adviser Stuart Stevens presides, Mr. Romney wins by never saying a single thing, ever, that might rock a single boat, ever."

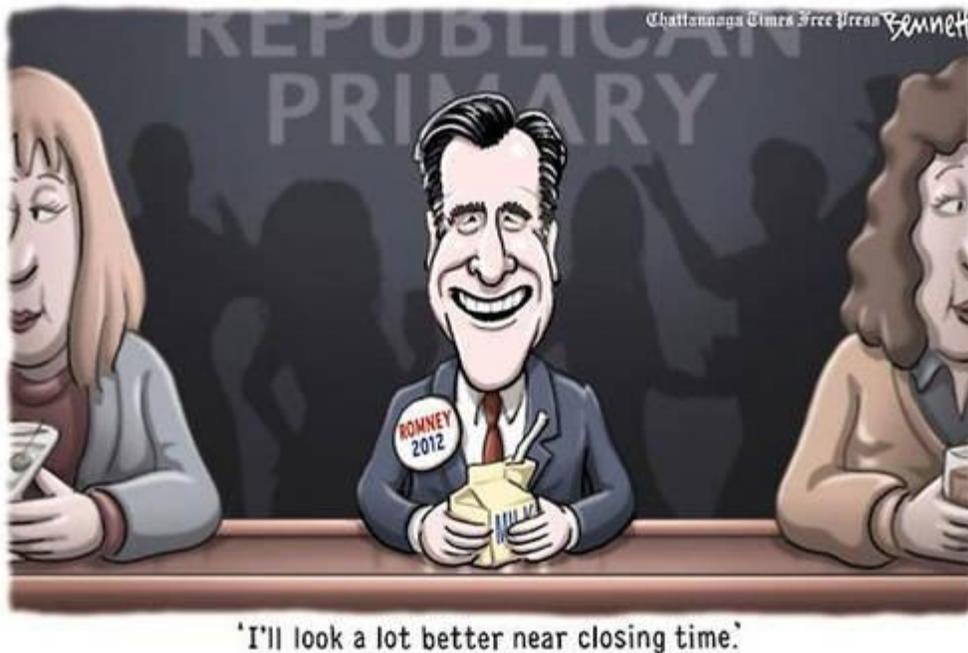
Stevens was a big, early advocate of a bland vice presidential candidate, privately talking up former Minnesota Gov. Tim Pawlenty and pushing the idea of an outsider, anti-Beltway ticket. But Stevens is hardly to blame for what many conservatives consider a campaign that is specifics-free and lame. That blame goes straight to the man running his own campaign: Romney himself, according to a number of people in and out of the campaign.

Some Romney loyalists think Stevens never fully appreciated what a good and unique candidate they had in Romney, and pleaded early on to showcase what they saw as a generous, wise and gifted leader. Still, for reasons not fully understood by those around Romney, the candidate not only went with Stevens but gave him tremendous authority.

There are no signs his authority is getting curtailed: Sources inside the campaign said he just prevailed in an internal battle over the next rounds of ads, customized for each swing state.

"Politics is like sports," Stevens said. "A lot of people have ideas, and there's no right or wrong. You just have to chart a course, and stay on that course."

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20120914-01	09:32	SteveB	Graphic: \$10 Million Government Bailout for Bain in 1990
20120915-04	07:09	SteveB	"The Federal Bailout That Saved Mitt Romney"
20120914-02	10:23	Jim	"The Miseducation of Mitt Romney" & "Finlandize Me"
20120914-03	11:44	Pam	Re: The True Story of a Political Blunder (reply to SteveB, FotM Newsletter #226)
20120914-09	18:07	SteveB	"Mitt Romney's Fallout on Libyan Terrorist Attack Continues"
20120915-03	06:40	SteveB	"Mitt Turns Mean"
20120915-06	07:54	SandyI	Re: "Mitt Turns Mean" (reply to SteveB, above)
20120916-04	19:27	SteveB	How 'Starve the beast' Works & "Mitt Romney's Confession"
20120914-04	12:12	SteveG & MarthaH	"Kansas Considers Removing Obama from Ballot"
20120914-05	12:16	SteveG	"White Supremacists to Gather in Tennessee"
20120914-06	13:03	SteveB	Fw: CREDO Action Petition: Don't Let Republicans Steal the Election!
20120914-07	13:20	SteveB	Ultraviolet Petition: Tell Hobby Lobby to Stay Out of Women's Vaginas!
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20120915-02	06:20	SteveB	"Conservatives Killed the Liberal Arts"
20120915-08	14:25	Pam	Re: "Conservatives Killed the Liberal Arts" (reply to SteveB, above)
20120915-09	14:33	SteveG	Re: "Conservatives Killed the Liberal Arts" (reply to SteveB, above)
20120915-10	17:13	Art	Re: "Conservatives Killed the Liberal Arts" (reply to SteveG, above)
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20120915-07	10:09	Charis	Buy Bolivian & Andean Handcrafts
20120915-11	19:26	SteveG	"Dirty Money: Cities & States Addicted to Soliciting for Corporate Favors"
20120915-12	20:00	SteveB	Shouldn't More Lies Be Illegal?
20120916-01	00:01	SteveG	Re: Shouldn't More Lies Be Illegal? (reply to SteveB, above)
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20120916-02	09:16	SteveB	"A Jaw-Dropping Explanation of How Governments Are Complicit in the Illegal Drug Trade"
20120916-05	20:00	Tom	Graphic: Politicians Before & After Elections
20120916-06	23:58	Marci	Photo: '...the Mother of Invention' #3
20120916-07	23:59	SteveB	Photo: A Mighty Bolivian Bibosi Tree



MITT ROMNEY:
“I don’t like
bailouts.”
(EXCEPT WHEN
THEY’RE FOR HIM)

In 1990, Mitt Romney negotiated a
\$10 million government bailout to
save Bain & Company.

WrongForTheMiddleClass.com

I just checked his birth certificate and it says his name is “Willard Mittens Hypocrisy&Lies R0mney”. I was amazed!

And then, there’s still those darned taxes!

“The Federal Bailout That Saved Mitt Romney” by Tim Dickinson, *Rolling Stone*

Aug. 29, 2012, (<http://www.rollingstone.com/politics/news/the-federal-bailout-that-saved-mitt-romney-20120829>)

(Government documents prove the candidate's mythology is just that.)

Mitt Romney likes to say he won't "apologize" for his success in business. But what he never says is "thank you" – to the American people – for the federal bailout of Bain & Company that made so much of his outsize wealth possible.

According to the candidate's mythology, Romney took leave of his duties at the private equity firm Bain Capital in 1990 and rode in on a white horse to lead a swift restructuring of Bain & Company, preventing the collapse of the consulting firm where his career began. When *The Boston Globe* reported on the rescue at the time of his Senate run against Ted Kennedy, campaign aides spun Romney as the wizard behind a "long-shot miracle," bragging that he had "saved bank depositors all over the country \$30 million when he saved Bain & Company."

In fact, government documents on the bailout obtained by Rolling Stone show that the legend crafted by Romney is basically a lie. The federal records, obtained under the Freedom of Information Act, reveal that Romney's initial rescue attempt at Bain & Company was actually a disaster – leaving the firm so financially strapped that it had "no value as a going concern." Even worse, the federal bailout ultimately engineered by Romney screwed the FDIC – the bank insurance system backed by taxpayers – out of at least \$10 million. And in an added insult, Romney rewarded top executives at Bain with hefty bonuses at the very moment that he was demanding his handout from the feds.

With his selection of Paul Ryan as his running mate, Romney has made fiscal stewardship the centerpiece of his campaign. A banner at MittRomney.com declared, "We have a moral responsibility not to spend more than we take in." Romney also opposed the federal bailout for Detroit automakers, famously arguing that the industry should be forced into bankruptcy. Government bailouts, he insists, are "the wrong way to go."

But the FDIC documents on the Bain deal – which were heavily redacted by the firm prior to release – show that as a wealthy businessman, Romney was willing to go to extremes to secure a federal bailout to serve his own interests. He had a lot at stake, both financially and politically. Had Bain & Company collapsed, insiders say, it would have dealt a grave setback to Bain Capital, where Romney went on to build a personal fortune valued at as much as \$250 million. It would also have short-circuited his political career before it began, tagging Romney as a failed businessman unable to rescue his own firm.

"None of us wanted to see Bain be the laughingstock of the business world," recalls a longtime Romney lieutenant who asked not to be identified. "But Mitt's reputation was on the line."

Mitt Romney's Federal Bailout: The Documents: <http://www.rollingstone.com/politics/pictures/mitt-romneys-federal-bailout-the-documents-20120829>.

The trouble began in 1984, when Bain & Company spun off Bain Capital to engage in leveraged buyouts and put Romney in charge of the new operation. To free up money to invest in the new business, founder Bill Bain and his partners cashed out much of their stock in the consulting firm – leaving it saddled with about \$200 million in debt. (Romney, though not a founder, reportedly profited from the deal.) "People will tell you that Bill raped the place clean, was greedy, didn't know when to stop," a former Bain consultant later conceded. "Did they take too much out of the firm? You bet."

The FDIC documents make clear what happened next: "Soon after the founders sold their equity," analysts reported, "business began to drop off." First came scandal: In the late 1980s, a Bain consultant became a key figure in an illegal stock manipulation scheme in London. The firm's reputation took a hit, and it fired 10 percent of its consulting force. By the time the 1989 recession began, Bain & Company found itself going broke fast. Cash flows weren't enough to service the debt imposed by the founders, and the firm could barely make payroll. In a panic, Bill Bain tapped Romney, his longtime protégé, to take the reins.

In Romney's own retelling, he casts himself as a selfless and loyal company man. "There was no upside," he told his cheerleading biographer Hugh Hewitt in 2007. "There was no particular reason to do it other than a sense of obligation and duty to an organization that had done great things for me."

In fact, Romney had a direct stake in the survival of Bain & Company: He had been working to build the Bain brand his entire career, and felt he had to save the firm at all costs. After all, Bain sold top-dollar strategic advice to big businesses about how to protect themselves from going bust. If Bain & Company went bankrupt, recalls the Romney deputy, "anyone associated with them would have looked clownish." Indeed, when a banker from Goldman Sachs urged Bain to consider bankruptcy as the obvious solution to the firm's woes, Romney's desperation began to show. He flatly refused to discuss it – and in the ensuing argument, one witness says, Romney almost ended up in a brawl when the Goldman banker advised him to "go fuck yourself." For the sake of Romney's career and fortune, bankruptcy was simply not an option – no matter who got screwed in the process.

According to the government records obtained by Rolling Stone, Bain & Company "defaulted on its debt obligations" at nearly the same time that "W. Mitt Romney . . . stepped in as managing director (and later chief executive) in 1990 and led the financial restructuring intended to get the firm back on track."

Romney moved decisively, and his early efforts appeared promising. He persuaded the founders to return \$25 million of the cash they had raided from Bain & Company and forgive \$75 million in debt, in return for protection from most future liabilities. Romney then consolidated Bain's massive debts into a single, binding loan agreement with four banks, which received liens on Bain's assets and agreed to delay repayments on the firm's debts for two years. The federal government also signed off on the deal, since the FDIC had recently taken control of a bank that was owed \$30.6 million by Bain. Romney assured creditors that the restructuring would enable Bain to "operate normally, compensate its professionals competitively" and, ultimately, pay off its debts.

Almost as soon as the FDIC agreed to the loan restructuring, however, Romney's rescue plan began to fall apart. "The company realized early on that it would be unable to hit its revenue targets or manage the debt structure," the documents reveal. By the spring of 1992, Bain's decline was perilous: "If Bain goes into default," one analyst warned the FDIC, "the bank group will need to decide whether to force Bain into bankruptcy."

With his rescue plan a bust, Romney was forced to slink back to the banks to negotiate a new round of debt relief. There was only one catch: Even though Bain & Company was deep in debt and sinking fast, the firm was actually flush with cash – most of it from the looted money that Bill Bain and other partners had given back. "Liquidity is strong based on the significant cash balance which Bain is carrying," one federal document reads.

Under normal circumstances, such ample reserves would have made liquidating Bain an attractive option: Creditors could simply divvy up the stockpiled cash and be done with the troubled firm. But Bain had inserted a poison pill in its loan agreement with the banks: Instead of being required to use its cash to pay back the firm's creditors, the money could be pocketed by Bain executives in the form of fat bonuses – starting with VPs making \$200,000 and up. "The company can deplete its cash balances by making officer-bonus payments," the FDIC lamented, "and still be in compliance with the loan documents."

What's more, the bonus loophole gave Romney a perverse form of leverage: If the banks and the FDIC didn't give in to his demands and forgive much of Bain's debts, Romney would raid the firm's coffers, pushing it into the very bankruptcy that the loan agreement had been intended to avert. The losers in this game would not only be Bain's creditors – including the federal government – but the firm's nearly 1,000 employees worldwide.

In March 1992, according to the FDIC documents, Romney approached the banks and played the bonus card. Allow Bain to pay off its debt at a deep discount, he demanded – just 35 cents on the dollar. Otherwise, the "majority" of the firm's "excess cash" would "be available for the bonus pool to its officers at a vice president level and above."

The next month, when the banks balked at the deal, Romney decided to prove he wasn't bluffing. "As the bank group did not accept the proposal from Bain," the records show, "Bain's senior management has decided to go forth with the distribution of bonuses." (Bain's lawyers redacted the amount of the executive payouts, and the Romney campaign refused to comment on whether Romney himself received a bonus.)

Romney's decision to place executive compensation over fiscal responsibility immediately put Bain on the ropes. By that July, FDIC analysts reported, Bain had so little money left that "the company will actually run out of cash and default on the existing debt structure" as early as 1995. If that happened, Bain employees and American consumers would take the hit – an alternative that analysts considered "catastrophic."

But Romney didn't dole out all of Bain's cash as bonuses right away. According to a record from May 1992, he set aside some of the money to put one last squeeze on the firm's creditors. Romney now demanded that the banks and the government agree to a deal that was even less favorable than the last – to retire Bain's debts "at a price up to but not exceeding 30 cents on the dollar."

The FDIC considered finding a buyer to take over its loans to Bain, but analysts concluded that "Bain has no value as a going concern." And the government wasn't likely to get much out of Bain if it allowed the firm to go bankrupt: The loan agreement engineered by Romney had left the FDIC "virtually unsecured" on the \$30.6 million it was owed by Bain. "Once bonuses are paid," the analysts warned, "all members of the bank group believe this company will dissolve during 1993."

About the only assets left would be Bain's office equipment. The records show FDIC analysts pathetically attempting to assess the value of such items, including an HP LaserJet printer, before concluding that most of the gear was so old that the government's "portion of any liquidation proceeds would be negligible."

How had Romney scored such a favorable deal at the FDIC's expense? It didn't hurt that he had close ties to the agency – the kind of "crony capitalism" he now decries. A month before he closed the 1991 loan agreement, Romney promoted a former FDIC bank examiner to become a senior executive at Bain. He also had pull at the top: FDIC chairman Bill Seidman, who had served as finance chair for Romney's father when he ran for president in 1968.

The federal documents also reveal that, contrary to Romney's claim that he returned full time to Bain Capital in 1992, he remained involved in bailout negotiations to the very end. In a letter dated March 23rd, 1993, Romney reassured creditors that his latest scheme would return Bain & Company to "long-term financial stability." That same month, Romney once again threatened to "pay out maximum bonus distributions" to top executives unless much of Bain's debt was erased.

In the end, the government surrendered. At the time, *The Boston Globe* cited bankers dismissing the bailout as "relatively routine" – but the federal documents reveal it was anything but. The FDIC agreed to accept nearly \$5 million in cash to retire \$15 million in Bain's debt – an immediate government bailout of \$10 million. All told, the FDIC estimated it would recoup just \$14 million of the \$30 million that Romney's firm owed the government.

It was a raw deal – but Romney's threat to loot his own firm had left the government with no other choice. If the FDIC had pushed Bain into bankruptcy, the records reveal, the agency would have recouped just \$3.56 million from the firm.

The Romney campaign refused to respond to questions for this article; a spokeswoman said only that "Mitt Romney turned around Bain & Company by getting all parties to come to the table and make difficult decisions." But while taxpayers did not finance the bailout, the debt forgiven by the government was booked as a loss to the FDIC – and then recouped through higher insurance premiums from banks. And banks, of course, are notorious for finding ways to pass their costs along to customers, usually in the form of higher fees. Thanks to the nature of the market, in other words, the bailout negotiated by Romney ultimately wound up being paid by the American people.

Even as consumers took a loss, however, a small group of investors wound up getting a good deal in the bailout. Bain Capital – the very firm that had triggered the crisis in the first place – walked away with \$4 million. That was the fee it charged Bain & Company for loaning the consulting firm the services of its chief executive – one Willard Mitt Romney.

(This story is from the September 13, 2012 issue of *Rolling Stone*.)

20120914-02 10:23 Jim "The Miseducation of Mitt Romney" & "Finlandize Me"

Please look at both of the following pieces. Romney's platform for education and a counter example concerning one of the world's leading school systems.

"The Miseducation of Mitt Romney" by Diane Ravitch, *NYRB*

June 5, 2012, (<http://www.nybooks.com/blogs/nyrblog/2012/jun/05/miseducation-mitt-romney/>)

On May 23, the Romney campaign released its education policy white paper titled "A Chance for Every Child: Mitt Romney's Plan for Restoring the Promise of American Education." If you liked the George W. Bush administration's education reforms, you will love the Romney plan. If you think that turning the schools over to the private sector will solve their problems, then his plan will thrill you.

The central themes of the Romney plan are a rehash of Republican education ideas from the past thirty years, namely, subsidizing parents who want to send their child to a private or religious school, encouraging the private sector to operate schools, putting commercial banks in charge of the federal student loan program, holding teachers and schools accountable for students' test scores, and lowering entrance requirements for new teachers. These policies reflect the experience of his advisers, who include half a dozen senior officials from the Bush administration and several prominent conservative academics, among them former Secretary of Education Rod Paige and former Deputy Secretary of Education Bill Hansen, and school choice advocates John Chubb and Paul Peterson.

Unlike George W. Bush, who had to negotiate with a Democratic Congress to pass No Child Left Behind, Romney feels no need to compromise on anything. He needs to prove to the Republican Party's base—especially evangelicals—that he really is conservative. And this plan is "mission accomplished."

Romney offers full-throated support for using taxpayer money to pay for private-school vouchers, privately-managed charters, for-profit online schools, and almost every other alternative to public schools. Like Bob Dole in 1996, Romney showers his contempt on the teachers' unions. He takes a strong stand against certification of teachers—the minimal state-level requirement that future teachers must pass either state or national tests to demonstrate their knowledge and/or skills—which he considers an unnecessary hurdle. He believes that class size does not matter (although he and his children went to elite private schools that have small classes). Romney claims that school choice is "the civil rights issue of our era," a familiar theme among the current crop of education reformers, who now use it to advance their efforts to privatize public education.

When it comes to universities, Romney excoriates Obama for the rising cost of higher education. He claims that more federal aid leads to higher tuition, so he offers no new federal funding to help students burdened with debt. His plan does not mention the fact that tuition has increased in public universities (which enroll three-quarters of all students) because states have reduced their investments in higher education and shifted the burden from taxpayers to students. Romney will encourage private sector involvement in higher education, by having commercial banks again serve as the intermediary for federal student loans, an approach Obama had eliminated in 2010 as too costly. (Until 2010, banks received guaranteed subsidies from the federal government to make student loans, while the government assumed nearly all the risk. When the program was overhauled by the Obama Administration, billions of dollars in bank profits were redirected to support Pell Grants for needy students.) To cut costs, Romney encourages the proliferation of for-profit online universities.

The Romney education plan says that no new money is needed because more spending on schools will not fix our problems. However, he proposes to dedicate more taxpayer money to the priorities that he favors, such as vouchers, charter schools, and online schools. He also wants more federal money to reward states for "eliminating or reforming teacher tenure and establishing systems that focus on effectiveness in advancing student achievement." Translated, that means that Romney is willing to hand out money to states if they eliminate due process rights for teachers and if they pay more to teachers whose students get higher scores on standardized tests and get rid of teachers whose students do not.

In making the case for vouchers—which provide government funding to pay the tuition at any private or religious school that parents choose—Romney exaggerates the evidence; indeed, some of his claims are simply false. He points to the D.C. voucher program, which began in 2004, the first program to use federal tax dollars to subsidize private-school tuition—as "a model for the nation." He asserts that "After three months, students [in the D.C. voucher program] could already read at levels 19 months ahead of their public-school peers."

This is flatly wrong. A Congressionally-mandated evaluation of the D.C. program found that students with vouchers made no gains in either reading or math. As the report stated, "There is no conclusive evidence that the OSP [Opportunity Scholarship Program] affected student achievement." Romney claims that 90 percent of voucher students graduated from high school, as compared to only 55 percent in the low performing public schools of D.C. But here he exaggerates. The federal evaluation of the program said that 82 percent of the students receiving vouchers graduated from high school as compared to 70 percent of the students who applied to the voucher program and were not accepted. This is a respectable gain, but nowhere near as large as the numbers Romney cited. Because students who enter a lottery tend to be more motivated than those who do not, reputable social scientists usually compare the outcomes of those who won the lottery and those who did not.

Paradoxically, Romney's campaign takes credit for the fact that Massachusetts leads the nation in reading and mathematics on the federal tests known as the National Assessment of Educational Progress. But Romney was not responsible for the state's academic success, which owes to reforms that are entirely different from the ones he is now proposing for the country. Signed into law a full decade before Romney began his tenure as governor in 2003, the Massachusetts Education Reform Act involved a commitment by the state to double state funding of public education from \$1.3 billion in 1993 to \$2.6 billion by 2000; to provide a minimum foundation budget for every district to meet its needs; to develop strong curricula for subjects such as science, history, the arts, foreign languages, mathematics, and English; to implement a testing program based on the curriculum (because of costs, the state tested only reading and math); to expand professional development for teachers; and to test would-be teachers. In the late 1990s, again before Romney assumed office, the state added new funds for early childhood education.

Romney's plan, by contrast, is animated by a reverence for the private sector. While little is said about improving or spending more on public education, which is treated as a failed institution, a great deal of enthusiasm is lavished on the innovation and progress that is supposed to occur once parents can take their federal dollars to private institutions or enroll their child in a for-profit online school. Massachusetts attained success by raising standards for new teachers, not by lowering them. Nor did Massachusetts eliminate teacher tenure, that is, the right to a hearing for experienced teachers before they can be fired. Higher education, we are assured, will flourish when "innovation and skill attainment" matter more than "time in classroom." Put in plain English, the last sentence is claiming that higher education will become more affordable when more students enroll in online universities, most of which are low-cost and for-profit. Of course, online universities are cheaper; they have no capital costs, no library, no facilities, and minimal staff. Some are under investigation for fraud because of their methods of recruiting students; they have fended off federal regulation by a heavy (and bipartisan) investment in lobbying.

The Obama administration's first response to Romney's proposals was to scoff and say that Obama's K-12 policies had the enthusiastic support of prominent conservative Republican governors, such as Chris Christie of New Jersey and Susana Martinez of New Mexico. Unfortunately, this is true. Apart from vouchers and the slap at teacher certification, Obama's Race to the Top program for schools promotes virtually everything Romney proposes—charters, competition, accountability, evaluating teachers by student test scores. If anything, Secretary of Education Arne Duncan has been as outspoken on behalf of charters and test-based accountability as Mitt Romney. And, like Romney, Duncan has disdained the issue of reducing the number of students per teacher.

Romney's proposal for private-school vouchers is red-meat for the right wing base of the Republican party, especially evangelicals. Vouchers have been the third rail of education politics since Milton Friedman proposed them in 1955; they have been put before the voters in several state referenda and have been consistently rejected. As a general rule, the public does not want public money to support religious schools. And many religious schools are wary about accepting public money and the regulations that eventually are tied to it. But in the past few years, vouchers have been revived by state legislatures in Indiana, Wisconsin, and Louisiana without resorting to popular vote.

The results are already troubling. In Louisiana, where Governor Bobby Jindal's education reform legislation was enacted in mid-April, the new law declares that students in low-performing schools are eligible to take their share of state funding to any accredited private or religious school. About 400,000 students (more than half the students in the state) are eligible, but only some 5,000 places are available in the state's private and parochial schools. When the state posted the list of participating schools, the one that registered to accept the largest number of voucher students was the New Living Word School, which offered to enroll 315 of them. But its current enrollment is 122, and it has no facilities or teachers for the new students, though it promises to erect a new building in time for the beginning of the school year this fall. Most of its instruction is delivered on DVDs.

Another school, the Eternity Christian Academy, which currently has 14 students, has agreed to take in 135 voucher students. According to a recent Reuters article, students in this school

sit in cubicles for much of the day and move at their own pace through Christian workbooks, such as a beginning science text that explains "what God made" on each of the six days of creation. They are not exposed to the theory of evolution.

The pastor-turned-principal explained, "We try to stay away from all those things that might confuse our children." Some of the other schools that have been approved to receive state-funded vouchers "use social studies texts warning that liberals threaten global prosperity; Bible-based math books that don't cover modern concepts such as set theory; and biology texts built around refuting evolution."

The Reuters reporter described the Louisiana law as "the nation's boldest experiment in privatizing public education, with the state preparing to shift tens of millions in tax dollars out of the public schools to pay private industry, businesses owners and church pastors to educate children." Next year, all students in Louisiana will qualify for a voucher to take courses from private vendors or corporations offering courses or training. Expect a boom in new education businesses in Louisiana.

What Governor Jindal is doing sounds like a template for the Romney plan. With no increase in funding, all the money for vouchers and private vendors and online charters will be deducted from the state's public education budget. Governor Jindal and Mitt Romney should explain how American education will be improved if taxpayer dollars are used to send more students to sectarian schools and to take their courses from profit-making businesses and online schools.

In the vision presented by Mitt Romney, public dollars would flow to schools that teach creationism. Anyone could teach, without passing any test of their knowledge and skills and without any professional preparation. Teachers could be fired for any reason, without any protection of their freedom to teach. In some states and regions, teachers will be fearful of teaching evolution or global warming or any controversial issues. Nor will they dare to teach books considered offensive to anyone in their community, like *Huckleberry Finn*.

And candidate Romney should explain how privatizing the way we school our children will further his goal of "restoring the promise of American education." "Restore" suggests a return to the past. When in American history did the for-profit sector run American schools? Which state ever permitted it until the advent in our own time of for-profit charter corporations and for-profit online corporations? Which founding fathers ever railed against public education? John Adams, that crusty conservative, said this:

The whole people must take upon themselves the education of the whole people and be willing to bear the expenses of it. There should not be a district of one mile square, without a school in it, not founded by a charitable individual, but maintained at the public expense of the people themselves.

Restoring the promise of American education should mean rejuvenating public schools, not destroying them.

"Finlandize Me" by Timothy Noah, *NYRB*

Feb. 15, 2012, (<http://www.tnr.com/blog/timothy-noah/100790/finlandize-me#>)

From Diane Ravitch's latest piece in the *New York Review of Books*:

No nation in the world has eliminated poverty by firing teachers or by handing its public schools over to private managers; nor does research support either strategy. But these inconvenient facts do not reduce the reformers' zeal. The new breed of school reformers consists mainly of Wall Street hedge fund managers, foundation officials, corporate executives, entrepreneurs, and policymakers, but few experienced educators. The reformers' detachment from the realities of schooling and their indifference to research allow them to ignore the important influence of families and poverty. The schools can achieve miracles, the reformers assert, by relying on competition, deregulation, and management by data—strategies similar to the ones that helped produce the economic crash of 2008.

Ravitch's essay is about the superiority of schools in Finland, a new meme among those she calls "corporate reformers" in order to distinguish them from education reformers who actually know what they're talking about. The latter group admires Finnish schools, too, Ravitch writes. Remember when "Finlandization" was neocon-ese for "losing the Cold War"? Now it seems we could all stand us some Finlandization.

Funny thing, though. "Finland disproves every part" of the corporate reformers' agenda, according to Ravitch:

First, Finland has one of the highest-performing school systems in the world, as measured by the Programme for International Student Assessment (PISA), which assesses reading, mathematical literacy, and scientific literacy of fifteen-year-old students in all thirty-four nations of the Organisation for Economic Co-operation and Development (OECD), including the United States. Unlike our domestic tests, there are no consequences attached to the tests administered by the PISA. No individual or school learns its score. No one is rewarded or punished because of these tests. No one can prepare for them, nor is there any incentive to cheat.

Second, from an American perspective, Finland is an alternative universe. It rejects all of the "reforms" currently popular in the United States, such as testing, charter schools, vouchers, merit pay, competition, and evaluating teachers in relation to the test scores of their students.

Third, among the OECD nations, Finnish schools have the least variation in quality, meaning that they come closest to achieving equality of educational opportunity—an American ideal.

Fourth, Finland borrowed many of its most valued ideas from the United States, such as equality of educational opportunity, individualized instruction, portfolio assessment, and cooperative learning. Most of its borrowing derives from the work of the philosopher John Dewey.

You can read the rest (or rather, the rest of part one; it's a two-part series) here:

<http://www.nybooks.com/articles/archives/2012/mar/08/schools-we-can-envy/>.

[Mitt's plan: More radical experiments for America from our beloved Right. –SteveB]

20120914-03	11:44	Pam	Re: The True Story of a Political Blunder (reply to SteveB, FotM Newsletter #226)
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I love the first piece about Michael Lewis's essay in *VF*. I've always liked Lewis; he's a smart guy. All I can say about Mittens is, What was he thinking?! The more he screws up, the better I sleep at night.

20120914-09	18:07	SteveB	"Mitt Romney's Fallout on Libyan Terrorist Attack Continues"
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Smirking...

SteveG, I thought of you when I read this...

And now if the Republican chorus is to be believed, R0mney did the right thing. According to R0mney, the White House now agrees with R0mney's assessment shown on this video.

The video is a seriously sickening display of a charlatan trying to act Presidential. It doesn't work, especially given the errors and lies contained in nearly everything the man said. Then there are the smirks...Freudian or what?

This article illustrates further the level of incompetence demonstrated by the man who threatens our "entitlements" in order to give billionaires tax-cuts and, perhaps, threatens the world with his monumental lack of preparation for the job of POTUS. Seriously, one can only be reminded (as someone pointed out) of Sarah Palin, who at least finally had the honesty to admit to herself that she didn't really want to work that hard and understand that much stuff, so why go for what she quit the governorship for.

["Mitt Romney's Fallout on Libyan Terrorist Attack Continues" \(w/ video\) by Eric A. Hopp, Oh Well!](#)

Sept. 12, 2012, (<http://eahopp.blogspot.com/2012/09/mitt-romneys-fallout-on-libyan.html>)

The fallout from Mitt Romney's disastrous political attack against the Obama administration over the events happening in Libya just continues on.

First up, is a small error on the part of the Romney campaign staff. According to Americablog, the Romney campaign issued a press release on Mitt Romney's statement regarding the attacks on the U.S. embassy in Cairo, Egypt and U.S. consulate in Benghazi, Libya. Within the statement, the word "embassy" was used three times--especially with the phrase "the attack on our embassy at Benghazi, Libya." The capitol of Libya is actually Tripoli, where the U.S. embassy is located. The terrorist attacks took place at the U.S. consulate in Benghazi. According to John Aravosis, "Any first year international relations student knows that our diplomatic offices in the capital are "embassies," and our offices in cities that are not the capital are "consulates." Mitt Romney never caught the error. He just simply read through the statement:

<http://www.youtube.com/watch?v=YoAL4c7uneE> [Video also accessible from article link, above. -SteveB]

I went back into my previous post, and I also made the mistake as well. It is a dumb mistake that possibly any ordinary American can make. However, I am a small blogger, and I am not running for the Oval Office--Mitt Romney is running. I can probably understand Mitt Romney not knowing the difference, or even caring about the difference, and just reading through the script. But I would expect that someone on the Romney campaign staff would know the difference, and make sure that the correction was made. Did any Romney campaign staffer with foreign policy experience, or credentials, even proofread the statement? Is there even anyone on the Romney campaign that even has foreign policy knowledge or experience? Or do the top Romney foreign policy advisers feel it is demeaning for them to proofread press releases in the wake of an American foreign policy crisis? Because if you think about it, this is a crisis that a president will be confronted with, and the Romney campaign is showing just how screwed up they are in dealing with this crisis. You can also bet that the Obama campaign is not making such a juvenile mistake as we're seeing with Mitt Romney. So this dumb mistake really shows an incredible level of incompetence that Mitt Romney has in running his own presidential campaign. Do we really want this level of incompetence in the White House?

However, there is an even worst fallout from the Romney campaign that has taken place in the wake of this crisis. Throughout his press conference, Mitt Romney had the unfortunate habit of smirking. Daily Kos' Jed Lewison caught these smirks here, here, and here, while Americablog's John Aravosis catalogs 15 different images of Mitt Romney's smirks. Here are a couple of photos for your viewing pleasure:





Finally, here is a photo of Mitt Romney walking away from the podium, after his press conference, with another smirk. This photo was taken by Associated Press photographer Charles Dharapak:



I can not say if Mitt Romney's smirks are an emotional response to this crisis, or are the smirks an unconscious tick that Romney has when speaking before a group? Is Mitt Romney happy that this crisis presented him with an opportunity to crassly attack President Obama as sympathizing with the terrorists? Or is this just his speaking style? In one sense, it does not matter--A smirking photo is worth more than a thousand-word political spin. American moderates and independents will be watching the news of this crisis on TV at 6pm. They are going to see both President Obama and Mitt Romney, making their statements on the attacks. They are going to see the smirk. Perhaps in the back of their mind, these moderates and independents may wonder if Mitt Romney cares that four Americans died in the wake of these attacks. Will they see Romney as a callous, uncaring individual who has no morals, other than his crass, political desire to win the presidency and gain political power? Again, is this the kind of individual you want in the Oval Office--especially when he get the 3am wake-up call?

20120915-03	18:40	SteveB	"Mitt Turns Mean"
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Ah, yes, the tried and true media bashing! Hilarious!

"Mitt Turns Mean" by Jonathan Bernstein, Slate

Sept. 15, 2012, (http://www.salon.com/2012/09/15/mitt_turns_mean/)

(What was behind the Romney campaign's vicious attacks on the media this week?)



Republican presidential candidate and former Massachusetts Governor Mitt Romney talks to reporters after a brief meeting with a group of veterans in Concord, N.H., September 6, 2012. (Credit: Reuters/Brian Snyder)

Perhaps the most astonishing development this week, at least in the chutzpah department, was the Republican attack on the news media for ... well, for covering a statement on the Middle East that Mitt Romney released, and then for covering his subsequent press conference.

This was a dastardly liberal plot by the media indeed; it's hard to imagine what Romney could have done to prevent it. I mean, other than not issuing statements slandering the administration ("sympathetic") and then holding press conferences to drive home the point.

The question is: Why press-bashing, now? Surely not because Team Romney really believed that the press were somehow out-of-line in this particular case. My first instinct was to tie it to public opinion polls, which showed Romney still behind after Barack Obama's convention bounce; after all, blaming the news media is what Republican losers have been doing for some 30 years now.

However, I think there's more to it than just knee-jerk media-bashing this time.

Instead, I think it's more closely related to the failure of the Romney campaign to develop serious policy proposals in a variety of areas, foreign policy included. Remember: Romney's convention speech didn't even mention the ongoing Afghanistan war, and in general it was light on policy and extremely light on foreign policy and national security.

Why is that? To be sure, part of it is that foreign policy has been one of Barack Obama's strengths (certainly judging by the polls, at any rate), and that gives incentives for the Republicans to steer clear of it.

But it's not just that. Poke a Republican activist outside of the Ron Paul minority, and what you're going to find is aggressive jingoism – what Andrew Sprung referred to as a Romney Doctrine of "accelerate imperial overstretch." For this Fox-informed portion of the party, Iraq was a triumph over a nuclear-armed Saddam Hussein, Barack Obama has spent the last three and a half years on an endless apology tour, an invasion of Iran is long past due and the United States should resume torture as soon as possible.

The problem is that most of that agenda is wildly unpopular with the majority of swing voters, who don't even want to be in Afghanistan for the gradual draw-down Obama is planning, let alone open up new opportunities for foreign adventurism.

Now, a nominee could have taken on the party on these issues and attempted to forge a new policy, but even if Romney was interested in that (and there's not much that suggests he's not right there with the yahoos on this

stuff), he's spectacularly ill-suited to do so. After all, foreign policy is the one area where he doesn't have a long trail of past policy views that were contrary to party orthodoxy. A Tim Pawlenty or a Rick Perry might have done it, if so inclined; for Romney, foreign policy is a rare area to fight suspicions that he's more RINO than trustworthy nominee.

So, what's left? Well, vague slogans about resolve and toughness are always fairly safe. The trick, however, is to mouth the slogans without committing to anything that reminds people of why they don't like Republicans on foreign policy and national security these days. Well, that and an absolute, firm, solid belief that everything that Barack Obama has done should be considered 100 percent wrong.

What all this means is that when Romney's initial comments were poorly received, he had no policy to fall back on. There's no coherent Romney policy on Egypt, on Libya or on the Arab Spring, in general.

What could he do? Spend more time fighting the impression that he spoke rashly? That's a loser. Retreat and acknowledge that his critics were correct? Unlikely for any candidate in a campaign; impossible for a Republican in this Tea Party era. Again, a candidate with well-developed policy proposals could fall back on those, leaving the impression that he was a candidate of considerable substance, notwithstanding the earlier intemperate remarks. That's not going to work, however, if you don't have anything to say on the issues.

And so the best retreat available was to attack the press. Sure, it made no sense. But Republican activists and voters love media-bashing, so they weren't going to notice how absurd it was. The GOP-aligned media, meanwhile, could back off the uncomfortable choice of either ripping on their nominee (sort of defeats the purpose of having a partisan press) or defending a statement that basically accused the President of the United States of being anti-American. Well, maybe not uncomfortable for everyone at Fox News and conservative talk radio, but uncomfortable for enough of them that it was getting ugly for Romney. Shift the ground to the liberal press, however, and every Republican is on the same page.

Granted, that still doesn't leave much for undecided voters, who are likely (if they're paying attention) to find media-bashing more whiny than courageous. But you can't have it all.

20120915-06	19:54	SandyI	Re: "Mitt Turns Mean" (reply to SteveB, above)
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Love it!!

20120916-04	19:27	SteveB	How 'Starve the beast' Works & "Mitt Romney's Confession"
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I think this article is significant (how R0mney's tax plan isn't), but I found one of the comments to be profoundly interesting. It's a discussion of the true Republican strategy—know as "STARVE THE BEAST". Now you know why the Right doesn't want to talk about specifics, except when it comes to abortion, etc., where the dire truth is already widely known. The R0mney campaign insists they want to talk about economics, but believe me, they don't! That's why there are no specifics that can stand against a Third Grader with a calculator.

America is in grave danger!

Comment (Philip J Tramdack, Trinity University):

There is no magic arithmetic involved here, and the discussion really is about the wrong thing. **Ten years ago I heard Grover Norquist on the radio patiently explaining how "starve the beast" works.**

1. Cut taxes to levels where the current spending is unsustainable.
2. Cry poverty and do away with welfare, Medicaid, Medicare, and Social Security.

Along the way, Norquist did suggest that, as the ends justify the means, the truth or dishonesty of the premise or the arguments is irrelevant. In other words, Mittens is advancing a patently unachievable plan (growth will make up the difference) in bad faith, knowing full well what he advocates has been tried and failed. He couldn't care less if his plan will work-- thus the lack of details. This has nothing to do with arithmetic: it has to do with the fundamental motivation of the current GOP cultists which is to destroy the government except to sustain a tractable judiciary, and immense war making power. The judges can be bought and there are plenty of rural youth lacking any other options to fight endless wars.

"Mitt Romney's Confession" by *The Washington Post* Editorial Board

Sept. 15, 2012, (http://www.washingtonpost.com/opinions/mitt-romneys-confession/2012/09/15/863d2c14-febf-11e1-b153-218509a954e1_print.html)

For several weeks, we've been asking Republican presidential nominee Mitt Romney to explain how he can cut taxes, as promised, without adding to the nation's debt, as also promised. Now he's effectively let the cat out of the bag: He can't.

Mr. Romney's tax plan calls for reducing income tax rates by 20 percent. The top bracket would go from 35 percent to 28 percent. He has said that he can do this in a revenue-neutral way by eliminating loopholes. While the rich might pay more, he has said, the middle class would pay less.

There are a couple of pitfalls here. The first is that while closing loopholes sounds good — Make those oil companies pay! — the costliest ones are cherished by most Americans. These are tax provisions that promote home ownership, charitable giving, and employer-provided health care and that allow taxpayers to deduct their state and local income taxes. Limiting or eliminating these popular "loopholes" would be extremely difficult.

The second obstacle, as shown by the Tax Policy Center, a joint venture of the Brookings Institution and the Urban Institute, is that Mr. Romney's plan is mathematically impossible, even if it were politically feasible. Take away every deduction from every wealthy household, the center calculated, and you still couldn't make up the revenue the government would lose by reducing rates without raising taxes on middle-class households.

Not so, Mr. Romney protested recently, and cited an analysis by Harvard economist Martin Feldstein, a Romney campaign adviser. Mr. Feldstein said the math could work — if you took away every deduction from every household earning \$100,000 or more. (Even then, he couldn't pay for the estate tax abolition that Mr. Romney also favors, but never mind.) Is that what Mr. Romney has in mind, we asked? If not, what is his plan?

On Friday, ABC's George Stephanopoulos put the question to the candidate. "No, middle income is \$200,000 to \$250,000 and less," Mr. Romney replied.

But then, the Harvard study shows, the math can't work. His answer? "The biggest source of getting the country to a balanced budget is not by raising taxes or by cutting spending," he said. "It's by encouraging the growth of the economy."

In other words, we are back to counting on magic — to "dynamic scoring," the voodoo economics of the Reagan era, the wishful thinking of President George W. Bush's 2001 and 2003 tax cuts that helped turn a surplus into the deficit now weighing the nation's economy. Cut taxes and hope the economy grows faster than predicted.

At a time when the nation is already on course to build up a debt so large that interest payments alone will begin to drown us, Mr. Romney wants to reduce taxes further, with — it now appears — no plan to make up the difference. It almost takes your breath away.

20120914-04

12:12

SteveG &
MarthaH

"Kansas Considers Removing Obama from Ballot"

"Kansas Considers Removing Obama from Ballot" by Catalina Camia, *USA Today*

Sept. 14, 2012, (<http://content.usatoday.com/communities/onpolitics/post/2012/09/14/obama-birth-certificate-kansas-ballot/70000327/1#.UFNXRduF9PE>)

A GOP-controlled board in Kansas is trying to decide whether to remove President Obama from the state ballot over objections about his birth certificate.

The State Objections Board -- consisting of three of the state's top Republican elected officials -- ruled Thursday it did not yet have enough information and postponed a decision until Monday.

"I don't think it's a frivolous objection," Kansas Secretary of State Kris Kobach told the Topeka Capital-Journal. "I do think the factual record could be supplemented."

Obama has long battled questions about the authenticity of his birth certificate and the legitimacy of his presidency. He released his long-form birth certificate in April 2011, which shows he was born in Hawaii. At the time, Obama said he was trying to end the "silliness" that has been sparked by people known as "birthers" who doubt he was born in the United States.

Kobach is an informal adviser to GOP presidential nominee Mitt Romney, who has said repeatedly that he believes Obama was born in the United States. The state attorney general and lieutenant governor are also on the Kansas Objections Board.

It would be huge blow if Obama is removed from the ballot in Kansas. His mother, Stanley Ann Dunham, was born there as were his grandparents, Stanley and Madelyn Dunham, who helped raised him.

Earlier this year, Arizona Secretary of State Ken Bennett also considered removing Obama from his state ballot but backed down after receiving information from Hawaii "that proves Obama's American birth."

20120914-05 12:16 SteveG "White Supremacists to Gather in Tennessee"
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"White Supremacists to Gather in Tennessee" by Anita Wadhvani, Nashville Tennessean

Sept. 14, 2012, (<http://www.usatoday.com/news/nation/story/2012/09/13/white-supremacists-to-gather-in-tenn/57779764/1>)

A Caucasian heritage and \$75 are the price of entry into this weekend's international conference for white supremacists in East Tennessee organized by Stormfront, the oldest website devoted to the "white pride, white power" movement.

Like a Facebook for white supremacists, Stormfront is the virtual gathering space for like-minded people to meet, post and respond to messages, tell jokes and offer political commentary in a variety of labeled discussion groups that range from "fighting white genocide" to poetry.

The Tennessee conference represents a rare offline gathering for Stormfront members. The two-day agenda includes a luncheon and workshops on immigration, political organizing and communications by some of the movement's best-known contemporary leaders.

"This will be a national conference, drawing people from around the United States and Canada," said Mark Pitcavage, director of investigative research for the Anti-Defamation League, which monitors hate groups. But the 150-mile radius surrounding the meeting includes concentrations of active supremacist groups most likely to attend, he said.

Former presidential candidate David Duke will lead "an informal nature walk through the Smokies" on Day 2 of the conference, which begins Saturday. Duke is the former Grand Wizard of the Ku Klux Klan and Louisiana lawmaker. The conference is limited to 150 people, but it's unclear how many will attend.

More than 30 white supremacist organizations operate in Tennessee, representing the five strains of supremacists, according to the Anti-Defamation League. They are neo-Nazis, racist skinheads, "traditional" movements like the Ku Klux Klan, racist prison gangs and "Christian identity" groups that espouse the belief that God favors white people.

Paul Fromm, a Canadian resident who broadcasts his own online radio show from Ontario via the Stormfront site, is coming to the conference to give a presentation about the perils of immigration in North America.

"Basically if the present trends continue, the founding set of people will be a minority in America in 2041," Fromm said.

[20120914-06](#) 13:03 SteveB Fw: CREDO Action Petition: Don't Let Republicans Steal the Election!

from CREDO Action:



Ohio has emerged as the latest front in the Republican scheme to derail democracy by disenfranchising millions of eligible voters. Ohio Secretary of State Jon Husted, a Republican, in a blatant partisan move to steal the election for Mitt Romney, is trying to put an end to early weekend voting before Election Day. This change in Ohio election practices specifically impacts minority and low income voters.

It's not just Ohio. It's also Florida and Pennsylvania. (On a rare positive note, facing pressure from CREDO Action members and others, Republicans have backed off from their voter purging efforts in Colorado.)

Tell the Senate Judiciary Committee: Hold emergency hearings on Republicans' schemes to steal the presidential election in key battleground states. The petition reads:

Immediately suspend and investigate Secretary of State Scott Gessler's efforts to purge eligible citizens from the voter rolls in Colorado.

Earlier this summer, CREDO Action members signed over 87,000 petitions and made over 1,600 phone calls urging Senator Patrick Leahy, the Chairman of the Senate Judiciary Committee, to hold Congressional hearings on brazen Republican efforts to steal the 2012 presidential election in other key battle ground states like Florida and Pennsylvania. With Republicans showing no sign of slowing down their tenacious efforts to steal the election, we're escalating our call for Senator Leahy to hold hearings to investigate the GOP effort to suppress the votes of millions of voters in key battleground states across the country.

A prominent Ohio Republican state official has already openly admitted that Husted's efforts to shut down weekend voting would result in African Americans voters having a more difficult time voting. A federal district judge struck down Husted's effort to restrict early voting during the three days before the election, and after initially resisting that court order Husted backed down for the time being, pending appeal in higher court.

But the crisis is not over. The U.S. Court of Appeals for the Sixth Circuit that will be reviewing the district court decision to strike down Husted's efforts to restrict early voting is "a Republican-leaning court with a history of partisan decisions benefiting the Republican Party."

The situation in Ohio is crucial given its recent history in Presidential elections. In 2004 hundreds of thousands of predominantly minority and Democratic voters were disenfranchised on Election Day due to massive lines and "widespread electoral dysfunction." As Ari Berman reported in the *Nation*:

According to one survey, 174,000 Ohioans, 3 percent of the electorate, left their polling place without voting because of the interminable wait. (Bush won the state by only 118,000 votes).

In response to the mess on Election Day in 2004, Ohio reformed its electoral process by adding early voting before Election Day, leading to a "much smoother experience" in 2008.⁸ The opportunity to vote early led to record turnout for African American and low income voters.

Now the Republicans in Ohio are working to disenfranchise thousands of those voters in racially diverse urban centers such as Columbus, Cincinnati and Cleveland. The restriction on weekend voting is specifically aimed at disrupting minority voters — for example, African-American churches historically rally their congregants to the voting booth on the Sunday before the election.

The Republican elections officials in Ohio, along with their counterparts in Florida and Pennsylvania, should be trying to help more eligible voters participate in the democratic process, not disenfranchise minorities and the poor.

With Congress returning from summer recess this week, Senator Leahy needs to get the message from as many Americans as possible that it's not okay for Republican elections officials in Florida, Pennsylvania, and Ohio — or any other state — to engage in systematic effort to disenfranchise U.S. citizens for the explicit purpose of swinging the election to Republican Mitt Romney in November.

Let's keep the pressure on Senator Leahy to hold a public hearing on the GOP war on voting today. Tell the Senate Judiciary Committee: Hold emergency hearings on Republicans' schemes to steal the presidential election in key battleground states.

Click below to automatically sign the petition:

http://www.credoaction.com/campaign/holder_colorado_voterpurge/?rc=homepage.

Thank you for standing up for the right to vote. Murshed Zaheed, Deputy Political Director

20120914-07	13:20	SteveB	Ultraviolet Petition: Tell Hobby Lobby to Stay Out of Women's Vaginas!
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from Ultraviolet:

Hobby Lobby, a major arts and crafts retailer founded by evangelical Christians, just announced that it's suing the government over certain women's health provisions of the Affordable Care Act--mainly, they don't want to have to provide their employees with insurance coverage for some forms of birth control, like IUDs or the morning after pill.

If they win, the result could be devastating for women. Hobby Lobby itself has 13,000 employees in 41 states—but the bigger problem is the precedent a win would set. All women deserve access to affordable birth control and it's a woman's personal, medical decision about which form is right for her.

We've got to speak up. Hobby Lobby is a business like any other, and depends on its customers and good public relations to be successful. If enough of us speak out and show Hobby Lobby's Chief Executive David Green that the public is outraged by this move, we can force them to back off, and it will make other companies less likely to try the same thing. We're launching a petition to tell David Green to drop the lawsuit--or we'll tell our friends to stop shopping at Hobby Lobby.

US companies can't flout the law just because they don't like it. What's more, this would give the radical right one more opening to degrade women's rights and access to reproductive health care--a very dangerous opening.

It's pretty disturbing to think what could happen if Hobby Lobby wins this lawsuit. Big corporations and small businesses are run by all sorts of people in our country, many religious, many not. Allowing company management to impose their beliefs on employees is just plain un-American, and pretty scary.

Birth control coverage is hugely popular all over this country. And if Hobby Lobby gets enough public pressure, it could really damage their brand, cost them customers and force them to back off this ridiculous lawsuit.

Hobby Lobby has just filed its lawsuit. So we've got to speak out right away. And the more of us that do, the stronger the message we'll send to other companies who're thinking of following Hobby Lobby's lead.

Sign the petition to Hobby Lobby's CEO David Green:

<http://act.weareultraviolet.org/sign/hobbylobby/>.

Thanks for speaking out, Nita, Shaunna and Kat, the Ultraviolet team

20120914-08	13:33	SteveB	"Close the Mortgage-Deduction Loophole"
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"Close the Mortgage-Deduction Loophole" by Froma Harrop, NationofChange

Sept. 14, 2012, (<http://www.nationofchange.org/close-mortgage-deduction-loophole-1347631326>)

Letting homeowners deduct interest paid on their mortgages from taxable income makes no sense. It encourages taking on more debt, discriminates against renters, subsidizes one kind of spending over others and favors the upper incomes. It advances the questionable public goal of making more Americans into homeowners. And it costs the Treasury about \$100 billion a year.

Although the mortgage-interest deduction is bad policy on numerous fronts, neither party seems keen to take it on. The real-estate industry portrays any cross-eyed look at the loophole as a frontal assault on the American Dream.

To their credit, Republicans baby-stepped in the right direction by trying to drop their usual support for the mortgage-interest deduction from their party platform. Candidate Mitt Romney has called for revenue-neutral tax reform that would lower federal income-tax rates while getting rid of loopholes — what is called "broadening the tax base." (He refuses to be specific on which ones he'd close.) By leaving out mention of the mortgage deduction, the platform would push the message along.

No sooner was that thought on paper than the real-estate industry went to work on the Republican Party. In its place was put a pledge to protect the mortgage deduction if tax reform doesn't happen. Still, progress.

Why offer a tax break for buying one product and few others? If you take out an auto loan, the interest you pay cannot be deducted from taxable income. If you buy a sofa on the installment plan, same no-deal. If you charge airline tickets on your credit card, again, the interest on your unpaid balance is not deductible.

The social-policy argument for the mortgage deduction is that it helps Americans buy homes, and that homeownership stabilizes communities. The first part is debatable. Canada does not allow for a mortgage-interest deduction, and its rate of home owning matches ours.

What we see here is social engineering gone haywire. The federal government should not care whether you buy or rent your residence. Because lower-income people are more likely to rent, they are left out. Because higher-income people are more likely to have bigger houses with bigger mortgages, they benefit disproportionately. Meanwhile, the deduction is useless to those who don't itemize, which is most taxpayers.

This incentive to buy real estate helped inflate the housing bubble. Sold as a tax haven, the deduction propelled ordinary folks to take out bigger mortgages than they should have. And their ability to borrow more let them bid up house prices to absurd levels. When the bubble splattered, and house prices plunged, many buyers found themselves owing more on their home than the place was worth. How stable is a neighborhood full of foreclosed properties?

Here is a plan for getting rid of the mortgage-interest deduction. It would harm neither the currently fragile housing market nor the political career of any candidate with a modicum of guts:

Phase out the deduction very gradually. If house shoppers know that a full deduction for mortgage interest is available for only a few years, that might boost house sales now. There's already a \$1.1 million ceiling on the size of mortgages whose interest can be deducted. Over time, further limit the deduction's value.

The housing industry will undoubtedly go through the roof, hollering that war has been declared on a rare (and much exaggerated) middle-class tax benefit. But closing this loophole could win wider backing if most mortgage holders are convinced that the value of the deduction they are losing would be offset by lower income-tax rates. You never know. Some day our political leadership may summon the courage to do the rational thing and treat real estate like any other possession.

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[20120915-01](#) 05:46 SteveB

"Location, Libation, Libation: A Tale of Two Quintessential Argentine Beverages: Wine & Yerba Mate"

We also drink a lot of mate (pronounced, or even spelled, "maté") here in Bolivia... but we're very Christian, so we would never touch the wine. ;-) Along with chewing the coca leaves, the mate is very stimulating, they say.

"Location, Libation, Libation" by Christine Folch, Slate

Sept. 10, 2012,

(http://www.slate.com/articles/life/drink/2012/09/argentine_wine_and_yerba_mate_a_history_of_the_two_quintessential_beverages_of_argentina_.html)

(A tale of two quintessential Argentine beverages: wine and yerba mate.)



Yerba mate (left), and malbec (right)

(Yerba mate photo by Ramzi Haidar/AFP/Getty Images. Wine photo by Ed Yourdon.)

In 1964, Argentine writer Jorge Luis Borges wrote the sonnet “To Wine,” which celebrated the wondrous qualities of the drink. “Wine,” the poem proclaimed,

flows red along the great length of generations
like the river of time and on the arduous road
bestows on us its music, its fire, and its lions.

Americans know what he was talking about—we’re crazy about Argentine wines. Malbec has become a standard feature of tasting menus and cocktail parties in the United States, as has, to a lesser degree, the white wine *torrontés*. Both varietals appeal to our palates without doing too much damage to our wallets.

Lesser known in America is yerba mate, which, along with wine, slakes thirsts, alters minds, and orchestrates the rituals of everyday Argentine life. Mate (which rhymes with “latte” and is sometimes spelled “maté”) is a tea-like caffeinated infusion that outsells coffee and tea combined in Argentina, Paraguay, Uruguay, and southern Brazil. It’s brewed and served in virtually every home in Argentina. And it was important to Borges, too—in an interview at the end of his life, he reflected, “I drank a lot of mate when I was young. Drinking mate was, for me, the way to feel like a creole of old.”

Borges wasn’t the only fan of both wine and yerba mate—in fact, it’s hard to imagine life in Argentina without both. But just as the simple dish of spaghetti and red sauce actually contains the history of European, Asian, and American interactions (the tomato was a New World plant, introduced into Europe centuries—perhaps millennia—after Italians began eating pasta), the two daily beverages of Argentina shed light on a complicated past. Even the names of the beverages hint at their backstory: The word *mate* comes from a native language spoken in the Andes; *wine* (or *vino*) has Indo-European roots. The story of how mate and wine became the reigning beverages of Argentina is a story of geography, immigration, and taste.

The tale begins in the earliest days of Europe’s colonization of the Americas. Starting with Christopher Columbus, wine grapes accompanied Europeans to the New World because of their role in the Roman Catholic sacrament of the Eucharist—without wine, you couldn’t have Mass. The plant didn’t fare well in the hot and humid Caribbean, but in the dry slopes of the Andes, warmed by ample sunlight and watered by the frigid runoff from snow-capped mountains, *vitis vinifera* flourished.

The first wine grapes planted in Argentina—humble Spanish whites like the moscatel and the hybrid *torrontés*—were brought by a priest, Juan Cedrón, in the 1550s. The task of winemaking fell to inexperienced colonists, and their product was largely eschewed in favor of stronger spirits by indigenous locals. But the wine sufficed as fodder for Holy Communion.

Meanwhile, conquistadors were also eager to discover new foods and drugs in the New World. (Can we even imagine not knowing about chocolate, vanilla, tobacco, potatoes, or chilies [I’d have to add tomatoes and peanuts here—SteveB]? All were New World plants.) When 16th-century Spanish explorers worked their way westward across the continent, they found that indigenous groups like the Guaraní steeped or chewed the leaves of a local tree, *Ilex paraguariensis*, for a jolt of energy. The locals called the stimulant *ca’á*, which means *plant* in the Guaraní language; the Spanish followed their lead and called it *plant*, too: *hierba*, or the older Spanish form, *yerba*.

The Europeans quickly got into the habit. To properly drink mate, a gourd (called a *mati* in the Quechua language [Much spoken in Bolivia. –SteveB]) is packed to the brim with smoke-dried leaves and stems, filled with warm (not boiling) water, and then passed from one person to another. Each participant drains the gourd through the same perforated straw, which the Spanish dubbed a *bombilla*. The colonists enjoyed the ritual and the beverage so much that they began trading the leaves throughout the Southern Hemisphere. (The Paraná River basin lacked the spectacular mineral wealth of Mexico and Peru, which meant that the colonists had little else to trade besides mate.)

Over the next few centuries, yerba mate was adopted by the rough cattle-rustling *gauchos*—ethnically mixed descendents of early European settlers and indigenous groups who lived on the broad Pampas plains of the

Southern Cone. They continued the Guaraní custom of sharing the same gourd and bombilla, a ritual that continues today. Though the shared *bombilla* violated "proper" (read: European) notions of hygiene, locals reveled in the intimacy it produced between drinkers. Sharing mate was a way of building community and connection. But mate wasn't the only drink passed around the circle by the *gauchos*. They were known for their appreciation of low-grade, locally produced wine.

Starting in the 19th century, the *gauchos* were replaced by a new wave of immigrants as hundreds of Italian, French, German, Spanish, and other European settlers disembarked daily at the bustling port cities of Argentina. These new groups were farmers or urban artisans who had fallen on hard times in Europe and hoped for a fresh start in the New World. Prior to scattering throughout the country, the new arrivals spent days, even weeks, in immigrant "hotels" in Buenos Aires (the Hotel de la Rotonda and Hotel de Inmigrantes are perhaps the best known) while they looked for work. Every morning for breakfast, these hotels served the immigrants coffee, bread, and their first tastes of yerba mate.

Like immigrants everywhere, the new arrivals followed in the footsteps of family members and friends, settling throughout Argentina. A cluster of German, Polish, and Eastern European families moved into the northeastern frontier—the hottest part of the country, where the yerba mate tree thrives. With a mixture of ingenuity, desperation, and mill technology, they modernized yerba mate agriculture. The much more numerous Italian and Spanish immigrants dispersed throughout the country, but a few key families settled on the eastern slopes of the Andes. They found employ in a small but bustling wine industry to meet the growing demand for the beverage.

A French oenologist, Michel Aimé Pouget, was hired by his good friend (and the future Argentine president) Domingo Sarmiento to replace local grapes and kick-start the Argentine wine industry in the 1850s. Among the many new vines he introduced from France—cabernet, merlot, pinot, sémillon—Pouget brought the malbec variety in 1853 (an event celebrated annually on April 17, Malbec World Day). For immigrants separated from the Old World by an ocean of economic hardship, winemaking was a way of recreating a bit of home in the New World. Small bodegas (wineries) cropped up along river valleys in Mendoza, San Juan, La Rioja, and Catamarca, supplying the national market with the varieties that took to the microclimates of the region. While mate was associated with moments of repose, wine came to be viewed as the proper accompaniment to family meals, a happy, social beverage that went with asados of grilled meats or dinners of pasta.

Just as winemaking was a way for immigrants to bring a taste of the Old World to their adopted country, drinking mate was a way of feeling more at home in the New World. Acquiring a taste for the bitter stimulant marked the transformation of immigrants into Argentines—a change even celebrated in the arts. In 1857, a Spanish immigrant named Santiago Ramos performed the very first tango written in Argentina, called "*Tomá mate, che*" (or "Drink mate"). The lines he sang were:

Drink mate, drink mate, my friend, because here in the River Plate, chocolate isn't the style. (Hot chocolate was widely popular in Spain.)

Ironically, even as Argentinians embraced mate, they became more ambivalent about Argentina's wines. An aspiration toward Europeaness so deeply characterized winemaking in Argentina that, in the 1970s and 1980s, producers uprooted acres of malbec. The dark red grape was considered barely suitable for blends in France but not worthy enough to stand on its own, as it did in Argentina. Luckily, this trend turned around in the 1990s thanks to a few stubborn winemakers in Mendoza who insisted that Argentine terroir and the varieties that thrived there were on par with whatever France or California might produce. The international market agreed.

The daily interplay between mate and wine, between an infusion that imparts vigor and a fermentation that lowers inhibitions, is part of a long and storied tradition of better living through psychotropics. Today, if you visit Argentina, you'll see locals drinking the two beverages, and you'll find both stocked in ordinary grocery stores. You can take "wine trail" and "mate trail" tours that weave through orchards, vineyards, and the cultural resonances of the two drinks.

From the very start, Argentines have celebrated mate for its authenticity, even if outsiders considered it unrefined. For much of its history, winemaking in Argentina struggled with an inferiority complex so severe it nearly eradicated

what we now recognize as the country's most important contributions—grapes like malbec and torrонтés. But wine, like mate, is at its best when the local palate and product are taken seriously. Cheers to that.

20120915-02	18:20	SteveB	"Conservatives Killed the Liberal Arts"
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This goes along with the question I was asking yesterday about whether Education has been targeted by the Right in ways we need to fight. After all, ignorant people are easily manipulated with media lies...duh!

"Conservatives Killed the Liberal Arts" by Katie Billotte, Salon

Sept. 14, 2012, (http://www.salon.com/2012/09/14/conservatives_killed_the_liberal_arts/)

(Destroying the humanities -- and the notion of informed citizenship -- is part of the conservative agenda.)

This week in *The Weekly Standard* the essayist Joseph Epstein asks what has become a sadly common question: "Who killed the liberal arts?" As a perennially overeager student, I can't help but be delighted when I know the answer to a question, even if it is posed rhetorically. From my days as my high school's valedictorian through the completion of a Ph.D. thesis on contemporary productions of Greek tragedy in Latin America, I've always gotten a thrill from knowing the right answer. So here it is: **The conservative movement killed the liberal arts — Ronald Reagan, Rupert Murdoch, William F. Buckley and their latter-day heirs.**

They have done so through a combination of decreasing access to education and demonizing academic culture and academics. Make no mistake about it: The death of the humanities is an ideologically motivated murder, more like a massacre. The decline of student enrollment in university and college liberal arts programs is a well-documented phenomenon. These declining student numbers, along with the receding place of the humanities in the general secondary and post-secondary curriculum, does seem to spell doom for the liberal arts.

Nearly everyone, regardless of their politics, agrees that the decline of the liberal arts is at least in part a matter of economics. The rising cost of college education has made a liberal arts education simply out of reach for students from working-class and lower-middle-class families. These students are compelled to pursue vocationally oriented educations out of necessity.

Epstein notes economics in his article, but fails to cite the reasons for the rising cost of a university education. Instead he focuses on an alleged decline in the rigor and content of a liberal arts education, harrumphing that much less is expected from students who receive much more attention and support than their predecessors. More interestingly, he blames the decline of standards in the humanities on teaching and research that is increasingly concerned with theoretical analysis and multicultural topics. (More on that later.)

The economic situation is particularly dire for public colleges and universities, where the rising cost of tuition is directly related to a decrease in government funding. One of the earliest and most famous examples of this occurred when, as governor, Ronald Regan introduced tuition fees to California's public universities in the 1970s. Today right-wing efforts to destroy funding for higher education, both in terms of subsidizing institutions and assisting students, continue with increasing virulence. Paul Ryan's budget seeks to cut \$200 billion dollars from the Pell Grant program, an essential tool for low-income students seeking higher education. The humanities disproportionately experience the adverse effects of this economic pressure. Students are unlikely to take on large amounts of debt for a degree without a clear vocational focus, and university administrators are quick to cut programs that do not carry their weight.

This financial war on higher education has been coupled with persistent attacks on the academy and academics as immortal, unpatriotic or simply frivolous. While scientists warning of climate change have recently been targeted, for the most part these attacks have been directed at those working in the humanities. William F. Buckley pioneered these attacks in his 1951 book *God and Man at Yale*, and his claim that universities serve as indoctrination camps for liberalism has become a standard talking point on the right. Epstein engages in a bit of this rhetoric himself. He blames the expansion of the humanities outside of "traditional" Western subjects to include areas such as African-

American Studies for declining student numbers. By and large, however, Epstein's critique is mild compared to what others have said. David Horowitz's 2006 book *The Professors: The 101 Most Dangerous Academics in America* comes to mind as a particularly vitriolic example.

This war on the liberal arts is born from the same desire that produces voter ID laws: a desire to limit democratic participation. The goal of a liberal arts education was never primarily direct economic benefit for the recipient or even the sort of personal/spiritual development about which many like to wax lyrically. The purpose of a liberal arts education was always meant to be a political education. The Latin *ars liberalis* refers to the skills required of a free man — that is the skills of a citizen. The Latin word *ars* and its Greek equivalent *techne* do not mean art in a modern sense. Instead the word refers to a craft or a skill. Thus, history, rhetoric and literature were seen as the skills a citizen needed for his job: governing. This was just like metal working was the skill required of a blacksmith for his profession. This is why 19th century reformers eager to expand political participation concentrated so much attention on expanding access to the liberal arts.

When creating citizens, both for the nation and for the world, it is still through the liberal arts that you get the most bang for your buck. Nothing evidences this more than the expansion of the humanities over the past half-century, the very expansion Epstein and others attack. African-American Studies, postcolonial criticism and queer theory provide students with the tools they need to live and work competently and comfortably in an ever more diverse world. Most important, they help them to be citizens of that world. The ability of the humanities to expand and adapt is one of its assets. My 19th century Classicist forebears reacted with horror to the introduction of English as an academic subject, horror similar to what Ethnic Studies Departments often encounter today. Ultimately, however, the inclusion of the vernacular language helped to keep the liberal arts relevant and to fulfil their purpose of educating future citizens.

The importance of the humanities in educating citizens is why we have undoubtedly seen the consequences of the decline in of the liberal arts nowhere more than in the quality of the public debate. The disappearance of the liberal arts from American education has meant the disappearance of the liberal arts from American culture. Rupert Murdoch and his media empire have helped by creating a post-humanities *agora* where a degenerated shadow of the public debate occurs without the intellectual rigor that a populous trained in the liberal arts would demand. One need only spend a morning with the newspaper or an evening watching cable news to see the horrid effects. The quality of arguments that are regularly entertained would never stand a chance if the majority of the public had been thoroughly shaped by an education with a focus on history, rhetoric and basic geography. We might be able to spare ourselves from believing in Canadian death panels or anything Glenn Beck ever said.

We might also be spared much of the small-mindedness of our current public discourse. The complete absence of reference to any non-Biblical literature during both parties conventions demonstrates how little the humanities are part of Americans' language. St. Thomas Aquinas is reported to have said, "*hominem unius libri timeo*": "I fear the man of one book." I would add, "*populum unius libri timeo*." I fear the nation of one book — even if it's the Good Book. The fact that the Bible is the only book with which it can be safely assumed a majority of American adults are even vaguely familiar is not good if we want to have a full and vibrant public debate. For one thing, it allows our history to be re-written. It allows Americans to believe that the Founding Fathers were inspired solely by Judeo-Christian scripture without reference to the Greek and Romans (or English common law for that matter). It allows us to believe that marriage is static and unchanging institution that has come to us from Eden untouched by social and historical change. Most dangerously, it allows us to live in a democracy completely unaware of what a dangerous battle field history is for such governments, especially when those who are meant to be governing themselves lack the knowledge to do so effectively and thus abdicate their power to the richest or most powerful amongst them.

Education is a political act. For over half a century, the conservative movement has waged a political war on liberal arts education. They have waged this war because they know that without the skills we are provided by a liberal arts education citizens must abdicate our power. They know, like the Greeks and Romans did, that only those with the *ars liberalis* can do the job of citizens. That is why we must not allow the liberal arts to be further attacked, economically or ethically. A democracy without citizens will not long survive and citizens are only those who have mastered the *ars liberalis*.

(Katie Billotte is a writer and scholar living in Berlin. She studied Classics at the University of California, Berkeley and the University of London.)

[20120915-08](#) 14:25 Pam Re: "Conservatives Killed the Liberal Arts" (reply to SteveB, above)

I'd never thought of it this way, but now that I've read this, I can see how conservatives are indeed pushing progressives out of the way. Intellectuals have been "pointy-headed" for a long time, but "Professor" has become a pejorative term. Just listen to Scott Brown refer to Professor Warren at every turn. He knows full well what the use of "Professor" is telegraphing to his man in the street.

[20120915-09](#) 14:33 SteveG Re: "Conservatives Killed the Liberal Arts" (reply to SteveB, above)

The research of course goes against the death of liberal arts: <http://www.liberalarts.wabash.edu/>.

[20120915-10](#) 17:13 Art Re: "Conservatives Killed the Liberal Arts" (reply to SteveG, above)

One interesting little tidbit about a "general" education: During most of the 19th century the British sent young university graduates straight out of school with an education in the "classics" to run the British Empire. In places like India these young classic educated scholars in their 20's governed over provinces larger than most American States. Say what you want about colonialism, but the fact is, they did a pretty good job by almost all accounts. Teaching people to think, generally garners pretty good results/outcome.

[I agree, Art. The British sure weren't perfect, but the world is still full of testaments to what an amazingly good job they did in many really difficult parts of the world. A tribute to what a good education and British stoicism can do. – SteveB]

Remember too much of middle American universities had been the hotbeds of liberalism and outright communism where decent young people are led astray and down degenerate paths. Of course the same folks who love the tea party will love "reforming" universities.

[20120915-05](#) 19:32 SandyI Re: Cat Got Yer Tongue? (reply to all, FotM Newsletter #226)

I choose not to share my political views on FB. I find many of the comments on both sides of the aisle to be divisive and often demeaning of "the other side". If we can not reason together and have a civil election, how will we have civility when the election is over and work together to solve this country's challenges - and there are many and it will take all of us to work to solve them. We can make a conscious decision to disagree without being disagreeable or being demeaning. Please, think before you post. The person whose intelligence you question might be a friend.

[20120915-07](#) 10:09 Charis Buy Bolivian & Andean Handcrafts

<http://www.boliviabella.com/buy-bolivian.html>

[Cool stuff from here for delivery there. –SteveB]

[20120915-11](#) 19:26 SteveG "Dirty Money: Cities & States Addicted to Soliciting for Corporate Favors"

Every state, county, city, town does it. Is it good, bad, or just is?

"Dirty Money: Cities and States Addicted to Soliciting for Corporate Favors" by Mike Alberti, Truthout

Sept. 15, 2012, (<http://truth-out.org/news/item/11552-dirty-money-cities-and-states-addicted-to-soliciting-for-corporate-favors>)

When executives from the European aircraft manufacturer Airbus announced their plans to build a new \$600 million factory in Mobile, Alabama in early July, local politicians wasted no time in congratulating themselves. "We have worked a long time and have put in many hours to make this announcement a reality," Alabama Governor Robert Bentley said in a press release. "This project will create thousands of well-paying jobs that the people of this area need and deserve."

Airbus wasn't coming to Mobile for free: state and local officials had offered the company an incentive package worth more than \$158 million for the plant. To some experts, those subsidies — and the fact that Airbus will compete directly with U.S. companies like Boeing — made the deal disturbingly familiar.

"Airbus is eerily reminiscent of what began happening with the automotive companies in the 1980s," said Kenneth Thomas, a political scientist at the University of Missouri-St. Louis who has spent much of his career studying economic development incentives. "That's not really a happy story, so I see some reason to be worried."

Thomas was referring to the long-standing trend of Southern and Western states luring foreign automakers to build plants in their states. "Those plants were a big part of the reason for the decline of the Big Three," Thomas said, meaning Chrysler, Ford, and General Motors. He pointed to research showing that for all 20 of the new automotive plants that opened in the U.S. and Canada in the 1980s, there was a different plant that closed in another location. The jobs at the closed plants were overwhelmingly well-paying, union jobs; the jobs at the new locations were overwhelmingly lower-paying, non-union jobs. Many economists believe that this shift diminished the overall productivity of the U.S. automotive sector, as well.

In the process, the automakers have extracted huge sums from public coffers. Alabama set a new record when it paid \$300 million for a Mercedes plant in 1993, and nearly every transplant has received subsidies of some kind.

The experience of the auto industry is representative of the way in which companies pit states and local governments against one another to see which will come up with the largest subsidy package. This kind of "bidding war," which has escalated greatly in the last decade, has at best no net effect on national employment or economic growth, Thomas said, and may actually be harmful. Airbus, for example, almost certainly would have located somewhere in the United States, if not in Alabama, even without subsidies.

"We've just created a system where we pay them a lot of money to do something they would have done anyway," Thomas said.

Zero-sum?

Every state has at least one program through which it offers subsidies — most have several — and these types of subsidies are widely used by counties and municipalities, as well. The subsidies come in multiple forms, and are often not directed at a specific company, but at categories of companies that are grouped by geographic area, industry, or other criteria related to job-creation or investment.

Despite the huge amount of money that is widely believed to be spent on subsidies, the system is surprisingly opaque. No state provides full information on the value of its annual incentives, and data on local government incentives is even more sparse, with few reporting any data at all, making an accurate tally impossible.

The only comprehensive estimate of the full dollar amount comes from Thomas, who took available data from a few relatively transparent states and local governments and extrapolated from that data to yield a national estimate. He estimated that in 1996 the value of those subsidies was \$48 billion. In 2010, that total had grown to \$70 billion. Thomas readily acknowledges that the figure is conservative and that the total is likely higher, perhaps much higher.

For all the money spent, the majority of research on the economic impact of incentives has found that, at the national level, there is either no effect at all, or a modest negative effect.

Arthur Rolnick, a senior fellow at the Humphrey School of Public Affairs at the University of Minnesota and a former senior vice-president of the Federal Reserve Bank of Minneapolis, has been urging states to stop participating in bidding wars for decades. "It's at best a zero-sum game," he said. "The evidence is pretty clear that these incentives don't actually create jobs; they just move them from one part of the country to another."

In some cases, the incentives might play a part in an international companies decision to locate in the United States, Rolnick said, but more often than not the companies would have located somewhere in the country without any incentives, as Rolnick believes was the case with both Airbus and Mercedes.

"There might be a very small number of cases where the companies came here instead of going to Canada or Mexico," he said, "but companies don't just decide to move to a new country because some officials were offering them some money."

Subsidies as toxic to the national economy?

Mark Partridge, an economist at Ohio State University, agreed, and added that there is good evidence that even when foreign companies do locate in the United States, there is often a negative effect on domestic businesses, cancelling out much of the employment gains, as was the case with the foreign auto transplants.

And, especially as companies seek to lower their labor costs by locating in Southern states, Partridge said, the bidding wars may actually have negative consequences for the national economy as a whole. "If I offer incentives to move a BMW plant from Michigan, where the transportation network is the best and there are lots of well-trained workers, to South Carolina, where the infrastructure is not nearly as good but costs are cheaper," he said, "then that plant will probably have a lower productivity."

"The net cost to BMW might still be lower in South Carolina, but to society the cost is higher," Partridge concluded.

Local benefits exaggerated

Claims that subsidies to business help a locality spur economic growth and increase employment are grossly exaggerated, explained Peter Fisher, the research director of the Iowa Policy Project and one of the country's foremost experts on subsidies.

"What we know is that the vast majority of this investment would have happened even without a subsidy," Fisher said, so the job creation figures that states and local governments put out "are often misleading."

In a comprehensive review of the economic literature in 2004, Fisher and a colleague, Alan Peters of the University of Iowa, concluded that, at best, subsidies are responsible for about 10 percent of the jobs that are created by the businesses that receive them. The rest, he said, would have been generated anyway. A more recent review, in 2007, found that incentives can be slightly more effective if they are well-targeted, but that state and local officials often drastically overestimate their value while underestimating their cost.

Amid the few examples of success, every state has at least one horror story of a big subsidy deal that has gone bad or an incentive program that has not produced the desired results. Companies have taken large incentives only to close down or relocate a few years later. They have often misreported or overestimated the number of jobs created in an effort to increase the incentive amount.

Nonetheless, Many state and local elected officials remain undeterred. When asked to present empirical evidence to support their claims that their incentives have created jobs and been a net gain for their communities, however, few can readily do so.

Race to the bottom

Other state and local officials, by contrast, do seem aware of the dubiousness of the policy, but said that, when the practice is so widespread, they don't have the option to "unilaterally disarm."

In a 2008 interview with a local newspaper, Jim Byard Jr., who was then the mayor of Prattville, Alabama, was asked why the town was paying retail stores to locate there. "Offering incentives for retail growth is horrible public policy," he said. "But that is the world we live in. Other cities are trying to land these same stores, and we compete against one another." Byard is now the director of Alabama Department of Economic and Community Affairs.

Alan Levin, the director of the Delaware Economic Development Office, said that, in his ideal world, no states or local governments would offer subsidies. "I would love to be able to compete solely on the basis of our workforce, location, and quality of life," he said. "But when a company says this is how much money you need to put up to come to the table, it's hard to walk away from that all the time. You either play that way or you don't get to play at all."

Indeed, pitting one state against another to pressure both to increase their original incentive offers has become a cottage industry in itself. "Site location consultants," as they are generally known, have been a part of most of the largest incentive deals during the last two decades. Many are small firms dedicated solely to location consultants, but some larger consulting firms, such as Ernst and Young and Deloitte also have site-consulting branches. These consultants are retained by businesses not only to evaluate the appropriateness of a given location, but also to negotiate with state and local governments to squeeze out the maximum subsidy.

In his book, "The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation," the author Greg LeRoy cites an article written by a consultant for the prominent consulting firm Wadley-Donovan Group that describes the firm's tactics: Site location consultants "negotiate incentives for the new project in two or three finalist locations, preferably in different states," the consultant writes. "Generally speaking, [they should] spend the most time negotiating in the preferred location [and] use offers from the alternate areas for leverage."

Mark M. Sweeney, a co-founder of Macallum-Sweeney Consulting, another prominent firm, has written that incentives have come to be seen as "a normal part of business" and that they are now "an expected part of every location decision."

Wrong priorities?

According to Rolnick, whether officials truly believe that offering incentives is good policy or they feel that their hands are tied, the end result is the same: "Private companies have been able to extract more and more public dollars," he said.

"Think what states could do with \$70 billion right now," Thomas said. "That would be enough to hire back every employee that has been laid off during the recession. That isn't a zero-sum game. Those are real jobs that people don't have anymore."

"There are a lot of places now that don't have any economic development strategy at all except to look for some companies to throw money at," Rolnick added. "That's really a shame, because we know what does create net jobs, what they should be doing instead. Educating your kids creates jobs. Maintaining your roads and bridges and public universities creates jobs. And those are exactly the things that our elected officials are getting sidetracked from doing."

Peter Fisher of the Iowa Policy Project agreed. "This is truly a case of private gain at public loss," he said. "At a time when state budgets have huge holes in them, our infrastructure is deteriorated, we're laying off some public workers and cutting the pensions of others," the problem of states and localities wasting money on corporate subsidies "has hardly been a part of the conversation at all."

Personally, I'm tired of the lies. I think, in the mouths of politicians. Supporters, and the media, they can be extremely dangerous to democracy.

There are already some forms of "free speech" which are outlawed: shouting "Fire!" in a crowded movie theater (not on fire), slander, libel, plagiarism, falsification of documents, lying under oath, inciting to riot...

Even the Right wants to make some "free speech" illegal, like burning the flag.

I think we've seen a lot of evidence in Friends of the Middle that the lies are poisoning people's minds, even intelligent people's. Now, I'm a big defender of rights and especially the freedom of speech and of the press, but there must come a point when it is too much.

Shouldn't these fools at least be required to prove they aren't lying or stop telling the same lies? It's our democracy, not theirs!

R0mney and his team have spent the last few days complaining about that old Republican nemesis...the lamestream media. The Right feels ganged-up against, even by the Right. But doesn't there come a time when even the Washington 500 and most of the rest of us recognize the blatant lies and start calling a spade a spade? Can't it get so blantant that everyone knows?

Below are just two example of how this works, how blatant it is, and how much damage it can do to democracy.

The first quote is Mitt R0mney calling the President a liar without even the courtesy or logic of naming one little lie. I guess he couldn't name one or he would have. You will notice that when the Left and media call someone out for lying, they usually (always?) indicate the lie (see the previous article "Mitt Turns Mean," for example).

The second quote shows how the Right-wing media distorts, bends, and twists the truth into something useful to bash-in the minds of the unthinking. The headline makes a casual reader think the Libyan killers must be on the President's campaign team (well, at least as donors). Oops! More lies!

All this is what we're up against and I, for one, say the lies have to stop even if we must call-out every single little one, or even make them illegal. I think people used to have to decency not to tell so many whoppers, but not anymore.

The lies threaten to destroy democracy in America. I am truly becoming alarmed by them, and I feel that all American citizens should be too!

"Romney, Republicans Increase Attacks on Obama" by Tom Cohen, CNN

Sept. 14, 2012, (http://us.cnn.com/2012/09/14/politics/campaign-wrap/index.html?hpt=po_c2)

(WASHINGTON) Republicans led by presidential challenger Mitt Romney served up a heaping helping of political red meat on Friday, launching a salvo of attacks on President Barack Obama that called him a liar and a failed leader.

Romney told an interview broadcast on ABC that his biggest concern about the three upcoming presidential debates is that Obama will be untruthful.

"The president tends to, how shall I say it, to say things that aren't true," Romney said, contemplating whether he would spend debate time "correcting things that aren't quite accurate" or "talking about the things I want to talk about."

[Continue reading at CNN...](#)

"Anti-Islam Filmmaker Donated Million Dollars to Obama" by Paneocon, Drudge Report

Sept. 15, 2012, (<http://www.drudge.com/news/161001/anti-islam-filmmaker-donated-million-dollars>)

Even though "the movie" was on YouTube for months prior to the collective indignation of thousands of Middle Eastern Islamists all coming together on the eleventh anniversary of September 11th (through wild coincidence, no doubt), we are being told by our government and our media overlords that we must blame the movie.

But no one asks ... What about Bill Maher?

Bill Maher made a comedy/documentary called "Religulous" that's most famous for mercilessly mocking Christianity. But what people forget is that the last twenty-minutes or so of the film make a damning case against Islam.

Bill Maher made a film that mocked Islam.

Bill Maher also contributed \$1 million to a pro-Obama super PAC.

20120916-01	00:01	SteveG	Re: Shouldn't More Lies Be Illegal? (reply to SteveB, above)
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Did not the Supreme Court rule that contributing money for political purposes is free speech?

20120916-03	15:41	SteveB	Re: Shouldn't More Lies Be Illegal? (reply to SteveG, above)
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20120916-02	09:16	SteveB	"A Jaw-Dropping Explanation of How Governments Are Complicit in the Illegal Drug Trade"
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"A Jaw-Dropping Explanation of How Governments Are Complicit in the Illegal Drug Trade" by Lars Schall, AterNet

Sept. 10, 2012, (<http://www.alternet.org/drugs/jaw-dropping-explanation-how-governments-are-complicit-illegal-drug-trade>)

(The drug war is far, far more than just simply criminals at work, says scholar Oliver Villar.)

(Note: The following interview helps us understand the drug war from a dramatically different perspective than the one the corporate media paints. Instead the traditional portrayal of the war on drugs as a fight between law enforcement and illicit drug dealers, scholar Oliver Villar explains that the illegal drug trade is a tool of empire a means of "social control" as much as profit. Villar, a lecturer in politics at Charles Sturt University in Bathurst, Australia's insight is well worth the read.)

Lars Schall: What has been your main motivation to spend 10 years of your life to the subject of the drug trade?

Oliver Villar: The main motivation goes sometime back. I think it has to do firstly with my own experiences in growing up in working class suburbs in Sydney, Australia. It always has been an area that I found very curious and fascinating just to think about how rampant and persuasive drugs really are in our communities, and just by looking at it in more recent times how much worse the drug problem has become, not just in lower socio-economic areas, but everywhere.

But from then on, when I finally had the opportunity to do so, I actually undertook this as a PhD thesis. I spent my time carefully looking at firstly what was written on the drug trade, but as coming from Latin America, I was very interested in particular in the Latin American drug trade as well.

So I looked at the classic works such Alfred W McCoy's *Politics of Heroin*, Peter Dale Scott's *Cocaine Politics*, Douglas Valentine's *The Strength of the Wolf*, and works that related not just to the drug trade, but from various angles including political science perspectives to see what we know about drugs.

I found there were a lot of gaps missing, and there was a lot written on Asia, on Central America, particular from the 1980s, if you recall the Iran-Contra theme and scandal, but nothing really on where drugs actually come from. Eventually my research took me to Colombia, and in the Western hemisphere at least, cocaine became that subject of investigation. I looked at it from a political economy perspective, and so from there on you can kind of get an idea about some of the influences in my background in eventually taking that much time to do it.

LS: Does the drug trade work very differently than people usually assume?

OV: Well, yes. What do people usually assume? Well, it's a criminological subject of investigation, it's a crime approach, it's criminals, it's pretty much a Hollywood kind of spectacle where it becomes clear who the good and the bad guys are. But what I found, it's far more than just simply criminals at work.

What we do know, if you go back to the history of the global drug trade, which I did pursue, you find that states, not just individuals or criminals, were also part of the process of production and distribution. The most notorious example is the British colonial opium trade, where much of that process was happening in a very wide scale, where the British not only gained financially but also used it as a political form of social control and repression.

What did they do? In China they were able quite effectively to open up the market to British control. This is just one example. And from there on I looked at other great powers and the way they also somehow managed to use drugs as a political instrument, but also as a form of financial wealth, as you could say, or revenue to maintain and sustain their power. The great power of today I have to say is the United States, of course. These are some of the episodes and investigations that I have looked at in my new book.

LS: From my perspective as a financial journalist it is remarkable to see that you treat cocaine as just another capitalist commodity, like copper, soy beans or coffee, but then again as a uniquely imperial commodity.¹ Can you explain this approach, please?

OV: Again drawing upon past empires or great powers, it becomes an imperial commodity because it is primarily serving the interests of that imperial state. If we look at the United States for instance, it becomes an imperial commodity just as much as opium became a British imperial commodity in a way it related to the Chinese. It means the imperial state is there to gain from the wealth, the United States in this case, but it also means that it serves as a political instrument to harness and maintain a political economy which is favorable to imperial interests.

We had the "War on Drugs", for example. It is a way how an imperial power can intervene and also penetrate a society much like the British were able to do with China in many respects. So it is an imperial commodity because it does serve that profit mechanism, but it is also an instrument for social control and repression.

We see this continuity with examples where this takes place. And Colombia, I think, was the most outstanding and unique example which I have made into an investigative case study itself.

Another thing worth mentioning is what actually makes the largest sectors of global trade, what are they? It's oil, arms, and drugs - the difference being that because drugs are seen as an illegal product, economists don't study it as just another capitalist commodity - but it is a commodity. If you look at it from a market perspective, it works pretty much the same way as other commodities in the global financial system.

LS: Cocaine has become one more means for extracting surplus value on which to realize profits and thus accumulate capital. But isn't it the criminalized status of drugs that makes this whole business possible in the first place?

OV: We have to think about what would happen if it was decriminalized? It would actually be a bad thing if you were a drug lord or someone to a large extent gaining from the drug trade. What happens if it is criminalized is that you are able to gain wealth and profit from something that is very harmful to society. First of all, it will never be

politically acceptable for politicians to say: You know, we think that the war on drugs is failing, so we decriminalize it. That would be almost political suicide.

We know it is very harmful to society, and by keeping it criminalized it leaves a very grey area, not only in the studies and investigations that I've noticed on the drug trade, but it also leaves a very grey area in terms of how the state actually tackles the drug problem.

In many ways for law enforcement it allows a grey area in order to fight it. For instance, we can look for example at the financial center, which gains predominantly from it. But it also allows the criminal elements, which are so key to making it work, flourish.

And by not touching that, by largely ignoring the main criminal operation to take form and to operate, then what you are doing by criminalizing drugs is that you are actually stimulating that demand. So there is also that financial element to the whole issue as well. That's why this business is actually possible by that criminalized status.

LS: Do you think that those who were responsible to make cocaine or opium globally illegal were unaware that they were creating a very profitable business with that arrangement?

OV: If you are looking at the true pioneers who started much of the cocaine trade in South America, these were drug traffickers from places like Bolivia, which had a clear monopoly of coca production, and also at the people that formed the cartels in the 1980's like the Medellin cartel or the Cali cartel and other groups, I think they were not aware of the way things would eventually turn out.

But the other element, the state element, which made it part of their imperial interests to allow the drug trade to flourish, I think they perhaps had some sense - just looking at things in retrospective, of course - that this would be a very profitable business within that arrangement.

At the time of the 1980s in Latin America, it was pretty much seen as a means to fund operations, and at that time these were essentially counter-insurgency operations in the context of the Cold War. There was no real big ambition to say "We will create the drug trade because it is a very large business opportunity." I think it just became that because it was something that was of convenience - and that's exactly what we see now in how the banks operate today: it's of financial convenience, why get rid of it? Out of these historical patterns it has become what it has become, but for different reasons.

I don't think that even Pablo Escobar would have imagined just how enormous the global drug trade would become. They were largely driven by self-interests and their own profits. But then the state made it much bigger and made it into a regional institutionalized phenomenon that we see to this day. And we can see also how the state in parts of South America, like Bolivia with the 1980 Cocaine Coup as it was known, and also the rampant institutionalization of cocaine in Colombia, has become very much part of this arrangement.

But then again, it would not have been possible without the imperial hand of particular the United States and the intelligence agencies. There we have that imperial commodity and imperial connection as well. They didn't work alone, in all these criminal elements, of course, there was an imperial hand in much of all of this, but why it happened, I think, is the matter of debate.

LS: Catherine Austin Fitts, a former investment banker from Wall Street, shared this observation once with me:

Essentially, I would say the governments run the drug trade, but they're not the ultimate power, they're just one part, if you will, of managing the operations. Nobody can run a drug business, unless the banks will do their transactions and handle their money. If you want to understand who controls the drug trade in a place, you need to ask yourself who is it that has to accept to manage the transactions and to manage the capital, and that will lead you to the answer who's in control.²

What are your thoughts on this essential equation?

OV: Going back to my emphasis on the state, coming from a political science background, this is what some criminologists would say, that this is state-organized crime, and the emphasis is the state. And again if we go back to the global history of the drug trade, this isn't something new. If we look at piracy, for example, that was another form of state-organized crime sanctioned by the state because it served very similar means as the drug capital of today serves as well.

So yes, the state is very much involved in managing it but it cannot do it alone. You have the US Drug Enforcement Administration, for example, which is officially the law enforcement department of the US state in charge of combating the drugs; and you also have other intelligence agencies like the CIA [Central Intelligence Agency] that are involved in fighting drugs, but also, as I have seen in my studies, actually allowing much of the drug and financial operations to continue.

We saw recently similar things unfolding in Mexico with the operation "Fast and Furious", where CIA arms were making their way to drug cartels in Mexico. We can draw our own conclusions, but what we do know is that the state is central to understanding these operations, involving governments, their agencies, and banks fulfilling a role.

LS: How does the money laundering work and where does the money primarily go to?

OV: We know that the estimated value of the global drug trade - and this is also debated by analysts - is worth something between US \$300 billion to \$500 billion a year. Half of that, something between \$250-\$300 billion and over actually goes to the United States. So what does this say if you use that imperial political economy approach I've talked about? It means that the imperial center, the financial center, is getting the most, and so it is in no interest for any great power (or state) to stop this if great amounts of the profits are flowing to the imperial center.

What I find very interesting and very valuable are the contemporary events that are unfolding right now, the reports that even come out in the mainstream media about Citigroup and other very well-known money laundering banks being caught out laundering drug money for drug traffickers across South America and in Mexico as well, as the so-called war on drugs is unfolding.

The global financial crisis is another example, because the United Nations Office on Drugs and Crime came out and said it was thanks to the global drug trade that the financial system was kept afloat, where all this money was being pumped in from were from key imperial financial centers like New York, like London and Switzerland, and so on. In this case, money laundering is simply beyond again that criminology framework; it does involve that imperial state perspective, and I think that's the way it remains because of these benefits.

LS: Do you think that "lax policies" are responsible for the fact that large multi-national banks are laundering drug profits?³

OV: If you think again about the criminalized status of drugs, it's criminalized in society, but when it comes to the economic and financial sector, which should be criminalized, it is actually decriminalized. So we have some kind of contradiction and paradox where it would be great if it would be criminalized, but when it comes to the financial sector, it is actually fine - it's lax, it's unregulated, and we know that the US Federal Reserve, for example, can monitor any deposit over \$10,000, so it's not that they don't know - they know what's going on.

It rolls back to your previous question. It continues to benefit the imperial global architecture, particular in the West, and so it becomes a lax policy approach towards these money laundering banks because they wouldn't have it any other way, there is much resistance to it.

Since Barack Obama came to power in 2008 and the financial crisis took hold thereafter, we've heard a lot of promises from Western leaders that they would get tough and so on, yet today we see that nothing much has changed. We've had now this episode with Barclays in the UK and the price fixing [of the important London Interbank Offered Rate] - this goes on.

Of course, they prefer to have this contradiction and paradox in place, because this is in fact what is allowing the drug profits to come in. If the government would take this problem seriously and would actually do something

about these money-laundering banks, we would see a real effort to fight the drug problem, but that is not going to happen any time soon.

The last time we ever heard there was a serious effort to do this was in the 1980s and only because of much pressure, where George Bush Sr. was forced to act in what was known as "Operation Greenback".

What happened was that they started to find an increasing number of drug money-laundering receipts in Florida and other southern parts of the United States. This started to work, they put pressure on the financial companies which were actually involved in that process - and then he suspended it all, the whole investigation. That would have been an opportunity to actually do something, but of course it was suspended, and ever since we haven't seen any serious effort, despite the rhetoric, to actually do something.

LS: Why is it that the [George W] Bush and Obama Departments of Justice have spent trillions of dollars on a war on terrorism and a war on drugs, while letting US banks launder money for the same people that the nation is supposedly at war with"?⁴

OV: That is another issue that is part of the contradiction of imperialism, or the process that I call "narco-colonialism". The stated objectives are very different to the real objectives. They may claim that they are fighting a war on drugs or on terror, but in fact they are fighting a war for the drug financial revenue through terror, and by doing that they have to make alliances with the very same people who are benefiting from the drug trade as we see in Colombia.

The main landlords and the business class who own the best land have connections with right-wing paramilitaries, which the DEA knows are actually exporting the drugs, and have direct connections to various governments and presidencies throughout recent Colombian history. These are the same people who are actually being given carte blanche to fight the war on terror in the Western hemisphere - yet this is a contradiction that no one ever questions.

So I think it's not about fighting the real terrorists, it's about fighting and financing resistance to that problem, and in Colombia there has been a civil war for quite a number of years. It's really the same paradox; it's funding the very same state mechanisms to allow the whole thing to continue.

LS: What should our readers know about the political economy of the drug trade created by the war on drugs?

OV: What we should know is that there needs to be a complete restructure and revision in the way we examine the drug trade. First of all, it's not crime that is at the center of the political economy, but it is the state, imperialism and class - that I think is essential, or at least I find it very useful in examining the drug trade.

We can see that clear in Colombia, where you have a narco-bourgeoisie which is essentially the main beneficiary there. These aren't just the landlords, these are also the paramilitaries, key members of the police, the military and the government; but also the connection to the United States, which is a political relationship, which is financing them to fight their common enemy, which is at this point in time the left-wing guerrillas, predominantly the Revolutionary Armed Forces of Colombia, the FARC.

So this again goes back to your previous question about this contradiction: why are trillions of dollars being waged to fight the drug trade in Colombia, but also in Afghanistan, when like in Colombia, everybody knows Afghanistan has a very corrupt regime and many of them are drug lords themselves who are the main beneficiaries in that country?

It has little to do with drugs, it has little to do with terrorists, it has everything to do with empire building, of which the main beneficiary is the United States.

LS: Since you already mentioned it, what is the major importance of the narco-bourgeoisie in Colombia seen from a market perspective?

OV: This goes again back to the notion of who is managing the drug trade, and Catherine Austin Fitts' perspective includes the government, and I sympathize with that approach, but we must bring class to that political economy of drugs. Why is class important? Why is a narco-bourgeoisie important? Well, it's because without a class that not only is growing, producing, and distributing the drugs and has the state resources to do so thanks to US financial assistance and military training and operations, we would not have a cocaine trade.

So the narco-bourgeoisie is essential and the main connection to that imperial relationship that the United States has. Without that kind of arrangement there would be no market in Colombia. So from a market perspective, these are the people who are essentially arranging and managing the drug trade in order to let the cocaine trade actually flourish. In the past, the same kind of people were fighting communists; today they are fighting "terrorists" supposedly.

LS: You are arguing in your book that the war on drugs is no failure at all, but a success. How do you come to that conclusion?

OV: I come to that conclusion because what do we know so far about the war on drugs? Well, the US has spent about US\$1 trillion throughout the globe. Can we simply say it has failed? Has it failed the drug money-laundering banks? No. Has it failed the key Western financial centers? No. Has it failed the narco-bourgeoisie in Colombia - or in Afghanistan, where we can see similar patterns emerging? No. Is it a success in maintaining that political economy? Absolutely.

So I have to say when we are looking at it from that political economy / class basis approach with this emphasis on imperialism and the state rather than simply crime, it has been a success because what it is actually doing is allowing that political economy to thrive.

I mean, we have to ask the question: how can such a drug trade flourish under the very nose of the leading hegemonic power in the Americas, if not the world, the United States? You had the Chinese Revolution, you had even authoritarian regimes, fascist regimes, that were able to wipe out the drug trade. Why can't the Western powers with all the resources that they have put a dent on it?

But instead they have actually exacerbated the problem. It's getting worse, and the fact is there is never a real end in sight, and they don't want to change their policies, so someone is clearly benefiting and suffering from this.

The logic, if we can call it that, is the conclusion that it is part of that paradox and part of their interest to maintain this political economy. We can look at it from a different angle, if you like.

Look at oil, our dependence on hydrocarbons. We know that is bad for our environment, we know what scientists call "Peak Oil", and we know we will have problems with that form of energy system, but it continues. So is it in their interest to stop this? No, it isn't. This is what I see as the very fabric of capitalism and imperialism, and that the logic becomes the illogical and the conclusion becomes part of the contradiction. That's why I don't see it as a failure at all but very much in the interest, stubbornly or not, of US imperialism to drag on this war on drugs.

LS: Can you tell us some of the reasons for the period in Colombian history that is called "La Violencia" and how it played a role ideologically in the Cold War as it was fought in Colombia?

OV. "La Violencia" was a period in Colombian history and probably the only time that the Colombian state acknowledged that the country was in a war with itself, a civil war, if you will. In 1948, there was a popular liberal candidate named Jorge Eliecer Gaitan, a populist leader, who was promising land reform, and he promised at least to the landless and the poorest in Colombia that something would change in the country.

Since then, an ultra-conservative and reactionary oligarchy has remained in power in Colombia. What this candidate stood for was some shake-up in the system. Gaitan was assassinated, conservatives were blamed for the assassination, and from there on we saw a civil war that dragged on up until 1958, when you saw the nucleus of the main body of armed resistance, which is now the FARC, take shape.

Ideologically, the Cold War was seen as a way to justify the state repression which continued. Something like 300,000 people were killed in "La Violencia". But not much changed afterward. After 1958, there was no end to the class war. This was basically a war between those with land and those without land, which is important to understand in the political economy of cocaine in Colombia: that's the land, the problem of land. And this dragged on after 1958. So rather than viewing it as a problem that's historical involving land, they saw it as a problem of communism, but of course, once the Cold War ended there needed to be a justification to drag on this repression.

Conveniently, we increasingly heard terms like the "war on drugs", "narco-terrorism" - and that provided ideological ammunition for the United States and the Colombian state and its ruling class to target the same revolutionary and main forms of resistance in Colombia. This included trade unions, student associations, peasant organization, and the same kind of what are considered subversive elements in Colombia.

So the "war on terror" you could say is a continuation of very much the same rationale that the state was using during "La Violencia". It is a continuing problem, which continues to be resolved by the state with force, which means to treat the security problem through military repression. So it's a serious problem in the wake of this political economy because violence becomes the means in which this political economy can be maintained.

LS: When did the cocaine business actually begin big time in Colombia? According to the book *Cocaine: Global Histories*, before cocaine was made illegal by the single convention of the United Nations in March 1961 it came primarily from Indonesia, Malaysia and Thailand.⁵ Why was the shift taking place then from Asia to Colombia, Peru and Bolivia?

OV: In the context of the Cold War, it wasn't just simply an ideological war, it was also very much a real war in where there was resistance to capitalist and financial arrangements that were implemented throughout the world financial system at that time.

In Asia we know, of course, there was the Vietnam War; we also had the Chinese Revolution beforehand, as I have mentioned before, and we know that drugs became a way to finance much of the counterinsurgency operations that were going on. We know for example that Chiang Kai-shek, the leader of the Kuomintang who fought Mao Zedong in the Chinese civil war and the Chinese Revolutionary process, was a drug trafficker himself. Many of the contacts that the CIA had in Vietnam, particular in South Vietnam, were also deeply enmeshed in the drug trade.

What was known as the World Anti-Communist League at that time drew much of these alliances and organizations together in order to finance much of their operations. But when the Vietnam war eventually drew to a close, what did we see? We began to see a shift, not only with counter-insurgency operations against what was seen as communist insurgencies, but also in drug trafficking operations.

This was essentially the time where I noticed, and this was of vital importance for the book, that the same kind of arrangements were emerging in Latin America. The regional section of World Anti-Communist League was the Confederation in Latin America, which was then headed by Argentina, particularly the military junta of 1976, and they saw by learning from lessons in Asia that by allying themselves and by managing drug operations themselves, and so forth, and by using the same elements to finance these operations against the communists, they could do the same.

From there we saw some very important unfolding of history, which was the great concentration of operations within the drug trade, in Bolivia in particular with the Cocaine Coup of 1980, where you even had former Nazis who were employed and used with their experience to undergo these operations.⁶ The Colombians, long before they became the main cocaine production center, saw this as an opportunity to get involved and take advantage of the situation. From there we saw the beginnings of the modern cocaine trade in Latin America which is now global, and has reached a global scale.

LS: What function had in their time famous drug lords like Pablo Escobar? What was the secret of his success in particular?

OV: As an entrepreneur he did see the events, particularly in Bolivia, I think, as an opportunity. Before then it was marijuana, not cocaine, that was the main drug at that time in the late 1970's. He saw a great opportunity to

actually invest. He was the first to really begin to use small planes to traffic and smuggle cocaine into the United States. He became famous and a pioneer because he saw the opportunities at least from a capitalist perspective - what this would bring for what would become the Medellin Cartel.

He became after the Bolivian chapter the clear cocaine monopolist from the 1980s and so on. I think it had to do with his experience in the marijuana trade which allowed it to happen. He also made contacts with the very Bolivians who were providing him with the supply of coca. It was his far-sightedness to take full advantage of the situation.

LS: Despite the US claims that it is engaged in a war against drugs in Colombia, it is in fact engaged in an anti-insurgency war against the left-wing FARC guerillas, is this correct?

OV: This is correct. What is known as "Plan Colombia" was a program first devised by president Bill Clinton, and, as I explained, from the Cold War onwards we had that growing drug problem in Colombia. What Clinton saw as the solution to deal with the insurgency was to say: Let's give it a drug package. What "Plan Colombia" did though was under the mask of the war on drugs it actually made it into a military package itself. Most of the money had military operations and training in focus. So what this did since the late 1990s is in fact make it a war against the FARC guerrillas.

You have to take into account that the FARC have been there long before the cocaine trade appeared in the 1980s or the cocaine decade when it became big time. And so by focusing on the FARC, they can also be blamed for the drug trade. The New York Times is good at that, they see them seen as narco-terrorists. So the Colombian state can say: Well, we are fighting a war on drugs and terror, and the United States can also say: Well, they are our key partners in the Western hemisphere in this war. And they can also gear themselves to deal with the broader politics in the region, to deal with Venezuela, Bolivia, Ecuador and other nations which are fast becoming much more independent and left-leaning.

So it brings in a whole lot of other politics into question, but by fighting the FARC as the main threat to the Colombian state it deals with it in a very military way. They are a threat indeed, because they are not simply as they are called narco-terrorists, they are a group that has been indigenous to the history of Colombia, which past presidencies have actually acknowledged. But since September 11, 2001, there has been this increasing radicalization by the ruling class in Colombia to see no other alternative but finally to destroy the FARC once and for all.

LS: Which has come, sadly enough, as a high price to the Colombian population in general.

OV: Yes, we are looking at horrific statistics that go way beyond the state crimes of the 20th century in Latin America. Up until now it was Central America, Guatemala who held the record of victims from state-terror - 200,000. Second came Argentina with 30,000. Colombia has experienced 250,000 victims of state-terrorism in the past two presidencies alone, so since 2002 onwards. So this is quite horrific. Also the effects on trade unions are quite horrific. More trade unionists are killed in Colombia than in the whole world combined. It has the lowest rate of unionization in the whole continent. It has actually come to the point where there are not many more unionists to murder.

Yet, this is not an issue, this is not a problem, and much of the world does not know much about this. It is quite ironic if we look at the war on terror in the Middle East, where we are hearing a lot of news about the Assad regime in Syria, the "rebels" there, and Muammar Gaddafi in Libya was also terrible so we had to go in there and support the "rebels" - yet, we got the world's oldest rebel organization, more than half-a-century old, which has popular support among the poorest in Colombian society, and that is why they are able to continue the fight, and it's not drugs or terrorism, no.

Where is the support for the rebels in Colombia? Where is the debate about Colombian democracy? So the FARC become the target of the counter-insurgency-"counter-terror" war which both Washington and Bogota see as their number one priority there.

LS: Throughout the implementation of "Plan Colombia", the private military companies (PMCs) which waged the "war on drugs" also made huge amounts of money. Is the "war on drugs" a business model for them, and has the "war on drugs" thus to continue as long as possible in order to perpetuate the profits that can be gained from it?

OV: It is very much a business model. I like that terminology because the Fortune 500 too are involved. Why is it a business model? We know that the narco-bourgeoisie manages the affairs of the drug trade at the colonial center, if we are going back to that narco-colonialism concept that I have used before, but who handles the rest of the operations for the empire, or from a US state perspective? Who else has the technology? Who is involved in executing the so called war on drugs?

These are essentially private-military companies, at least since "Plan Colombia" and with a history. That would be DynCorp and other key private-military companies like MPRI that had been involved, for example, in the aerial spraying of the coca crops in Colombia and military training. We know that rather than actually doing something about drug operations, what happened was that the very same firms were merely strengthening those involved in drug smuggling operations, and this is an ongoing problem which we have seen in this war on drugs, as I have documented in my studies.

This also means that these private companies are also involved in that financial arrangement that Catherine Austin Fitts suggested earlier on regarding the financial center. So the financial center is not just the financial system, but the main corporations and banks that are heavily involved in doing this. So by having these same private-military companies engaged in the war on drugs, they then can also invest their profits in the imperial center and play a role in managing the drug trade for the US imperial state.

LS: From A to Z, so to speak.

OV: Yes. You have a collaboration happening between the narco-bourgeoisie in Colombia and the imperial center by using private-military companies which have been involved in much of that history. If we go back to the history of what we do know about the Iran-Contra scandal, for instance, we see that many of these companies were sold off after they were used as contractors by the CIA, they were privatized by the very same companies that had been involved in "Plan Colombia" since the late 1990's.

These are the same people and same companies that were actually involved in past criminal operations. I don't see that simply as a coincidence. I see it as a continuity in how this is actually taking place.

LS: So I guess the real question is if the inter-linked "war on terror" / "war on drugs" is actually an effective way to keep competition small and under control?

OV: Yes, it's about control, it's about what Peter Dale Scott would describe as "managing market share". It is really the imperial state through its agencies, but also by taking care of the financial center and also the operations through the PMCs they are deciding who gets the market share.

In the 1980s we saw a process where the Medellin cartel pretty much had unregulated control for their operations, but then we also saw the liquidation of Pablo Escobar and the handing over to the Cali Cartel, who also withered away for the Colombian state. Now we have an ongoing issue with Mexico replacing Colombian cartels as distributors with the same kind of episodes, and we hear analysts and officials basically saying again, yes, it's the imperial state that is involved in all of this. It is about control, and more specifically, it's the control of market share, which I think is essential to understand.

LS: Usually, where there are important commodities like oil and/or drugs in large quantities, the US intelligence services and the US military are never far away. Therefore, is oil another reason to link "the war on terror" and "the war on drugs" in Colombia?

OV: Well, if there ever is any commodity like oil that is of financial value definitely any imperial power will take advantage. This is a long history in itself. What I find interesting is that drugs are never considered. But if there are wars fought over oil and other commodities, why not drugs? In fact, if you re-examine the history of the global drug trade, what is happening in Colombia is pretty much the same kind of wars for commodities that have been fought

since the dawn of time. Essentially, it is a fact that this is where the intelligence services go out and do the kind of cornerstone work in service of the commodity; in this case, I have to say, it is drugs.

LS: Why is the drug situation in Colombia by and large out of the news compared to the 1980s?

OV: Well, I think it's the case because now Mexico is seen as the problem. In a way it serves as a distraction, and drugs are no longer seen as a state security problem in Colombia. It has been officially a success. You look at any report by the United States or even the United Nations on the Colombian situation, they say it has been a success; since 2008, they say, there was an 18% decline in drug production. But what it doesn't say is that there hasn't been a decline in drug use or drug distribution. Where are all the drugs coming from then? In fact, it's the Mexicans doing the distribution for the Colombians now. So by distracting the focus and diverting the attention to Mexico, what it is doing is allowing a rerun of the same episode of the 1980s in Colombia, by ignoring Colombia and manufacturing unrealistic figures.

We will eventually see an arrangement, a compromise emerging in Mexico, and we will hear statements from the DEA and the White House saying how successful the war on drugs was, but we will also see the same kind of arrangements happening there with some cartels being taken over.

We will see the same key people in positions of power who are benefiting from the drug trade and who'll be the official selected drug lords. At the moment, we are seeing that struggle of market share that I have mentioned earlier, where the state, in particular in the imperial center, has a great hand in influencing and shaping the events.

And by ignoring Colombia, by normalizing Colombia, by saying it is a stable country and a formal democratic state, they can actually switch the attention on Mexico and also claim success that everything is going right. And by doing that they can also use Colombia as a model for Afghanistan and Central America, and we hear much discussion about this.

But again we will see the same kind of patterns emerge in which the same people will be involved, the same people will be benefiting, and the same people will be targeted, when people are resisting rather than maintaining that political economy.

LS: Related to the drug war raging in Mexico, what are your thoughts on the claim by a Mexican official that the CIA manages the drug trade?⁷

OV: It's the state, but in particular the armed bodies of the state, like the intelligence agencies, which as political entities are able to actually police these kinds of operations. How else can it be done? What is the history? What we know from researchers like Peter Dale Scott and Douglas Valentine is that this has been true since at least the 1970s in the Latin American context.⁸

And I would have to agree to some extent that it manages it, because it decides as a policy maker how and for whom the market share will actually be determined. Again, in Mexico this is what we see right now. How the events unfold will determine who will get that market share, who will be the monopolists, and who will be the official drug lords. It has nothing to do really with what we hear in the media.

LS: So the CIA is in the drug trade something like the middle-man for the financial sector?

OV: Yes, I think that analogy would be quite useful. As a middle-man, as a liaison and enforcer, and as also a communicator between these various criminal elements before the drug trade shapes itself into a form that is both beneficial and subservient to US imperialism.

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¹Related to the topic "Cocaine as just another commodity", compare also Steven Topik, Carlos Marichal, Zephyr Frank (Edit.) From *Silver to Cocaine: Latin American Commodity Chains and the Building of the World Economy, 1500-2000*, Duke University Press, 2006.

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³Compare for example "HSBC exposed: Drug money banking, terror dealings", published July 17, 2012. "International banking giant HSBC may have financed terrorist groups and funneled Mexican drug money into the US economy through its lax policies, a damning Senate report reveals. The bank's bosses have apologized for the misconduct." (<http://www.rt.com/news/hsbc-us-senate-report-344/>).

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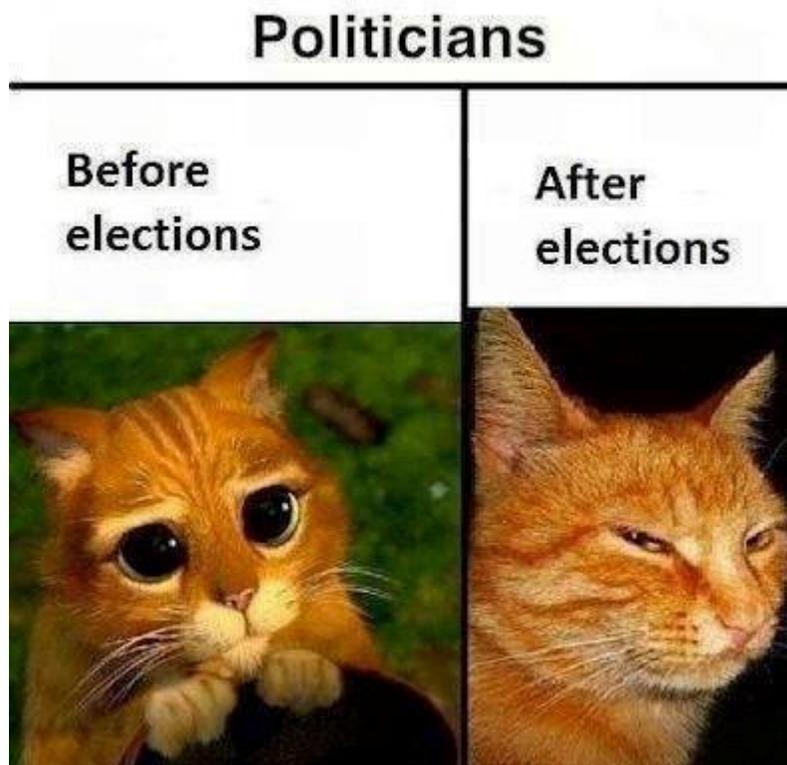
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(Oliver Villar is the author of (co-written with Drew Cottle) *Cocaine, Death Squads, and the War on Terror: US Imperialism and Class Struggle in Colombia* (Monthly Review Press. He has published broadly on the Inter-American cocaine drug trade, the US War on Drugs and Terror in Colombia, and US-Colombian relations. Oliver Villar is a lecturer in politics at Charles Sturt University in Bathurst, Australia, a country where he has lived for most of his life. He was born in Mendoza, Argentina. In 2008 he completed his PhD on the political economy of contemporary Colombia in the context of the cocaine drug trade at the UWS Latin American Research Group (LARG).)

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Graphic: Politicians Before & After Elections





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