The Rise of Intolerance = the Fall of Intelligence and the Decline of the American Middle Class

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March, 2011

In the past dozen years in particular, it seems to me that the level of intolerance in our country has escalated dramatically. This is curious at a time when many people are more legibly attempting to urge tolerance and articulate the attributes of diversity. It's not working. Even the Supreme Court has veered away from its charter and is now a partisan initiative with its absurd and undefendable 2010 ruling against campaign finance reform.

I am taken by the irony of the Tea Party movement and their vocal, hostile demonstrations, screaming about taxes when it was their boy Bush who instituted tax breaks for the wealthy. While Obama opposed renewing these breaks, being the consummate cave-in artist he has proven to be, he allowed them to stay on the books. But the intolerant message of the Tea Party is determined to vest responsibility for the country's tax code with Obama and, despite the massive build-up in defense spending, exploding deficit budgets and the terribly expensive and worthless bailout spending by Bush. These voices on the right ignore facts and yet demand the right to be seen and heard, and they demand the right to not be held accountable for the truth. No society that ignores the truth can long survive.

In the words of the Rockridge Institute, "America today is in danger. It faces the threat of domination by a radical, authoritarian right wing that refers to itself as "conservative," if it were preserving and promoting American values. In fact, it has been trampling on them. American values are inherently progressive, but progressives have lost their way. As traditional Americans, that is, as progressive Americans, we are beginning to lose our identity, the very values that have made America a great and free country—a country where tolerance has led us to unity, where diversity has given us strength, where acting for the common good has brought our dreams to fruition, and where respect for human dignity has increased opportunity, released creativity, and generated wealth. But progressives have so taken these values for granted that we no longer have the ability to articulate a progressive vision. We have lost hold of the terms of political debate, and even ceded the language of progressive ideals—like "freedom" and "liberty"—to redefinition by an extremist right wing. The radical right understands *its* values and knows *its* agenda. It has imposed *its* ideas and *its* language on America. It has dominated public debate, which has allowed it to seize power."

Noted author and linguistics professor George Lakoff sees the issue in bigger terms: At stake is the moral basis of American democracy. In a February 19, 2011 article, Lakoff says: "The individual issues are all too real: assaults on unions, public employees, women's rights, immigrants, the environment, health care, voting rights, food safety, pensions, prenatal care, science, public broadcasting, and on and on."

"Budget deficits are a ruse, as we've seen in Wisconsin, where the governor turned a surplus into a deficit by providing corporate tax breaks, and then used the deficit as a ploy to break the unions, not just in Wisconsin, but seeking to be the first domino in a nationwide conservative movement."

"Deficits can be addressed by raising revenue, plugging tax loopholes, putting people to work, and developing the economy long-term in all the ways the president has discussed. But deficits are not what really matters to conservatives."

"Conservatives really want to change the basis of American life, to make America run according to the conservative moral worldview in all areas of life."

"In the 2008 campaign, candidate Obama accurately described the basis of American democracy: Empathy -- citizens caring for each other, both social and personal responsibility -- acting on that care, and an ethic of excellence. From these, our freedoms and our way of life follow, as does the role of government: to protect and empower everyone equally. Protection includes safety, health, the environment, pensions and empowerment starts with education and infrastructure. No one can be free without these, and without a commitment to care and act on that care by one's fellow citizens."

"The conservative worldview rejects all of that."

"Conservatives believe in individual responsibility alone, not social responsibility. They don't think government should help its citizens. That is, they don't think citizens should help each other. The part of government they want to cut is not the military (we have 174 bases around the world), not government subsidies to corporations, not the aspect of government that fits their worldview. They want to cut the part that helps people. Why? Because that violates individual responsibility."

"But where does that view of individual responsibility alone come from?"

"The way to understand the conservative moral system is to consider a strict father family. The father is The Decider, the ultimate moral authority in the family. His authority must not be challenged. His job is to protect the family, to support the family (by winning competitions in the marketplace), and to teach his kids right from wrong by disciplining them physically when they do wrong. The use of force is necessary and required. Only then will children develop the internal discipline to become moral beings. And only with such discipline will they be able to prosper. And what of people who are not prosperous? They don't have discipline, and without discipline they cannot be moral, so they deserve their poverty. The good people are hence the prosperous people. Helping others takes away their discipline, and hence makes them both unable to prosper on their own and function morally."

"The market itself is seen in this way. The slogan, "Let the market decide" assumes the market itself is The Decider. The market is seen as both natural (since it is assumed that people naturally seek their self-interest) and moral (if everyone seeks their own profit, the profit of all will be maximized by the invisible hand). As the ultimate moral authority, there should be no power higher than the market that might go against market values. Thus the government can spend money to protect the market and promote market values, but should not rule over it either through (1) regulation, (2) taxation, (3) unions and worker rights, (4) environmental protection or food safety laws, and (5) tort cases. Moreover, government should not do public service. The market has service industries for that. Thus, it would be wrong for the government to provide health care, education, public broadcasting, public parks, and so on. The very idea of these things is at odds with the conservative moral system. No one should be paying for anyone else. It is individual responsibility in all arenas. Taxation is thus seen as taking money away from those who have earned it and giving it to people who don't deserve it. Taxation cannot be seen as providing the necessities of life, a civilized society, and as necessary for business to prosper."

"In conservative family life, the strict father rules. Fathers and husbands should have control over reproduction; hence, parental and spousal notification laws and opposition to abortion. In conservative religion, God is seen as the strict father, the Lord, who rewards and punishes according to individual responsibility in following his Biblical word."

"Above all, the authority of conservatism itself must be maintained. The country should be ruled by conservative values, and progressive values are seen as evil. Science should not have authority over the market, and so the science of global warming and evolution must be denied. Facts that are inconsistent with the authority of conservatism must be ignored or denied or explained away. To protect and extend conservative values themselves, the devil's own means can be used again conservatism's immoral enemies, whether lies, intimidation, torture, or even death, say, for women's doctors."

"Freedom is defined as being your own strict father -- with individual not social responsibility, and without any government authority telling you what you can and cannot do. To defend that freedom as an individual, you will of course need a gun."

"This is the America that conservatives really want. Budget deficits are convenient ruses for destroying American democracy and replacing it with conservative rule in all areas of life."

"What is saddest of all is to see Democrats helping them."

"Democrats help radical conservatives by accepting the deficit frame and arguing about what to cut. Even arguing against specific "cuts" is working within the conservative frame. What is the alternative? Pointing out what conservatives really want. Point out that there is plenty of money in America, and in Wisconsin. It is at the top. The disparity in financial assets is un-American -- the top one percent has more financial assets than the bottom 95 percent. Middle class wages have been flat for 30 years, while the wealth has floated to the top. This fits the conservative way of life, but not the American way of life."

"Democrats help conservatives by not shouting out loud over and over that it was conservative values that caused the global economic collapse: lack of regulation and a greed-is-good ethic."

"Democrats also help conservatives by what a friend has called Democratic Communication Disorder. Republican conservatives have constructed a vast and effective communication system, with think tanks, framing experts, training institutes, a system of trained speakers, vast holdings of media, and booking agents. Eighty percent of the talking heads on TV are conservatives. Talk matters because language heard over and over changes brains. Democrats have not built the communication system they need, and many are relatively clueless about how to frame their deepest values and complex truths."

"And Democrats help conservatives when they function as policy wonks -- talking policy without communicating the moral values behind the policies. They help conservatives when they neglect to remind us that pensions are deferred payments for work done. "Benefits" are pay for work, not a handout. Pensions and benefits are arranged by contract. If there is not enough money for them, it is because the contracted funds have been taken by conservative officials and given to wealthy people and corporations instead of to the people who have earned them."

"Democrats help conservatives when they use conservative words like "entitlements" instead of "earnings" and speak of government as providing "services" instead of "necessities." Is there hope?"

Need versus Greed

In a March, 2011article that appeared in Project Syndicate, Jeffrey D. Sachs pointed out that while the global economy is growing quickly, there is danger in the fact that too much wealth is being siphoned off by well-connected billionaires. Sachs is Professor of Economics and Director of the Earth Institute at Columbia University, as well as the Special Adviser to United Nations Secretary-General on the Millennium Development Goals. Sachs recalled India's great leader Ghandi who said that while there is enough on Earth to meet everyone's need, there is not enough for everybody's greed.

The world is beginning to hit global limits in its use of resources and there is abundant evidence each day in catastrophic floods, droughts, and storms – and in the resulting surge in prices in the marketplace. Sachs observes that our fate now depends on whether we cooperate or fall victim to self-defeating greed.

The limits to the global economy are new, resulting from the unprecedented size of the world's population and the unprecedented spread of economic growth to nearly the entire world. There are now seven billion people on the planet, compared to just three billion a half-century ago. Today, average per capita income is $10,000, with the rich world averaging around $40,000 and the developing world around $4,000. That means that the world economy is now producing around $70 trillion in total annual output, compared to around $10 trillion in 1960.

China's economy is growing at around 10 per cent annually. India's is growing at nearly the same rate. Africa, long the world's slowest-growing region, is now averaging roughly 5 per cent annual GDP growth. Overall, the developing countries are growing at around seven per cent per year, and the developed economies at around 2 per cent, yielding a global average of around 4.5 per cent. For context, the U.S. economy's growth rate rose by 1.1% in 2009 and fell by 2.6% in 2010.

The global growth rate is good news in many ways inasmuch as rapid economic growth in developing countries is helping to alleviate poverty. In China, for example, extreme poverty has been cut from well over half of the population 30 years ago to around 10 per cent or less today. But with the world economy growing at 4-5 per cent per year, it will be on a path to double in size in less than 20 years. Today's $70 trillion world economy will be at $140 trillion before 2030, and $280 trillion before 2050 if we extrapolate from today's growth rate.

Our planet will not physically support this exponential economic growth if we let greed take the upper hand. And in the United States and many other countries today, power is in the hands of the greedy. Even today, the weight of the world economy is already crushing nature, rapidly depleting the supplies of fossil-fuel energy resources that nature created over millions of years, while the resulting climate change has led to massive instabilities in terms of rainfall, temperature, and extreme storms.

We see these pressures every day in the marketplace. Oil prices have again surged to more than $100 per barrel, as China, India, and other oil-importing countries join the United States in a massive scramble to buy up supplies, especially from the Middle East. Food prices, too, are at historical highs, contributing to poverty and political unrest.

Environmental Stress

On the one hand, there are more mouths to feed, and with greater purchasing power on average. On the other hand, heat waves, droughts, floods, and other disasters induced by climate change are destroying crops and reducing the supplies of grains on world markets. In recent months, massive droughts have struck the grain-producing regions of Russia and Ukraine, and enormous floods have hit Brazil and Australia; now, another drought is menacing northern China's grain belt.

There is something else hidden from view that is very dangerous. In many populous parts of the world, including the grain-growing regions of northern India, northern China, and the American Midwest, farmers are tapping into groundwater to irrigate their crops. The great aquifers that supply water for irrigation are being depleted. In some places in India, the water table has been falling by several meters annually in recent years. Some deep wells are approaching the point of exhaustion, with salinity set to rise as ocean water infiltrates the aquifer.

Sachs says that a calamity is inevitable unless we change, which is where Gandhi comes in. If our societies are run according to the greed principle, with the rich doing everything to get richer, the growing resource crisis will lead to a widening divide between the rich and the poor – and quite possibly to an increasingly violent struggle for survival.

Class Conflict

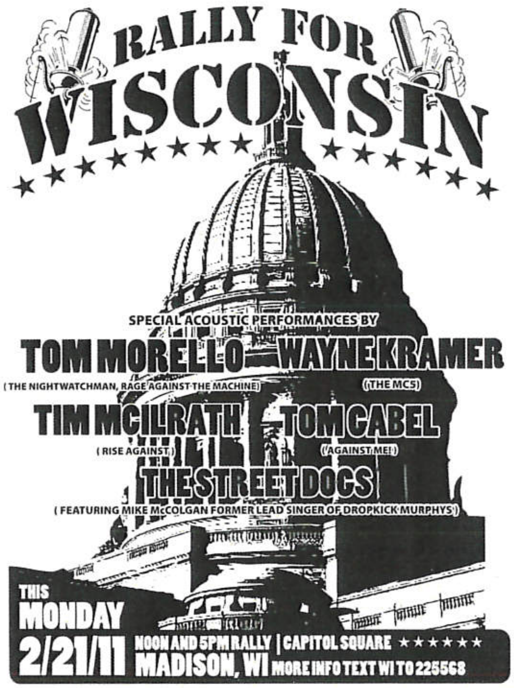
The rich will try to use their power to commandeer more land, more water, and more energy for themselves, and Sachs believes many will support violent means to do so, if necessary. The US has already followed a strategy of militarization in the Middle East in the naïve hope that such an approach can ensure secure energy supplies. Now competition for those supplies is intensifying, as China, India, and others bid for the same (depleting) resources.

An analogous power grab is being attempted in Africa. The rise in food prices is leading to a land grab, as powerful politicians sell foreign investors massive tracts of farmland, brushing aside the traditional land rights of poor smallholders. Foreign investors hope to use large mechanized farms to produce output for export, leaving little or nothing for the local populations.

Sachs notes that everywhere in the leading countries – the US, the United Kingdom, China, India, and elsewhere – the rich have enjoyed soaring incomes and growing political power. The US economy has been taken over by billionaires, the oil industry, and other key sectors. The same trends threaten the emerging economies, where wealth and corruption are on the rise.

If greed dominates, the engine of economic growth will deplete our resources, push the poor aside, and drive us into a deep social, political, and economic crisis. The alternative is a path of political and social cooperation, both within countries and internationally. There will be enough resources and prosperity to go around if we convert our economies to renewable energy sources, sustainable agricultural practices, and reasonable taxation of the rich. This is the path to shared prosperity through improved technologies, political fairness, and ethical awareness.

Government Takes on Organized Labor



In Wisconsin this February, tens of thousands citizens seem to be able to see through or around the conservative frames and are willing to flood the streets of their capital to stand up for their rights. They understand that part of democracy is about citizens uniting to take care of each other, about social responsibility as well as individual responsibility, and about work -- not just for your own profit, but to help create a civilized society. They appreciate their teachers, nurses, firemen, police, and other public servants. They are flooding the streets to demand real democracy -- the democracy of caring, of social responsibility, and of excellence, where sustainability is to be shared by those who work and those who serve.

According to the Bureau of Labor Statistics, between 2008 and 2009, unions lost 770,200 members - a loss of 834,400 on private payrolls and offset by a gain of 64,200 in government employment. As a result, the percent of the total workforce that belonged to unions fell from 12.4 in 2008 to 12.3 in 2009. On private payrolls, it fell from 7.6 to 7.2 percent and in government employment, it increased from 36.8 to 37.4 percent.

There's a good reason union membership is so much higher in government. In the past, politicians have bartered the dues of public employees for union political support. Maybe public employees are getting tired of being exploited for the political gains of their union bosses and the politicians. They certainly are not getting any respect in Wisconsin and Ohio this year.

There was a time when things were different. From 1955 to 1967, the ABC radio network began every weeknight news broadcast with "Fifteen million Americans bring you Edward P. Morgan and the news," and those fifteen million Americans were members of the AFL-CIO, a federation that included nearly every labor group in the country. Back then, labor unions were powerful and respected. The power of unions had been central muscle in playing a role that assured post-war prosperity was widely shared, transforming and expanding America's middle class.

In the mid 1950's, more than 35 percent of all employees on private payrolls were union members. But then unions decided to focus more on political power than representing the interests of workers. Not surprisingly, union membership has been on the decline ever since. After Reagan busted the Air Traffic Controllers Union – a group with the most mentally and psychologically demanding work conditions – in the early 1980's, union population dropped to one in five. Today, it's one in eight.

Unions like to blame their failure on opposition from management, but the fact is that the working people of American have rejected the unions' class-warfare, us-against-them approach to employment. And it is entirely possible that organized labor's consistent tradition of corruption and its proximity to organized crime have not been assets in labor's efforts to protect its historical markets or penetrate new ones.

Additionally, the wage and benefit increases negotiated by the biggest unions associated with manufacturing in the past three decades have not matched corresponding increases in productivity. As a result, the manufacturers have lost market share to non-union and foreign production and the available jobs for unionized workers have dropped dramatically, nowhere more dramatically than in the automobile industry. These employment losses were also attributable to the failure of US auto makers to focus on the production of more energy-efficient vehicles following the oil crisis of 2000, instead concentrating on higher-margin SUV's. But when the financial crisis hit in 2008 and auto sales fell off the chart, the big automakers did not have the right arrows in the quiver for the car-buying public left in the mix of being able to afford to buy cars.

The total number of Big Three employees, parts-supplier employees and car-dealer employees totals approximately 1.6 million, according to the Alliance for American Manufacturing. All auto-related industries and after-market service businesses employ approximately 3.1 million people in the United States. The U.S. Bureau of Labor Statistics breaks down the workers into the following segments, as of September 2008: Parts manufacturing - 504,000; Repair operations - 864,000; Wholesale operations - 340,000; Dealer operations - 1.2 million; and Manufacturing - 114,000. GM directly employs 123,000 in all of North America. An estimated two million people rely on the industry for health care and 775,000 retirees collect auto-industry pensions.

Gary Burtless of the Brookings Institution has argued that hourly wages are similar between the Big Three and the transplants. "The basic hourly wage received by a UAW worker in a Big Three plant is close to that received by a Toyota or Honda worker in a U.S. plant. The UAW-negotiated wage was roughly $28 an hour in 2007. For new workers, the hourly wage was lower at $14 an hour; senior workers made more money. The major cost difference between UAW members and employees in foreign-nameplate factories in the U.S. comes in fringe benefits. The UAW has been one of the more successful American unions in fighting for generous pensions and health benefits for its members."

Dan Ikenson of the Cato Institute notes that "total compensation is the cost of labor to the companies, and for GM it is about $73 per hour and for Toyota about $48. The average cost differential between the Big Three and all the foreign nameplate companies is about $30 per hour. That's huge." His computation includes all labor-related costs (e.g.., wages, healthcare, and pension—for both current workers and retirees.). Andrew Sorkin of the *New York Times* indicated that GM and Chrysler pay $10–20 more per hour than transplants.

A *New York Times* article states that GM workers "are paid about $10 to $20 an hour more than people who do the same job building cars in the United States for foreign makers like Toyota. At GM, as of 2007, the average worker was paid about $70 an hour, including health care and pension costs." Average annual wages for production workers at the Big Three were $67,480 in 2007, and $81,940 for skilled workers. In Canada, GM's 2008 average labor costs (including both wages and benefits) were $69 per hour, and Toyota's at $48 per hour, with similar productivity.

According to the Heritage Foundation, the ratio of retirees to workers varies across the Big Three. For each active worker at GM, there were 3.8 retirees or dependents in 2006. At Chrysler, there were 2.0 and at Ford there were 1.6. This means the legacy labor cost burden for GM is significantly greater than its competitors.

Former Massachusetts Governor Mitt Romney wrote that the higher wages, healthcare costs, and pensions adds an average of $2,000 to the cost of each Big Three automobile. He stated that Detroit manufacturers would be forced to cut $2000 out in features and quality in order to compete with foreign automakers. Peter Morici, a professor at the University of Maryland, College Park's school of business, testified that the extremely high labor and product development costs will keep the Big

Three from developing the high quality vehicles needed to become profitable and surviving. The Asian-owned companies' U.S. employees are mainly non-unionized; the Big Three are bound by contracts with the UAW.

According to the UAW, labor cost represented 8.4% of the total cost of manufacturing and selling an automobile in 2006. "The vast majority of the costs of producing a vehicle and transporting it to a dealership and preparing it for sale – including design, engineering, marketing, raw materials, executive compensation and other costs – are not related to direct or indirect manufacturing labor."

Criticism & Jobs Banks

The *Detroit News* published a story in 2005 on how the Big Three U.S. automakers paid more than 12,000 employees (who were idled as a result of their jobs being unnecessary due to technological progress or plant restructurings) their full salary and benefits in "jobs bank" programs, created to protect workers' salaries and discourage layoffs, as part of the automakers' contracts with the UAW. The program was established in the 1984 UAW labor contracts with the Big Three. The union's intent was to protect jobs via a plan to guarantee pay and benefits for union members whose jobs were extinguished by technological progress or plant restructurings. In most cases, workers are paid via the jobs bank only after exhausting government and company unemployment benefits. Some of those workers were placed in retraining.

As a result of the Jobs Banks, the US automakers are contractually obligated to pay 85- to 95-percent of union wages and benefits to members of the United Auto Workers union who aren't working – even if their plants have been closed. In the agreement, GM would to allocate $2.1 billion in Jobs Bank payments over four years, Chrysler $451 million for its program along with another $50 million for salaried union employees, and Ford agreed to set aside $944 million. Peter Morici, a professor at the University of Maryland, College Park's school of business, testified that the Jobs Bank was one of the biggest problems that the Big Three face, saying "Right now, if a plant closes in St. Louis and a new one opens in Kansas City, the workers don't have to move from St. Louis to Kansas City; they can opt to get a $105,000 payout or go on Jobs Bank where they can collect 95 percent of pay for the rest of their lives."

The UAW has been blamed for the automotive industry crisis of 2008-2009. Union workers' higher wages and more generous benefits have been compared to those working at union Japanese auto plants in the U.S. as one of the primary reasons for the poor competitiveness of the Big Two. In a November 23, 2008, *New York Times* editorial, Andrew Ross Sorkin claimed that the average UAW worker was paid $70 per hour, including health and pension costs, while Toyota workers in the US receive $10 to $20 less. The UAW asserts that most of this labor cost disparity comes from legacy pension and healthcare benefits to retired members, of which the Japanese automakers have none. The Big Three already sold their cars for about $2,500 less than equivalent cars from Japanese companies, analysts at the International Motor Vehicle Program say. According to the 2007 GM Annual Report, typical autoworkers earn a base wage of approximately $28 per hour (higher than the average university educated engineer). Following the 2007 National Agreement, the base starting wage was lowered to about $15 per hour. A second-tier wage of $14.50 an hour, which applies only to newly-hired workers, is lower than the average wage in nonunion auto companies in the Deep South.

One of the benefits negotiated by the United Auto Workers was the jobs bank program, under which laid-off members received 95 percent of their take-home pay and benefits. More than 12,000 UAW members were paid this benefit in 2005. In December 2008, the UAW agreed to suspend the program as a concession to help U.S. automakers during the auto industry crisis.

UAW Management granted concessions to its unions in order to win labor peace, a benefit not calculated by the UAW's many critics. The UAW has claimed that the primary cause of the automotive sector's weakness was substantially more expensive fuel costs linked to the 2003-2008 oil crisis which caused customers to turn away from large sport utility vehicles (SUVs) and pickup trucks, the main market of the American "Big Three" (General Motors, Ford, and Chrysler). In 2008, the situation became critical because the global financial crisis and the related credit crunch significantly impaired the ability of consumers to purchase automobiles. The Big Three also based their respective market strategies on fuel-inefficient SUVs, and suffered from lower quality perception (vis-a-vis automobiles manufactured by Japanese or European car makers). Accordingly, the Big Three directed vehicle development focused on light trucks (which had better profit margins) in order to offset the considerably higher labor costs, falling considerably behind in the sedan market segments to Japanese and European automakers.

The Appeal of Labor – or Not

Despite higher wages and huge benefits, unions are not attractive to employees like they used to be. Proof of this is available from several sources. According to a 1999 Gallup survey, only 21 percent of employees who aren't union members would like to be in a union. A Zogby Poll conducted in 2005 found that only 16 percent of employees said they would definitely vote for union representation compared to 38 percent who said they would definitely vote against. When you combine those who would definitely and probably vote for a union compared to those who would definitely or probably vote against a union the numbers were 36 percent for and 56 percent against with the rest undecided.

Another indication is the results of National Labor Relations Board Elections. Even though employment covered by the NLRB grew by more than 2.3 million jobs in 2006, the NLRB conducted only 1,755 union representation elections covering 87,172 employees. Unions won 60 percent of these elections because they typically do not petition the NLRB to conduct an election until they think they have a pretty good shot at winning.

In other words, even when they thought they had a good shot at it, the unions only won 60 percent of the time and only tried to organize workers in less than 4 percent of the new jobs. The NLRB also conducts decertification elections - elections where employees petition to get rid of a union - the unions lose about 65 percent of the time.

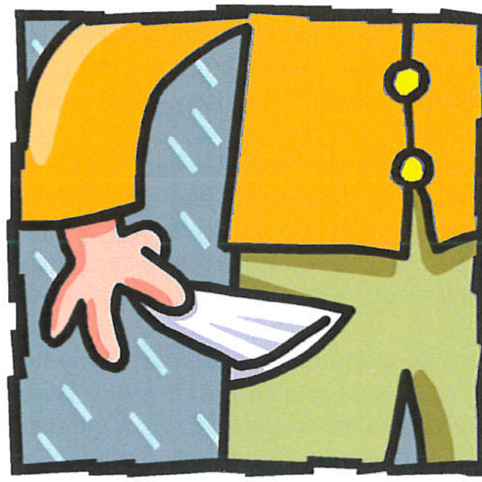
Today, 13% of US workers are members of a union. That ranks the US in 17th position worldwide, well behind No. 1 Sweden (82!), No. 2 Denmark (76%), No. 3 Finland (76%), No. 4 Norway (57%). Germany, a similar demographic to the USD, is No. 11 with 26% unionized. The average of the top 18 countries in the world is 38%. Why has union membership in the US fallen so dramatically?

According to Wikipedia, 12.4% of the US workforce is unionized; 36.8% of the public sector and only 7.6% of the private sector. According to Steven Greenhouse in the New York Times, in January, 2010, for the first time in American history, a majority of union members are government workers rather than private-sector employees, the Bureau of Labor Statistics announced on Friday. In its annual report on union membership, the bureau undercut the longstanding notion that union members are overwhelmingly blue-collar factory workers. It found that membership fell so fast in the private sector in 2009 that the 7.9 million unionized public-sector workers easily outnumbered those in the private sector, where labor's ranks shrank to 7.4 million, from 8.2 million in 2008. "There has been steady growth among union members in the public sector, but I'm a little bit shocked to see that the lines have actually crossed," said Randel K. Johnson, senior vice president for labor at the United States Chamber of Commerce.

According to the labor bureau, 7.2 percent of private-sector workers were union members last year, down from 7.6 percent the previous year. That, labor historians said, was the lowest percentage of private-sector workers in unions since 1900. Among government workers, union membership grew to 37.4 percent last year, from 36.8 percent in 2008. Gerald W. McEntee, president of the American Federation of State, County and Municipal Employees, voiced dismay that government employees now represented a majority of union members.

"It's a very bad sign," he said. "We've been banged around some, but when you see what's been happening to the industrial base of this country, to the steelworkers, to the autoworkers, they're been hammered much more."

After rising the two previous years, overall union membership fell by 771,000 in 2009, to 15.3 million, largely because employment declined over all. But the rate of private-sector unionization fell because two sectors where unions are especially strong — manufacturing and construction — suffered especially large job losses. Construction lost more than 900,000 jobs last year, falling to 5.9 million, while 1.3 million factory jobs were lost, declining to 11.6 million.



The overall unionization rate edged lower, to 12.3 percent last year from 12.4 percent in 2008. Damon A. Silvers, the A.F.L.-C.I.O.'s policy director, said the decline in private-sector unionization "tells us that good jobs are disappearing faster than bad jobs." According to the labor bureau, median weekly earnings for full-time unionized workers were $908 last year, compared with $710 for workers not represented by unions. The bureau attributed this difference not just to unionization but also to variations by occupation, industry and company size. Notwithstanding the recession, government employment grew last year, inching up 16,000, to 22,516,000, according to the bureau.

Fred Siegel, a visiting professor of history at St. Francis College in Brooklyn and a senior fellow at the Manhattan Institute, a conservative research organization, said, "There were enormous political ramifications" to the fact that public-sector workers are now the majority in organized labor.

"At the same time the country is being squeezed, public-sector unions are a rising political force in the Democratic Party," he said. "They depend on extra money for the public sector, and that puts the Democrats in a difficult position. In four big states — New York, New Jersey, Illinois and California — the public-sector unions have largely been untouched by the economic downturn. In those states, you have an impeding clash between the public-sector unions and the public at large."

Several labor officials and scholars said private-sector workers could regain their majority in a year or two because of potential large-scale layoffs of government workers in the face of the budget squeeze faced by so many cities and states.

Assessing the drop in private-sector unionization, Paula B. Voos, a labor relations professor at Rutgers, said, "It's a sad commentary on the ability of private-sector workers to unionize."

"Unions have less strength when they represent a lower percentage of workers," she said. "Nonetheless, unions have strength in those sectors of the economy where they are organized. Workers who are in the entertainment industry, workers who are on the docks of the Port of New York and New Jersey still have the strength of their labor organizations."

Noting that union members generally have higher earnings, Labor Secretary Hilda Solis said in a statement: "As workers across the country have seen their real and nominal wages decline as a result of the recession, these numbers show a need for Congress to pass legislation to level the playing field to enable more American workers to access the benefits of union membership. This report makes clear why the administration supports the Employee Free Choice Act," a bill that would make it easier to unionize."

But J. Justin Wilson, managing director of the Center for Union Facts, a corporate-backed group opposing that legislation, had a different response to the report.

"Labor union membership is an outdated concept for most working Americans," he said. "It is a relic of Depression-era labor-management relations."

Wealth Transfer and Economic Inequality

The great decline in America's organized labor has either paralleled or caused an equally dramatic rise in economic inequality. In 1980, the top ten percent of America's families collected a third of the nation's income. Now, they are getting half. The Super-rich are the big winners. The top one-tenth of one percent – the top one-thousandth – have seen their compensation quadruple during that time.

The recent announcement that for the first time, there are more union employees in government than the private sector has shocked many. It shouldn't. You can't outsource government jobs to China, India or Mexico. And while union busting has traditionally been the territory of the private sector, it has gone very public this winter.

The Far Right's ideology has been cast in the Wisconsin Assembly's bill which strips state employees of their right to bargain collectively – except over base pay, but base pay can never be increased above inflation without a public vote. The bill makes union dues voluntary and prohibits their collection via paycheck deduction. It requires unions to face certification votes – every year. And to get re-certified, a union must win a majority of all members, not just those who vote. If we imposed such a standard on our Presidential elections, the post would remain permanently vacant.

The Wisconsin bill has not passed the state Senate, where all fourteen Democratic members relocated to Illinois, depriving the chamber of its quorum. Governor Walker has lied, telling the media that this bill is needed to close a budget gap. The unions had already agreed to all of the cuts and givebacks he had demanded. Walker has disingenuously pushed through large tax cuts for business with more breaks for business planned and promised. And he has pushed through a law that forbids tax hikes without a two-thirds legislative majority or a state referendum.

The Flight of the Democrats is not so much a hypocritical act from a body who is no fan of the filibuster, as it is a tactic to buy time for public opposition to Governor Walker's bullshit to build. With a Supreme Court playing partisan politics that allows corporate campaign spending to be limitless, the numbers going forward do not look good for the union movement.

In the words of Hendrick Herzog in the March 7, 2011 New Yorker, "If a Republican Party that has lately become rigidly, fanatically "Conservative" can succeed in reducing public-sector unions to the parlous conditions of their private-sector brethren, the unorganized labor – which, for all its failings, all of its shortsightedness, all its "special interest" selfishness, remains the only truly formidable counterweight to the ever-growing political power of that top one-thousandth – will no longer be anything close to a match for organized money. And that will be the news, brought to you by a few very rich, very powerful Americans – and many, many billions of dollars."

Hypocrisy

A year ago, Sarah Palin called for Rahm Eamanuel to be fired after he used the word 'retard.' Palin was granted the right to be offended because of her child, Trig. Levi Johnston has reported that Palin herself refers to her infant son as retarded. Perhaps that explained why Palin refused to call out Rush Limbaugh for his use of the word "retard" on his show. Arianna Huffington appeared on talk TV and observed that Palin's sudden silence proves that she is afraid that offending the radio host and arbiter of the conservative movement which could hurt her image.

Arianna argued that Palin's decision to go after Emanuel, but not Limbaugh is all part of Palin's "cost-benefit analysis" operating procedure: "Everything with her seems to be about this cost-benefit analysis, you know what is in her best interests as opposed to anything else. And that goes directly against the brand that she tried to build about her being authentic, being about her core values, keeping her baby even though it was a down syndrome baby. All these things... are really exposed here as nothing but a veneer. The hypocrisy is really stunning."

The Iconography of Stupidity

It bears noting that we had an election in 2008 where the Vice Presidential candidate for the Republican party would not have passed a seventh grade world history test. While there are a million examples of Palin's stupidity, but three biblical examples are sufficiently stunning proof of her vapid brain:

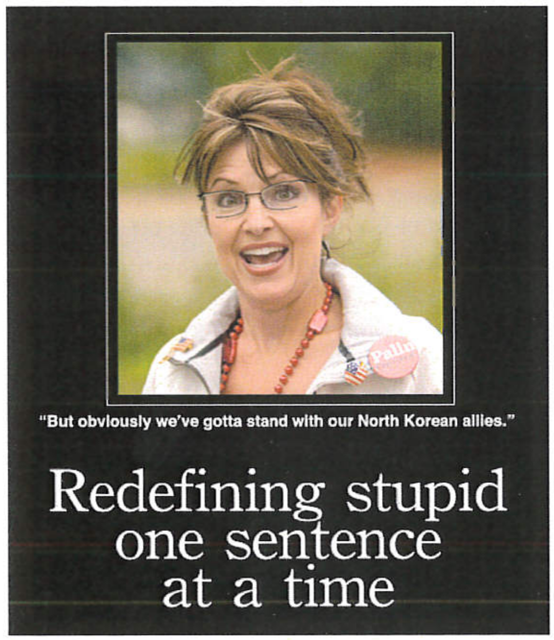
1. Palin's classic Bush Doctrine answer, where she did not know the basic foreign policy of the Republican president at the time. How could she possibly be running for vice president and not know this? The only thing more unconscionable was the sad excuses her supporters made for this terrible answer.

2. Palin's example of her pathetic lack of foreign policy knowledge was largely overlooked. She had/ has no idea what Hamas is or what they have to do with the Gaza Strip. If your next door neighbor or plumber doesn't know this, that's fine, but they weren't running for Vice President of the United States. This should be game set and match for anyone, especially self-respecting conservatives, thinking of supporting her. This is when you should have walked away embarrassed. But remarkably, Palin's didn't.

3. In her interview with Bill O'Reilly, he asked her if she is smart enough to be president. Her answer has to be seen to be believed. You Tube it. Don't get me wrong, just because you see it won't mean you'll understand it.

Bill O'Reilly: "Let me be very bold and fresh again. Do you believe that you are smart enough, incisive enough, intellectual enough to handle the most powerful job in the world?"

Sarah Palin: "I believe that I am because I have common sense and I have I believe the values that I think are reflective of so many other American values, and I believe that what Americans are seeking is not the elitism, the uhm, the ah, a kind of spineless, spinelessness that perhaps is made up for that with some kind of elite, Ivy league education and, and a fat resume that is based on anything but hard work and private sector, free enterprise principles. Americans are could be seeking something like that in positive change in their leadership, I'm not saying that that has to be me."



That answer was so bad it almost made George W. Bush look smart. Can anyone in good conscience defend that answer and say with a straight face that she should be this country's leader? Yet she is still on the media and political landscape. What does it say about the Tea Party movement that Palin is their spokesperson? And that the national media gives her face time?

Even Peggy Noonan, a columnist and Republican speechwriter, was caught on a live mike during the 2008 campaign, calling the choice of Sarah Palin to run on the Republican ticket "political bullshit." She smoothed over her harsh remarks in a subsequent column, saying she liked Palin even if she wasn't sure the selection would be successful. But when Palin announced her plan to resign as Alaska Governor, Noonan spoke openly in television interviews, saying Palin was out of her depth in a shallow pool. Noonan pointed out that Palin was limited in her ability to explain and defend her positions, and sometimes in knowing them.

She couldn't say what she read because she didn't read anything. She was utterly unconcerned by all this and seemed in fact rather proud of it: It was evidence of her authenticity. She experienced criticism as both partisan and cruel because she could see no truth in any of it. She wasn't thoughtful enough to know she wasn't thoughtful enough. Her presentation up to the end has been scattered, illogical, manipulative and self-referential to the point of self-reverence. "I'm not wired that way," "I'm not a quitter," "I'm standing up for our values." I'm, I'm, I'm a fighter," as she resigned her job as Governor. Noonan refuted the most popular conservative arguments in Palin's favor, from her supposed working-class credentials to the idea that she upsets the mainstream media.

The Tea Party

In a remarkable article in the September 28, 2010 issue of *Rolling Stone*, Matt Taibbi reported on his year-long investigation of the Tea Party. Taibbi marveled at the anti-spending anti-government people he met at Tea Party rallies who worked for the government and had no clue as to the ironic and disingenuous nature of the words coming out of their mouths. He marveled at the incoherent one-liners from Sarah Palin - "We're shaking up the good ol' boys. Buck up," she says, "or stay in the truck." He marveled at the fact that while at all the different Tea Party rallies he attended, he never encountered a single black person, the TP devotees insisted that they were not racist. He marveled that while Palin was shouting her Ronald Reagan impression - "Government's not the solution! Government's the problem!" — between one third to one half of the people around him are on scooters as the person sitting next to him explains; "The scooters are because of Medicare," he whispers helpfully. "They have these commercials down here: 'You won't even have to pay for your scooter! Medicare will pay!' Practically everyone in Kentucky has one."

Taibbi finds this irony emblematic of the Tea Party; "A hall full of elderly white people in Medicare-paid scooters, railing against government spending and imagining themselves revolutionaries as they cheer on the vice-presidential puppet hand-picked by the GOP establishment. If there exists a better snapshot of everything the Tea Party represents, I can't imagine it."

Taibbi's interaction with Janice and David Wheelock, a couple "who are fairly itching to share their views" is symbolic:

"I'm anti-spending and anti-government," crows David, as scooter-bound Janice looks on. "The welfare state is out of control."

"OK," I say. "And what do you do for a living?"

"Me?" he says proudly. "Oh, I'm a property appraiser. Have been my whole life."

I frown. "Are either of you on Medicare?"

Silence: Then Janice, a nice enough woman, it seems, slowly raises her hand, offering a faint smile, as if to say, *You got me!*

"Let me get this straight," I say to David. "You've been picking up a check from the government for decades, as a *tax assessor*, and your wife is on Medicare. How can you complain about the welfare state?"

"Well," he says, "there's a lot of people on welfare who don't deserve it. Too many people are living off the government."

"But," I protest, "*you* live off the government. And have been your whole life!"

"Yeah," he says, "but I don't make very much." Taibbi concludes "The whole miserable narrative boils down to one stark fact: They're full of shit. All of them. At the voter level, the Tea Party is a movement that purports to be furious about government spending — only the reality is that the vast majority of its members are former Bush supporters who yawned through two terms of record deficits and spent the past two electoral cycles frothing not about spending but about John Kerry's medals and Barack Obama's Sixties associations. The average Tea Partier is sincerely against government spending — with the exception of the money spent on *them*. In fact, their lack of embarrassment when it comes to collecting government largesse is key to understanding what this movement is all about."

Taibbi examined the 2010 Senate campaign of Rand Paul and his switch to earn Republican party support. Early in his campaign, Dr. Paul, the son of the uncompromising libertarian hero Ron Paul, denounced Medicare as "socialized medicine." But in the spring of 2010, when confronted with the idea of reducing Medicare payments to doctors like himself — half of his patients are on Medicare — he balked. This candidate, a man ostensibly so against government power in all its forms that he wants to gut the Americans With Disabilities Act and abolish the departments of Education and Energy, was unwilling to reduce his own government compensation, for a very logical reason. "Physicians," he said, "should be allowed to make a comfortable living."

Taibbi expected Paul's 'purist followers to abandon him in droves' but was disappointed when Paul won in November. Taibbi laughs, *"Ha, ha, you thought we actually gave a shit about spending, joke's on you.* That's because the Tea Party doesn't really care about issues — it's about something deep down and psychological, something that can't be answered by political compromise or fundamental changes in policy. At root, the Tea Party is nothing more than a them-versus-us thing. They know who they are, and they know who we are ("radical leftists" is the term they prefer), and they're coming for us on Election Day, no matter what we do — and, it would seem, no matter what their own leaders like Rand Paul do."

In the Tea Party narrative, victory at the polls means a new American revolution, one that will "take our country back" from everyone they disapprove of. But what they don't realize is, there's a catch: This is America, and we have an entrenched oligarchical system in place that insulates us all from any meaningful political change. The Tea Party today is being pitched in the media as this great threat to the GOP; in reality, the Tea Party *is* the GOP. What few elements of the movement aren't yet under the control of the Republican Party soon will be, and even if a few genuine Tea Party candidates sneak through, it's only a matter of time before the uprising as a whole gets castrated, just like every grass-roots movement does in this country. Its leaders will be bought off and sucked into the two-party bureaucracy, where its platform will be whittled down until the only things left are those that the GOP's campaign contributors want anyway: top-bracket tax breaks, free trade and financial deregulation.

The original Tea Party was launched by a real opponent of the political establishment — Rand Paul's father, Ron, whose grass-roots rallies for his 2008 presidential run were called by that name. The elder Paul will object to this characterization, but what he represents is something of a sacred role in American culture: the principled crackpot. He's a libertarian, but he means it. Sure, he takes typical, if exaggerated, Republican stances against taxes and regulation, but he also opposes federal drug laws ("The War on Drugs is totally out of control" and "All drugs should be decriminalized"), Bush's interventionist wars in the Middle East ("We cannot spread our greatness and our goodness through the barrel of a gun") and the Patriot Act; he even called for legalized prostitution and online gambling.

Taibbi notes that Paul had a surprisingly good showing as a fringe candidate in 2008, but that he'll never get any further than the million primary votes he got last time for one simple reason, which happens to be the same reason many campaign-trail reporters like me liked him: He's honest. "An anti- war, pro-legalization Republican won't ever play in Peoria, which is why in 2008, Paul's supporters were literally outside the tent at most GOP events, their candidate pissed on by a party hierarchy that prefers Wall Street-friendly phonies like Mitt Romney and John McCain."

The pre-Obama "Tea Parties" were therefore peopled by young anti-war types and libertarian intellectuals who were as turned off by George W. Bush and Karl Rove as they were by liberals and Democrats.

The second-generation Tea Party came into being a month after Barack Obama moved into the Oval Office, when CNBC windbag Rick Santelli went on the air to denounce one of Obama's bailout programs and called for "tea parties" to protest. The impetus for Santelli's rant wasn't the billions in taxpayer money being spent to prop up the bad mortgage debts and unsecured derivatives losses of irresponsible investors like Goldman Sachs and AIG — massive government bailouts supported, incidentally, by Sarah Palin and many other prominent Republicans.

Santelli was all worked up over Obama's "Homeowner Affordability and Stability Plan," a $75 billion program less than a hundredth the size of all the bank bailouts. This was one of the few bailout programs designed to directly benefit individual victims of the financial crisis; the money went to homeowners, many of whom were minorities, who were close to foreclosure. While the big bank bailouts may have been incomprehensible to ordinary voters, here was something that Middle America had no problem grasping: The financial crisis was caused by those lazy minorities next door who bought houses they couldn't afford — and now the government was going to bail them out.

"How many of you people want to pay your neighbor's mortgage that has an extra bathroom and can't pay their bills? Raise your hand!" Santelli roared in a broadcast from the floor of the Chicago Board of Trade. Why, he later asked, doesn't America reward people who "carry the water instead of drink the water?"

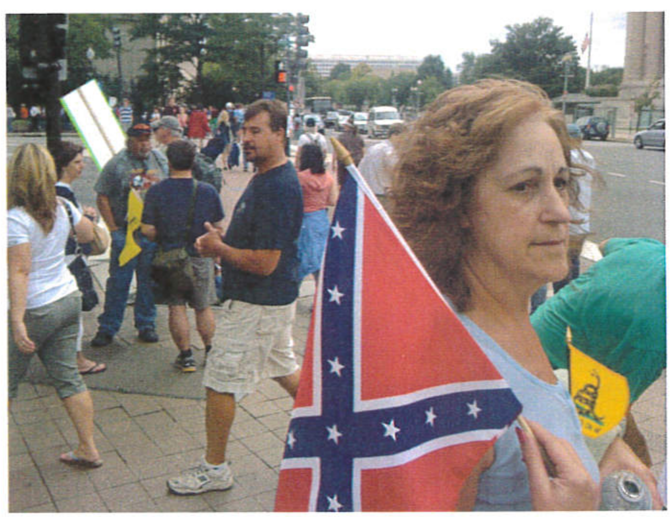
Suddenly, tens of thousands of Republicans who had been conspicuously silent during George Bush's gargantuan spending on behalf of defense contractors and hedge-fund gazillionaires showed up at Tea Party rallies across the nation, declaring themselves fed up with wasteful government spending, never grasping the ironic and disingenuous nature of their message. From the outset, the events were organized and financed by the conservative wing of the Republican Party, which was quietly working to co-opt the new movement and deploy it to the GOP's advantage. Taking the lead was former House majority leader Dick Armey, who as chair of a group called FreedomWorks helped coordinate Tea Party rallies across the country. A succession of Republican Party insiders and money guys make up the guts of FreedomWorks: Its key members include billionaire turd Steve Forbes and former Republican National Committee senior economist Matt Kibbe.

Prior to the Tea Party phenomenon, FreedomWorks was basically just an AstroTurfing-lobbying outfit whose earlier work included taking money from Verizon to oppose telecommunications regulation. Now the organization's sights were set much higher: In the wake of a monstrous economic crash caused by grotesque abuses in unregulated areas of the financial-services industry, FreedomWorks — which took money from companies like mortgage lender MetLife — had the opportunity to persuade millions of ordinary Americans to take up arms against, among other things, Wall Street reform.

Joining them in the fight was another group, Americans for Prosperity, which was funded in part by the billionaire David Koch, whose Koch Industries is the second-largest privately held company in America. In addition to dealing in plastics, chemicals and petroleum, Koch has direct interests in commodities trading and financial services. He also has a major stake in pushing for deregulation, as his companies have been fined multiple times by the government, including a 1999 case in which Koch Industries was found to have stolen oil from federal lands and lying about oil purchases - some 24,000 times.

So how does a group of billionaire businessmen and corporations get a bunch of broke Middle American white people to lobby for lower taxes for the rich and deregulation of Wall Street? That turns out to be easy. Beneath the surface, the Tea Party is little more than a weird and disorderly mob, a federation of distinct and often competing strains of conservatism that have been unable to coalesce around a leader of their own choosing. Its rallies include not only hardcore libertarians left over from the original Ron Paul "Tea Parties," but gun-rights advocates, fundamentalist Christians, pseudomilitia types like the Oath Keepers (a group of law- enforcement and military professionals who have vowed to disobey "unconstitutional" orders) and mainstream Republicans who have simply lost faith in their party. It's a mistake to cast the Tea Party as anything like a unified, cohesive movement — which makes them easy prey for the very people they should be aiming their pitchforks at. A loose definition of the Tea Party might be millions of pissed-off white people sent chasing after Mexicans on Medicaid by the handful of banks and investment firms who advertise on Fox and CNBC.

Tea Partiers have gotten a rap as being white supremacists who hate black people. Tea Partiers don't hate black people. They are just too willing to believe the appalling fantasy about how white people in the age of Obama are an oppressed minority. In Taibbi's words, it may not be racism, "but it is incredibly, earth-shatteringly stupid. I hear this theme over and over — as I do on a recent trip to northern Kentucky, where I decide to stick on a Rand Paul button and sit in on a Tea Party event at a local amusement park. Before long, a group of about a half-dozen Tea Partiers begin speculating about how Obamacare will force emergency-room doctors to consult "death panels" that will evaluate your worth as a human being before deciding to treat you." They're going to look at your age, your vocation in life, your health, your income. . . ." says a guy active in



the Northern Kentucky Tea Party."

"Your race?" I ask.

"Probably," he says.

"White males need not apply," says another Tea Partier.

"Like everything else, the best thing you can do is be an illegal alien," says a third. "Then they won't ask you any questions."

An amazing number of Tea Partiers actually believe this stuff, and in the past year or so a host of little-known politicians have scored electoral upsets riding this kind of yahoo paranoia. Some are career Republican politicians like Sharron Angle, the former Nevada assemblywoman who seized on the Tea Party to win the GOP nomination to challenge Harry Reid this fall. She got a frightening 45% of the vote.

Angle has never been particularly prone to the truth: In September 2010, Angle told a group of Tea Party supporters that "Sharia law" had taken over the cities of Dearborn, Michigan and Frankford, Texas and that these locations represented a "militant terrorist situation." These comments were scrutinized, as Frankford, Texas was annexed by Dallas in 1975 and now consists only of a small church and cemetery. Dearborn mayor John O'Reilly criticized Angle as well, saying that "There's no sharia law in Dearborn, Mich. ... It isn't even talked about in Dearborn," that Angle's claims were dishonest, and that "Muslims have been practicing their faith in our community for almost 90 years without incident or conflict. To suggest that they have taken over ignores the fact that Dearborn hosts seven mosques and 60 Christian churches."

The Canadian ambassador to the U.S. Gary Doer has asked Angle to retract her baseless assertion that the 9/11 hijackers entered the United States through Canada. Angle claims that the U.S.-Canada border is the "most porous border we have" and "what we know is our northern border is where the terrorists came through." U.S. law enforcement have long determined that none of the hijackers entered the U.S. from Canada, but directly from third countries with visas issued by the United States.

This trend to just make shit up traces its roots to Carl Rove. Anyone remember the Colin Powell who was secretary of State under the Bush administration? After the September 11, 2001 terrorist attacks, Powell's job was to put a spin on Bush's determination to invade Iraq in a pathetic attempt to display testosterone to the American people who were shocked at America's sudden vulnerability to an insurgent bunch of terrorists from the Middle East. Powell's reputation was used like a paper towel by Rove and the Bush think team to build the case for invading Iraq in 2003. In a press statement on February 24, 2001 Powell had said that sanctions against Iraq had prevented the development of any weapons of mass destruction by Saddam Hussein. As was the case in the days leading up to the Persian Gulf War, Powell was initially opposed to a forcible overthrow of Saddam, preferring to continue a policy of containment.

But Powell sold out and eventually agreed to go along with the Bush administration's determination to remove Saddam. He had clashed with others in the administration, who were planning an Iraq invasion even before the September 11 attacks as conformed by testimony from former terrorism czar Richard Clarke in front of the 9/11 Commission. Powell was placed at the forefront of this diplomatic campaign of trying to build an international coalition to move against Iraq and take the case to the United Nations.

Computer-generated image of an alleged mobile production facility for biological weapons, presented by Powell at the UN Security Council. On May 27, 2003, US and UK experts examined the trailers and declared they had nothing to do with biological weapons. Powell's photo holding a model vial of anthrax while giving a presentation to the United Nations Security Council on February 3, 2003 was printed in every paper around the world. Citing anonymous Iraqi defectors, Powell asserted that "there can be no doubt that Saddam Hussein has biological weapons and the capability to rapidly produce more, many more." Powell also stated that there was "no doubt in my mind" that Saddam was working to obtain key components to produce nuclear weapons. However, Britain's *Channel 4 News* reported soon afterwards that a UK intelligence dossier that Powell had referred to as a "fine paper" during his presentation had been based on old material and plagiarized an essay by American graduate student Ibrahim al-Marashi. A 2004 report by the Iraq Survey Group – the people who themselves personally inspected every inch of Iraq's chemical and weapons assets - concluded that the evidence that Powell offered to support the allegation that the Iraqi government possessed weapons of mass destruction (WMDs) was bogus.

The invasion of Iraq and its results would prove that Powell's statements and Bush's bias in favor of initiating an occupation of a sovereign nation were a classical and biblical failure of intelligence.

A Senate report on intelligence failures would later detail the intense debate that went on behind the scenes on the content in Powell's speech. State Department analysts had found dozens of factual problems in drafts of the speech and they objected loudly. Some of the claims were taken out, but others – at the insistence of VP Dick Cheney and Rove - were left in, such as nonsense claims based on the yellowcake forgery. So these men lied to Powell, the United States, the United Nations and the world to attempt to justify Bush and Cheney's pre-existing zeal to invade Iraq. Powell later recounted how Vice President Dick Cheney had joked with him before he gave the speech, telling him, "You've got high poll ratings; you can afford to lose a few points."

Powell's longtime aide-de-camp and Chief of Staff from 1989–2003, Colonel Lawrence Wilkerson, later said that he too 'inadvertently participated in a hoax on the American people' in preparing Powell's erroneous testimony before the United Nations Security Council. In September 2005, Powell was asked about the U.N. speech during an interview with Barbara Walters and responded that it was a "blot" on his record. He went on to say, "It will always be a part of my record. It was painful. It's painful now." Cheney has expressed no such remorse for his role in this disgrace.

On of the great tragedies in our media-drenched society is that the Need for Speed has dominated the truth, and media outlets are sufficiently competitive with one another that the old Watergate Washington posts standard of getting a fact from at least two accountable sources vanished long ago into pushing a microphone in front of someone's face and running it unedited and unchecked on the national news.

So today, one of our great challenges with the truth, tolerance and intelligence is that much of what we are fed from our national news media is simply what someone said. Not what is true. Remember Jessica Lynch. The BBC never ran the Jessica Lynch story because every question its reporters asked the US Military who was feeding the bullshit to anyone who would listen went unanswered, and the British smelled a rat from the get-go.

At Tea Party rallies around the country, Taibbi asked attendees about Paul's remarkable racist position on the Civil Rights Act. And the responses compelled Taibbi to conclude, "You look into the eyes of these people when you talk to them and they genuinely don't see what the problem is. It's no use explaining that while nobody likes the idea of having to get the government to tell restaurant owners how to act, the Civil Rights Act of 1964 was the tool Americans were forced to use to end a monstrous system of apartheid that for 100 years was the shame of the entire Western world. But all that history is not real to Tea Partiers; what's real to them is the implication in your question that they're racists, and to them *that* is the outrage, and it's an outrage that binds them together. They want desperately to believe in the one-size-fits-all, no-government theology of Rand Paul because it's so easy to understand. At times, their desire to withdraw from the brutally complex global economic system that is an irrevocable fact of our modern life and get back to a simpler world that no longer exists is so intense, it breaks your heart."

"This, then, is the future of the Republican Party: Angry white voters hovering over their cash-stuffed mattresses with their kerosene lanterns, peering through the blinds at the oncoming hordes of suburban soccer moms they've mistaken for death-panel bureaucrats bent on exterminating anyone who isn't an illegal alien or a Kenyan anti-colonialist."

"The world is changing all around the Tea Party. The country is becoming more black and more Hispanic by the day. The economy is becoming more and more complex, access to capital for ordinary individuals more and more remote, the ability to live simply and own a business without worrying about Chinese labor or the depreciating dollar vanished more or less for good. They want to pick up their ball and go home, but they can't; thus, the difficulties and the rancor with those of us who are resigned to life on this planet."

Taibbi marveled at the Tea Party's impact before the 2010 election: "Of course, the fact that we're even sitting here two years after Bush talking about a GOP comeback is a profound testament to two things: One, the American voter's unmatched ability to forget what happened to him 10 seconds ago, and two, the Republican Party's incredible recuperative skill and bureaucratic ingenuity. This is a party that in 2008 was not just beaten but obliterated, with nearly every one of its recognizable leaders reduced to historical-footnote status and pinned with blame for some ghastly political catastrophe. There were literally no healthy bodies left on the bench, but the Republicans managed to get back in the game anyway by plucking an assortment of nativist freaks, village idiots and Internet Hitlers out of thin air and training them into a giant ball of incoherent resentment just in time for the 2010 midterms. They returned to prominence by outdoing Barack Obama at his own game: turning out masses of energized and disciplined supporters on the streets and overwhelming the ballot box with sheer enthusiasm."

The bad news is that the Tea Party's political outrage is being appropriated, with thanks, by the Goldmans and the BPs of the world. The good news, if you want to look at it that way, is that those interests mostly have us by the balls anyway, no matter who wins on the next Election Day. That's the reality; the rest of this is just noise. It's just that it's a lot of noise, and there's no telling when it's ever going to end.

The Creation Museum

The very fact that the Creation Museum exists illustrates the degree to which a legible segment of America cannot seem to grasp reality. Deep in the heart of the Bible Belt in Petersburg, KY lies a sort of natural history museum for those who somehow believe the planet earth is only 6000 years old. The Creation Museum is a 70,000 square foot facility that "brings the pages of the Bible to life, casting its characters and animals in dynamic form and placing them in familiar settings. Adam and Eve live in the Garden of Eden. Children play and dinosaurs roam near Eden's Rivers. The serpent coils cunningly in the Tree of the Knowledge of Good and Evil. Majestic murals, great masterpieces brimming with pulsating colors and details, provide a backdrop for many of the settings."

I'm the son of a Protestant minister. I attend church weekly. This is a scary monument to fundamentalist Christian thought. In the words of Matt Taibbi, at the Creation Museum, "You get a mind-blowing glimpse into the modern conservative worldview. One exhibit depicts a half-naked Adam and Eve sitting in the bush, cheerfully keeping house next to dinosaurs — which, according to creationist myth, not only lived alongside humans, but were peaceful vegetarians until Adam partook of the forbidden fruit. It's hard to imagine a more telling demonstration of this particular demographic's unmatched ability to believe just about anything."

"Even more disturbing is an exhibit designed to show how the world has changed since the Scopes trial eradicated religion from popular culture. Visitors to the museum enter a darkened urban scene full of graffiti and garbage, and through a series of windows view video scenes of families in a state of collapse. A teenager, rolling a giant doobie as his God-fearing little brother looks on in horror, surfs porn on the Web instead of reading the Bible. ("A Wide World of Women!" the older brother chuckles.) A girl stares at her home pregnancy test and says into the telephone, "My parents are not going to know!" As you go farther into the exhibit, you find a wooden door, into which an eerie inscription has been carved: "The World's Not Safe Anymore."

Abortion

Jackie Speier, Congresswoman from California, recently noted that today, “in our nation's political dictionary, "abortion" is a word employed by intolerant people to cast shame on women who choose it. When one of my colleagues on the House floor trivialized a woman's decision to have a second trimester abortion, I stood to correct his mischaracterization by giving my own account of a painful time in my life when the pregnancy my husband and I prayed for was unsuccessful.”

“The fires of journalistic sensationalism struck quickly. Some news outlets reported: "Congresswoman Admits to Having an Abortion." You admit guilt, but for me there was no guilt, only the pain of a pregnancy that did not work. The fetus had slipped from my uterus into my vagina and could not survive. To stave off a life-threatening infection and to keep the possibility of a future birth alive, I had what's called dilation and evacuation or "d & e." But for people, particularly my colleagues who don't want Planned Parenthood to be funded, I simply had an abortion.”

Speier admits to being saddened and angered by how politicians misuse women's health. But maybe it's time we admitted to ourselves that this is exactly what politicians do: they misuse issues to get in front of the camera, not to ‘represent their constituents’ and act as faithful stewards of our tax dollars.

The Manipulation and Misuse of Language

Climate Change

Climate change is becoming a major obstacle to a 2004 global treaty aimed at cutting exposure to 21 highly dangerous chemicals, says a new U.N.-commissioned report.

The 66-page report — obtained by The Associated Press — says the risks of exposure could increase if more stockpiles and landfills leak due to flooding, or other extreme weather linked to rising temperatures. Chemicals stored in stockpiles or waste dumps to be incinerated or removed later could simply wash away or escape through gas emissions, it says.
"Significant climate-induced changes are foreseen in relation to future releases of persistent organic pollutants into the environment ... subsequently leading to higher health risks both for human populations and the environment," says Donald Cooper, the Geneva-based U.N. treaty's executive secretary, in the preface.

The report was being discussed at a U.N. environment meeting in Nairobi, Kenya, in February, 2011 and is due to be released later on the treaty's website. The U.N. treaty, known as the Stockholm Convention on Persistent Organic Pollutants, or POPs, is intended to protect the environment and people's health from very dangerous chemicals that last a long time in the atmosphere, soil or water. The treaty's ultimate aim is to phase the chemicals out by encouraging participating countries to ban them or restrict their use.

Initially the report focused on 12 chemicals known as the "dirty dozen," such as the widely banned pesticides DDT and chlordane. In 2009, nine more substances were added, including PFOS, worth billions of dollars in a wide range of uses from making semiconductor chips to fighting fires, and lindane, an insecticide against head lice.

The chemicals pose a known risk to humans and the environment because they often damage reproductive health, can lead to mental health problems, and cause cancer or impede normal growth.

Republicans in Congress this February actually introduced a budget that would cut one-third of the EPA's budget. Under the Bush administration, for environment justice and enforcement was cut 36% while funding for remediation of leaking underground hazards as cut 30%. At the same time Bush was calling for the EPA to step up its research on air pollution and drinking water security, he cut funding for the EPA's library funding 80%. So this is nothing new from Republican lawmakers. What is surprising is that the scientific community has resoundingly debunked the claims of the Bush-Rove White House that attempted to hide their contempt for the environment behind a claim that science had not come to definitive conclusions about climate change and global warming.

Obama Fumbles the Economy & Wall Street Reform

Barack Obama ran for president as a man of the people, standing up to Wall Street as the global economy melted down in that fateful fall of 2008. He pushed a tax plan to tax the rich, ripped NAFTA for hurting the middle class and tore into John McCain for supporting a bankruptcy bill that sided with wealthy bankers "at the expense of hardworking Americans." Obama inspired people who believed he was sincere in his rhetoric. They believed that while he was not a veteran Beltway politician in the traditional sense, he understood what it took and was committed to genuine change.

The two years since Obama has been elected have been a dramatic about-face – perhaps as dramatic a scope of political change that the country has ever seen.

Obama's election occurred at a moment when Wall Street had presented itself as completely out of control thanks to years of conservative-lead deregulation and a decade of uncontrolled greed. Obama's election was a clear and decisive mandate to set the bit in the mouth of the Wall Street bull and yank the reins and remake the entire U.S. economy. Instead, Obama banished his progressive campaign advisors and filled key White House positions with the very people who caused the crisis. The new team of uber-rich ex-bankers and laissez-faire intellectuals sold us out, instituting a massive trickle-up bailout and gutting regulatory reform from the inside. Two years later, the economy is in ruins with zero job growth despite a massive expenditure that was a joke. Leading economists and the Pew Charitable Trust agree that the real unemployment rate in the U.S. continues for over a year to hover at 27% - 28% if you count all the people that are not working and can't get a job.

How did we get here?

'Just look at the timeline of the Citigroup deal," says one leading Democratic consultant. "Just look at it. It's fucking *amazing*. Amazing! And nobody said a thing about it."

Barack Obama was still just the president-elect when it happened, but the revolting and inexcusable $306 billion bailout that Citigroup received was the first major act of his presidency. In order to grasp the full horror of what took place, however, one needs to go back a few weeks before the actual bailout — to November 5th, 2008, the day after Obama's election.

That was the day the jubilant Obama campaign announced its transition team. Though many of the names were familiar — former Bill Clinton chief of staff John Podesta, long-time Obama confidante Valerie Jarrett — the list was most notable for who was not on it, especially on the economic side. Austan Goolsbee, a University of Chicago economist who had served as one of Obama's chief advisers during the campaign, didn't make the cut. Neither did Karen Kornbluh, who had served as Obama's policy director and was instrumental in crafting the Democratic Party's platform. Both had emphasized populist themes during the campaign: Kornbluh was known for pushing Democrats to focus on the plight of the poor and middle class, while Goolsbee was an aggressive critic of Wall Street, declaring that AIG executives should receive "a Nobel Prize — for evil."

But come November 5th, both were banished from Obama's inner circle — and replaced with a group of Wall Street bankers. Leading the search for the president's new economic team was his close friend and Harvard Law classmate Michael Froman, a high-ranking executive at Citigroup. During the campaign, Froman had emerged as one of Obama's biggest fundraisers, bundling $200,000 in contributions and introducing the candidate to a host of heavy hitters — chief among them his mentor Bob Rubin, the former co-chairman of Goldman Sachs who served as Treasury secretary under Bill Clinton. Froman had served as chief of staff to Rubin at Treasury, and had followed his boss when Rubin left the Clinton administration to serve as a senior counselor to Citigroup (a massive new financial conglomerate created by deregulatory moves pushed through by Rubin himself).

Incredibly, Froman did not resign from the bank when he went to work for Obama: He remained in the employ of Citigroup for two more months, even as he helped appoint the very people who would shape the future of his own firm. And to help him pick Obama's economic team, Froman brought in none other than Jamie Rubin, a former Clinton diplomat who happens to be Bob Rubin's son. At the time, Jamie's dad was still earning roughly $15 million a year working for Citigroup, which was in the midst of a collapse brought on in part because Rubin had pushed the bank to invest heavily in mortgage-backed CDOs and other risky instruments.

Now here's where it gets really interesting. It's three weeks after the election. You have a lame-duck president in George W. Bush — still nominally in charge, but in reality already halfway to the golf-and-O'Doul's portion of his career and more than happy to vacate the scene. Left to deal with the still-reeling economy are lame-duck Treasury Secretary Henry Paulson, a former head of Goldman Sachs, and New York Fed chief Timothy Geithner, who served under Bob Rubin in the Clinton White House. Running Obama's economic team are a still-employed Citigroup executive and the son of another Citigroup executive, who himself joined Obama's transition team that same month.

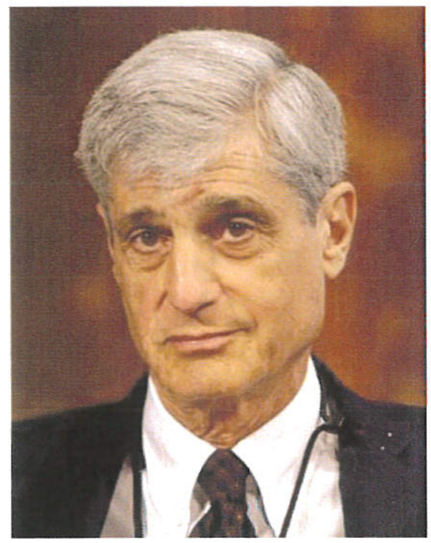
So on November 23rd, 2008, a deal is announced in which the government will bail out Rubin's messes at Citigroup with a massive buffet of taxpayer-funded cash and guarantees. It is a terrible deal for the government, almost universally panned by all serious economists, an outrage to anyone who pays taxes. Under the deal, the bank gets $20 billion in cash, on top of the $25 billion it had <u>already</u> received just weeks before as part of the Troubled Asset Relief Program. But that's just the appetizer. The government also agrees to charge taxpayers for up to $277 billion in losses on troubled Citi assets, many of them those toxic CDOs that Rubin had pushed Citi to invest in. No Citi executives are replaced, and few restrictions are placed on their compensation! It's the sweetheart deal of the century, putting generations of working-stiff taxpayers on the hook to pay off Bob Rubin's fuck-up-rich tenure at Citi. "If you had any doubts at all about the primacy of Wall Street over Main Street," former labor secretary Robert Reich declares when the bailout is announced, "your doubts should be laid to rest."

It is bad enough that one of Bob Rubin's former protégés from the Clinton years, the New York Fed chief Geithner, is intimately involved in the negotiations, which unsurprisingly leave the Federal Reserve massively exposed to future Citi losses. But the real stunner comes only hours after the bailout deal is struck, when the Obama transition team makes a cheerful announcement: Timothy Geithner is going to be Barack Obama's Treasury Secretary!

Geithner, in other words, is hired to head the U.S. Treasury by an executive from Citigroup — Michael Froman — before the ink is even dry on a massive government giveaway to Citigroup that Geithner himself was instrumental in delivering! In the annals of brazen political swindles, this one has to go in the all-time Fuck-the-Optics Hall of Fame.

Wall Street loved the Citi bailout and the Geithner nomination so much that the Dow immediately posted its biggest two-day jump since 1987, rising 11.8 percent! Citi shares jumped 58 percent in a single day! JP Morgan Chase, Merrill Lynch and Morgan Stanley soared more than 20 percent, as Wall Street embraced the news that the government's bailout generosity would not die with George W. Bush and Hank Paulson. "Geithner assures a smooth transition between the Bush administration and that of Obama, because he's already co-managing what's happening now," observed Stephen Leeb, president of Leeb Capital Management.

Left unnoticed, however, was the fact that Geithner had been hired by a sitting Citigroup executive who still had a big bonus coming despite his proximity to Obama. In January 2009, just over a month after the bailout, Citigroup paid Froman a year-end bonus of $2.25 million. But as outrageous as it was, that payoff would prove to be chump change for the banker crowd, who were about to get everything they wanted — and more — from the new president.



The irony of Bob Rubin: He's an unapologetic arch-capitalist demagogue whose very career is proof that a free-market meritocracy is a myth. Much like Alan Greenspan, a staggeringly incompetent economic forecaster who was worshipped by four decades of politicians because he once dated Barbara Walters, Rubin has been held in awe by the American political elite for nearly 20 years despite having fucked up virtually every project he ever got his hands on. He went from running Goldman Sachs (1990-1992) to the Clinton White House (1993-1999) to Citigroup (1999-2009), leaving behind a trail of historic gaffes that somehow managed to boost his stature every step of the way.

As Treasury secretary under Clinton, Rubin was the driving force behind two monstrous deregulatory actions that would be primary causes of the 2008 financial crisis: the repeal of the Glass-Steagall Act (passed specifically to legalize the Citigroup megamerger) and the deregulation of the derivatives market. Having set that time bomb, Rubin left government to join Citi, which promptly expressed its gratitude by giving him $126 million in compensation over the next eight years (they don't call it bribery in this country when they give you the money post factum). After urging management to amp up its risky investments in toxic vehicles, a strategy that very nearly destroyed the company, Rubin blamed Citi's board for his screw-ups and complained that he had been underpaid to boot. "I bet there's not a single year where I couldn't have gone somewhere else and made more," he said. It is tragically offensive that it may be partially true.

Despite being perhaps more responsible for last year's crash than any other single living person — his colossally stupid decisions at both the highest levels of government and the management of a private financial superpower make him unique — Rubin was the man Barack Obama mysteriously chose to build his White House around.

There are four main ways to be connected to Bob Rubin: through Goldman Sachs, the Clinton administration, Citigroup and, finally, the Hamilton Project, a think tank Rubin spearheaded under the auspices of the Brookings Institute to promote his philosophy of balanced budgets, free trade and financial deregulation. The team Obama put in place to run his economic policy after his inauguration was dominated by people who boasted connections to at least one of these four institutions — so much so that the White House now looks like a backstage party for an episode of *Bob Rubin, This Is Your Life!*

At Treasury, there is Geithner, who worked under Rubin in the Clinton years. Serving as Geithner's "counselor" — a made-up post not subject to Senate confirmation — is Lewis Alexander, the former chief economist of Citigroup, who advised Citi back in 2007 that the upcoming housing crash was nothing to worry about. Two other top Geithner "counselors" — Gene Sperling and Lael Brainard — worked under Rubin at the National Economic Council, the key group that coordinates all economic policymaking for the White House.

As director of the NEC, meanwhile, Obama installed economic czar Larry Summers, who had served as Rubin's protégé at Treasury. Just below Summers is Jason Furman, who worked for Rubin in the Clinton White House and was one of the first directors of Rubin's Hamilton Project. The appointment of Furman — a persistent advocate of free-trade agreements like NAFTA and the author of droolingly pro-globalization reports with titles like "Walmart: A Progressive Success Story" — provided one of the first clues that Obama had only been posturing when he promised crowds of struggling Midwesterners during the campaign that he would renegotiate NAFTA, which facilitated the flight of blue-collar jobs to other countries. "NAFTA's shortcomings were evident when signed, and we must now amend the agreement to fix them," Obama declared. A few months after hiring Furman to help shape its economic policy, however, the White House quietly quashed any talk of renegotiating the trade deal. "The president has said we will look at all of our options, but I think they can be addressed without having to reopen the agreement," U.S. Trade Representative Ronald Kirk told reporters in a little-publicized conference call last April.

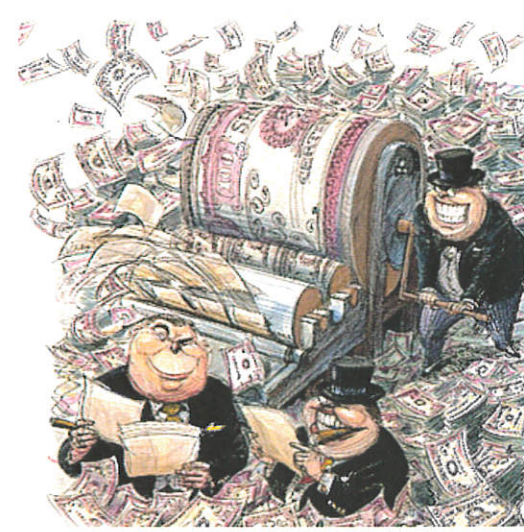
The announcement was not so surprising, given who Obama hired to serve alongside Furman at the NEC: management consultant Diana Farrell, who worked under Rubin at Goldman Sachs. In 2003, Farrell was the author of an infamous paper in which she argued that sending American jobs overseas might be "as beneficial to the U.S. as to the destination country, probably more so." Huh?

Joining Summers, Furman and Farrell at the NEC is Froman, who by then had been formally appointed to a unique position: He is not only Obama's international finance adviser at the National Economic Council, he simultaneously serves as deputy national security adviser at the National Security Council. The twin posts give Froman a direct line to the president, putting him in a position to coordinate Obama's international economic policy during a crisis. He'll have help from David Lipton, another joint appointee to the economics and security councils who worked with Rubin at Treasury and Citigroup, and from Jacob Lew, a former Citi colleague of Rubin's whom Obama named as deputy director at the State Department to focus on international finance.

Over at the Commodity Futures Trading Commission, which is supposed to regulate derivatives trading, Obama appointed Gary Gensler, a former Goldman banker who worked under Rubin in the Clinton White House. Gensler had been instrumental in helping to pass the infamous Commodity Futures Modernization Act of 2000, which prevented deregulation of derivative instruments like CDOs and credit-default swaps that played such a big role in cratering the economy last year. And as head of the powerful Office of Management and Budget, Obama named Peter Orszag, who served as the first director of Rubin's Hamilton Project. Orszag once succinctly summed up the project's ideology as a sort of liberal spin on trickle-down Reaganomics: "Market competition and globalization generate significant economic benefits."

Taken together, the rash of appointments with ties to Bob Rubin may well represent the most sweeping influence by a single Wall Street insider in the history of government. "Rather than having a team of rivals, they've got a team of Rubins," says Steven Clemons, director of the American Strategy Program at the New America Foundation. "You see that in policy choices that have resuscitated — but not reformed — Wall Street."

So Obama has punted on this great opportunity and obligation to reform Wall Street. And shanked the punt at that.



While Rubin's allies and acolytes got all the important jobs in the Obama administration, the academics and progressives got banished to semi-meaningless, even comical roles. Kornbluh was rewarded for being the chief policy architect of Obama's meteoric rise by being outfitted with a pith helmet and booted across the ocean to Paris, where she now serves as America's never-again-to-be-seen-on-TV ambassador to the Organization for Economic Cooperation and Development. Goolsbee, meanwhile, was appointed as staff director of the President's Economic Recovery Advisory Board, a kind of dumping ground for Wall Street critics who had assisted Obama during the campaign; one top Democrat calls the panel "Siberia."

Joining Goolsbee as chairman of the PERAB gulag is former Fed chief Paul

Volcker, who back in March 2008 helped candidate Obama write a speech declaring that the deregulatory efforts of the Eighties and Nineties had "excused and even embraced an ethic of greed, corner-cutting, insider dealing, things that have always threatened the long-term stability of our economic system." That speech met with rapturous applause, but the commission Obama gave Volcker to manage is so toothless that it didn't even meet for the first time until last May. The lone progressive in the White House, economist Jared Bernstein, holds the impressive-sounding title of chief economist and national policy adviser — except that the man he is advising is Joe Biden, who seems more interested in foreign policy than financial reform- only because he is.

The significance of all of these appointments isn't that the Wall Street types are now in a position to provide direct favors to their former employers. It's that, with one or two exceptions, they collectively offer a microcosm of what the Democratic Party has come to stand for in the 21st century. Virtually all of the Rubinites brought in to manage the economy under Obama share the same fundamental political philosophy carefully articulated for years by the Hamilton Project: Expand the safety net to protect the poor-if you can somehow find the money, but let Wall Street do whatever it wants. "Bob Rubin, these guys, they're classic limousine liberals," says David Sirota, a former Democratic strategist. "These are basically people who have made shitloads of money in the speculative economy, but they want to call themselves good Democrats because they're willing to give a little more to the poor. That's the model for this Democratic Party: Let the rich do their thing, but give a fraction more to everyone else."

Even the members of Obama's economic team who have spent most of their lives in public office have managed to make small fortunes on Wall Street. The president's economic czar, Larry Summers, was paid more than $5.2 million in 2008 alone as a managing director of the hedge fund D.E. Shaw, and pocketed an additional $2.7 million in speaking fees from a smorgasbord of future bailout recipients, including Goldman Sachs and Citigroup. At Treasury, Geithner's aide Gene Sperling earned a staggering $887,727 from Goldman Sachs last year for performing the punch-line-worthy service of "advice on charitable giving." Sperling's fellow Treasury appointee, Mark Patterson, received $637,492 as a full-time lobbyist for Goldman Sachs, and another top Geithner aide, Lee Sachs, made more than $3 million working for a New York hedge fund called Mariner Investment Group. The list goes on and on. Even Obama's chief of staff, Rahm Emanuel, who has been out of government for only 30 months of his adult life, managed to collect $18 million during his private-sector stint with a Wall Street firm called Wasserstein-Perella.

The point is that an economic team made up exclusively of callous millionaire-assholes has absolutely zero interest in reforming the gamed system that made them rich in the first place. "You can't expect these people to do anything other than protect Wall Street," says Rep. Cliff Stearns, a Republican from Florida. That thinking was clear from Obama's first address to Congress, when he stressed the importance of getting Americans to borrow like crazy again. "Credit is the lifeblood of the economy," he declared, pledging "the full force of the federal government to ensure that the major banks that Americans depend on have enough confidence and enough money."

A president elected on a platform of change was announcing, in so many words, that he planned to change nothing fundamental when it came to the economy. Rather than doing what FDR had done during the Great Depression and institute stringent new rules to curb financial abuses, Obama planned to institutionalize the policy, firmly established during the Bush years, of keeping a few megafirms rich at the expense of everyone else.

Obama hasn't always toed the Rubin line when it comes to economic policy. Despite being surrounded by a team that is powerfully opposed to deficit spending — balanced budgets and deficit reduction have always been central to the Rubin way of thinking — Obama came out of the gate with a huge stimulus plan designed to kick-start the economy and address the job losses brought on by the 2008 crisis. "You have to give him credit there," says Sen. Bernie Sanders, an advocate of using government resources to address unemployment. "It's a very significant piece of legislation, and $787 billion is a lot of money."

But whatever jobs the stimulus has created or preserved so far — 640,329, according to an absurdly precise and already discredited calculation by the White House — the aid that Obama has provided to real people has been dwarfed in size and scope by the taxpayer money that has been handed over to America's financial giants. "They spent $75 billion on mortgage relief, but come on — look at how much they gave Wall Street," says a leading Democratic strategist. Neil Barofsky, the inspector general charged with overseeing TARP, estimates that the total cost of the Wall Street bailouts could eventually reach $23.7 trillion. And while the government continues to dole out big money to big banks, Obama and his team of Rubinites have done basically nothing to reform the warped financial system responsible for imploding the global economy in the first place.

The push for reform seemed to get off to a promising start. In the House, the charge was led by Rep. Barney Frank, the outspoken chair of the House Financial Services Committee, who emerged during last year's Bush bailouts as a sharp-tongued critic of Wall Street. Back when Obama was still a senator, he and Frank even worked together to introduce a populist bill targeting executive compensation. Last spring, with the economy shattered, Frank began to hold hearings on a host of reforms, crafted with significant input from the White House, that initially contained some very good elements. There were measures to curb abusive credit-card lending, prevent banks from charging excessive fees, force publicly traded firms to conduct meaningful risk assessment and allow shareholders to vote on executive compensation. There were even measures to crack down on risky derivatives and to bar firms like AIG from picking their own regulators.

Then the committee went to work — and the loopholes started to appear.

The most notable of these came in the proposal to regulate derivatives like credit-default swaps. Even Gary Gensler, the former Goldmanite whom Obama put in charge of commodities regulation, was pushing to make these normally obscure investments more transparent, enabling regulators and investors to identify speculative bubbles sooner. But in August, a month after Gensler came out in favor of reform, Geithner slapped him down by issuing a 115-page paper called "Improvements to Regulation of Over-the-Counter Derivatives Markets" that called for a series of exemptions for "end users" — i.e., almost all of the clients who buy derivatives from banks like Goldman Sachs and Morgan Stanley. Even more stunning, Frank's bill included a blanket exception to the rules for currency swaps traded on foreign exchanges — the very instruments that had triggered the Long-Term Capital Management meltdown in the late 1990s.

Given that derivatives were at the heart of the financial meltdown last year, the decision to gut derivatives reform sent some legislators howling with disgust. Sen. Maria Cantwell of Washington, who estimated that as much as 90 percent of all derivatives could remain unregulated under the new rules, went so far as to say the new laws would make things worse. "Current law with its loopholes might actually be better than these loopholes," she said.

An even bigger loophole could do far worse damage to the economy. Under the original bill, the Securities and Exchange Commission and the Commodity Futures Trading Commission were granted the power to ban any credit swaps deemed to be "detrimental to the stability of a financial market or of participants in a financial market." By the time Frank's committee was done with the bill, however, the SEC and the CFTC were left with no authority to do anything about abusive derivatives other than to send a report to Congress. The move, in effect, would leave the kind of credit-default swaps that brought down AIG largely unregulated.

Why would leading congressional Democrats, working closely with the Obama administration, agree to leave one of the riskiest of all financial instruments unregulated, even before the issue could be debated by the House? "There was concern that a broad grant to ban abusive swaps would be unsettling," Frank explained.

Unsettling to whom? Certainly not to you and me — but then again, actual people are not really part of the calculus when it comes to finance reform. According to those close to the markup process, Frank's committee inserted loopholes under pressure from "constituents" — by which they mean anyone "who can afford a lobbyist," says Michael Greenberger, the former head of trading at the CFTC under Clinton.

This pattern would repeat itself over and over again throughout the fall. Take the centerpiece of Obama's reform proposal: the much-ballyhooed creation of a Consumer Finance Protection Agency to protect the little guy from abusive bank practices. Like the derivatives bill, the debate over the CFPA ended up being dominated by horse-trading for loopholes. In the end, Frank not only agreed to exempt some 8,000 of the nation's 8,200 banks – that's 98%! - from oversight by the castrated-in-advance agency, leaving most consumers unprotected, he allowed the committee to pass the exemption by voice vote, meaning that congressmen could side with the banks without actually attaching their name to their "Aye."

To win the support of conservative Democrats, Frank also backed down on another issue that seemed like a slam-dunk: a requirement that all banks offer so-called "plain vanilla" products, such as no-frills mortgages, to give consumers an alternative to deceptive, "fully loaded" deals like adjustable-rate loans. Frank's last-minute reversal — made in consultation with Geithner — was such a transparent giveaway to the banks that even an economics writer for Reuters, hardly a far-left source, called it "the beginning of the end of meaningful regulatory reform."

But the real kicker came when Frank's committee took up what is known as "resolution authority" — government-speak for "Who the hell is in charge the next time somebody at AIG or Lehman Brothers decides to vaporize the economy?" What the committee initially introduced bore a striking resemblance to a proposal written by Geithner earlier in the summer. A masterpiece of legislative chicanery, the measure would have given the White House permanent and unlimited authority to execute future bailouts of megaconglomerates like Citigroup and Bear Stearns.

Democrats pushed the move as politically uncontroversial, claiming that the bill will force Wall Street to pay for any future bailouts and "doesn't use taxpayer money." In reality, that was complete bullshit. The way the bill was written, the FDIC would basically borrow money from the Treasury — i.e., from ordinary taxpayers — to bail out any of the nation's two dozen or so largest financial companies that the president deems in need of government assistance. After the bailout is executed, the president would then levy a tax on financial firms with assets of more than $10 billion to repay the Treasury within 60 months — unless, that is, the president decides he doesn't want to! "They can wait indefinitely to repay," says Rep. Brad Sherman of California, who dubbed the early version of the bill "TARP on steroids."

The new bailout authority also mandated that future bailouts would not include an exchange of equity "in any form" — meaning that taxpayers would get nothing in return for underwriting Wall Street's mistakes. Even more outrageous, it specifically prohibited Congress from rejecting tax giveaways to Wall Street, as it did last year, by removing all congressional oversight of future bailouts. In fact, the resolution authority proposed by Frank was such a slurpingly obvious blow job of Wall Street that it provoked a revolt among his own committee members, with junior Democrats waging a spirited fight that restored congressional oversight to future bailouts, requires equity for taxpayer money and caps assistance to troubled firms at $150 billion. Another amendment to force companies with more than $50 billion in assets to pay into a rainy-day fund for bailouts passed by a resounding vote of 52 to 17 — with the "Nays" all coming from Frank and other senior Democrats loyal to the administration.

Even as amended, however, resolution authority still has the potential to be truly revolutionary legislation. The Senate version still grants the president unlimited power over equity-free bailouts, and the amended House bill still institutionalizes a system of taxpayer support for the 20 to 25 biggest banks in the country. It would essentially grant economic immortality to those top few megafirms, who will continually gobble up greater and greater slices of market share as money becomes cheaper and cheaper for them to borrow (after all, who wouldn't lend to a company permanently backstopped by the federal government?). It would also formalize the government's role in the global economy and turn the presidential-appointment process into an important part of every big firm's business strategy. "If this passes, the very first thing these companies are going to do in the future is ask themselves, 'How do we make sure that one of our executives becomes assistant Treasury secretary?'" says Sherman.

On the Senate side, finance reform has yet to make it through the markup process, but there's every reason to believe that its final bill will be as watered down as the House version by the time it comes to a vote. The original measure, drafted by chairman Christopher Dodd of the Senate Banking Committee, is surprisingly tough on Wall Street — a fact that almost everyone in town chalks up to Dodd's desperation to shake the bad publicity he incurred by accepting a sweetheart mortgage from the notorious lender Countrywide. "He's got to do the shake-his-fist-at-Wall Street thing because of his, you know, problems," says a Democratic Senate aide. "So that's why the bill is starting out kind of tough."

The aide pauses. "The question is, though, what will it end up looking like?"

He's right — that is the question. Because the way it works is that all of these great-sounding reforms get whittled down bit by bit as they move through the committee markup process, until finally there's nothing left but the exceptions. In one example, a measure that would have forced financial companies to be more accountable to shareholders by holding elections for their entire boards every year has already been watered down to preserve the current system of staggered votes. In other cases, this being the Senate, loopholes were inserted before the debate even began: The Dodd bill included the exemption for foreign-currency swaps — a gift to Wall Street that only appeared in the Frank bill during the course of hearings — from the very outset.

The White House's refusal to push for real reform stands in stark contrast to what it *should* be doing. It was left to Rep. Pete Kanjorski in the House and Bernie Sanders in the Senate to propose bills to break up the so-called "too big to fail" banks. Both measures would give Congress the power to dismantle those pseudomonopolies controlling almost the entire derivatives market (Goldman, Citi, Chase, Morgan Stanley and Bank of America control 95 percent of the $290 trillion over-the-counter market) and the consumer-lending market (Citi, Chase, Bank of America and Wells Fargo issue one of every two mortgages, and two of every three credit cards). On November 18th, in a move that demonstrates just how nervous Democrats are getting about the growing outrage over taxpayer giveaways, Barney Frank's committee actually passed Kanjorski's measure. "It's a beginning," Kanjorski says hopefully. "We're on our way." But even if the Senate follows suit, big banks could well survive — depending on whom the president appoints to sit on the new regulatory board mandated by the measure. An oversight body filled with executives of the type Obama has favored to date from Citi and Goldman Sachs hardly seems like a strong bet to start taking an ax to concentrated wealth. And given the new bailout provisions that provide these megafirms a market advantage over smaller banks (those Paul Volcker calls "too small to save"), the failure to break them up qualifies as a major policy decision with potentially disastrous consequences.

"They should be doing what Teddy Roosevelt did," says Sanders. "They should be busting the trusts."

That probably won't happen anytime soon. But at a minimum, Obama should start on the road back to sanity by making a long-overdue move: firing Geithner. Not only are the mop-headed weenie of a Treasury secretary's fingerprints on virtually all the gross giveaways in the new reform legislation, he's a living symbol of the Rubinite gangrene crawling up the leg of this administration. Putting Geithner against the wall and replacing him with an actual human being not recently employed by a Wall Street megabank would do a lot to prove that Obama was listening this past Election Day. And while there are some who think Geithner is about to go — "he almost has to," says one Democratic strategist — at the moment, the president is still letting Wall Street do his talking.

Morning, the National Mall, November 5th. A year to the day after Obama named Michael Froman to his transition team, his political "opposition" has descended upon the city. Republican teabaggers from all 50 states have showed up, a vast horde of frowning, pissed-off middle-aged white people with their idiot placards in hand, ready to do cultural battle. They are here to protest Obama's "socialist" health care bill — you know, the one that even a bloodsucking capitalist interest group like Big Pharma spent $150 million to get passed.

These teabaggers don't know that, however. All they know is that a big government program might end up using tax dollars to pay the medical bills of rapidly breeding Dominican immigrants. So they hate it. They're also in a groove, knowing that at the polls a few days earlier, people like themselves had a big hand in ousting several Obama-allied Democrats, including a governor of New Jersey who just happened to be the former CEO of Goldman Sachs. A sign held up by New Jersey protesters bears the warning, "If You Vote For Obamacare, We Will Corzine You."

I approach a woman named Pat Defillipis from Toms River, New Jersey, and ask her why she's here. "To protest health care," she answers. "And then amnesty. You know, immigration amnesty."

I ask her if she's aware that there's a big hearing going on in the House today, where Barney Frank's committee is marking up a bill to reform the financial regulatory system. She recognizes Frank's name, wincing, but the rest of my question leaves her staring at me like I'm an alien.

"Do you care at all about economic regulation?" I ask. "There was sort of a big economic collapse last year. Do you have any ideas about how that whole deal should be fixed?"

"We got to slow down on spending," she says. "We can't afford it."

"But what do we do about the rules governing Wall Street . . ."

She walks away. She doesn't give a fuck. People like Pat aren't aware of it, but they're the best friends Obama has. They hate him, sure, but they don't hate him for any reasons that make sense. When it comes down to it, most of them hate the president for all the usual reasons they hate "liberals" — because he uses big words, doesn't believe in hell and doesn't flip out at the sight of gay people holding hands. Additionally, of course, he's black, and wasn't born in America, and is married to a woman who secretly hates our country.

These are the kinds of voters whom Obama's gang of Wall Street advisers is counting on: idiots. People whose votes depend not on whether the party in power delivers them jobs or protects them from economic villains, but on what cultural markers the candidate flashes on TV. Finance reform has become to Obama what Iraq War coffins were to Bush: something to be tucked safely out of sight.

Around the same time that finance reform was being watered down in Congress at the behest of his Treasury secretary, Obama was making a pit stop to raise money from Wall Street. On October 20th, the president went to the Mandarin Oriental Hotel in New York and addressed some 200 financiers and business moguls, each of whom paid the maximum allowable contribution of $30,400 to the Democratic Party. But an organizer of the event, Daniel Fass, announced in advance that support for the president might be lighter than expected — bailed-out firms like JP Morgan Chase and Goldman Sachs were expected to contribute a meager $91,000 to the event — because bankers were tired of being lectured about their misdeeds.

"The investment community feels very put-upon," Fass explained. "They feel there is no reason why they shouldn't earn $1 million to $200 million a year, and they don't want to be held responsible for the global financial meltdown."

Which makes sense. Shit, who could blame the *investment community* for the meltdown? What kind of assholes are we to put any of this on them?

This is the kind of person who is working for the Obama administration, which makes it unsurprising that we're getting no real reform of the finance industry. There's no other way to say it: Barack Obama, a once-in-a-generation political talent whose graceful conquest of America's racial dragons en route to the White House inspired the entire world, has for some reason allowed his presidency to be hijacked by sniveling, low-rent shitheads. Instead of reining in Wall Street, Obama has allowed himself to be seduced by it, leaving even his erstwhile campaign adviser, ex-Fed chief Paul Volcker, concerned about a "moral hazard" creeping over his administration.

"The obvious danger is that with the passage of time, risk-taking will be encouraged and efforts at prudential restraint will be resisted," Volcker told Congress in September, expressing concerns about all the regulatory loopholes in Frank's bill. "Ultimately, the possibility of further crises — even greater crises — will increase."

What's most troubling is that we don't know if Obama has changed, or if the influence of Wall Street is simply a fundamental and ineradicable element of our electoral system. What we do know is that Barack Obama pulled a bait-and-switch on us. If it were any other politician, we wouldn't be surprised. Maybe it's our fault, for thinking he was different.

Goldman Sachs + Climate Change

President Barack Obama's leading private campaign contributor was Goldman Sachs. GS employees contributed $981,000. In June, 2009, GS was back at work, scouting out loopholes in a new government era market with a new team of its alumni in key government jobs. Paulson and Kashkari were gone, but in their places are Treasury Chief Mark Patterson and CFTC Chief Gary Gensler, both Goldman Sachs alumni. Instead of credit derivatives or oil futures, the next game bubble will be carbon credits.

Watch out for democrats to push into existence a new commodities bubble disguised as an "environmental plan" called cap-and-trade. This new wrinkle will have a character flaw: a government-mandated rise in prices. Goldman must smell the blood in the water. They don't even have to rig the game in advance this time.

The bill creates limits for coal plants, utilities, natural gas distributors and other industries on the amount of carbon emissions - greenhouse gases - they can produce each year. If the companies go over their allotment, they will be able to "buy" "allocations" or credits from other companies that have managed to produce lower emissions. Obama estimates that $646 billion will be auctioned in the first seven years. His top economic advisor thinks the real number is two to three times that.

The political hue of this bill has the "cap" on carbon being continually lowered by the government so the carbon credits will become more and more scarce each year, increasing their cost. For perspective, the annual combined revenue of electricity suppliers in the US is $320 billion.

Is it any wonder Goldman wants this bill? Goldman was pushing this bill long ago, but ramped it up with $3.5 million last year to lobby climate groups. In fact, one of their lobbyists was Patterson, now Treasury chief of staff. In 2005, when Hank Paulson was chief of Goldman, he personally authored the bank's environmental policy, arguing that "voluntary action alone cannot solve the climate-change problem." Unusual words for a bank consistently opposed to any sort of government regulation.

Goldman bought Horizon Wind Energy, has invested in renewable diesel via Changing World Technologies, and solar (partnering with BP solar), owns 10% of the Chicago Climate Exchange where the carbon credits will be traded and a stake in Blue Source LLC, a Utah firm selling carbon credits like the pending bill creates. Even Al Gore partnered up with three Goldman boys to create Generation Investment Management to invest in carbon offsets.

So is Cap-and-Trade going to help save us from global warming? Not since you can buy/trade your way out of a continuation of destructive behaviors. But maybe as envisioned by Goldman Sachs, it is really just a carbon tax structured so that private interests collect the revenues. Instead of simply imposing just a carbon tax structured to force unclean energy producers to pay for the mess they make, cap-and-trade will allow a small tribe of greedy Wall Street pigs to turn yet another commodities market into another private tax-collection scheme. This one is even worse than the bailout: it allows the bank to seize the taxpayer money before it's even collected.

Since 1929, the very same bank that behaved recklessly, weighing down the system with toxic loans and predatory debt, accomplishing nothing but massive bonuses for a few bosses, has been rewarded with piles of free money and government guarantees – while the victims, ordinary taxpayers, are stuck paying for it.

You are no longer a citizen thriving in a first-world democracy. You are no longer above getting robbed in broad daylight. Some of us have to play by the rules, while others get a note from the principal excusing them from homework until the end of time, including $10 billion in a brown paper bag to buy their lunch while we starve.

It's a gangster state, running on gangster economics. Even prices can't be trusted anymore. There are hidden taxes in every buck you pay out.

The U.S. Camber of Commerce Darkens the Skies

Bill McKibben, the Schumann Distinguished Scholar at Middlebury College, co-founder of 350.org, and a TomDispatch regular, whose most recent book is Earth: Making a Life on a Tough New Planet, wrote an article the appeared in many locations entitled, "Money Pollution: The U.S. Chamber of Commerce Darkens the Skies:"

"In Beijing, they celebrate when they have a "blue sky day," when, that is, the haze clears long enough so that you can actually see the sun. Many days, you can't even make out the next block.

Washington, by contrast, looks pretty clean: white marble monuments, broad, tree-lined avenues, the beautiful, green spread of the Mall. But its inhabitants -- at least those who vote in Congress -- can't see any more clearly than the smoke-shrouded residents of Beijing.

Their view, however, is obscured by a different kind of smog. Call it money pollution. The torrents of cash now pouring unchecked into our political system cloud judgment and obscure science. Money pollution matters as much as or more than the other kind of dirt. That money is the single biggest reason that, as the planet swelters through the warmest years in the history of civilization, we have yet to take any real action as a nation on global warming.

And if you had to pick a single "power plant" whose stack was spewing out the most smoke? No question about it, that would be the U.S. Chamber of Commerce, whose headquarters are conveniently located directly across the street from the White House. On its webpage, the chamber brags that it's the biggest lobby in Washington, "consistently leading the pack in lobbying expenditures."

The group spent as much as $33 million trying to influence the 2010 midterm elections, and has announced that it will beat that in 2012. That, of course, is its right, especially now that the Supreme Court, in its Citizens United ruling, opened the floodgates for corporate speech (as in "money talks").

But the chamber does what it does with a twist. It claims to represent "three million businesses of all sizes, sectors, and regions." The organization, that is, seems to speak for a country full of barbers and florists, car dealers, restaurant owners, and insurance salesmen, not to mention the small entrepreneurs who make up local and state chambers of commerce across the country.

At least when it comes to energy and climate, though, that claim is, politely put, a fib. The Chamber of Commerce doesn't have to say where it gets its money, but last year a group called U.S. ChamberWatch used one of the last disclosure laws still in existence to uncover a single pertinent fact. They went to the headquarters of the chamber and asked to see its IRS 990 form. It showed that 55 percent of its funding came from just 16 companies, each of which gave more than a million dollars. It doesn't have to say which companies, but by their deeds shall you know them.

The chamber has long opposed environmental standards. In the 1980s, it fought a ban on the dumping of hazardous waste. In the 1990s, it fought smog and soot standards. On climate change, though, it's gone pretty near berserk.

In 2009, for instance, one of its officials even demanded a "twenty-first century Scopes monkey trial" for global warming: "It would be the science of climate change on trial," the chamber's senior vice-president for environment, technology, and regulatory affairs explained.

That didn't go over so well. Several high-profile companies quit the chamber. Apple Computer, the very exemplar of the universe of cutting-edge technology, explained: "We would prefer that the chamber take a more progressive stance on this critical issue and play a constructive role in addressing the climate crisis."

Other businesses complained that they hadn't been consulted. Some, like Nike, quit the organization's board. "We just weren't clear in how decisions on climate and energy were being made," said a Nike spokesman.

One thing was for sure: they weren't being made by three million small businesses -- because many local chambers of commerce started quitting the chamber as well. From Florida and South Carolina to Missouri and Kansas, from Colorado and Pennsylvania to New Hampshire and Washington, dozens of local chambers have announced that the U.S. Chamber doesn't speak for them on these issues. In Largo, Florida, for instance, the head of the local chamber explained that the U.S. Chamber was composed, "for the most part, of political action committees and business lobbyists. They hold little resemblance to the local chambers of commerce that have been the cornerstone of their communities for generations."

Faced with that kind of incipient rebellion, the chamber backtracked just a little, issuing a statement saying that they didn't really want a global warming version of a monkey trial after all, and that climate change was an "important issue." (The same statement went on to call for transforming the United States into the "Saudi Arabia of clean coal.")

The happy talk in public, however, has done nothing to change the agenda the chamber pushes so powerfully in private. The same year as that statement, for instance, the organization petitioned the Environmental Protection Agency to take no action on global warming on the grounds that "populations can acclimatize to warmer climates via a range of range of behavioral, physiological, and technological adaptations."

Now, read that again. No suggestion here that 16 dinosaur companies adapt their business model to a reality that now includes melting ice caps, desertification and massive flooding, ever fiercer storms and acidifying oceans. Instead, they would prefer that every human being (and every other species) be so kind as to adapt their behavior and physiology to the needs of this tiny coterie of massive contributors. Forever.

What's become clear is that the U.S. Chamber of Commerce, an organization formed in 1912, more than a century after the first local chamber came into being, is anything but a benign umbrella for American small businesses. Quite the opposite: It's a hard-edged ideological shop. It was Glenn Beck, after all, who said of the chamber that "they are us," and urged his viewers to send them money. (Beck personally contributed $10,000 of the $32 million he earned in 2009.) The chamber's chief lobbyist even called in to offer his personal thanks. It shouldn't have come as a great surprise: Beck's Fox News parent, Rupert Murdoch's News Corporation, had given its own million-dollar donation to the chamber.

Thanks to the Supreme Court and its Citizens United decision, there's no way to keep the chamber and others from running their shadowy, election-time campaigns. As long as monster companies are pumping money into their coffers, it's "free speech" all the way, and they'll simply keep on with their dodgy operations.

Still, the rest of us can stand up and be counted. We can tell the Congressional representatives taking their money that they don't speak for us. We can urge more big companies to act like Apple and Microsoft, which publicly denounced the chamber. (It's good to hear Levi Strauss, General Electric, and Best Buy making similar noises.) We need to hear from more dissenting chambers of commerce. It cheered me to find that the CEO of the Greater New York Chamber said, "They don't represent me," or to discover that just a few weeks ago the Seattle chamber cut its ties.

But it's even more important to hear from small businesspeople, the very contingent the U.S. Chamber of Commerce draws on for its credibility. Across America in the coming months, volunteers from the climate change organization I helped to found, 350.org, will be fanning out to canvass local businesses -- all those bakeries and beauty salons, colleges and chiropractors, pharmacies and fitness centers that belong to local chambers of commerce.

The volunteers will be asking for signatures on a statement announcing that "the U.S. Chamber doesn't speak for me," and offering businesspeople the chance to post videos expressing just how differently they do think when it comes to global warming, energy, and the environment. It's a chance to emphasize that American business should be about nimbleness, creativity, and adaptation -- that it's prepared to cope with changing circumstances, instead of using political cash to ensure that yesterday's technologies remain on artificial life support.

It's easy to guess how the U.S. Chamber of Commerce will respond to this campaign. Last week, a series of leaks showed that their law firm had been carrying out extended negotiations with at least one "security firm" to collect intelligence on the chamber's adversaries, including the group that uncovered the tax data showing where their money came from. Once the leak was made public, the chamber's law firm cut off the negotiations, but not before they received "samples" of the kind of intelligence they presumably wanted -- pictures of their opponents' children, for instance, or the news that one foe attended a "Jewish church" near Washington.

For the record: I don't like the chamber's deceptions. I belong to the Methodist church in my hometown. Keep away from my daughter. With my colleagues at 350.org, I'll do what I can to help undermine the chamber's claim to represent American business. I don't know if we can win this fight against money pollution, but we're going to do what we can to clear the air."

Fixing Things

Robert Reich, the former Secretary of labor, now a Professor at U.CAL Berkeley, has written a book entitled *"Aftershock: The Next Economy and America's Future."*

Reich posted an article on his own web site and the Huffington Post that pointed out that Obama's tax deal with Republicans is a mistake for more reasons than one: "Apart from its extraordinary cost and regressive tilt, the tax deal negotiated between the president and the Republicans has another fatal flaw: It confirms the Republican worldview.

Americans want to know what happened to the economy and how to fix it. At least Republicans have a story -- the same one they've been flogging for thirty years. The bad economy is big government's fault and the solution is to shrink government.

Here's the real story. For three decades, an increasing share of the benefits of economic growth have gone to the top one percent. Thirty years ago, the top got 9 percent of total income. Now they take in almost a quarter. Meanwhile, the earnings of the typical worker have barely budged.

The vast middle class no longer has the purchasing power to keep the economy going. (The rich spend a much lower portion of their incomes.) The crisis was averted before now only because middle-class families found ways to keep spending more than they took in -- by women going into paid work, by working longer hours, and finally by using their homes as collateral to borrow. But when the housing bubble burst, the game was up.

The solution is to reorganize the economy so the benefits of growth are more widely shared. Exempt the first $20,000 of income from payroll taxes, and apply payroll taxes to incomes over $250,000. Extend Medicare to all. Extend the Earned Income Tax Credit all the way up through families earning $50,000. Make higher education free to families that now can't afford it. Rehire teachers. Repair and rebuild our infrastructure. Create a new WPA to put the unemployed back to work.

Pay for this by raising marginal income taxes on millionaires (under Eisenhower, the highest marginal rate was 91 percent, and the economy flourished). A millionaire marginal tax of 70 percent would eliminate the nation's future budget deficit. In addition, impose a small tax on all financial transactions (even a tiny one -- one half of one percent -- would bring in $200 billion a year, enough to rehire every teacher who's been laid off as well as provide universal preschool for all toddlers). Promote unions for low-wage workers.

But here's the obstacle. As income and wealth have risen to the top, so has political power. Money is being used to bribe politicians and fill the airwaves with misleading ads that block all of this.

The midterm elections offered dramatic evidence. NBC news reported shortly after Election Day, for example, that Crossroads GPS, one of the biggest Republican secret-money organizations, got "a substantial portion" of its loot from a group of extremely wealthy Wall Street hedge fund and private equity managers. Why would they sink so much money into the midterms? Because they've been so strongly opposed to a proposal by congressional Democrats to treat the earnings of hedge fund and private equity managers as ordinary income rather than capital gains (subject to only a 15 percent rate).

In other words, the problem isn't big government. It's power and privilege at the top.

So another part of the solution is to limit the impact of big money on politics. This requires, for example, publicly-financed campaigns, disclosure of all sources of political spending, and resurrection of the fairness doctrine for broadcasters.

It's the same power and privilege that got the Bush tax cuts in the first place, and claimed the lion's share of its benefits. The same power and privilege that got the estate tax phased out.

Get it? By agreeing to another round of massive tax cuts for the wealthy, the president confirms the Republican story. Cutting taxes on the rich while freezing discretionary spending (which he's also agreed to do) affirms that the underlying problem is big government, and the solution is to shrink government and expect the extra wealth at the top to trickle down to everyone else.

Obama's new tax compromise is not only bad economics; it's also disastrous from the standpoint of educating the public about what has happened and what needs to happen in the future. It reinforces the Republican story and makes mincemeat out of the truthful one Democrats should be telling."