Technocracy Inc.

America's Two Economies, and Why One Is Recovering and the Other Isn't.

By Robert Reich, Robert Reich's Blog - November 5, 2010

Next time you hear an economist or denizen of Wall Street talk about how the "American economy" is doing these days, watch your wallet. There are two American economies. One is on the mend. The other is still coming apart... The one that's mending is America's Big Money economy. It's comprised of Wall Street traders, big investors, and top professionals and corporate executives... The Big Money economy is doing well these days. That's partly thanks to Ben Bernanke, whose Fed is keeping interest rates near zero by printing money as fast as it dare. It's essentially free money to America's Big Money economy... Free money can almost always be put to uses that create more of it. Big corporations are buying back their shares of stock, thereby boosting corporate earnings. They're merging and acquiring other companies.

And they're going abroad in search of customers... Thanks to fast-growing China, India, and Brazil, giant American corporations are racking up sales. They're selling Asian and Latin American consumers everything from cars and cell phones to fancy Internet software and iPads. Forty percent of the S&P 500 biggest corporations are now doing more than 60 percent of their business abroad. And America's biggest investors are also going abroad to get a nice return on their money...So don't worry about America's Big Money economy. According to a Wall Street Journal survey released Thursday, overall compensation in financial services will rise 5 percent this year, and employees in some businesses like asset management will get increases of 15 percent... The Dow Jones Industrial Average is back to where it was before the Lehman bankruptcy filing triggered the financial collapse. And profits at America's largest corporations are heading upward... But there's another American economy, and it's not on the mend. Call it the Average Worker economy.

Last Friday's jobs report showed 159,000 new private-sector jobs in October. That's better than previous months. But 125,000 net new jobs are needed just to keep up with the growth of the American labour force. So another way of expressing what happened to jobs in October is to say 34,000 were added over what we need just to stay even... Yet the American economy has lost 15 million jobs since the start of the Great Recession. And if you add in the growth of the labor force - including everyone too discouraged to look for a job - we're down about 22 million.... Or to put it another way, we're still getting nowhere on jobs... One out of eight breadwinners is still out of work. Most families in the Average Worker economy rely on two breadwinners. So if one out of eight isn't working, chances are high that family incomes are down compared to what they were three years ago... And that means the bills aren't getting paid.... According to a recent Washington Post poll, more than half of all Americans - 53 percent - are worried about making their mortgage payments. This is many more than were worried two years ago, when the Great Recession hit bottom. Then, 37 percent expressed worry.

Delinquency rates on home loans are rising. Distressed sales are up as a percent of total sales... Most people in the Average Worker economy own few shares of stock, if any. Their equity is in their homes. But with all the delinquencies and distressed sales, the housing market has a glut of homes for sale. As a result, home prices are still dropping. So the net worth of most Americans is still dropping... And even though interest rates are falling, most people in the Average Worker economy can't refinance their homes. They can't get home equity loans. Banks don't want to lend to the Average Worker economy because people in it are considered bad credit risks. They still owe lots of money, their family incomes are down, and their net worth has fallen... And according to the Reuters/University of Michigan survey of American consumers, expectations about personal finances are at an all time low... Inhabitants of the Big Money economy are celebrating Republican wins last week. They figure financial regulations will be rolled back, environmental regulations will be canned, the Bush tax cut will be extended to the top 1 percent, and it will be harder for workers to form unions... Inhabitants of the Average Worker economy aren't so sure. The economy has been so bad they're angry at politicians. They showed their anger at the ballot box. They took it out on incumbents... But if nothing changes in the Average Worker economy, there will be hell to pay... *Robert Reich is Professor of Public Policy at the University of California at Berkeley. He has served in three national administrations, most recently as secretary of labor under President Bill Clinton. He has written twelve books, including his latest book, "AFTERSHOCK: The Next Economy and America's Future." His 'Marketplace' commentaries can be found on publicradio.com*

By William K. Black, Mike and Friends Blog -
November 1, 2010 – Reprinting of October 22, 2010 Article
"References to current events are dated, but the information & insight is substantial. -- ma/RSN"

Put Bank of America in Receivership

After a quick review of its procedures, Bank of America this week announced that it will resume its foreclosures in 23 lucky states next Monday. While the evidence is overwhelming that the entire foreclosure process is riddled with fraud, President Obama refuses to support a national moratorium. Indeed, his spokesmen on the issue told reporters three key things. As the *Los Angeles Times* reported: A government review of botched foreclosure paperwork so far has found that the problems do not pose a "systemic" threat to the financial system, a top Obama administration official said Wednesday... Yes, that's right. HUD reviewed the "paperwork" problem to see whether it threatened the banks - not the homeowners who were the victims of foreclosure fraud. But it got worse, for the second point was how the government would respond to the epidemic of foreclosure fraud. Justice Department is leading an investigation of possible crimes involving mortgage fraud**...** That language was carefully chosen to sound reassuring. But the fact is that despite our pleas the FBI has continued its "partnership" with the Mortgage Bankers Association (MBA). The MBA is the trade association of the "perps." It created a facially ridiculous definition of "mortgage fraud." Under that definition the lenders - who led the mortgage frauds - are the victims. The FBI still parrots this long discredited "definition." That is one of the primary reasons why - in complete contrast to prior financial crises - the Justice Department has not convicted a single senior officer of the large nonprime lenders who directed, committed, and profited enormously from the frauds.

Note that the Justice Department is not investigating foreclosure fraud. HUD Secretary Donovan's statement shows *why:* "We will not tolerate business as usual in the mortgage market," he said. "Where there have been mistakes made or errors, we will hold those entities, those institutions, accountable to stop those processes, review them and fix them as quickly as possible."... Note the language: "mistakes", "errors", "processes" (following the initial use of "paperwork"). No mention of "fraud", "felony", "criminal investigations", or "prosecutions" for the tens of thousands of felonies that representatives of the entities foreclosing on homes have admitted that they committed. Note that Donovan does not even demand that the felons remedy the harm caused by their past fraudulent foreclosures. Donovan wants them to "fix" "processes" - not repair the harm their frauds caused to their victims... The fraudulent CEOs looted with impunity, were left in power, and were granted their fondest wish when Congress, at the behest of the Chamber of Commerce, Chairman Bernanke, and the bankers' trade associations, successfully extorted the professional Financial Accounting Standards Board (FASB) to turn the accounting rules into a farce. The FASB's new rules allowed the banks (and the Fed, which has taken over a trillion dollars in toxic mortgages as wholly inadequate collateral) to refuse to recognize hundreds of billions of dollars of losses. This accounting scam produces enormous fictional "income" and "capital" at the banks. The fictional income produces real bonuses to the CEOs that make them even wealthier. The fictional bank capital allows the regulators to evade their statutory duties under the Prompt Corrective Action (PCA) law to close the insolvent and failing banks.

The inflated asset values allow the Fed and the administration to ignore the Fed's massive loss exposure and allow Treasury to spread propaganda claiming that TARP resolved all the problems - at virtually no cost. Donovan claims that we have held the elite frauds accountable - but we have done the opposite. We have made the CEOs of the largest financial firms - typically already among the 500 wealthiest Americans - even wealthier. We have rewarded fraud, incompetence, and venality by our most powerful elites... If the government does not hold the fraudulent CEOs responsible, who is supposed to stop the epidemic of elite financial fraud? The Obama administration's answer is the fraudulent CEOs themselves, at a time of their choosing. You can't make this stuff up... But ultimately resolving the problems is not the government's responsibility, said Michael Barr, assistant Treasury secretary for financial institutions. "Fundamentally, this is up to the banks and the servicers to fix," he said. "They can fix it as fast as they feel like."... So who is Michael Barr and why is saying things on behalf of the Obama administration that make it appearing to be a wholly-owned subsidiary of the fraudulent lenders and servicers? He's a Robert Rubin protégé and he's the senior Treasury official for banking policy... We have a different policy view. We believe that only the government can stop fraud from growing to catastrophic levels and that among the government's highest responsibilities is to provide the regulatory "cops on the beat" with the competence, resources, courage, and integrity to take on our most elite frauds. We believe that anything less is a travesty that causes tens of millions of Americans to be defrauded and poses a grave threat to our economy and democracy.

The Man Who Shattered Our Economy By Robert Scheer - Nov 17, 2010

http://www.truthdig.com/report/item/the_man_who_shattered_our_economy_20101117/

Rejoice, the housing market is back. Sandy Weill just picked up a humdinger of a wine vineyard estate in Sonoma, Calif., for a record $31 million, so the foreclosure crisis—which the former CEO of Citigroup did so much to create when he successfully lobbied then-President Bill Clinton to sign off on radical deregulation of the banking industry—must be over... After all, Weill wasn't desperate for shelter, already being in possession of a 14-acre estate in über-exclusive Greenwich, Conn., and a 120-acre spread in New York state's Adirondacks. Let's also not forget the penthouse that he bought for $42.4 million in New York City in 2007 as the banking collapse he helped engineer was fast developing. Not too shabby for a guy who ran Citigroup into the ground by trafficking in what proved to be toxic mortgage-based securities.

Thanks to legislation that Weill got President Clinton to sign off on, Citigroup was allowed to become too big to fail, and when fail it did, the taxpayers had to bail the humungous bank out—to the tune of $50 billion in a direct subsidy and $306 billion more for the housing mortgage-backed securities Citigroup was holding. The Treasury still owns a good chunk of Citigroup common stock, now trading at a paltry four dollars and change per share... However, like all of the other top dogs involved in this scandal, Weill has emerged from a housing crisis that has impoverished tens of millions of Americans with his own personal fortune intact. Indeed, as evidenced by his vineyard purchase, he has quite a bit of money to throw around... Although the value of most housing in Sonoma County, in the heart of the wine country, is down 30 to 50 percent, Weill was willing to pay close to the asking price for his new property. And why not? As the San Francisco Chronicle website quoted one Coldwell Banker real estate agent as saying, the sale "is not an indicator of an emerging real estate recovery, but rather the ability of the world's wealthiest individuals to buy what they desire."

Some guys have all the luck, particularly when they supply the dice. There would be no housing crisis were it not for radical financial deregulation legislation that Weill and other Wall Street hotshots got Clinton to approve. First Weill engineered a merger of the Travelers insurance company, which he headed and which included investment banking in its portfolio, with the commercial banking entity of what was then Citicorp. That merger would have been judged illegal because of the Glass-Steagall legislative barrier to merging investment and commercial banking that President Franklin Roosevelt signed into law to prevent another Great Depression, but Weill got the law changed to accommodate his plans... Boy was Weill ever persuasive, not only enlisting the bipartisan support of Washington politicians but the enthusiastic backing of the establishment media. As The New York Times editorialized back in April of 1998 in praising the merger: "In one stroke Mr. Reed [John Reed of Citigroup] and Mr. Weill will have temporarily demolished the increasingly unnecessary walls built during the Depression to separate commercial banks from investment banks and insurance companies."

A Times news story that same day also read like a Wall Street lobbyist's press release: "In a single day, with a bold merger, pending legislation in Congress to sweep away Depression-era restrictions on the financial industry has been given a sudden, and unexpected, new chance of passage... Indeed, within 24 hours of the deal's announcement, lobbyists for insurers, banks and Wall Street firms were huddling with Congressional banking committee staff members to fine-tune a measure that would update the 1933 Glass-Steagall Act separating commercial banking from Wall Street and insurance…" Notice the Times' use of "update" to mask what was a clear reversal of the law.

It helped that former Goldman Sachs honcho Robert Rubin was Clinton's treasury secretary, and after the bill was passed, Weill rewarded Rubin with a $15-million-a-year job at the new Citigroup, which was now legal, thanks to the legislation Rubin had helped pass. When Clinton signed the bill reversing Glass-Steagall and making the Citigroup merger legal, he gushed: "Today what we are doing is modernizing the financial services industry, tearing down those antiquated laws and granting banks significant new authority." Clinton then handed Weill a pen he used in signing the bill, and that pen ended up framed on the wall at the CEO's office near a plaque that paid tribute to Weill as "The Man Who Shattered Glass-Steagall." And shattered our economy as well. His are the grapes of wrath.

"Anyone who believes Exponential Growth can go on forever in a Finite World is either a Madman or an Economist" — Kenneth Bolding, **"***Ecological Economist"*

The Tea Party movement: deluded and inspired by billionaires

George Monbiot guardian.co.uk, 25 October 2010 **Article history**

By funding numerous rightwing organisations, the mega-rich Koch brothers have duped millions into supporting Big Business: The Tea Party movement is remarkable in two respects. It is one of the biggest exercises in false consciousness the world has seen – and the biggest Astroturf operation in history. These accomplishments are closely related... An Astroturf campaign is a fake grassroots movement: it purports to be a spontaneous uprising of concerned citizens, but in reality it is founded and funded by elite interests. Some Astroturf campaigns have no grassroots component at all. Others catalyse and direct real mobilizations. The Tea Party belongs in the second category. It is mostly composed of passionate, well-meaning people who think they are fighting elite power, unaware that they have been organised by the very interests they believe they are confronting. We now have powerful evidence that the movement was established and has been guided with the help of money from billionaires and big business. Much of this money, as well as much of the strategy and staffing, were provided by two brothers who run what they call "the biggest company you've never heard of". Charles and David Koch own 84% of Koch Industries, the second-largest private company in the United States. It runs oil refineries, coal suppliers, chemical plants and logging firms, and turns over roughly $100bn a year; the brothers are each worth $21bn.

The company has had to pay tens of millions of dollars in fines and settlements for oil and chemical spills and other industrial accidents. The Kochs want to pay less tax, keep more profits and be restrained by less regulation. Their challenge has been to persuade the people harmed by this agenda that it's good for them. In July 2010, David Koch told New York magazine: "I've never been to a Tea Party event. No one representing the Tea Party has ever even approached me." But a fascinating new film – (Astro)Turf Wars, by Taki Oldham – tells a fuller story. Oldham infiltrated some of the movement's key organising events, including the 2009 Defending the American Dream summit, convened by a group called Americans for Prosperity (AFP). The film shows David Koch addressing the summit. "Five years ago," he explains, "my brother Charles and I provided the funds to start Americans for Prosperity. It's beyond my wildest dreams how AFP has grown into this enormous organisation."... A convener tells the crowd how AFP mobilised opposition to Barack Obama's healthcare reforms. "We hit the button and we started doing the Twittering and Facebook and the phone calls and the emails, and you turned up!" Then a series of AFP organisers tell Mr. Koch how they have set up dozens of Tea Party events in their home states. He nods and beams from the podium like a chief executive receiving rosy reports from his regional sales directors. Afterwards, the delegates crowd into AFP workshops, where they are told how to run further Tea Party events.

Americans for Prosperity is one of several groups set up by the Kochs to promote their politics. We know their foundations have given it at least $5m, but few such records are in the public domain and the total could be much higher. It has toured the country organising rallies against healthcare reform and the Democrats' attempts to tackle climate change. It provided the key organising tools that set the Tea Party running... The movement began when CNBC's Rick Santelli called from the floor of the Chicago Mercantile Exchange for a bankers' revolt against the undeserving poor. (He proposed that the traders should hold a tea party to dump derivative securities in Lake Michigan to prevent Obama's plan to "subsidize the losers": by which he meant people whose mortgages had fallen into arrears.) On the same day, Americans for Prosperity set up a Tea Party Facebook page and started organising Tea Party events... Oldham's film shows how AFP crafted the movement's messages and drafted its talking points. The New Yorker magazine, in the course of a remarkable exposure of the Koch brothers' funding networks, interviewed some of their former consultants. "The Koch brothers gave the money that founded [the Tea Party]," one of them explained. "It's like they put the seeds in the ground. Then the rainstorm comes, and the frogs come out of the mud – and they're our candidates!" Another observed that the Kochs are smart. "This rightwing, redneck stuff works for them. They see this as a way to get things done without getting dirty themselves."

AFP is one of several groups established by the Koch brothers. They set up the Cato Institute, the first free-market think-tank in the United States. They also founded the Mercatus Centre at George Mason University, which now fills the role once played by the economics department at Chicago University as the originator of extreme neoliberal ideas. Fourteen of the 23 regulations that George W Bush put on his hit list were, according to the Wall Street Journal, first suggested by academics working at the Mercatus Centre... The Kochs have lavished money on more than 30 other advocacy groups, including the Heritage Foundation, the Manhattan Institute, the George C Marshall Institute, the Reason Foundation and the American Enterprise Institute. These bodies have been instrumental in turning politicians away from environmental laws, social spending, taxing the rich and distributing wealth. They have shaped the widespread demand for small government.

The Kochs ensure that their money works for them... "If we're going to give a lot of money," David Koch explained to a libertarian journalist, "we'll make darn sure they spend it in a way that goes along with our intent. And if they make a wrong turn and start doing things we don't agree with, we withdraw funding."... Most of these bodies call themselves "free-market think tanks", but their trick – as (Astro) Turf Wars points out – is to conflate crony capitalism with free enterprise, and free enterprise with personal liberty. Between them they have constructed the philosophy that informs the Tea Party movement: its members mobilise for freedom, unaware that the freedom they demand is freedom for corporations to trample them into the dirt. Think tanks that the Kochs have funded devise the game and the rules by which it is played; Americans for Prosperity coaches and motivates the team... Astroturfing is now taking off in the United Kingdom. Earlier this month Spinwatch showed how a fake grassroots group set up by health insurers helped shape the Tories' NHS reforms. **Billionaires and corporations are capturing the political process everywhere; anyone with an interest in democracy should consider how to resist them. Nothing is real any more. Nothing is as it seems. • Referenced version of this story www.monbiot.com**

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"As Corporations gain in autonomous institutional power and become more detached from people and place, the human interest and the corporate interest increasingly diverge. It is almost as though we were being invaded by alien beings intent on colonizing our planet, reducing us to serfs, and then excluding as many of us as possible."* – David C. Korten – *"When Corporations Rule the World"

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AUTOMATION INSURANCE: by Andrew Price

The middle class is disappearing and the problem is deeper than politics. How will we understand work in the coming age of robotics?

Last April, the MIT economist David Autor published a report that looked at the shifting employment landscape in America. He came to this scary conclusion: Our workforce is splitting in two. The number of high-skill, high-income jobs (think lawyers or research scientists or managers) is growing. So is the number of low-skill, low-income jobs (think food preparation or security guards). Those jobs in the middle? They're disappearing. Autor calls it "the polarization of job opportunities."

These days, all of us, from President Obama on down, are thinking about jobs. The unemployment rate is hovering around 10 percent, we've watched the ground disappear from under Detroit and Wall Street, and there's a pervading sense that other industries might be next... It's not that the issue isn't getting attention. The Princeton economist Paul Krugman is out there telling Congress to spend more money to create jobs. The former secretary of labor Robert Reich is arguing for tax breaks for the bottom brackets so people can buy stuff again. Here's the thing, though: The erosion of the middle class is a phenomenon that's bigger than the Great Recession. Middle-range jobs have been getting scarcer since the late 1970s, and wages for the ones that are still around have remained stagnant.

In his report, Autor says that a leading explanation for the disappearance of the middle class is "ongoing automation and off-shoring of middle-skilled 'routine' tasks that were formerly performed primarily by workers with moderate education (a high school diploma but less than a four-year college degree)." Routine tasks, he explains, are ones that "can be carried out successfully by either a computer executing a program or, alternatively, by a comparatively less-educated worker in a developing country."... The culprit, in other words, is technology. The hard truth—and you don't see it addressed in news reports—is that the middle class is disappearing in large part because technology is rendering middle-class skills obsolete.

People say America doesn't make anything anymore, but that's not true. With the exception of a few short lapses, manufacturing output has been on the rise since the 1980s. What is true is that industrial robots have been carrying ever more of the manufacturing burden on their steely shoulders since they appeared in the 1950s. Today, a Japanese company called Fanuc, Ltd., has industrial robots making other industrial robots in a "lights out" factory. (That's the somewhat unsettling term for a fully automated production facility where you don't need lights because you don't need humans.) That's where we're headed.

It's not just manufacturing, either. Automated call centers are replacing customer-service agents. Automated checkout stations are replacing grocery-store clerks. When the science of computer vision advances sufficiently, we'll have algorithms, not humans, evaluating X-rays at airport security checkpoints and screening user-generated content for sites like Facebook. *Robots have been carrying ever more of the manufacturing burden on their steely shoulders... Meanwhile, personal robotics, the kind we've been promised by science fiction, are getting closer to reality*. Researchers at a Silicon Valley–based company called Willow Garage have been teaching their PR2 robot to fold laundry, play pool, and fetch beers for its engineers (you can see it in action on YouTube). The PR2 isn't ready for the commercial market, but it's closer than you think. Willow Garage has made the code for the PR2's operating system

entirely open, which means scientists and hobbyists all over the world can contribute to its development, and it recently started selling PR2 models for $400,000 each.

Keenan Wyrobek, a co-director of the Personal Robotics Program at Willow Garage, told me that the company's robots might soon be able to help our aging population stay independent for a few extra years by doing simple tasks around the house. That would be great, but it would reduce the number of nurses and assisted-living attendants we would otherwise need... Economists will remind you that new technologies create new jobs as they destroy old ones. That's true. When you have robots, you need robotics engineers. But those aren't going to be mid-range jobs... On the low end of the spectrum, we have physical jobs that we can't automate yet (yard work, for example). On the high end of the spectrum, we have creative and cognitive jobs that we can't automate yet (law and management, for example). But as technology advances, and it certainly will, more people are going to be elbowed out of the workforce.

We may be heading toward a future with plentiful high-end jobs and plentiful low-end jobs, and not much in the middle. What if only doctors, lawyers, engineers, and managers can live a decent life, buy a house or apartment, and pay for their children to get specialized degrees? What if a liberal-arts degree on its own prepares you for little more than work as a security guard? What if the skills that prepare one for a job with decent pay get increasingly hard to attain? Addressing this challenge requires a response more profound than tweaking the tax code or extending unemployment benefits. But it also provides us with an exciting opportunity.

If this polarization continues, a whole cohort of people who expected to be middle class—or at least financially stable—might find themselves living a very different reality. Then they might start asking questions about why they are in that position. If it gets increasingly hard to pretend that the average liberal-arts degree prepares a student for a decent job, there may be broader support for a sober assessment of our education system, and the reforms it needs. If the skills and talents that are truly financially rewarding become harder and harder to acquire, people who would never consider themselves students of Marx might start questioning whether, given the circumstances, it still makes sense to pay people based solely on the demand for their skills in a marketplace that would be demanding very few skills... If market forces and increased automation leave the average person without any prospects for a decent job, we may have the chance—or perhaps even the moral obligation—to recast the opportunity to do meaningful work not merely as a privilege, but as something everyone deserves.

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The World as He Finds It / Posted on-line

By Paul Krugman, The New York Times - November 15, 2010

On Wednesday David Axelrod, President Obama's top political adviser, appeared to signal that the White House was ready to cave on tax cuts - to give in to Republican demands that tax cuts be extended for the wealthy as well as the middle class. "We have to deal with the world as we find it," he declared... The White House then tried to walk back what Mr. Axelrod had said. But it was a telling remark, in more ways than one... The obvious point is the contrast between the administration's current whipped-dog demeanour and Mr. Obama's soaring rhetoric as a candidate. How did we get from "We are the ones we've been waiting for" to here... But the bitter irony goes deeper than that: the main reason Mr. Obama finds himself in this situation is that two years ago he was not, in fact, prepared to deal with the world as he was going to find it... ***And it seems as if he still isn't.***

Readers Opinion's

Thomas Cox PhD RN 2010-11-15 10:11

It's worse. Sad thing is he has no idea what he is doing. He should have taken his hits in the first two months by withdrawing from Afghanistan/Iraq, closing Guantanamo, pushing health care (finance) system reform, making the bailout save houses from foreclosure - strengthening the financial statements of banks, abolishing Don't Ask Don't Tell and on and on... He apologizes for things we believed he advocated. We are years from Iraq or Afghanistan withdrawal, weakening financially, militarily, and morally. Our financial crisis grows worse because he didn't have the balls to refinance defaulting home loans when he had a chance... He now seems more corrupt than W... W at least believed torture was acceptable and acted so - Obama says he believes torture is unacceptable but allows it... Voting for Obama in 2008 was a wasted effort. The only plus is that Sarah Palin is not VP - but one wonders in retrospect, if that would have been any worse than a failure for reform.

Obama needs the balls he didn't have in 2009, and start throwing his presidential weight around or we are sunk...

lindyb 2010-11-15 10:30

Remember the fable where the scorpion persuades the frog to give him a ride across the river. He tells the frog he won't sting him. Halfway across the scorpion stings him and they both perish. As they are going under, the scorpion said you knew what I was when you made the deal...we know the republicans are the same, no compromise and they can't be trusted.

Rail revival will finally make a difference

Faster freight? ... More customers? ... A $4.6 billion, 10-year investment plans to make Kiwi-Rail self-sustaining? Who would have thought rail had such a future here? Around the world, rail is enjoying a remarkable renaissance thanks to the economic and environmental benefits when services are well run... The Swiss, for example, are completing a $12b, 57km rail tunnel under the Alps; the Chinese are building 50,000km of new tracks, much of it for 300km/h trains; and Warren Buffett, one of the world's most strategic investors, has bought the US's largest railroad.
http://www.stuff.co.nz/business/opinion/4241401/Rail-revival-will-finally-make-a-difference/

Subject: Asia to Roll as Rail Networking Connects

Southeast Asian nations, wary of a downturn in exports to the West, are developing greater interconnectivity and are spending some US$2.2 billion in regional rail track... The long mooted project to ultimately link Beijing with Singapore – and all stops in between – began on Friday with the completion of Cambodia's refurbished railway, now capable of handling freight trains a kilometer long. Vietnam is starting work on upgrading its 1,700 kilometer line from Hanoi to Ho Chi Minh City, while China is already underway with breaking ground on a spur from Yunnan Province to Laos, and has also agreed on a joint venture with Thailand to upgrade some of its rail track. Talks are also underway to provide a route from Bangkok to the Myanmar port of Tavoy on the Indian Ocean.

Southeast Asia, a region of some 600 million people and a combined GDP of US$1.8 trillion, recognized its over-reliance on exports to the West during the financial crisis and now wants to expand internal trade. ASEAN, the regional trade bloc that combines many of these nations, has already signed significant free trade agreements with China and India, and trade with these markets is expanding rapidly. ASEAN-China trade rose by nearly 50 percent in the first eight months of this year alone, and increased capabilities in rail will further enhance these and other regional trade. http://www.2point6billion.com/news/2010/10/25/asia-to-roll-as-rail-networking-connects-7733.html

New rail freight regulation is already on track

The Official Journal of the European Union published on 20 October the Regulation Nº 913/2010 of 22 September 2010 concerning a European rail network for competitive freight. This new legislation aims to boost rail freight in Europe fostering the development of a high-quality rail infrastructure management at international level... The new legislation makes it mandatory to create a European rail network for competitive freight based on nine international rail freight corridors linking the main industrial regions of Europe. This will help to reinforce cooperation between infrastructure managers and make rail freight services become more competitive and attractive

Gap to close in Asia rail link

http://euroalert.net/en/news.aspx?idn=10856 A VITAL part fell into place at the weekend of the rail network that will in five years enable people to take trains from Singapore to Scotland... This is a 120km section in Cambodia of the Pan-Asian railroad, stretching from the capital, Phnom Penh, to Touk Meas, near the Vietnam border... Soon the Cambodian branch will run to the Thai border, down to Sihanoukville, the country's main port, and up to the Vietnamese capital, Hanoi. Overall, the new rail section will stretch 650km... The Australian government is providing $22 million of the $145m Cambodian part of the project... Australian logistics giant Toll Holdings has been awarded a 30-year contract to operate and maintain the Cambodian railway system, where recently home-made trucks have been ferrying people and freight along war-ravaged train lines.

Kunio Senga, the Asian Development Bank's Southeast Asia head, said: "We are on the cusp of a contiguous Iron Silk Road stretching from Singapore to Scotland. This possibility has been talked about for decades, but today the dream has finally taken a big step towards becoming reality."... Once Thailand, Cambodia and Vietnam become connected by rail, they will also be linked to the southwestern Chinese city of Kunming, the capital of Yunnan province, and then via Bangkok down the Malay Peninsula to Singapore... China has already completed its sections of three rail links that extend from Kunming to Vietnam, Laos and Burma.

Four years ago, China signed an agreement with 17 other Asian countries to develop an 81,000km network... From Kunming, the Iron Silk Road then heads north, reaching Europe through two routes -- one via Urumqi, capital of

China's Xinjiang, and then the central Asian republics, and the other via northeast China -- with a spur route to the Korean peninsula and then Russia... The boom in railway in Asia is being led by China, which is in the middle of a $300 billion investment in the sector. China already has 7000km of high-speed rail -- with speeds above 200km/h -- and plans to have a network of 16,000km of high-speed tracks in 10 years... Rail has been the weak link in Asian infrastructure. But as intra-Asian trade grows rapidly, and as fuel costs keep rising, reliable rail freight routes are becoming vital. http://www.theaustralian.com.au/news/world/gap-to-close-in-asia-rail-link/story-e6frg6so-1225942961800

The US$ 141 million project has received funding from the Asian Development Bank (US$ 84 million), the Australian Government (US$ 21.5 million), the OPEC Fund for International Development (US$ 13 million), the Government of Malaysia (US$ 2.8 million grant in kind) and the Government of Cambodia (US$ 20.3 million)... Toll Holdings, an Australian company, has been awarded a 30-year contract to operate and maintain the rehabilitated railway system. http://www.khl.com/magazines/international-construction-china/detail/item59160/ <><><><><><><><><><>

Nation's income inequality an insult to banana republics

By Nicholas D. Kristof
Syndicated columnist

Earlier this month, I offended a number of readers with a column suggesting that if you want to see rapacious income inequality, you no longer need to visit a banana republic. You can just look around... My point was that the wealthiest plutocrats now actually control a greater share of the pie in the United States than in historically unstable countries like Nicaragua, Venezuela and Guyana. But readers protested that this was glib and unfair, and after reviewing the evidence I regretfully confess that they have a point... *That's right: I may have wronged the banana republics.*

You see, some Latin Americans were indignant at what they saw as an invidious and hurtful comparison. The truth is that Latin America has matured and become more equal in recent decades, even as the distribution in the United States has become steadily more unequal.

The best data series I could find is for Argentina. In the 1940s, the top 1 percent there controlled more than 20 percent of incomes. That was roughly double the share at that time in the United States... Since then, we've reversed places. The share controlled by the top 1 percent in Argentina has fallen to a bit more than 15 percent. Meanwhile, inequality in the United States has soared to levels comparable to those in Argentina six decades ago — with 1 percent controlling 24 percent of American income in 2007.

At a time of such stunning inequality, should Congress put priority on spending $700 billion on extending the Bush tax cuts to those with incomes above $250,000 a year? Or should it extend unemployment benefits for Americans who otherwise will lose them beginning next month? ... One way to examine that decision is to put aside all ethical considerations and simply look at where tax dollars will do more to stimulate the economy. There the conclusion is clear: You get much more bang for the buck putting money in the hands of unemployed people because they will promptly spend it.

In contrast, tax cuts for the wealthy are partly saved — that's both basic economic theory and recent history — so they are much less effective in creating jobs. For example, Republicans would give the richest 0.1 percent of Americans an average tax cut of $370,000. Does anybody really think that those taxpayers are going to rush out and buy Porsches and yachts, start new businesses, and hire more groundskeepers and chauffeurs? ... In contrast, a study commissioned by the Labor Department during the Bush administration makes clear the job-creation power of unemployment benefits because that money is immediately spent. The study suggested that the current recession would have been 18 percent worse without unemployment insurance and that this spending preserved 1.6 million jobs in each quarter.

But there is also a larger question: What kind of a country do we aspire to be? Would we really want to be the kind of plutocracy where the richest 1 percent possesses more net worth than the bottom 90 percent...? Oops! That's already us. The top 1 percent of Americans owns 34 percent of America's private net worth, according to figures compiled by the Economic Policy Institute in Washington. The bottom 90 percent owns just 29 percent.

That also means that the top 10 percent control more than 70 percent of Americans' total net worth.

Emmanuel Saez, economist at the University of California at Berkeley who is one of the world's leading experts on inequality, notes that for most of American history, income distribution was significantly more equal than today. And other capitalist countries do not suffer disparities as great as ours... "There has been an increase in inequality in most industrialized countries, but not as extreme as in the U.S.," Saez said.

One of America's greatest features has been its economic mobility, in contrast to Europe's class system. This mobility may explain why many working-class Americans oppose inheritance taxes and high marginal tax rates. But researchers find that today this rags-to-riches intergenerational mobility is no more common in America than in Europe — and possibly less common... I'm appalled by our growing wealth gaps because in my travels I see what happens in dysfunctional countries where the rich just don't care about those below the decks. The result is nations without a social fabric or sense of national unity. Huge concentrations of wealth corrode the soul of any nation.

And then I see members of Congress in my own country who argues that it would be financially reckless to extend unemployment benefits during a terrible recession, yet they insist on granting $370,000 tax breaks to the richest Americans. I don't know if that makes us a banana republic or a hedge-fund republic, but it's not healthy in any republic... *Nicholas D. Kristof is a regular columnist for The New York Times.*

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The Silliest Performance on Earth

By Olga Sawyer

For hundreds of years, money has been the main interest of mankind and the principal topic of conversation. But, just what is money? Oxford University Professor and Nobel Prize Winner in Physics, Dr. Frederick Soddy defined money as the nothing you get for something before you can get anything." Money is nothing, in that it merely represents a promise to pay, which is without substance. To give it the appearance of substance, money is usually attached to some kind of token – metal or paper. The token may be engraved, as in the case of currency, or it may be 'created' by some pen strokes on paper, as in the case of a check or and I.O.U. Before you can obtain food, clothing shelter, or services from others, you must pass along one or more of these tokens of money—promises to pay—to that person. He then has the 'nothing' which he must possess before he can obtain anything he wants.

Since money is used all around the world, it would seem to be indispensible to man. But actually, in itself it is of no use or necessity. The tokens may have some use as paper or metal; but the promises they represent are as flimsy and useless as hopes and wishes. It is difficult for one, conditioned to the use of money all his life, to conceive of a society in which money would not be used. The money superstition has become a serious handicap in ones struggle through life. Getting the money is the difficult part; that is, getting others to pass onto you their promises to pay. You must obtain something they want and give it to them first.

Under conditions of scarcity, money served a social need of a sort. It enabled people to make exchange transactions in a less cumbersome manner than under direct barter, and it permitted greater complexities of exchanges. It was when the money itself, became a negotiable commodity and certain people began getting ahead by manipulating and exchanging money tokens that the mischief began; then, the handling of money became a racket. People were trampled under, wars were fought, and countries sold out for the sake of money... What a rat race it has been, from one generation to another, to acquire the tokens of promises to pay—paper and coin. For this elusive stuff, basically decent people have cheated, lied, stolen, and killed. Yet, in itself money is without substance or use... In the struggle for money, we often lose sight of the many good things of life. We forget how to relax and enjoy the world around us in a contented frame of mind. Howard Scott, Director-in-Chief of Technocracy, has stated it aptly when he said: 'The injection of monetary concepts into all discussions of material wealth and income wholly confuses the people as to the actual issues at stake and serves to act as a screen behind which, with a little word juggling, our business and political operators of the Price System can carry on their profitable activities without being too greatly embarrassed by outside interference.' Then he goes on to say that it is high time that every citizen of the North American Continent understood the real nature of our wealth and income.

Fellow Citizens of the North America, our Continental Wealth and income consists of our resources, our technology, the trained and efficient personnel which knows how to operate our technological equipment. Our social objective should be a society of Healthy, capable, functional people, not the pursuit and accumulation of money... The Price System brings out the most vicious elements in human nature; and its use on this Continent has made it the land of the fee and home of the *knave*... Now, the people of North America are living under very different conditions than any that ever existed in the past. We no longer live under circumstances of severe scarcity. Today, thanks to science and technology, we live in an economy of near abundance. This development has mandated a change in our pattern of Social operation.

Science, the methodology of the determination of the most probable, and technology, the application of science to human use, have created a world far different from that of the politicians, the money-changers, the traders, and the witch-doctors – have created a world in which function takes precedence over values. This new kind of world is the one which Ex- President Eisenhower, Ex- Vice President Nixon, President Kennedy, and Cardinal Spellman fear and despise. These men are all devoted to the Old Order and to the silliness that goes with it; they refer to the New Order contemptuously as materialistic'---- which it is, and which is all right with us. Technology and engineering have demonstrated that they can produce an abundance of goods and services, prolong life, and provide comforts far beyond anything that the Old Order ever dreamed of. This great wealth is mishandled, wasted, and denied to the needy because the distribution process is still in the hands of the people who deal in monetary values... The answer to this dilemma is the application of technology to the processes of distribution as well as to production; then, abundance would be available to all, regardless of race, sex, or previous condition of servitude... Technocracy, the application of science to the social order, is the only correct answer to the problems which confront us.
It is the design for a functional society; it has nothing to do with business or politics. Nothing like it has ever been offered to any people anywhere before. >
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Science - Our lifeline: Most Americans lack an understanding of the importance of science and technology in keeping us alive, many people fear and mistrust it. The apologists for the status quo blame our ills on the use of too much technology, and people tend to believe what they are told, rather than evaluate it for themselves. Self-styled intellectuals, foster this romantic ideal – a society with less technology... Education downplays the role of science and technology in our history, like: electricity, radio, television, Computers, disease eradication, Satellite Tech. i.e. Google Earth, plus other Technological devices: Many see the misuse to which some of these discoveries have been put, ignoring the fact that this misuse of technology has been for individual or corporate gain (usually for Profit), The discoverers have no control over eventual use, good or bad... There can be a dark side to any good idea! ... Science is, in a dynamic sense, essentially a method of prediction, defined as: "The method for the determination of the most probable... It's the most accurate method available... It is based on facts; when more facts are known, more accurate predictions can be made." A fact is a close agreement of a series of observations of the same phenomenon. They must be verifiable, in other words, able to be repeated.

As can be seen from the foregoing Science is just a method – the best known – for acquiring knowledge for the benefit of humankind. How this knowledge is applied is up to us... At present, it is used largely for profit of individual or corporate gain. The end result is what we see today, short term, monetary expediency, with little thought to the long-term survival of the human and other species on this planet... If this knowledge were to be used on a functional bases – applying these discoveries and innovations for the benefit of humankind and life in general – much different results could be obtained. We could conserve our resources, recycle and reuse them, where practical, and use discoveries of science to improve our educational facilities, health facilities, and knowledge. We could repair the damage to our environment, cut back on soil erosion, and build up the water table. Transportation could be improved. ***Why do scientists not voice more concern? Why do scientists, who are forever complaining about scientific illiteracy, not do more to condemn this foolish shortsightedness? Is It fear of placing their financial security in jeopardy? Are they afraid that some one, or some group, will dis-continue paying them a salary... The public needs to understand that we live in a finite world governed by natural laws. These cannot be circum-vented, and we try to do so at our peril. We must apply these natural laws for the benefit of humanity... As stated previously: Science is the method that has advanced humankind down through the ages. This is not because scientists have any monopoly on intellect or virtue. It is because science is the only method we have to sort out truth from Ideology, or bigotry....***

"We are at the dawn if a new world. Scientist have given to men considerable powers. Politicians have seized hold of them. The world must choose between the unspeakable desolation of mechanization for profit or conquest, and the lusty youthfulness of science and technique serving the social needs of a new civilization." - Albert Einstein

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