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Attachments: America's_Coastal_Denial_Andrew_Romano_The_Daily_Beast_Mar_25,_2013.pdf;
Income_Inequality_1_Inch_to_5_Miles_David_Cay_Johnson_TaxAnalysts_February_25,_2013.pdf;
Wage_&_Wealth_Inequality_graphs.pdf;
Inequality_The_Global_View_Ruy_Teixeira_ThinkProgress_Mar_25,_2013.pdf;
In_Cyprus_making_up_a_euro_solution_on_the_fly_TWP_Editorial_March_26,_2013.pdf;
Issac_Hayes_Wikipedia_Bio.pdf; Issac_Hayes_Wikipedia_Bio(1).pdf

Dear Friend.....

On this past Friday in New York, U.S. District Judge Naomi Reice Buchwald dismissed a "*substantial portion*" of claims facing a number of banks in a barrage of lawsuits accusing them of interest-rate rigging/commodities manipulating the London Interbank Offered Rate, commonly known as ("Libor"). Everyone on Wall Street knows that these banks are guilty of these charges, especially after several defendants have already paid billions of dollars in penalties to government regulatory agencies here in the US and in the UK. In a 161-page opinion, Buchwald said unlike government agencies, private plaintiffs needed to meet many requirements under the statutes to bring a case.

Three banks have reached settlements with authorities to date. Most recently, Royal Bank of Scotland Group PLC agreed to pay \$612 million to U.S. and British authorities. UBS AG agreed in December to pay \$1.5 billion. Barclays agreed to pay \$453 million in June. Other defendants facing private lawsuits included Citigroup Inc , Credit Suisse Group AG , Deutsche Bank AG , HSBC Holdings PLC , Royal Bank of Scotland, WestLB AG, and Royal Bank of Canada , among others. More than a dozen banks and brokerages are under investigation by regulators worldwide for manipulating benchmark rates such as Libor, which have been the basis for more than \$550 trillion in financial products.

OJ Simpson is currently in prison on less evidence. Either Judge Buchwald is on the take or she rows to a different drummer for her to not know that these big banks/financial intuitions skirt the rule of law with obfuscation and complexity, as well as a shell game of movable parts of "*now you see it, now you don't*" without impunity This ruling is shameful and will probably receive little notice by mainstream media and the public, as these masters-of-the-universe can celebrate this Easter holiday weekend in their \$20 million vacation homes in Aspen, Courchevel, Palm Beach and St. Barts.

We live in a country where there are now Big Banks/Financial Institutions who our politicians in both parties believe are TOO BIG TO FAIL.... And like all institutions who believe that they are more important than the people whom they supposedly serve, their bad behavior is the result of the hubris that without them there would be nothing and therefore they deserve more than everyone else.... And in the words of Gordon Gekko they truly believe that "**Greed is good.**" My grandmother would have told them and you that unrestrained greed is not good. And that if the letter of the law does not match its intended spirit, something is wrong. And to correct this inequity of unbridled concentration of wealth and power there is a precedent....

In 1911, with public outcry at a climax, the Supreme Court of the United States ruled, in *Standard Oil Co. of New Jersey v. United States*, that Standard Oil (the largest corporation in the world controlling almost 90% of the oil sector in the United States) must be dissolved under the Sherman Antitrust Act and split into 33 companies. Two of these companies were Jersey Standard ("Standard Oil Company of New Jersey"), which eventually became Exxon, and Socony ("Standard Oil Company of New York"), which eventually became Mobil. Standard Oil was an American oil producing, transporting, refining, and marketing company. Established in 1870 as a corporation in Ohio, it was the largest oil refiner in the world. Its controversial history as one of the world's first and largest multinational corporations ended in 1911, when the United States Supreme Court ruled that Standard was an illegal monopoly.

Standard Oil dominated the oil products market through vertical integration and was an innovator in the development of the business trust. The Standard Oil trust streamlined production and logistics, lowered costs, and undercut competitors. "*Trust-busting*" critics accused Standard Oil of using aggressive pricing to destroy competitors and form a monopoly that threatened consumers. John D. Rockefeller was a founder, chairman and major shareholder. With the dissolution of the Standard Oil trust into 33 smaller companies, Rockefeller became the richest man in the world.

There are now a growing number of people from Wall Street who now agree that these Big Banks/Financial Institutions should be broken up see below:

Sanford "Sandy" Weill: The former Citigroup Chairman and CEO told CNBC in 2012 that "we should probably... split up investment banking from banking, have banks be deposit takers, have banks make commercial loans and real estate loans, and have banks do something that's not going to risk the taxpayer dollars, that's not going to be too big to fail."

John Reed: Retired Citigroup chairman John S. Reed wrote to the New York Times in 2009: "Some kind of separation between institutions that deal primarily in the capital markets and those involved in more traditional deposit-taking and working-capital finance makes sense."

Phil Purcell: Phil Purcell, former chairman and CEO of MorganStanley, argued in a Wall Street Journal op-ed that the big banks should break their divisions up into separate firms. "These businesses should be spun off to give the value to shareholders and let investment banks be owned privately -- hopefully largely by employees... so that the interests of the owners and bankers are aligned," he wrote.

David Komansky: Former Merrill Lynch CEO, David Komansky, is another former megabank CEO calling for the breakup of "too big to fail" banks, according to Simon Johnson. Komansky told Bloomberg TV that he "regrets" calling for the repeal of Glass-Steagall, which allowed banks to become bigger than ever.

Sallie Krawcheck: Former Citigroup CFO Sallie Krawcheck has argued that big banks are simply too complex to manage.

Richard Parsons: After announcing the end of his 16-year tenure on the board of Citigroup, Richard Parsons told Bloomberg, "to some extent what we saw in the 2007, 2008 crash was the result of the throwing off of Glass-Steagall. Have we gotten our arms around it yet? I don't think so because the financial -services sector moves so fast."

Scott Shay: Scott Shay, the founder and chairman of Signature Bank, wrote in *American Banker* that "reinstating Glass Steagall should be the highest priority" for financial regulators.

This Big Banks with their liar loans, credit default swaps, red-lining and manipulation of LIBOR has shown themselves as bad citizens with criminal tendencies. On top of this..... their shenanigans/illicit behavior have already brought the world's financial markets to the brink of collapse. So if we don't want this to happen again, this institutions should be broken up. And if it could be done in 1911, we can certainly do it in 2013.

As many of you know I am a huge fan of television journalist **Bill Moyers** and this week's show on **Moyers & Company** was — **And Justice For All**. Fifty years ago, the Supreme Court's landmark decision in the case of Gideon v. Wainwright established the constitutional right of criminal defendants to legal representation, even if they can't afford it. The Court ruled there shouldn't be one kind of justice for the rich and another for the poor, but the scales of the American legal system still tilt heavily in favor of the white and wealthy. Attorney and legal scholar Bryan Stevenson joined Bill to expose the system's failures, and its ongoing struggles at the crossroads of race, class and justice — with insight from Martin Clancy and Tim O'Brien.

But fifty years later that system is floundering. When Gideon v. Wainwright was decided, fewer than half of all defendants were poor. Now, over 80 percent are. Of the 2.2 million inmates in the United States, more than sixty percent are members of racial and ethnic minorities, and the law puts a disproportionate number of them on death row. In the 1960s, there were 200,000 people in jails, in prisons. The number of people who were poor facing confinement was a very small percentage, or half. Today, the US has 2.2 million people in jails and prisons, nearly five million people on probation and parole. Because of our appetite for punishment, for incarceration, for condemnation there is a demand and need for lawyers much greater than we've been able to comply with, we've been able to meet. And quite sadly, the situation for poor people in the criminal justice system is much, much worse today than it was in 1963, largely as a function of numbers.

The war on drugs has been the biggest factor in driving the prison population up. We now imprison hundreds of thousands of people for nonviolent, simple possession of crimes like marijuana, that result in incarceration. So we've thrown hundreds of thousands of people into the system, and of course and these people need very smart, informed attorneys. Because you'll be told that if you plead guilty, you can go home. You're not told that there will be these collateral consequences. But in fact you might lose your right to vote, you'll be barred from public housing, you won't ever be eligible for food stamps. And as a result of your plea bargain, you are now in a situation where if you get arrested again, you'll be facing mandatory sentences like 20 years in prison, or life in prison. And all of that stuff has to come from an advocate who explains the consequences. Yet what we've done with the system is create a situation where the lawyers themselves have an incentive to plead everybody out. About 94 percent of all cases in this country are resolved by a plea.

Poor unable to pay attorneys end up with public defenders who may do 500 to 700 cases a year (instead of a normal 100 to 150 maximum), and in many urban offices they may have 30, 40 cases that are active in a single day — they've never met those clients, they'll go to the courthouse, there'll be a room of dozens of people sitting up there. Their cases will be called in about an hour. And they'll have little time to meet each of their 20 or 30 clients, figure out what the case is about and then go before the judge on the trial, on essentially the adjudication. And in many courtrooms the appointed lawyers don't even go and meet the clients. The judge will call out a name and the client will stand up and the lawyer will roam around to find them and then they'll go up and three minutes later, they'll plead guilty. And tragically, this happens far too often and in too many places. Worse is what is happening to our children. We currently have nearly 3,000 children in this country have been sentenced to die in prison — with life sentences without parole children to execution, after execution

of children was only banned in 2005. And the big ugly is the huge racial disparities — about 74 percent of the youngest kids serving life without parole are African American or Latino.

Stevenson's Alabama-based **Equal Justice Initiative** has reversed the death sentences of more than 75 inmates. But right now, there are more than 3,100 inmates on death row, and more than 60% are members of racial or ethnic minorities. Over time, Supreme Court Justices have fine-tuned the circumstances under which the death penalty may still apply, but no set of laws or jurisprudence can undo wrongful executions — or, it seems, completely prevent them. According to journalists Martin Clancy and Tim O'Brien, authors of *Murder at the Supreme Court*, in recent years at least 18 inmates were released from death row because DNA evidence proved their innocence. These cases are among more than 140 death penalty exonerations over the last three decades. The broadcast closes with a Bill Moyers Essay on the hypocrisy of "*justice for all*" in a society where billions are squandered for a war born in fraud while the poor are pushed aside.

BILL MOYERS: The next time you say the ***Pledge of Allegiance*** — "*I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all*" — remember: it's a lie. A whopper of a lie. We coax it from the mouths of babes for the same reason our politicians wear those flag pins in their lapels — it makes the hypocrisy go down easier, the way aspirin helps a headache go away. "*Justice for all*" is a mouthwash for the morning after governor Bill Clinton took time off from his presidential campaign to fly back to Arkansas to oversee execution of a fellow who was mentally deficient. " "*Justice for all*" is a breath mint Governor George W. Bush popped into his mouth after that poor Bible-believing Christian pleaded vainly for mercy before they strapped her down to die in that anteroom of Heaven known as the Huntsville State Prison. "*Justice for all*" is a line item in the budget — sequestered now by the Paul Ryans of Congress and the *Fix the Debt* gang of plutocratic CEOs who, with a wink-wink from our president, claim, "*Oh, we can't afford that!*"

Of the \$100 billion spent annually on criminal justice in this country, only two to three percent goes to defend the poor. Of 97 countries, we rank 68th in access to and affordability of civil legal service. No, we can't afford it, but just a decade ago we started shelling out \$2.2 trillion for a war in Iraq born of fraud. We can't afford it, while Dick Cheney's old outfit Halliburton raked in \$40 billion worth of contracts because of that war. We can't afford it, while the State Department doles out three billion dollars over five years in private security contracts to protect its gargantuan new embassy in Baghdad. We can't afford it, in this golden age of corporate profits when companies pay below zero in taxes while hauling in tax breaks from Congress worth millions upon millions of dollars -- and, while, as we speak, the powerful business roundtable ratchets up a costly advertising campaign to cut corporate taxes even more. We can't afford to defend the poor. Oh, Gideon -- fifty years ago your trumpet was a clear, piercing cry for justice, and we've turned a deaf ear.

THIS WEEK'S READINGS

The simple truth is that incomes for the bottom 90 percent of Americans only grew by \$59 on average between 1966 and 2011 (*when you adjust those incomes for inflation*), according to an analysis by Pulitzer Prize-winning journalist David Cay Johnston for **Tax Analysts**. During the same period, the average income for the top 10 percent of Americans rose by \$116,071, Johnston found. To put that into perspective: if you say the \$59 boost is equivalent to one inch, then the incomes of the top 10 percent of Americans rose by 168 feet, Johnston explained to **Alternet** last week. Johnston's long-distance analogy is one way to look at the huge gap between the rich and everyone else, and there are many ways to think about and compare income growth and inequality across various segments of the population. Incomes for the bottom fifth of Americans, for instance, grew about 20 percent between

1979 and 2007, according to a 2011 study from the Congressional Budget Office. During the same period, members of the top 1 percent saw their incomes grow by 275 percent. While the top 1/10 of 1% saw their incomes grow by \$18,362,740. Another way to illustrate the huge disparity: the six heirs to the Walmart fortune had a net worth equivalent to the bottom 41.5 percent of Americans combined in 2010, according to an analysis from Josh Bivens at the **Economic Policy Institute**. While income inequality may be great for those reaping the big bucks at the top, it's likely hurting Americans overall.

Between 2009 and 2011 with the largest S&P 500 corporations made massive profits with more than \$800 billion in cash 88% of income growth going to corporate profits, while just 1% going to wages. Specifically, between the second quarter of 2009 and the fourth quarter of 2010, real national income in the U.S. increased by \$528 billion. Pre-tax corporate profits by themselves had increased by \$464 billion while aggregate real wages and salaries rose by only \$7 billion or only .1%. Over this six quarter period, corporate profits captured 88% of the growth in real national income while aggregate wages and salaries accounted for only slightly more than 1% of the growth in real national income.... The absence of any positive share of national income growth due to wages and salaries received by American workers during the current economic recovery is historically unprecedented. **The New York Times** adds, "*According to the Bureau of Labor Statistics, average real hourly earnings for all employees actually declined by 1.1 percent from June 2009, when the recovery began, to May 2011, the month for which the most recent earnings numbers are available.*"

Therefore as average wages fall, and nearly 14 million people remain unemployed, America's economic recovery has almost entirely benefited corporations and the country's rich. This development added another chapter to the decline of the middle class, whose incomes are shrinking and wages are stagnating. Last year, top executives' salaries increased 27 percent, while workers' salaries increased only 2 percent. At the moment, income inequality in America is the worst it's been since the 1920s, as the richest 1 percent make nearly 25 percent of the country's income. And for those Americans who don't see this as a problem, then what is? Obviously the supply-side economics policies that started under the Regan Administration has not worked, as income inequality has relegated a large segment of the Middle Class into the working poor with families surviving pay check to pay check and those are the families that have members that are lucky to still have jobs. We need to address this situation with education, retraining and a bold countrywide jobs program. And although the national debt is a problem, there is no greater crisis than the suffering of 50 million Americans living in destitution, of which more than 15 million are children with the diminishing opportunity to escape their cycle of poverty. See David Cay Johnson's article in **Tax Analysts -- Income Inequality: 1 Inch to 5 Miles**.

By far, the largest contributor to increasing income inequality (regardless of income inequality measure) was changes in income from capital gains and dividends. Capital gains and dividends were less equally distributed in 1991 than in 2006. . . . Tax policy may have also have had an indirect effect on rising income inequality, especially between 2001 and 2006. The reduction in the tax rate on long-term capital gains and qualified dividends may have led to the increased importance of this source in after-tax income. The Saez-Piketty analysis showed the concentration of growth at the very top increasing. That is bad for tax revenue and bad for social stability. The drop in incomes among the vast majority holds back economic growth, because there is just not enough aggregate demand to support creating enough new jobs to keep up with population growth.

Ending the temporary 2 percentage point cut in the visible half of the Social Security tax has, predictably, dampened spending. Wal-Mart suffered very weak sales in early February, e-mails obtained by Bloomberg revealed. That is a predictable result for any retailer whose customer base is downscale. Adding to this strain is the shift in federal tax burdens, which despite the higher rates this year are still well below 1966 levels. If we look at the half-century from 1961 to 2011, ignoring inflation, we can see how federal tax burdens have shifted, especially the Social Security tax. It

expanded from 3.1 percent of GDP to 5.5 percent. That tax stops this year at \$113,700 of wages, just about the threshold for the top 10 percent. Over those 50 years, federal corporate income tax receipts grew 764 percent and personal income taxes 2,540 percent, while Social Security taxes soared 4,881 percent. As such, the hardest hit by the new federal taxes that took effect this year were the vast majority of America who could afford it the least.

This week Ruy Teixeira wrote in **Think Progress** – *Inequality: The Global View* – There are a number of different ways to think about inequality. One is to look at inequality among members of a particular nation—say, the United States. That is the way we are most used to thinking about inequality. Another way is to look at inequality among the nations of the world—how much do average incomes vary across countries and how much is this relationship changing? Still another is to look at inequality among all individuals in the world, irrespective of country. In Branko Milanovic's terrific book, *The Haves and the Have Nots: A Brief and Idiosyncratic History of Global Inequality*, he provides the raw materials for thinking about all these aspects of inequality and how they have varied across time and space. Milanovic is lead economist with the World Bank's research division and one of the world's leading experts on inequality; his depth of knowledge on this subject is nothing short of magisterial. Here are some of the key findings in his book:

Start with inequality among people in a nation. The way this is typically measured is with the Gini coefficient which, in essence, compares the income of every person in a nation to every other person in that nation and summarizes these relationships. Put on a 0-100 point scale, the lowest score, 0 gini points, means a society where everyone receives the same income (perfect equality) and 100 points means all the income of the nation is received by one person (perfect inequality). As originally theorized by economist Simon Kuznets, the conventional expectation has been that as societies developed they went through a necessary period of high inequality during the transition from agriculture to industry, followed by a period of decreasing inequality facilitated by state redistribution and public services like education. That expectation has been confounded however by the last quarter century when inequality has risen substantially in most advanced societies, particularly the United States. Right now, the US gini sits in the mid to high 40's, which would be good for a Latin American nation, but is quite poor for a developed nation.

Inequality between nations is a less familiar story. Here too developments do not comport well with conventional economic theory. According to neoclassical theory globalization should have resulted in decreasing inter-country inequality over time as capital flows to low wage countries seeking profits and these same countries appropriate advanced technology produced elsewhere without paying the costs of technology development. But that has not happened: through periods of globalization and deglobalization, inequality between countries has increased steadily since the industrial revolution and is now at an all-time high. This development has many interesting implications and Milanovic explores them in a fascinating series of vignettes that accompany his main essay on the evolution of inter-country inequality. In one vignette he points out that, when Marx was writing in the mid-19th century about the polarization of classes under capitalism, there was considerable power to writing about this inequality as the fundamental dynamic in the world. There were only relatively modest differences in GDP per capita across nations and very high inequality almost everywhere including, of course, industrializing capitalist nations like Germany and England as well as poorer nations. Therefore the future looked like a continuous process of class polarization within all nations as capitalism developed.

But just as Marx was putting the finishing touches on *Das Kapital*, the situation changed. The industrializing nations started becoming much richer, leading to rises in wages and living standards

that left the poorer nations of the world behind. The rise in inequality between nations has led to the current situation where some 80 percent of global inequality is traceable to location (what country you live in) rather than class (your position in your country's class structure). One does wonder what Marx would write if he was writing today. How big are these locational differences? In another vignette, Milanovic points out that if you take the income distribution of each nation and divide it into twentieths — that is, 5 percent of the population in each ventile going from the poorest to the richest — the lowest 5 percent of the US population has a higher per capita income than 68 percent of the world's population. Even more amazing, the poorest 5 percent of the US population has the same per capita income as the richest 5 percent of the population in India.

In yet another vignette, Milanovic asks “How much of your income is determined at birth?” The answer: 80 percent of your income can be accounted for by the country of your birth and the income level of your parents. That leaves just 20 percent for age, sex, race, luck and, of course, hard work. Wow. In the final section of his book, Milanovic looks at global inequality in the broadest possible context—the level of inequality among all individuals in the world, irrespective of nation. These levels are very high. The world gini is around 70, higher than even such profoundly unequal societies as Brazil and South Africa which are “only” around 60. Given such a high level, it is perhaps not a surprise that, according to Milanovic, the bottom 77 percent of the world's population receives only 20 percent of the world's income. At the other end, the richest 1.75 percent of the world's population also receives 20 percent of the world's income, as does the next richest 3.6 percent. So a little more than 5 percent of the world's population receives 40 percent of total world income. Now that's inequality!

According to Milanovic, we are now at a high point in terms of global inequality, reflecting the fact that global inequality has been going up fairly steadily since the industrial revolution. But there is some good news: while we are at a very high level of global inequality, the last twenty years has seen little change in that level. That holds true despite an increase in inequality in most rich countries and despite an increase in the gap between most rich and poor countries. The reason: India and China. Their high growth rates have lifted hundreds of millions out of poverty, thereby keeping global inequality in check despite the other trends. What does the future hold for global inequality? Can China and India keep up their high growth rates? Can more poor countries move along the same high growth path that China and India have followed? Can rich countries like ours stop the ongoing rise in inequality and perhaps even start reducing it? There are a lot of questions here and they all need answers. Milanovic's book is an excellent and factual place to start this very important conversation.

In 2008 the leadership of the European Union (EU) allowed Cyprus join their consortium even though it was really only a Mediterranean offshore-banking center, partially occupied by Turkey since 1974, with a population of just more than 1 million and a gross domestic product of only \$23.6 billion. Even a “ten year old” would tell you that this tiny half-island nation has little in common with Germany, France, Spain and Italy. But Europe's leaders, in their infinite wisdom, let Cyprus join the euro zone in 2008, and now the future of a continent hinges on bailing out the island and its insolvent banks. Believing that recipients of International Lending were the problem, European policymakers, led by Chancellor Angela Merkel's German government demanded that Cyprus enact an unusual austerity program which included a \$7.5 billion contribution to trigger a \$13 billion loan from the International Monetary Fund (IMF) and E.U to recapitalize its financial system, which was badly damaged by exposure to the sovereign debt of neighboring Greece.

But the only way Cyprus could get its hands on that much cash, however, was to “tax” the \$88.4 billion on deposit in its banks. Though basically a polite confiscation, it was defensible under Cyprus's special circumstances, which include the fact that there was relatively little money to be had by soaking the

banks' bondholders. Forty percent of the deposits belong to foreigners, wealthy Russians especially, who are relatively well-positioned to share in their tax haven's risks; a bailout that didn't hit the Russians would have been politically impossible in Germany. For the Cypriot government, however, taxing fat cats risked alienating Russian Prime Minister Vladimir Putin, whose government Cyprus already owes \$3.3 billion for a previous bailout. So President Nicos Anastasiades — with the inexplicable acquiescence of Berlin — tried to shift some of the burden onto small accounts, those with less than 100,000 euros, which is the upper limit for deposit insurance. Cyprus's parliament rejected the plan in the face of an entirely foreseeable middle-class uprising. And it's a good thing, too — violating the deposit guarantee for Cypriot savers would have set a dangerous precedent, possibly destabilizing banks across Europe.

Realizing that this solution could have unintended consequences last week, the IMF, EU and Cyprus's own government concocted a scheme that would have propped up two of the island's largest insolvent banks, partly by confiscating the supposedly insured deposits of small savers. The Cypriot parliament rejected it in the face of amply justified public protests. Plan B winds up the two banks, puts a de facto end to Cyprus's days as an unsustainable offshore bank center and imposes the costs on big depositors — who include a disproportionate number of Russian tax avoiders and similar folk. Beyond that, however, the implications are much harder to determine, because this solution sets a new precedent, according to which big bank creditors, from uninsured depositors to bondholders, must henceforth assume that their funds are at risk.

But wouldn't it be healthy for Europe if bank creditors did get the idea that their funds were at risk, so that shaky banks would find it harder to get funded in the first place? Yes, according to those who say Europe's problem has always been a *"too big to fail"* mentality. No, according to those who say that the Cyprus deal fatally undermined depositor confidence, thus making bank runs in other countries more likely. Certainly Cyprus and its paymasters in the European Central Bank have broken a taboo of the common European currency by imposing controls on the flow of capital into and out of the country, albeit *"temporarily."* As long as those controls last, a euro held in Cyprus is no longer as valuable as those deposited elsewhere. But even that measure can be justified by the greater threat of a bank run; to save the euro, it was necessary to destroy it, partially, in one place, for a while.

The IMF and EU are saying that Cyprus is a one-off situation and that although deposits are susceptible to confiscation, deposits are sacrosanct. But where I come from this sounds inconsistent, especially since the euro was suppose to be backed by the entire currency community. The Cyprus experience confirms that the powers that be in Brussels and Berlin are improvising to meet the crisis du jour, which is what they must do to hold together a currency union absent the usual political, legal and regulatory infrastructure. Until that inherently confusing and unstable situation changes, Europe's policymakers will continue to make it up as they go along. For better or worse, investor confidence will develop up or down accordingly. And EU's economic policies will continue on with the ambiguity of *Hollywood Accounting....* See **The Washington Post's Editorial — *In Cyprus, making up a euro solution on the fly.***

Initial signs that big depositors in the Bank of Cyprus would take a hit of 30 to 40 percent — the first time the euro zone has made bank customers contribute to a bailout — had already unnerved investors in European lenders last week. But the official decree published Saturday confirmed a Friday report that the bank would give depositors shares worth just 37.5 percent of savings over 100,000 euros (\$128,200). And the rest might never be paid back. The terms send a clear signal that the bailout means the end of Cyprus as a hub for offshore finance and could accelerate economic decline on the island. And although banks reopened to relative calm Thursday after the imposition of the first capital controls the euro, Cypriots are angry at the price attached to the rescue — the winding down of the island's second-largest bank, Cyprus Popular Bank, called Laiki, and the raid on deposits over 100,000 euros. Under the terms of Saturday's decree, Laiki's assets will be transferred to the Bank of

Cyprus, where about 22.5 percent of deposits over 100,000 euros will earn no interest. The remaining 40 percent will continue to earn interest, but it will not be repaid unless the bank does well. German Finance Minister Wolfgang Schäuble told Germany's mass daily Bild, "Savings accounts in Europe are safe" and "Cyprus is and will remain a special one-off case," — **BUT IS IT?**

It is universally accepted that our planet is warming with experts telling us that the Earth's temperature is expected to rise by as much as 7.2 degrees over the next century. By 2100 expanding water, melting ice, and faster-flowing glaciers are projected to boost the sea level by as much as six feet. And although this may not sound like a lot, the real-life results would be catastrophic. When the sea level rises four to five feet, floodwaters at high tide—begin to spread over the shoreline much of the 127 miles of New Jersey's shoreline and New York's Staten Island, Long Beach, Red Hook Brooklyn and lower Manhattan. So is Galveston, Texas; Harbor Island in Seattle; the Navy Yard in Philadelphia; AT&T Park in San Francisco; much of Savannah, Georgia; and all of Miami Beach. And all of this flooding is just at high tide, twice a day. Every major coastal city from Maine to Mexico would have a flooding problem; tens of millions, if not hundreds of millions, would have to adjust to a more amphibious existence. See Andrew Romano's article this week in **The Daily Beast** — **America's Coastal Denial**.

Storms are another story. Scientists predict that, as climate change accelerates, hurricanes themselves will intensify; the warmer the water, the stronger the squall. It's possible these storms will also venture farther north and take shape more frequently. The result is a future that starts to sound a lot like what we saw during Sandy, with huge, powerful storm surges over-washing densely populated swaths of not previously hurricane-prone shoreline. The biggest difference is that, unlike Sandy, these storms won't have to make landfall during a full moon to inundate the coast. The rising seas will routinely give them a similar (and, eventually, larger) head start. In theory, Sandy should help. The storm's ravaging tides may have been the clearest preview to date of what the 21st century has in store for our coastal areas. Experts can't say for sure whether climate change was to blame for the size of the storm itself. But they are pretty certain that global warming will cause a lot more Sandy-like storm surges in the decades ahead.

The collapse of the conventional politics of rebuilding, and of local economies, won't be far behind. Billions will be spent to maintain our beaches and ports, to rebuild after every storm. Eventually the cost of this perpetual bailout will become so great — and the political burden of forcing inland taxpayers to subsidize the coasts will become so onerous—that the funds will begin to dry up. Some residents will be forced to relocate—a wrenching, impossible-to-imagine process for the millions of coastal dwellers who aren't beachfront tycoons. Tourism dollars will taper off; property-tax revenue will tank. State and local governments will struggle to make ends meet. *"Of all the ongoing and expected changes from global warming,"* writes Orrin Pilkey, an emeritus professor of earth sciences at Duke University and co-author of **The Rising Sea**, *"the increase in the volume of the oceans and accompanying rise in the level of the sea will be the most immediate, the most certain, the most widespread, and the most economically visible in its effects."* We have to ask those of us who live on the water, from New York to New Orleans — are you ready to face that future?

The chief geospatial analyst/coastal scientist at New Jersey's Richard Stockton College Coastal Research Center, who has spent the past seven years mapping and modeling the state's shoreline — dividing it into 250-foot segments; analyzing each one for beach width, dune width, dune height, vegetation cover, and so on; then predicting how various storm events would affect the coast, from the squalls that strike every few years to the hurricanes that hit only once a century — points out that much of the vegetation (thickets of bayberry, Japanese black pine, and sea oak) has been cut away to

make room for houses, making it easy for Sandy to shift the open sand dunes as a natural movement to the force of nature of the storm. Coastlines take care of themselves and if we weren't living on them, this movement would be a natural part of land-movement evolution.

If you look at a snapshot of Long Beach Island ("LBI") in New Jersey today you have to realize that over the past 25,000 years, the island has moved in various shapes and configurations from the edge of the continental shelf all the way to where it is now, 75 miles west. It's been a 75-mile journey. But we want to put our four stakes in the ground and say, *'It's mine forever'* ... Well, our rules are at cross-purposes with nature's rules. The process is happening in spite of us. And it's going into overdrive. Then you have property owners who resist solutions by the Army Corps of Engineers, because the huge sand dune barriers obstruct their spectacular oceanfront views. Or because the easements that Army Corps of Engineers need to service these manmade barriers, would somehow grant politicians the right to build boardwalks and bathrooms and all sorts of other eyesores. In one city where —\$71 million— was already appropriated. The federal government had already agreed to pay two thirds of the tab. The Army Corps long ago made it clear, in writing, that they would never construct *"boardwalks, concession stands, boat rental locations, municipal storage facilities or restrooms"* on LBI's beaches. And yet when Sandy hit, less than half of the island's homes had engineered dunes in front of them.

When a storm surge assaults a barrier island, it doesn't just smash into the oceanfront dunes; it rushes into the bay behind the island as well, pouring over bulkheads and filling streets and yards with water. During Sandy, a nine-foot bay-side surge inundated much of LBI, including the areas protected by engineered dunes. Half of the Sandy damage was tidal flooding, — You can't stop it. So the only answers are to raise everything (houses, stores, roads, etc.) or to get rid of existing neighbourhoods and stop building in flood zones. After Sandy, the Federal Emergency Management Agency reminded residents that it was updating its outdated flood maps; the new maps, long in the works, would tell coastal dwellers exactly how high they'd have to elevate their homes in order to avoid paying vastly higher flood-insurance premiums in our warmer, wetter future. The response was outrage—raising a house requires hydraulic jacks and typically costs tens of thousands of dollars — and in Manahawkin, New Jersey's Governor Christie gets an earful from middle-class locals struggling to come to grips with the impossible choice they're now being asked to make.

The people who live in LBI's Cape Cods and in the modest bungalows on the mainland side of the bay are not the same people who occupy the island's massive beachfront mansions. Long Beach Island is not their summer playground. They are retirees living on fixed incomes, like Grossman, and former public-school employees, like my parents. They are landscapers, construction workers, waiters, and bartenders — the support staff that binds the community together. They are families who have owned on the island for generations; who bought long before the boom; who have yet to receive any money from the stonewalling insurance companies, even though floodwaters totaled their homes; and who are now being told they must pony up for pilings, or higher premiums, or else leave the island. They are despairing. They don't see a way out.

Christie knows this. *"The fact of the matter is that there are choices that have to be made here, and they are unpleasant choices,"* Christie admits. *"If you live on the water, given everything that has happened in past couple of years, the damages that have occurred ..."* He trails off. *"Think about what's gone on since I've been governor. We've had Irene. We've had Sandy. We've had these incredible snowstorms. We've had flooding from nor'easters. I'm waiting for, like, the locusts to come flying in."* The crowd laughs. *"I mean, it's been an insane three years. And so, as the risk continues to go up, the premiums have to reflect that. In this new world, living on the coast will be more expensive."* He leans over. *"If you're living on the water, you're going to have to pay the price,"* he whispers. *"We have to accept reality."* But right now, on LBI — whether because of views or finances or plain old cussedness — it's clear that many people don't. And that's the scary thing, because long

term, these are baby steps: the steps that Sandy just told us, in no uncertain terms, that we have to take immediately, or else.

But the reality is that even if global carbon emissions suddenly flat-lined tomorrow, we would still be on track to endure several centuries of warmer weather, rising sea levels, and deadlier, possibly more frequent storms. If in 2100 the sea is six feet higher than it is right now — again, a distinct possibility — we won't be worrying about easements and pilings anymore. In cities like New York, which would, at that point, experience two thirds of Sandy's nine-foot surge on a daily basis, the debate will revolve around advanced waterproof architecture and a Rotterdam-esque system of dams, barriers, and sea walls. On Long Beach Island, meanwhile, the options will be decidedly lower tech. Raising the entire island: roads, yards, everything. Rolling easements, which would accommodate the landward migration of LBI by relocating oceanfront homeowners to new bay-front lots. And, perhaps, a network of levees around the entire landmass. Each of these plans would be far more painful, and pricy, than the changes currently causing so much controversy on LBI. And in the end, even they may be futile. The beach house with a stunning ocean view is on its way to extinction, at least in their current neighborhoods, islands, coastlines.

WONDERFUL PICTURES

Mirrors_On_Quite_Waters_HW.pps

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THIS WEEK'S QUOTE

Belief is a wise wager. Granted that faith cannot be proved, what harm will come to you if you gamble on its truth and it proves false? If you gain, you gain all; if you lose, you lose nothing. Wager, then, without hesitation, that He exists.

Blaise Pascal

THIS WEEK'S MUSIC

This week I would like to share with you the music of Isaac Hayes who came to prominence in 1969 as a multi-faceted talent: songwriter, producer, sideman, solo artist, film scorer, actor, rapper and later on as a deejay in New York City. He was hugely influential on the rap movement as both a spoken-word pioneer and larger-than-life persona who influenced everyone from Barry White to Puff Daddy. Hayes is best known for his soundtrack to *Shaft*, one of the first and best “blaxploitation” films, and for the song “*Theme from 'Shaft,'*” a Top 10 hit. But his varied resume boasts everything from backing up Otis Redding, and writing for Sam and Dave and others at Stax Records in the Sixties to serving as the voice of “*Chef*” on *South Park* in the Nineties. At the peak of his popularity in the early Seventies, Hayes devised the character “Black Moses,” based on his public persona. With his shaved head, dark glasses, bulging muscles, gold chains, fur coats and serious, unsmiling demeanor, Hayes came off as both a potent sex symbol and an icon for African-American pride. Moreover, according to Jim Stewart, founder of Stax Records, “*Isaac Hayes is one of the main roots of the Memphis Sound.*”

Raised in and around Memphis, Hayes signed on as a session-man at Stax Records in 1964. His first session was for *The Great Otis Redding Sings Soul Ballads* (released on Volt Records, a Stax subsidiary). He and lyricist David Porter became a formidable songwriting team at Stax. Hayes and Porter bonded with the soul duo Sam and Dave, writing and producing a run of hits that included "Hold On, I'm Coming," "Soul Man" and "I Thank You." They also wrote "B-A-B-Y" for Carla Thomas and hits for the Emotions, the Soul Children, Mable John and Lou Rawls. As a keyboardist and producer, Hayes was an important element in the Stax/Volt sound. All the while, he was itching to sing and hearing a different sound in his head. "I wanted to sing pop music, easy listening, but Memphis was stone R&B," he told Rolling Stone in 1970.

The origins of Hayes' style came following a Stax Christmas party, when Hayes, bassist Duck Dunn and drummer Al Jackson, Jr., began playing around in the studio. They hit on a unique approach, recasting pop hits in lengthy arrangements featuring spoken monologues from Hayes and jazzy, orchestrated middle sections. His first album, *Presenting Isaac Hayes*, appeared in 1967 but failed to chart. Hayes' breakthrough came with his second solo album, *Hot Buttered Soul* (1969), which revolutionized soul music by bringing a more silky, adult sound to it – and by interpolating lengthy pillow-talk monologues, which Hayes called "raps." *Hot Buttered Soul* contained only four tracks, and two of them – remakes of Dionne Warwick's "Walk on By" and Glen Campbell's "By the Time I Get to Phoenix" – ran 12 and 19 minutes long, respectively. Edited versions of both songs made up a double-sided hit single on the pop and R&B charts in 1969.

Although Hayes cracked the Top 40 numerous times over the years – the Oscar-winning "Theme from 'Shaft,'" his biggest hit, topped the charts for two weeks in 1971 – his approach was generally more suited to the album format, where he could stretch out and set a mood with his soulful, rap-filled symphonettes. From 1969 to 1975, Hayes released a string of Top 20 albums: *Hot Buttered Soul* (Number Eight, 1969), *The Isaac Hayes Movement* (Number Eight, 1970), *To Be Continued* (Number 11, 1970), *Shaft* (Number One, 1971), *Black Moses* (Number 10, 1971), *Live at the Sahara Tahoe* (Number 14, 1973), *Joy* (Number 16, 1973) and *Chocolate Chip* (Number 18, 1975). He also appeared in *Wattstax*, a concert film and soundtrack spotlighting Stax artists.

In addition to music, Hayes appeared in a number of action-adventure and comedy films and served as the voice of "Chef" on the animated TV show *South Park*. He was also a morning deejay at KISS-FM in New York. On a more serious note, he was heavily involved in charitable causes, and humanitarian and development efforts in the African nation of Ghana. Hayes died on August 10, 2008.

Isaac Hayes – **Walk On By** -- <http://www.youtube.com/watch?v=U5tqAbrZeX0>

Isaac Hayes – **Shaft** -- <http://www.youtube.com/watch?v=L2cHkMwzOiM>

Isaac Hayes – **I Stand Accused** -- <http://www.youtube.com/watch?v=eKdUQQ8v1Y>

ISAAC HAYES – **Hyperbolicsyllabicsesquedalymistic** -- http://www.youtube.com/watch?v=FCzEICx_LK8

ISAAC HAYES – **LOOK OF LOVE** -- https://www.youtube.com/watch?v=498V4A_9o4M

Isaac Hayes – **By The Time I Get To Phoenix** -- <http://www.youtube.com/watch?v=9bbdJSW3pvM>

ISAAC HAYES – **Never Can Say Goodbye** -- <http://www.youtube.com/watch?v=bGEHBOVyXnl>

Isaac Hayes – **It's All In The Game** -- <http://www.youtube.com/watch?v=oGfIiLaDcE>

Isaac Hayes – **Close To You** -- <http://www.youtube.com/watch?v=bQ6oxt1XRBc>

Isaac Hayes – **Don't Let Go** -- https://www.youtube.com/watch?v=DqJ7aoy_100&list=RD02498V4A_9o4M

Isaac Hayes – **Soulville** -- https://www.youtube.com/watch?v=XhpKxmhfKZs&list=RD02498V4A_9o4M

I hope that you have enjoyed this weekend's offering and I wish you and yours a great Easter holiday....

Sincerely,

Greg Brown

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