

From: Gregory Brown <[REDACTED]>

To: undisclosed-recipients;

Bcc: jeevacation@gmail.com

Subject: Greg Brown's Weekend Reading and Other Things.... 10/13/2013

Date: Sun, 13 Oct 2013 08:43:33 +0000

Attachments: A_U.S._Default_Seen_as_Catastrophe_Dwarfing_Le_hman\u2019s_Fall_Bloomberg_News_October_6,_2013.docx;
What_if_Obamacare_Is_Popular_Huffington_Post_October_6,_2013.docx;
We_need_a_debt-limit_do-over_Charles_Lane_TWP_October_7,_2013.docx;
Obamacare_is_here_Get_used_to_it_Eugene_Robinson_TWP_October_7,_2013.docx;
Do_Politicians_Care_If_They_Get_Caught_Lying_Molly_Ball_The_Atlantic_October_8,_2013.docx;
New_Corporate_Tax_Shelter,_A_Merger_Abroad_David_Gelles_NYT_October_8,_2013.docx;
32_Republicans_Who_Caused_the_Government_Shutdown_The_Atlantic_October_4,_2013.docx; Sister_Rosetta_Tharpe_bio.docx

Inline-Images: image.png; image(1).png; image(2).png; image(3).png; image(4).png; image(5).png; image(6).png; image(7).png; image(8).png

DEAR FRIEND.....

This week's government shutdown has consequences for all of us. Besides the real pain that the loss of jobs and services are costing workers and average Americans, it is also costing an estimated \$300 million each day that the government is closed for business. As Bill Moyers pointed out last weekend, *"when the president refused to buckle to this extortion, they threw their tantrum..... Like the die-hards of the racist South a century and a half ago, who would destroy the union before giving up their slaves, so would these people burn down the place, sink the ship."* He goes on to tell us where the *"reckless ambition"* of the Republicans could lead us.

Bill Moyers Essay: On the Sabotage of Democracy



And now to the people who refuse to let democracy work. The people who hate government so much they've shut it down. Unable to abide by the results of democracy when they don't win, they turned on it. Republicans have now lost three successive elections to control the Senate and they've lost the last two presidential elections. Nonetheless, they fought tooth and nail to kill President Obama's health care initiative. They lost that fight, but with the corporate wing of Democrats, they managed to bend it toward private interests.

So we should be clear on this, Obamacare, as its known, is deeply flawed. Big subsidies to the health insurance industry. A bonanza for lobbyists. No public option. And as **The New York Times** reported this week, "*Millions of Poor Are Left Uncovered by Health Law.*" Largely because states controlled by Republicans refuse to expand Medicaid. As far as our bought and paid for legislative process goes, Obama's initiative made it through the sausage factory. Yet even after both the House and Senate approved it, the president signed it, and the Supreme Court upheld it, the Republicans keep insisting on calling the law a "bill," thumbing their noses and refusing to accept that it is enacted legislation.

Now they're fighting to prevent it from being implemented. Here was their order of the day on Thursday from the popular right wing blog RedState.com: "Congressmen, this is about shutting down Obamacare. Democrats keep talking about our refusal to compromise. They don't realize our compromise is defunding Obamacare. We actually want to repeal it. This is it. Our endgame is to leave the whole thing shut down until the President defunds Obamacare. And if he does not defund Obamacare, we leave the whole thing shut down."

Once upon a time when I was a young man working on Capitol Hill, it was commonplace that when a bill became law, everybody was unhappy with it. But you didn't bring down the government just because it wasn't perfect. You argue and fight and vote and then, due process having been at least raggedly served, on to the next fight. That was a long time ago. Long before the Tea Party minority, armed with huge sums of secret money from rich donors, sucked the last bit of soul from the Grand Old Party of Abraham Lincoln. They became delusional. Then rabid. Like this:

It was also Newt Gingrich, speaker Gingrich, who was caught lying to congressional investigators looking into charges of his ethical wrongdoing. His colleagues voted overwhelmingly, 395 to 28, to reprimand him. Pressure from his own party then prompted him to resign. Yet even after his flame out, even after his recent bizarre race for the presidency bankrolled with money from admiring oligarchs, even after new allegations about his secret fundraising for right-wing candidates, Gingrich remains the darling of a fawning amnesic media.

NEWT GINGRICH on Crossfire: I'm Newt Gingrich on the right.

BILL MOYERS: On CNN.com the other day he issued a call to arms to his fellow bomb-throwers, "... don't cave on shutdown."

At least let's name this for what it is, sabotage of the democratic process. Secession by another means. And let's be clear about where such reckless ambition leads. As surely as night must follow day, the alternative to democracy is worse.

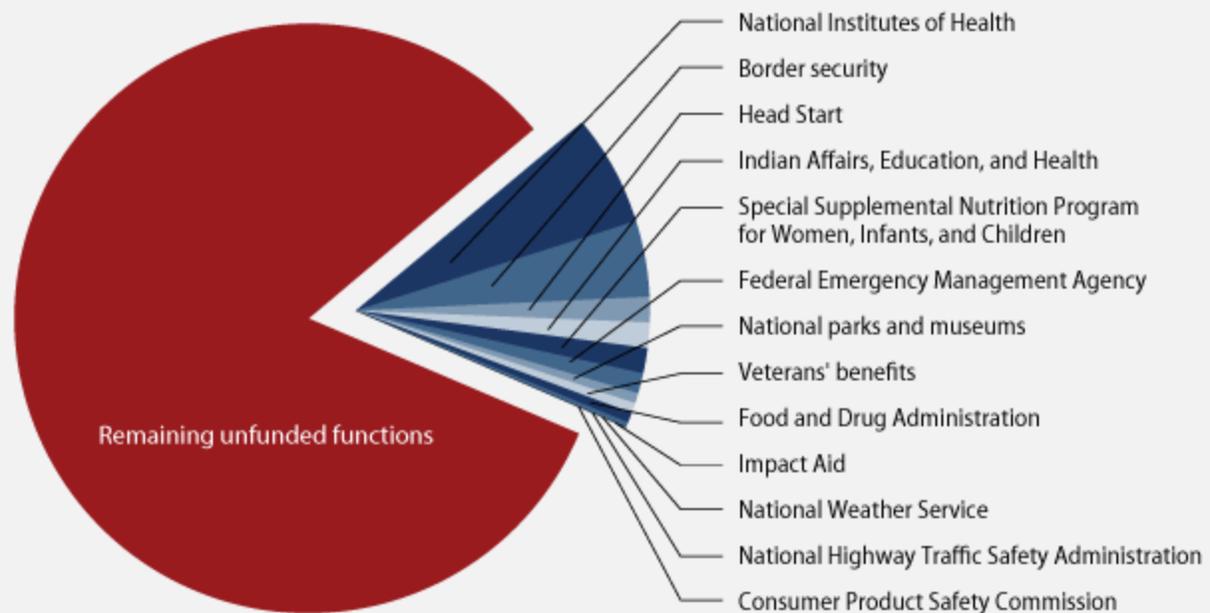
Congressional House Majority Leader, John Boehner and Republican conservative hard-liners are trying to Republicans have offered to restore funding on a piece-by-piece basis that would pay some of those workers and treat some of those patients. The president has said no. But why, CBS White House Correspondent Mark Knoller asked at the press conference today. Obama responded that while he's "certainly tempted" to take up the GOP offers, he didn't want to fund slivers of the government, one at a time. On the one hand, funding the discretionary budget bit by bit spares the most headline-y victims and lessens the pain of shutdown. On the other hand, the piecemeal approach ... well, spares the most headline-y victims and lessens the pain of shutdown, prolonging the crisis, itself.

So, depending on how you look at it, the piecemeal approach is both a plan to fund government as soon as possible and a plan to leave government unfunded as long as possible. There is a graph for this, of course. Michael Linden counts up the six piecemeal non-defense appropriations bills passed by the House (and unsigned by the president) and the eight other bills the House wants to pass in the coming weeks. "Together, these 14 bills allocate approximately \$83.1 billion in funding," Linden writes. That would leave 82 percent of the \$470 billion non-defense discretionary government unfunded.

FIGURE 1

Piecemeal approach to government funding is impractical and irresponsible

Nondefense appropriations, by bill passed or under consideration



Source: Congressional Budget Office.

In other words (and colors), Obama wants to fund the whole pie above. The GOP, which would like to pair government funding with Obamacare's defunding or delay, is asking him to fund the blue slices only. The White House's logic is that passing the blue stuff makes it more likely that we go even longer without the larger, redder part of the pie. As Derek Thompson pointed out this week in *The Atlantic* – This isn't three-dimensional chess, exactly. It's not even chess. It's just a radical wing of the Republican party exerting on House members while holding the rest of government hostage.

Meanwhile, the list of casualties deepens: the roads, the patients, the kids, the border, the veterans, the economic data, the product-safety inspections ...

TED Ideas worth spreading

As many of you may know, I am a huge fan of **TED** – **TED** is a nonprofit devoted to Ideas Worth Spreading. It started out in 1984 as a conference bringing together people from three worlds: **Technology, Entertainment, Design**. Since then its scope has become ever broader. Along with two annual conferences -- the **TED Conference** and **TEDGlobal** -- **TED** includes the award-winning **TED Talks** video site, the **Open Translation Project** and **TED Conversations**, the inspiring **TED Fellows** and **TEDx programs**, and the annual **TED Prize**. **TED** conferences bring together the world's most fascinating thinkers and doers, who are challenged to give the talk of their lives (in 18 minutes or less). On **TED.com**, we make the best talks and performances from **TED** and partners available to the world, for free. More than 1500 TED Talks are now available, with more added each week. All of the talks are subtitled in English, and many in other languages, too. These videos are released under a **Creative Commons BY-NC-ND** license, so they can be freely shared and reposted. **TED's** mission: **Spreading ideas**.

Last month author **Chrystia Freeland** looked under the hood of global capitalism to expose the technological, economic and structural inequalities pushing society in unforeseen directions. Along the way, she takes the temperature of a rising caste -- the super rich -- and shows how the creation of vast fortunes at the top hollow out the middle class in western industrialized countries. This rising income inequality, she argued, has a structural character, and is becoming a cultural and social issue, with consequences for social cohesion and social mobility. Freeland began her career as an "*accidental journalist*" with frontline bulletins from the Ukraine in the heat of the Soviet collapse. She is now an editor at **Thomson Reuters**, and is frequently featured on media outlets ranging from the **International Herald Tribune** to **The Colbert Report**.



I invite you to look at **Chrystia Freeland's** recent **TED Talk** – ***The rise of the new global super-rich***

Web Link:

http://www.ted.com/talks/chrystia_freeland_the_rise_of_the_new_global_super_rich.html

One of the most important economic fact of our time is that we are living in an age of surging income inequality, particularly between those at the very top and everyone else. This shift is the most striking in the U.S. and in the U.K., but it's a global phenomenon. It's happening in communist China, in formerly communist Russia, it's happening in India and our neighbor Canada. We're even seeing it in cozy social democracies like Sweden, Finland and Germany. Let me give you a few numbers to place what's happening. In the 1970s, the *One Percent* accounted for about 10 percent of the national income in the United States. Today, their share has more than doubled to above 20 percent.

But what's even more striking is what's happening at the very tippy top of the income distribution. The 0.1 percent in the U.S. today account for more than eight percent of the national income. They are where the One Percent was 30 years ago. Let me give you another number to put that in perspective, and this is a figure that was calculated in 2005 by Robert Reich, the Secretary of Labor in the Clinton administration. Reich took the wealth of two admittedly very rich men, Bill Gates and Warren Buffett, and he found that it was equivalent to the wealth of the bottom 40 percent of the U.S. population, 120 million people.

As it happens, Warren Buffett is not only himself a plutocrat, he is one of the most astute observers of that phenomenon, and he has his own favorite number. Buffett likes to point out that in 1992, the combined wealth of the people on the Forbes 400 list -- and this is the list of the 400 richest Americans -- was 300 billion dollars. Just think about it. You didn't even need to be a billionaire to get on that list in 1992. Well, today, that figure has more than quintupled to 1.7 trillion, and I probably don't need to tell you that we haven't seen anything similar happen to the middle class, whose wealth has stagnated if not actually decreased.

We often hear pundits describe these mega-rich as job makers, when the truth is that the consolidation of wealth has produced the exactly the opposite. Take the number of \$1.7 trillion divide by 400 people and consider how many homes and cars will they buy next year. Maybe, a thousand homes and many four or five thousand cars. Then imagine that if you spread this same \$1.7 trillion, giving a million people a million dollars and consider how many more homes and cars would they buy.... Maybe a million homes and five or more million cars..... And this phenomenon/economic driver created the dynamic economic growth in the 1970s, 60s and 70s due to the burgeoning Middle Class.

Due to the economic policies that shifted in favor of the rich, that was described as trickle-down economics, wealth is consolidating in fewer and fewer hands, creating a global plutocracy, that we've been slow to notice it. One of the reasons, I think, is a sort of boiled frog phenomenon. Changes which are slow and gradual can be hard to notice even if their ultimate impact is quite dramatic. Think about what happened, after all, to the poor frog. But I think there's something else going on. Talking about income inequality, even if you're not on the Forbes 400 list, can make us feel uncomfortable. It feels less positive, less optimistic, to talk about how the pie is sliced than to think about how to make the pie bigger. And if you do happen to be on the Forbes 400 list, talking about income distribution, and inevitably its cousin, income redistribution, can be downright threatening. As a result we're living in the age of surging income inequality, especially at the top. What's driving it, and what can we do about it?

One set of causes is political: lower taxes, deregulation, particularly of financial services, privatization, weaker legal protections for trade unions, all of these have contributed to more and more income going to the very, very top. A lot of these political factors can be broadly lumped under the category of "crony capitalism," political changes that benefit a group of well-connected insiders but don't actually do much good for the rest of us. In practice, getting rid of crony capitalism is incredibly difficult. Think of all the years reformers of various stripes have tried to get rid of corruption in Russia, for instance, or how hard it is to re-regulate the banks even after the most profound financial crisis since the Great Depression, or even how difficult it is to get the big multinational companies, including those whose motto might be "don't do evil," to pay taxes at a rate even approaching that paid by the middle class. But while getting rid of crony capitalism in practice is really, really hard, at least intellectually, it's an easy problem. After all, no one is actually in favor of crony capitalism. Indeed, this is one of those rare issues that unites the left and the right. A critique of crony capitalism is as central to the Tea Party as it is to Occupy Wall Street.

While it's pretty easy to see how globalization and the technology revolution are creating this global plutocracy, what's a lot harder is figuring out what to think about it. And that's because, in contrast with crony capitalism, so much of what globalization and the technology revolution have done is highly positive. Let's start with technology. I love the Internet. I love my mobile devices. I'm even more of a fan of globalization. This is the transformation which has lifted hundreds of millions of the world's poorest people out of poverty and into the middle class, and if you happen to live in the rich part of the world, it's made many new products affordable -- who do you think built your iPhone? -- and things that we've relied on for a long time much cheaper. Think of your dishwasher or your t-shirt. So what is not to like:

One of the things that worries Freeland and others is how easily what you might call meritocratic plutocracy can become crony plutocracy. Imagine you're a brilliant entrepreneur who has successfully sold that idea or that product to the global billions and become a billionaire in the process. It gets tempting at that point to use your economic nous to manipulate the rules of the global political economy in your own favor. And that's no mere hypothetical example. Think about Amazon, Apple, Google, Starbucks. These are among the world's most admired, most beloved, most innovative companies. They also happen to be particularly adept at working the international tax system so as to lower their tax bill very, very significantly. And why stop at just playing the global political and economic system as it exists to your own maximum advantage? Once you have the tremendous economic power that we're seeing at the very, very top of the income distribution and the political power that inevitably entails, it becomes tempting as well to start trying to change the rules of the game in your own favor. Again, this is no mere hypothetical. It's what the Russian oligarchs did in creating the sale-of-the-century privatization of Russia's natural resources. It's one way of describing what happened with deregulation of the financial services in the U.S. and the U.K.

A second thing to worry about is how easily meritocratic plutocracy can become aristocracy. One way of describing the plutocrats is as alpha geeks, and they are people who are acutely aware of how important highly sophisticated analytical and quantitative skills are in today's economy. That's why they are spending unprecedented time and resources educating their own children. The middle class is spending more on schooling too, but in the global educational arms race that starts at nursery school and ends at Harvard, Stanford or MIT, *the 99 percent* is increasingly outgunned by *the One Percent*. The result is something that economists Alan Krueger and Miles Corak call the *Great Gatsby Curve*. As income inequality increases, social mobility decreases. The plutocracy may be a meritocracy, but increasingly you have to be born on the top rung of the ladder to even take part in that race.

The third thing, is the extent to which those same largely positive forces which are driving the rise of the global plutocracy also happen to be hollowing out the middle class in Western industrialized economies. Let's start with technology. Those same forces that are creating billionaires are also devouring many traditional middle-class jobs. When's the last time you used a travel agent? And in contrast with the industrial revolution, the titans of our new economy aren't creating that many new jobs. Twenty years ago, AT&T had 330,000 employees while today Facebook fewer than 10,000. The same is true of globalization. For all that it is raising hundreds of millions of people out of poverty in the emerging markets, it's also outsourcing a lot of jobs from the developed Western economies.

Freeland – The terrifying reality is that there is no economic rule which automatically translates increased economic growth into widely shared prosperity. That's shown in what I consider to be the most scary economic statistic of our time. Since the late 1990s, increases in productivity have been decoupled from increases in wages and employment. That means that our countries are getting richer, our companies are getting more efficient, but we're not creating more jobs and we're not paying people, as a whole, more.

One scary conclusion you could draw from all of this is to worry about structural unemployment.

What worries me more is a different nightmare scenario. After all, in a totally free labor market, we could find jobs for pretty much everyone. The dystopia that worries me is a universe in which a few geniuses invent Google and its ilk and the rest of us are employed giving them massages.

So when I get really depressed about all of this, I comfort myself in thinking about the Industrial Revolution. After all, for all its grim, satanic mills, it worked out pretty well, didn't it? After all, all of us here are richer, healthier, taller -- well, there are a few exceptions -- and live longer than our ancestors in the early 19th century. But it's important to remember that before we learned how to

share the fruits of the *Industrial Revolution* with the broad swathes of society, we had to go through two depressions, the *Great Depression* of the 1930s, the *Long Depression of the 1870s*, two world wars, communist revolutions in Russia and in China, and an era of tremendous social and political upheaval in the West. We also, not coincidentally, went through an era of tremendous social and political inventions. We created the modern welfare state. We created public education. We created public health care. We created public pensions. We created unions.

Today, we are living through an era of economic transformation comparable in its scale and its scope to the Industrial Revolution. To be sure that this new economy benefits us all and not just the plutocrats, we need to embark on an era of comparably ambitious social and political change. **We need a new New Deal.**

This week in **The Huffington Post**, Lynn Andriani wrote – **5 Things Wealthy People Don't Do** – You don't have to be a millionaire to steal these ideas about work, retirement and even getting up in the morning.

1. They Don't Retire When Everyone Else Does

The average age for Americans to stop working is now 61, according to a recent Gallup poll, up from 59 ten years ago and 57 in the early 1990s. But America's highest earners -- i.e., those with the biggest savings -- don't plan on retiring until they're at least 70, another new survey shows. Almost half of those people, who make \$75,000 or more a year, say they plan to keep working because they want to. Granted, this group holds white-collar jobs that aren't physically taxing -- but the "never quit" concept is one that almost anyone can embrace. Stepping down to a less stressful position, or shifting to part-time work can put you farther ahead, savings-wise, when you do decide to retire. Because although you can start collecting Social Security anytime from ages 62 to 70, the later you start, the bigger your benefit. This article gives some useful guidelines for deciding when to begin.

2. They Don't Wake Up At 6 a.m. And Answer Emails

You're no doubt aware that the highest achievers are up earlier than most people: The National Sleep Foundation says most 30- to 45-year-olds get out of bed at 6 a.m. on a typical weekday morning, while this Guardian article shows that many CEOs of major companies wake closer to 5. You may not know, though, what those leaders are doing with the extra hour. Laura Vanderkam's new book *What the Most Successful People Do Before Breakfast* gives plenty of concrete examples (and none of them involves catching up on Facebook). For instance: A businesswoman knows she could spend her early-morning hour cleaning out her in-box, but since that's a job she can do in 5-minute breaks during the day, she devotes the alone time to making real, uninterrupted headway on a project that she's decided is a top priority for her -- and that will have clear career benefits, teeing her up for a promotion or other advancement.

3. They Don't Ignore Job Offers For Lateral Moves

While many top earners keep an eye out for their next career move, they're not always looking to move up. They're often looking to make lateral moves, says Amanda Augustine, job-search expert at TheLadders.com, which originally began as a job-search site for people earning \$100,000 and more (they've since expanded to all salaries). This group is willing to move horizontally, or even to take a step down, Augustine says, if there is a future opportunity to move up and take on an even better role. Employees at every level can learn from this behavior, she says. Making a sideways career change (either within your company or to a new one with a similar title, pay and responsibility) can also be worth it if your industry is contracting and the new job is in a field that's growing, or if you'll be saving money with a shorter commute or cheaper parking, or getting better benefits, whether insurance- or retirement-related.

4. They Don't Buy When They Can Rent

It's the American dream to own a home, but don't assume that everyone who can purchase a home does. The five-year rule (if you're not going to live in a home for five years, don't buy it) is back, says

Trulia's real-estate and lifestyle expert, Michael Corbett, who is also the host of Extra's Mansions and Millionaires. Renting is more popular than ever, he says, even among the wealthy. While it once made sense for people who could afford it to buy a home and flip it after two years, and the market has improved moderately this year, we're hardly in a boom. This article by economist Robert J. Shiller explains that attitudes toward renting are starting to change; 61 percent of Americans in a recent MacArthur Foundation survey agreed that, "for the most part, renters can be just as successful as owners at achieving the American dream."

5. They Don't Buy Without First Comparison Shopping

Chances are, if you're reading this here, you're likely also shopping online (80 percent of people who use the Internet have bought something by clicking). But wealthy shoppers are getting more shipping confirmation emails than others: According to a recent report by Martini Media and comScore, in the first quarter of this year, affluent shoppers were 47 percent more likely than buyers earning less than \$100,000 annually to purchase something online. Just as interestingly, wealthy online shoppers aren't visiting luxury destinations as much as they're visiting sites with mid-level pricing (think Macy's). We know shopping online greatly lowers the likelihood of an impulse buy, but another major money-saving reason to buy from home is that you can easily do price comparisons. Plus, new apps such as Slice will even send you alerts when the price on an item you've purchased online drops so you can get a refund.

Whether you are a fan, Jon Stewart is a master of satirical irony and the current government shutdown by Conservative Congressional Republicans has provided an abundance of material for humorist like Stewart, Bill Mather and late night television. To better understand how ridiculous the Republican defense of their thoughtless and silly action of shutting down the federal government please watch the videos of Jon Stewart calling them out on this issue.

Jon Stewart Calls Out Republicans For Not Owning The Shutdown: 'Don't Fart And Point At The Dog'



Web Link: http://www.huffingtonpost.com/2013/10/09/jon-stewart-calls-out-republicans_n_4069528.html?utm_hp_ref=mostpopular

In this short clip from the opening of Tuesday's "**Daily Show**," Jon Stewart vows to not talk about the shutdown... except for that one little bit about the Republicans saying they aren't responsible for it. In a cathartic moment that most of us can appreciate, Stewart calls bullshit after rolling a clip of Speaker John Boehner admitting that he had made a deal with Harry Reid that he then broke: "Look, you think Obamacare's a big enough threat to this country that you need to shut down the government over it, fine. Own it. Don't fart and point at the dog."

Jon Stewart Goes Off On 'Bipartisan Curious' Republicans Who Won't Come Out Against The Shutdown

Web Link: http://www.huffingtonpost.com/2013/10/10/jon-stewart-bipartisan-curious-republicans_n_4076799.html

As the government shutdown continues, we keep hearing about those moderate Republicans in the House who would vote for a clean continuing resolution, if only Speaker Boehner would allow a vote. Jon Stewart wonders, however, if there are so many of them, why don't they force the issue? Watch above as he and Al Madrigal discuss the "*bipartisan curious*" Republicans who care more about keeping their government paychecks than everyone else getting theirs.

Death of the Dream

With the recent calamity of the Government Shutdown and the looming debt ceiling fight, one thing has become crystal clear: we are witnessing the Death of the American Dream.

In the past we believed all things were possible, there was absolutely nothing that Americans couldn't accomplish. In the '60s, President Kennedy said we would put a man on the moon by the end of the decade and few doubted the possibilities. After all, America was always capable of great and glorious accomplishments.

We were the Dreamers. It was instilled in the American psyche, American ingenuity. We led the world in research, medical or scientific, our engineering feats astounding the world. We had a government that participated, encouraged, and supported this mighty economic engine. We had a middle class that was the envy of the world. Things were good, but they would even be better in the future. Our education system supported all economic classes, and we had fluid upward mobility. We made the impossible possible.

When the Japanese bombed Pearl Harbor, the Naval Marshal General Yamamoto is rumored to have said, "I fear all we have done is awaken a sleeping giant." And he was right. Within three years we built the strongest, most advanced military on the face of the earth.

We believed in Democracy, in fairness. We believed in our Government. We disagreed, argued, but we never doubted our form of Government, or the Government itself. Now a harsh reality sweeps the land. Our precious form of government is dying. Democracy is dying. A minority can now control the majority. Fanaticism that we thought applied to less progressive countries is now homegrown. In the past we didn't always agree, but we accepted laws that were passed as the law of the land. We might fight to overturn some legislation within the halls of Congress, but a minority never took it upon themselves to deprive millions of Americans their jobs, stopping their ability to earn a wage. Never were we this destructive because a minority was opposed to a piece of legislation. And so our Democracy grinds to a halt.

We might get past the debt ceiling crisis, the government shutdown, but the future of America is clear. We are no longer the wonder of the world. We exposed our ignorance, our ugly insensitivity. We are a petty people with a government that has ceased to function. The great achievements are part of yesterday. The future is a dark place.

We have proven a Democracy is a fragile form of government. And we have shown the world how easy it is to kill it.

We have to ask, if Conservatives truly believe in *American Exceptionalism*, then why are the Republicans trying so hard to kill its government and it.

For the Republican Conservatives in Congress and their supporters who put the purity of ideology over logic and prudence, suggesting that forcing the current government shutdown to stop Obamacare as their way of saving America is both the height of hypocrisy and disastrous government policy. And trying to blackmail the President of the United States into killing his signature achievement that now give tens of millions of Americans access to affordable healthcare as a way of making his, a failed Presidency has one of the largest Congressional blunders since the 2002 Authorization for Use of Military Force Against Iraq Resolution, closely follow by the previous government shutdown spearheaded by House Speaker, Newt Gingrich and the Republicans in 1995 with both being universally acknowledged super blunders. Let this past week's newspaper/magazine headlines speak for themselves.

DEFAULT OVER 'SURRENDER' Boehner Gives Up The Game.. 'Too Embarrassed To Defend His Extortion Demands'... Investors Flee U.S. Treasury Bills... OBAMA STANDS FIRM: Won't 'Pay Ransom'... 'We Can't Make Extortion A Routine Part Of Our Democracy'... REPUBLICANS REJECT REALITY, Say Default Might Not Be That Bad!... Economic Confidence Tumbles... Worst Drop Since Lehman Collapse... THEN: 130 Republicans In Congress Raised Debt Ceiling For Bush... NOW: Debt 'Truthers' Risk Financial Destruction... LATEST UPDATES... BLINK: Boehner Pushes 6-Week Debt Hike... Won't Say What GOP Wants... MIGHT NOT HAVE THE VOTES... White House: No Budget Talks Til Shutdown Extortion Ends, Too... POLL: GOP Hits Record Low... Taliban Mocks U.S. 'Sucking The Blood Of Their Own People'... LATEST UPDATES...

Now these same hypocrites are asking for compromise, suggesting that they are willing to support a six week funding and debt ceiling extension, with the caveat that the White House support repealing the 2.3% excise tax on sales of medical devices in the Affordable Healthcare Act, which is a straight \$30 billion giveaway to the Medical Device Industry and their lobbyist, which later this week Sen. Susan Collins (R-Maine) proposed a six months extension. Whether it be six weeks or six months, would any sensible person or management group run a business this way. I urge the President demand that whatever is agreed – that it be for at least one year so that Congressional leaders in both major political parties make the structural changes so that this dysfunctionality does not happen again. This is not about winners and losers..... Its about adults working together to make the best decisions that they can for the American people.

THIS WEEK'S READINGS

In an article in **BusinessWeek**, Yahman Onaran wrote – *A U.S. Default Seen as Catastrophe Dwarfing Lehman's Fall* – that a U.S. government default, which is just weeks away if Congress fails to raise the government's debt ceiling (as it is threaten to do) will be an economic calamity like noe the world has ever seen, dwarfing the collapse of Lehman Brothers five years ago which caused the largest global financial disaster in recent history.

Failure by the world's largest borrower to pay its debt -- unprecedented in modern history -- will devastate stock markets from Brazil to Zurich, halt a \$5 trillion lending mechanism for investors who rely on Treasuries, blow up borrowing costs for billions of people and companies, ravage the dollar and throw the U.S. and world economies into a recession that probably would become a depression. Among the dozens of money managers, economists, bankers, traders and former government officials interviewed for this story, few view a U.S. default as anything but a financial apocalypse.

The \$12 trillion of outstanding government debt is 23 times the \$517 billion Lehman owed when it filed for bankruptcy on Sept. 15, 2008. As politicians butt heads over raising the debt ceiling,

executives from Berkshire Hathaway Inc.'s Warren Buffett to Goldman Sachs Group Inc.'s Lloyd C. Blankfein have warned that going over the edge would be catastrophic.

"If it were to occur -- and it's a big if -- one would expect a series of legal triggers, potentially transmitting the default to many other markets," said Mohamed El-Erian, chief executive officer of Pacific Investment Management Co., the world's largest fixed-income manager. "All this would add to the headwinds facing economic growth. It would also undermine the role of the U.S. in the world economy."

While a short-lived default might be fixed without major damage to the global economy, the markets might forgive us, but if the government misses an interest payment by two days, four days, six days, that's a different story. During the final days of Lehman Brothers, Wall Street firms set up war rooms to chart the potential impact of the firm's demise and prepare strategies to cope with the consequences. Their scenarios, which focused on credit-default swaps, didn't forecast the contagion that quickly spread after the bankruptcy.

Today, many banks are preparing contingency plans for a possible U.S. default, such as stocking retail branches with more cash, the New York Times reported last week. Those preparations might prove useless once again. The problem is that nobody knows what would happen if there were a default because the reality is there's never been even a technical default in the U.S. Therefore, the danger is that everyone is flying blind with the hard liners in Congress making the rest of us play Russian roulette, unless they get their way.

In **The Huffington Post** this week, Robert Kuttner wrote an article asking – ***What if Obamacare Is Popular?*** – As it is beginning to look as if the Republican effort to hold the rest of the government hostage for the sacking of the Affordable Care Act just might backfire, big time. For starters, the effort has elicited something long missing on the part of this president -- some spine. Ever since he stepped into the Rose Garden on October 1 to warn the Republicans that he simply wasn't prepared to negotiate while the government was shut down and default on the debt was threatened, we've seen a much tougher Obama. The split in the Republicans, meanwhile, continues to widen, with an ever-increasing backlash among party professionals against the nihilism of Ted Cruz and company. Poor John Boehner tacks back and forth between frantically trying to hold his coalition together and signaling that he'd be willing to suspend the Hastert Rule and allow pragmatic Republicans vote with Democrats to keep the government open.

Public opinion seems to be moving against the Republicans. The question is no longer whether they will continue their suicidal gambit but when they will cave and on what terms. Weirdly, by threatening to shut the government unless Obama killed the Affordable Care act, they got the opposite of what they sought. The rest of the government is closed, and Obamacare is open for business. And, while Republicans and movement conservatives have spent the better part of a year demonizing Obama's health reform, the more people become familiar with it, the more people will appreciate it -- leaving the Republican alarmism with no clothes. In that regard, the president and his strategists would do well to change one core piece of their rhetoric. In his Rose Garden remarks, the president said this:

Now, of course, if you're one of the 85 percent of Americans who already have health insurance, you don't need to do a thing. You're already benefiting from new benefits and protections that have been in place for some time under this law. But for the 15 percent of Americans who don't have health insurance, this opportunity is life-changing. In fact, that's profoundly wrong, and weakens the president's case. The statistically accurate contention that 85 percent of people will have no change in their insurance is a throwback to the early days of the health reform debate, when focus groups suggested that people who had employer-provided insurance and liked it needed to be reassured. But a lot has changed since then. Employer coverage is eroding. People who lose jobs or change jobs typically lose their insurance. COBRA protection paid entirely by the former worker is only a temporary and largely unaffordable stopgap.

The fact is that the Affordable Care Act helps a lot more the 15 percent of the population. Young adults with no employer-provided insurance (and their parents) already know how valuable Obamacare is, for allowing people under age 26 to stay on their parents' insurance. People without jobs and at risk of losing jobs are also coming to value the Affordable Care Act. There is an analogy here with the revolution in broad acceptance of sexual diversity. As more and more gays and lesbians came out, straight people were initially shocked, then surprisingly accepting, as they realized that they had a friend, co-worker, neighbor, or family member who turned out to be gay. As more and more people sign up for affordable insurance thanks to Obama Care, many Americans who have insurance (and many who are worried about losing it) will hear heart-rending firsthand stories about friends, colleagues and relatives with medical worries, who finally get insurance. That coalition is a lot more than 15 percent.

Many of these people, incidentally, are in red states, where the percentage of the uninsured tends to be far higher than the national average. In several such states, Republican governors have broken ranks and signed their states up for the provision of the Affordable Care Act that has the Federal government finance nearly all the costs of expanded Medicaid. No wonder the Republicans are so desperate to kill Obamacare in utero. The more it takes effect, the more their hysteria will be proven to be a phony. By 2014, when the Republican House majority will present itself for re-election, the Affordable Care Act could be quite popular. What then? President Obama, increasingly, finds himself in the chips. Let's see if this time he can resist the impulse to fold a winning hand.

Almost everyone in Government will tell you that the country's debt should be a serious concern and not raising the debt ceiling could be catastrophic — additionally the United States has experienced many periods of crippling partisan conflict in Congress as well as bouts of heavy national indebtedness. But seldom, if ever, experienced both simultaneously. And being the richest country on the planet is the reason why Treasury securities have come to be regarded as "*risk-free*," safe enough to use as reserves in banks — and central banks — around the world. Now, though, the government's publicly held debt exceeds 70 percent of gross domestic product, Congress is more polarized than it has been since the 19th century, and both conditions are likely to persist. This state of affairs makes the impasse over extending the debt limit especially fateful.

But how did we get here? Between 1789 and 1917, the federal government's debt wasn't much of an issue at home or abroad. As Anita Krishnakumar showed in a 2005 article for the **Harvard Journal on Legislation**, the U.S. government was small and generally went into debt only to pay for wars, or when recession temporarily dried up tax revenue. Each time, Congress voted on specific bond issues. The understanding that debt was temporary blunted partisan resistance; once the crises passed, government reverted to balanced budgets or surpluses. It was not until global military conflict reached America's shores, in the form of World War I, that Congress felt obliged to end the practice of separate votes on each war-related bond issue. The result was the debt-ceiling law, which was supposed to constrain indebtedness without the need for constant votes.

But just a decade after the Great War came the Depression, followed by World War II and then the Cold War. The net effect was a large national debt that ebbed and flowed but never disappeared. The permanent debt was accompanied by a new, and seemingly permanent, consensus that accepted a large national security establishment — to prevent a repeat of global war — and a large government role in the economy to protect against macroeconomic vicissitudes. Debt-limit laws regularly passed, more or less eventfully, but without anything like today's drama. Indeed, 1917 marked a new dawn of relatively low partisan conflict in U.S. politics, and it lasted through the fall of the Soviet Union in 1991, according to an authoritative analysis of congressional voting data by political scientist Keith Poole. In that time, the United States experienced a civil rights revolution, Vietnam and Watergate, yet its basic political stability remained so axiomatic that investors literally banked on it.

Now, of course, the partisan comity that Poole documented has broken down. Why — whether because the Cold War no longer provides a common enemy or because selfish ideologues gerrymandered themselves into safe congressional seats — hardly matters. Neither the "war on

terror” nor the Great Recession rekindled national unity, as many once expected. To the contrary, they spawned new divisions that the political parties have rushed to exploit. Republicans deserve most of the blame for the current crisis since they permitted a small faction of ultras to precipitate it in a mindless, futile bid to “defund Obamacare.” But while GOP factionalism and extremism caused the present predicament, they are also symptoms of a wider breakdown in national consensus that must be addressed if we are to reassure the global economy about long-term creditworthiness.

Reforming the debt-limit law is one place to start. It has its virtues, chief among them the power to periodically focus the nation’s attention on its accumulated debt burden, which, though related, is a separate issue from the annual level of spending, taxes and borrowing. Alas, the law was crafted in a different era, before U.S. debts were so large, and our ability to service them so crucial to the world’s well-being. Our politicians were not so easily frightened into voting against a debt increase — or so easily tempted to partisan blackmail.

We need a new debt-limit law for a new era of permanent debt and permanent partisan conflict. Ideally, a reformed procedure would preserve the law’s power to focus Congress on accumulated debt while removing, or minimizing, incentives to delay passage, and thus usurp presidential power. There should still be votes, but less frequently and with as little as possible at stake each time. One way to achieve this would be to exclude from the debt limit Treasury debt held by the Federal Reserve or trust funds such as Social Security and Medicare, as Krishnakumar has suggested. What’s really relevant to the government’s credit is not how much it owes itself but how much it owes foreign governments, banks, pension funds and others — about \$10 trillion of the current \$16.7 trillion debt. As Charles Lane pointed out this week in **The Washington Post** titled — ***We need a debt-limit do-over*** — and there is no better time to do it.

One of the greatest successes in Medicine in the 1950s and 1960s was for all intents the eradication of Polio which was a highly contagious virus that struck rich and poor alike, including our 32nd President, Franklin Delano Roosevelt and my elementary schoolmate in Mount Vernon, New York, Robert (*Bobby*) Burns. Leading this assault against polio and other diseases is the Centers for Disease Control and Prevention (CDC) which is trying to manage a partial shutdown at an institution where nearly everything is ultimately a matter of life or death. And the longer it goes, the more complex it is. What isn’t an imminent threat to health on Day Four is on Day 10. As of now, eight of 10 global disease detection centers — the field offices where outbreaks are identified and countered — are closed. No processing of blood samples for parasitic diseases is taking place. No testing of counterfeit malaria medicines.

Fortunately, the CDC’s polio eradication effort has been largely exempted from the shutdown. It is part of one of the most ambitious medical enterprises in history — attempting to eliminate a highly contagious virus from the wild. This has been achieved only twice before, with smallpox and rinderpest. The end of polio transmission is a few hundred yearly cases away. Even a brief pause would risk losing ground. Poliovirus — which destroys neuron cells controlling swallowing, breathing and the use of limbs — was once a source of seasonal panic in the United States. Epidemics (usually arriving in summer) sometimes caused states to close their borders, with inspectors demanding certificates of health for children younger than 16. American infections peaked at nearly 58,000 in 1952. (Sen. Mitch McConnell and Rep. Steve Cohen were both infected as children.) As late as 2004, dozens of Americans still lived in iron lungs.

But the use of the Salk and Sabin vaccines has chased the virus across the planet. The last American infections were in 1979 (among Amish who resisted vaccination). This was also the year that Rotary International started a campaign to eliminate polio transmission in the Philippines, beginning a global eradication movement that now includes the World Health Organization, UNICEF, the Gates Foundation and the CDC. In 1999, type 2 poliovirus (of three types) was eliminated in the wild. India has been polio-free since 2011 — an important proof of concept. (If polio can be eliminated in northern India — with its dense population and poor sanitary conditions — it can be defeated anywhere.)

More than 99 percent of poliovirus transmission has been stopped over the past few decades. But the final bit is the hardest. In 2011, an independent review panel questioned whether the opportunity for polio eradication was being squandered. It lit a fire under the movement. Partners increased their commitments. Thomas Frieden (Director of the CDC) moved his effort into the CDC's Emergency Operations Center — a high-tech amphitheater in which the disease is minutely tracked in maps and charts.

There are two regions where wild polio transmission has never been eradicated: in the tribal areas along the Afghanistan-Pakistan border and in northern Nigeria. In Afghanistan, efforts by the ministry of health have been innovative and successful. There have been only six cases so far this year, all of which (when the CDC examined the genetic fingerprints of the viruses) originated in Pakistan. In Pakistan, infections are largely confined to North Waziristan, where the local Taliban commander has banned vaccination. In Nigeria, the government has recently improved the management of its program and infections are down. But the terrorist group Boko Haram — which rejects everything Western, including vaccines and education — is suspected of being responsible for the murders of nine polio workers this year. Polio is a killer that finds allies among killers.

Now a virus originating in Nigeria has caused an outbreak in Somalia, which has spread some cases to Kenya and Ethiopia. Health authorities in Mogadishu responded with surprising celerity, beginning immunizations four days after the first reported illness. But the problem persists in less-populated areas controlled by the jihadist group al-Shabab. Somalia, which has ended polio transmission twice before, must do it a third time.

Polio eradication is an enterprise now conducted at the frontiers of medicine and war — introducing vaccination into places that have never seen Western medicine and sometimes requiring negotiations with warlords and militias. In some places, the challenge is management; in others, security. The complexity can be frustrating. *"It is like finishing a marathon,"* one CDC expert told journalist Michael Gerson from **The Washington Post**, *"and being told you have an extra mile to run."* But these are struggles near the finish line of a landmark scientific achievement. And for those who doubt that any purpose of government can be essential, the daring, humane work of the CDC is a corrective.

As Eugene Robinson wrote this week in an op-ed this week in **The Washington Post** — ***Obamacare is here. Get used to it.*** — And there is no turning back..... As Robinson pointed out the point of no return was reached when millions of people crashed the Web sites of the new Affordable Care Act exchanges while trying to buy health insurance. Republicans can fight rear-guard battles if they want, but last Tuesday they lost the war. All they can do at this point is harm the nation — and their political prospects. And even if or when the GOP captures the presidency and both houses of Congress, President Obama's health-care law could be altered or even repealed. But it most likely will be replaced by some new program that does the same thing, because there is no politically viable way to snatch away the medical insurance that customers are buying through the exchanges. And as soon as the glitches are cleared up and everyone becomes a bit less hysterical, the question will be how to obtain coverage for as many as 30 million people who will still be uninsured — including upwards of 8 million ineligible for Obamacare because of a sabotage campaign by Republican governors.

Look at Texas, which the state medical association calls *"the uninsured capital of the United States."* An estimated 22.5 percent of the population lacks health insurance, a higher percentage than in any other state. Many will remain uninsured because Gov. Rick Perry — a once and perhaps future GOP candidate for president — refused to set up a state insurance exchange and turned down billions in federal funds to expand Medicaid coverage. Rejection of Obamacare may be popular in Texas now. But demographic trends are making the Lone Star State's electorate more diverse, as the Latino population grows, and less reliably Republican. Small businesses that cannot afford to offer health insurance may soon worry about losing employees to states offering better coverage for the working poor through local exchanges and expanded Medicaid. Time is on the side of those who want to expand coverage, not those who want to restrict it.

Like Robinson, I am sure that conservative leaders will continue riling up the base with the untrue charge that Obamacare is “*government health care.*” But it is nothing of the sort. Obama decided at the outset not to push for a government-run health system, such as those in Britain and Canada, or a single-payer system of any kind. Because, all of Obamacare’s insurance plans are offered by private firms — the same companies that also provide employer-sponsored insurance. Disappointing his liberal supporters, Obama declined to include even a single public, government-run health plan. All the apocalyptic right-wing rhetoric about socialism and the end of freedom is nothing but hot air. Soon, no one will take it seriously.

Those who are genuinely worried about the cost of a new entitlement should have their concerns taken seriously. But if money is the overriding issue, the obvious thing to do is go further and adopt a truly universal system like those in other industrialized countries. The United States spends nearly 18 percent of its gross domestic product on health care, more than any other nation. France, Germany and Japan, to cite three countries with universal health care, spend between 9 percent and 12 percent of GDP on health — and obtain health outcomes at least as good as ours. Someday, fiscal conservatives will acknowledge those numbers. For now, we are stuck with a fee-for-service health-care system that is perhaps the most wasteful in the world. Critics of Obamacare seem not to understand that the vast numbers of uninsured Americans — about 15 percent of the population — contribute heavily to the system’s inefficiencies.

Again as Robinson points out, today we provide care for these people, but we do it in the dumbest way imaginable. Since they can’t afford to see a doctor regularly, treatable health problems and chronic conditions worsen. When ailments become acute, the uninsured go to hospital emergency rooms — the most expensive way to receive care. The uninsured cannot pay their bills — medical costs are the biggest single cause of personal bankruptcy — so they are passed on to the rest of us in the form of higher health insurance premiums. Families USA, a nonpartisan health care advocacy group, estimated that in 2010 an average family in Texas paid an extra \$2,786 in premiums to cover care for the uninsured. Are you listening, Gov. Perry? Medicare guaranteed health care for the elderly, Medicaid for the poor. Obamacare begins to fill the remaining gaps. It will get better over time, but already — crashing Web sites and all — it’s a beautiful thing. As such, Republican opponents better get on board, and if they want to do anything try to find ways of making it better.



Do facts matter in politics? The cynic says not. Politicians seem to lie with impunity, brushing off the disapproval of the press; voters cocooned in ideology will believe anything that reaffirms their worldview and ignore anything that contradicts it. Lawmakers like Michele Bachmann, the Minnesota congresswoman notorious for her estrangement from the truth, keep getting elected. When a presidential nominee's pollster declares, "*We're not going to let our campaign be dictated by fact-checkers,*" would-be referees seem helpless to set the record straight. With a picture of former Presidential candidate and the poster person for stretching the truth (lying), Michelle Bachmann this week in **The Atlantic** journalist Molly Ball wrote the article – ***Do Politicians Care If They Get Caught Lying?*** – *A study suggests lawmakers are less likely to make false statements when they know fact-checkers are monitoring them.*

A couple of political scientists, Brendan Nyhan of Dartmouth and Jason Reifler of the **University of Exeter**, recently set out to test this despairing view with a field experiment. Their findings suggest it's not so hopeless after all: Politicians actually do seem to care whether they get caught lying, and they lie less when they know they're being watched. During last year's election, Nyhan and Reifler picked nearly 1,200 state legislators in states with active affiliates of **PolitiFact**, the nonpartisan website based in Florida that seeks to evaluate politicians' claims and rate their validity. To one-third of the lawmakers, chosen at random, Nyhan and Reifler sent a vaguely threatening letter. It alerted the lawmakers that PolitiFact was monitoring them and speculated about the potential consequences to their careers:

Politicians who lie put their reputations and careers at risk, but only when those lies are exposed. That's why we are especially interested in the consequences of PolitiFact verdicts and other fact-checking efforts in your state. Here are examples of the types of questions we are interested in:

- Are "*false*" or "*pants on fire*" verdicts damaging to the reputation or political support of political candidates?
- Do election campaigns use "*false*" or "*pants of fire*" verdicts in their advertising to attack their opponents?
- Will state legislators lose their seats as a result of fact-checkers revealing that they made a false statement?

Another one-third of the legislators got a "*placebo*" letter: It told them they were part of a political-science experiment "*studying the accuracy of the political statements made by legislators,*" but no more. (The purpose of this was to distinguish between the potential effect of getting any letter at all and the effect of the wording of the treatment letter.) The final one-third got no letter. At the end of the election, the researchers looked at the politicians' record. How many had been called out for lying, either by their state's **PolitiFact** affiliate or in a news story? The results were impressive: The politicians who didn't get reminder letters were more than twice as likely to be criticized for inaccuracy than those who did. "*Our results indicate that state legislators who were sent letters about the threat posed by fact-checkers were less likely to have their claims questioned as misleading or inaccurate during the fall campaign – a promising sign for journalistic monitoring in democratic societies,*" the researchers concluded.

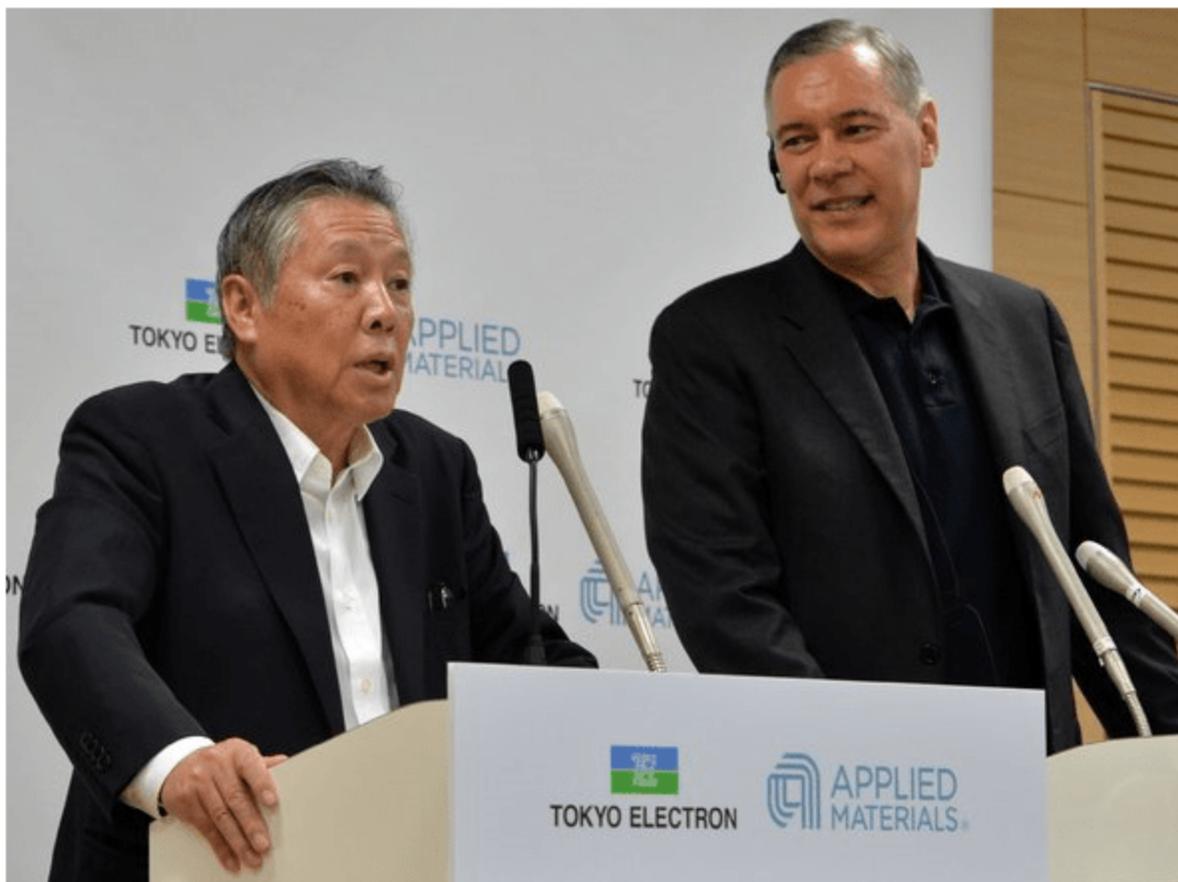
The effect of the letters was significant, but the number of legislators who got caught lying was strikingly small: just 21 in the control and placebo groups (2.7 percent) and four in the group that got the reminder letters (1 percent). The researchers had chosen to focus on state legislative races because there are so many of them and because they probably rely more on media coverage, and less on paid advertising, than bigger, better-funded campaigns. But it turns out **PolitiFact** doesn't pay much attention to state legislative races, either. In two of the states, Florida and Virginia, PolitiFact didn't evaluate any statements by state legislators at all, possibly because both states had active Senate and presidential contests. In New Jersey, five of the seven ratings issued were of a single lawmaker, state Senator Joseph Kyrillos, who was running for U.S. Senate against Bob Menendez. Kyrillos, who lost, got one "*false*" rating, two "*mostly falses*," one "*half true*" and one "*mostly true*."

The results, however limited, do suggest that politicians are more likely to watch their facts when they're threatened in advance with having their statements vetted. But the really interesting questions are the ones posed by Nyhan and Reifler's treatment letter. Do candidates' reputations suffer when they're shamed for fudging facts? When opponents turn these ratings into attacks, do candidates lose elections as a result?

Those are harder questions for political science to parse, Nyhan told me. *"The problem is the lack of experimental control,"* he said. *"If we had a way to randomly assign fact-checks, we could see if politicians got a lower share of the vote, but absent that, it's hard to rule out the possibility that any differences in vote share we observe are the result of the selection process used by the fact-checkers (e.g., targeting competitive races)."* By asking suggestive questions, the researchers implied the politicians would suffer at the polls for their lies, but that hasn't been proven.

Bachmann, who unsuccessfully sought her party's presidential nomination last year, has long been a favorite target of fact-checkers. For years, she boasted a PolitiFact record that was perfect in its way: Every statement of hers the website checked rated either "false" or "pants on fire." Once, at a debate in Iowa, she boasted, *"PolitiFact came out and said that everything I said was true."* PolitiFact, which had done no such thing, rated that statement "pants on fire." Finally, on the 23rd try, Bachmann got her first "true," but it was a rare exception. By the time she announced her retirement in May, **PolitiFact** had evaluated 59 of her statements; 75 percent of them were "mostly false," "false," or "pants on fire."

But Bachmann did seem to pay a price for her record of factlessness. National news outlets ran articles on her tendency to err; her opponents aired ads highlighting it. In 2012, she very nearly lost reelection despite representing the most Republican-heavy district in Minnesota, and she decided to retire rather than face voters again. Fact-checkers alone certainly didn't end Bachmann's career, but it's hard to imagine they didn't play a role. When she announced she was stepping down, **PolitiFact** ran an article commemorating its long relationship with her, seeming almost to mourn its favorite target. But the article ended on a hopeful note: *"Bachmann isn't leaving immediately, however,"* it noted, *"so we will keep the Truth-O-Meter turned on."*



There is a new corporate trend to reduce and evade taxes which journalist David Gelles outlined in an article this week in the **New York Times** — ***New Corporate Tax Shelter: A Merger Abroad.*** As an example he articles uses executives at a California chip maker, Applied Materials, highlighted a number of advantages in announcing a merger recently with a smaller Japanese rival, but an important one was barely mentioned: lower taxes. The merged company will save millions of dollars a year by moving — not to one side of the Pacific or the other, but by reincorporating in the Netherlands. From New York to Silicon Valley, more and more large American corporations are reducing their tax bill by buying a foreign company and effectively renouncing their United States citizenship. “It’s almost like the holy grail,” said Andrew M. Short, a partner in the tax department of Paul Hastings, which advises a number of American corporations on deals. “We spend all of our time working for multinationals, thinking about how we’re going to expand their business internationally and keep the taxation of those activities offshore,” he added.

Reincorporating in low-tax havens like Bermuda, the Cayman Islands or Ireland — known as “inversions” — has been going on for decades. But as regulation has made the process more onerous over the years, companies can no longer simply open a new office abroad or move to a country where they already do substantial business. Instead, most inversions today are achieved through multibillion-dollar cross-border mergers and acquisitions. Robert Willens, a corporate tax adviser, estimates there have been about 50 inversions over all. Of those, 20 occurred in the last year and a half, and most of those were done through mergers. When Applied Materials announced its deal for Tokyo Electron, it said that its effective tax rate would drop to 17 percent from 22 percent as a result. For a company that had nearly \$2 billion in profit in 2011, that amounts to savings of about \$100 million a year.

Last year, the Eaton Corporation, a power management company from Cleveland, acquired Cooper Industries, based in Ireland, for \$13 billion, and reincorporated there. The company expects to save \$160 million a year as a result of the move. In July, Omnicom, the large New York advertising group, agreed to merge with Publicis Groupe, its French rival, in a \$35 billion deal. The new company will be based in the Netherlands, resulting in savings of about \$80 million a year. Also in July, Perrigo, a pharmaceutical company from Allegan, Mich., said it would acquire Elan, an Irish drug company, for \$6.7 billion. Perrigo will also reincorporate in Ireland, bringing its effective tax rate to 17 percent from

30 percent, and saving the company an estimated \$150 million a year, much of it in taxes. Ireland's 12.5 percent corporate tax rate is a big draw for some companies. Earlier in the year, Actavis, based in Parsippany, N.J., bought Warner Chilcott, a drug maker with headquarters in Dublin, and said it would reincorporate in Ireland, leading to an estimated \$150 million in savings over two years.

"These companies are doing the math and seeing they can save a couple hundred million dollars by doing this," said Martin A. Sullivan, chief economist at Tax Analysts, a nonprofit group that publishes analysis about global taxes. But the small fortunes saved by inverted companies amounts to billions in revenue not collected by Washington. "The impact in any one year may not be material, but the cumulative impact over time adds up," said J. Richard Harvey, professor at the Villanova University School of Law. "Over time, more multinationals may want to expatriate or invert, and we could wake up in 10 or 20 years and it might be a meaningful number."

The first corporate inversion occurred more than 30 years ago, when McDermott Inc., an oil and gas company, moved to Panama in 1982. Twelve years later, Helen of Troy, which makes household goods like blow dryers, reincorporated in Bermuda. Both those inversions got the attention of the Internal Revenue Service, which enacted rules intended to stem the outflow of corporate tax dollars from the United States. But the regulations were largely ineffectual and did not stop another wave of inversions from taking place in the late 1990s and early 2000s. Tyco went to Bermuda in 1997 to lower its tax bill. A year later, Fruit of the Loom moved to the Cayman Islands. And in 2001, Ingersoll-Rand reincorporated in Bermuda.



In 2002 that flurry caught the attention of Congress, and Senators Charles E. Grassley and Max Baucus proposed legislation to further curtail inversions. "These corporate expatriations aren't illegal," Mr. Grassley said in 2002. "But they're sure immoral." The Jobs Creation Act of 2004 included a provision that made it more difficult to invert, stating that companies that did so must have substantial business activity in the country where they reincorporate. Still, companies again found a way. In 2009, EnSCO, a Dallas-based oil services company, reincorporated in London. The Internal Revenue Service tried to clamp down further, saying that "substantial business activity" means a company must have 25 percent of assets, income and employees in the country where it moves its legal domicile, unless other conditions are met.

Now, after these successive rounds of legislation and rule tightening, the only effective way for an American company to invert is by increasing foreign ownership of its stock to more than 20 percent. And the only feasible way to do that is by reincorporating abroad as part of a merger or acquisition.

After the political scrutiny last decade, companies that invert are loath to say they are doing so for tax reasons. When Aon, the giant insurance broker, moved to London from Chicago, it denied that it was doing so for tax purposes. But in filings with the Securities and Exchange Commission, the company highlighted its tax savings. “You don’t want anybody to think you’re doing these deals for tax reasons. They don’t want a spotlight on it,” Mr. Sullivan of Tax Analysts said. “That’s like the kiss of death.”

Indeed, few mergers are consummated solely to lower a company’s tax bill. “You’re not going to do a merger just to get the company offshore,” said Stephen E. Shay, professor at Harvard Law School. “This should be an opportunistic benefit on top of a strategic rationale.” Many companies that have recently moved their domicile for tax reasons have chosen European countries with low tax rates, like Ireland and the Netherlands, rather than be tarred by relocating to Bermuda or a Caribbean tax haven. In moving to Europe, companies are looking to avoid the scrutiny brought on by moving to such obvious tax shelters, and take advantage of the more favorable business conditions in countries like Ireland, which also has a highly skilled work force.

Once inverted, companies save money through three main techniques. First, they do not have to pay the United States statutory tax rate of 35 percent on their worldwide earnings. That alone can amount to tens of millions in savings each year. Many companies already get around this by keeping cash from foreign sales abroad. But inverted companies are free to use this cash without paying the steep repatriation tax faced by American companies. Finally, multinationals that invert have an easier time achieving “earnings stripping,” a tax maneuver in which an American subsidiary is loaded up with debt to offset domestic earnings, lowering the effective tax rate paid on sales in the United States.

The savings can be huge. Mr. Sullivan of Tax Analysts found that four oil services companies that inverted had saved \$4 billion in taxes over the course of a decade. One of those companies, Transocean, the owner of the Deepwater Horizon platform that exploded in the Gulf of Mexico, saved \$1.9 billion.

There are signs that the Obama administration and Congress may try to tighten the rules again. Both the House Ways and Means Committee and the Senate Finance Committee are working on draft legislation for comprehensive tax reform that is expected to include new rules intended to curtail inversions while also trying to make the United States a more competitive place for multinationals to call home. “There are real financial benefits, and that creates a motivation for management to look for opportunistic opportunities,” Professor Shay said. “It’s not going to change until the law changes.”

This week in **The Atlantic** — Svati Kirsten Narula, Ryan Jacobs, and Judith Ohikware — **32**
Republicans Who Caused the Government Shutdown — identifying the surprising small number of members in Congress that have managed to bring Washington to a halt. Just months ago, Speaker John Boehner was warning that forcing the government to shut down over Obamacare or anything else was politically hazardous. Yet Boehner remains stuck, his strategy dictated by a small rump of members in the Republican caucus who refuse to budge. On Monday night, as government funding ran out, a group of around 40 hardline conservatives refused to support any resolution to fund the government that didn't defund Obamacare. Since Monday night, their goals may have become less clear, but their resolve has not weakened. While it's widely believed that a “clean” resolution would pass the House handily, it would also likely lead to a right-wing rebellion in the caucus that would spell the end of Boehner’s speakership. So who are those hardliners? To compile this list, they started with a roster that the Senate Conservatives Fund, a group aligned with Ted Cruz, created of representatives who were allied with them. They then cross-checked it with the list of members who signed an August letter by Rep. Mark Meadows demanding that Boehner use a shutdown as a threat to defund Obamacare, and against other public statements this week. Although it's not a comprehensive roll — there's no official “wacko bird” caucus that keeps a register — but it's a window into the small but powerful group of men and women in the House of Representatives who brought the federal government to a standstill.

See list below, attached article or this website: <http://www.theatlantic.com/politics/print/2013/10/32-republicans-who-caused-the-government-shutdown/280236/>

Representative: **Justin Amash** — Home District: Grand Rapids, Michigan

Quoted: *“President Obama and Senator Reid refuse to negotiate over giving regular Americans the same breaks they give themselves, government workers, and big business.”*

Representative: **Michele Bachmann** — Home District: Stillwater, Minnesota

Quoted: *“This is about the happiest I’ve seen members in a long time because we’ve seen we’re starting to win this dialogue on a national level.”*

Representative: **Marsha Blackburn** — Home District: Brentwood, Tennessee

Quoted: *“There is some good news out of the shutdown, the EPA can’t issue new regulations.”*

Representative: **Mo Brooks** — Home District: Huntsville, Alabama

Quoted: *“America survived the last 17 government shutdowns.”*

Representative: **Paul Broun** — Home District: Athens, Georgia

Quoted: *“[The Democrats] need to look in the mirror, because they’re the ones to blame. They’re the ones that shut the government down.”*

Representative: **John Carter** — Home District: Round Rock, Texas

Quoted: *“We must postpone this overreaching and damaging law that I believe will bankrupt the hard-working every day American.”*

Representative: **John Culberson** — Home District: Houston, Texas

Quoted: *“The whole room [said]: ‘Let’s vote!’ I said, like 9/11, ‘Let’s roll!’”*

Representative: **Ron DeSantis** — Home District: Ponte Vedra Beach, Florida

Quoted: *“It is a simple issue of fairness: Members of Congress, their staff, and the political elite should not be given special relief from the harmful effects of Obamacare while the rest of America is left holding the bag.”*

Representative: **Scott DesJarlais** — Home District: Jasper, Tennessee

Quoted: *“I remain committed in refusing to vote for any proposal that funds the president’s health-care law, and I call upon my colleagues to join me. A temporary government shutdown pales in comparison to the long-term negative consequences that Obamacare will impose on our economy and our healthcare system.”*

Representative: **Jeff Duncan** — Home District: Laurens, South Carolina

Quoted: *“I believe Obamacare has shut down America, so I’d rather shut down the government than continue doing what we’re doing, which is penalizing businesses and families in this country.”*

Representative: **John Fleming** — Home District: Minden, Louisiana

Quoted: *“This is what my constituents send me here for. This does underscore just how serious we are and how serious our constituents are about putting an end to Obamacare.”*

Representative: **Scott Garrett** — Home District: Wantage Township, New Jersey

Quoted: *"I am deeply disappointed that President Obama and the Senate refused to come to the negotiation table and failed to fund the federal government."*

Representative: **Phil Gingrey** — Home District: Marietta, Georgia

Quoted: *"A majority of Americans think Obamacare will make health care in our country worse, and they're right. House Republicans are listening to the American people, and I urge Harry Reid and Senate Democrats to do the same."*

Representative: **Louie Gohmert** — Home District: Tyler, Texas

Quoted: *"There are just so many broken promises that we need to slow this train wreck, this nightmare. It's time to put the skids on this thing and slow it down before more people get hurt."*

Representative: **Tom Graves** — Home District: Ranger, Georgia

Quoted: *"House GOP is united around a very reasonable policy: POTUS should give families the same Obamacare delay he gave to businesses."*

Representative: **Vicky Hartzler** — Home District: Harrisonville, Missouri

Quoted: *"The American people have spoken already on this: They do not want Obamacare It is hurting people."*

Representative: **Tim Huelskamp** — Home District: Fowler, Kansas

Quoted: *"Most Americans realize the government shutdown has no impact on their daily life. They got their mail today; they're going to get their Social Security check."*

Representative: **Jim Jordan** — Home District: Urbana, Ohio

Quoted: *"We have to get something on Obamacare, because that — if you want to get this country on a fiscal path to balance, you cannot let an entitlement of this size that will truly bankrupt the country and, more importantly, one that's not going to help Americans with their health care, you can't let this happen. "*

Representative: **Steve King** — Home District: Kiron, Iowa

Quoted: *"The American people have rejected Obamacare. The president is willing to put all of that on the line to save his namesake legislation, which I think would go down in history as the largest political tantrum ever."*

Representative: **Raul Labrador** — Home District: Eagle, Idaho

Quoted: To Chris Matthews of MSNBC: *"You know, your boss, Tip O'Neill, shut down the government 12 different times. And you didn't call him a terrorist."*

Representative: **Tom Massie** — Home District: Garrison, Kentucky

Quoted: *"It's just not that big of a deal."*

Representative: **Tom McClintock** — Home District: Elk Grove, California

Quoted: *In response to Harry Reid calling Tea Partiers "anarchists": "When the other guy starts calling you names, you know that you're winning the debate, and you know that he knows you're winning the debate."*

Representative: **Mark Meadows** — Home District: Cashier, North Carolina

Quoted: *“James Madison wrote in Federalist No. 58 that ‘the power over the purse may, in fact, be regarded as the most complete and effectual weapon . . . for obtaining redress of every grievance.’”*

Representative: **Randy Neugebauer** — Home District: Lubbock, Texas

Quoted: *“We get tons of mail and E-mails and phone calls. And overwhelmingly, those phone calls say, ‘Congressman, do everything you can to get rid of this very onerous piece of legislation. We don’t want the government running our health care.’ And so, from my perspective, we’re doing the people’s work here.”*

Representative: **Matt Salmon** — Home District: Mesa, Arizona

Quoted: *“I was here during the government shutdown in 1995. It was a divided government. We had a Democrat president of the United States. We had a Republican Congress. And I believe that that government shutdown actually gave us the impetus, as we went forward, to push toward some real serious compromise.”*

Representative: **Mark Sanford** — Home District: Charleston, South Carolina

Quoted: *“Our society has been held together for over 200 years in no small part due to the belief that our system was fair or equitable, yet the implementation of the Affordable Care Act has been anything but that.”*

Representative: **Steve Scalise** — Home District: Jefferson, Louisiana

Quoted: *“Either Obamacare is good enough that it should apply to all or it is so bad that it should apply to none. It is time for the sweetheart deals and backroom exemptions to end.”*

Representative: **Dave Schweikert** — Home District: Fountain Hills, Arizona

Quoted: *“I know it’s not comfortable for a lot of people here, but this is how it’s supposed to work. It’s supposed to be cantankerous. It’s supposed to be this constant grinding.”*

Representative: **Steve Stockman** — Home District: Clear Lake, Texas

Quoted: *“Americans want Congress to do two things, work together on our national fiscal crisis and stop Obamacare. It’s time Congress started listening to them.”*

Representative: **Marlin Stutzman** — Home District: Howe, Indiana

Quoted: *“We aren’t going to be disrespected. We have to get something out of this. And I don’t know what that even is.”*

Representative: **Randy Weber** — Home District: Pearland, Texas

Quoted: *“When the Democrats passed [Obamacare] over 60 percent of America’s wishes three years ago, they began this government shutdown.”*

Representative: **Ted Yoho** — Home District: Gainesville, Florida

Quoted: *“It only takes one with passion — look at Rosa Parks, Lech Walesa, Martin Luther King.”*

The G.O.P. claims to be the party particularly concerned by budget deficits, couching their opposition to Obamacare as governance. Yet its tantrum caused a government shutdown that cost the country \$1.6 billion last week alone. As for the debt limit, the costs of missing that deadline could be infinitely greater. Already, interest rates are spiking for one-month Treasury bills to their highest levels since the 2008 financial crisis. The Bipartisan Policy Center, a think tank, calculates that the 2011 debt-ceiling confrontation will, over a decade, cost American taxpayers an extra \$18.9 billion. And that was the

price tag for a crisis in which the debt-limit deadline was eventually met. If this deadline is missed, the costs in higher interest rates in the years ahead will be billions more. In spite of their claims the above politicians are unwilling to pay for early childhood education, but they're O.K. with paying untold billions for a government shutdown and debt-limit crisis? That's not governance, but extremism.

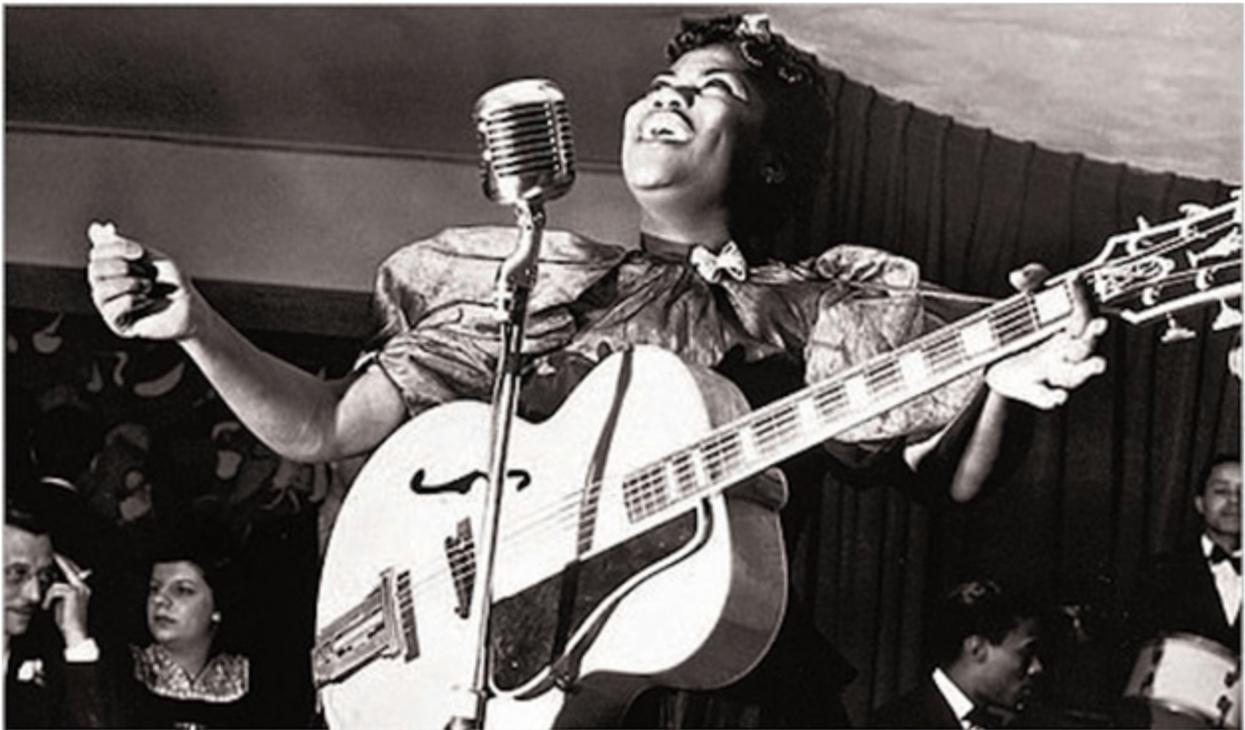
Think about it, for Ted Yoho to equate Conservative Republicans shutting down the US government over legislation that will and already is providing previously denied access to affordable healthcare to tens of millions of Americans by invoking Rosa Parks, Lech Walesa, Martin Luther King is ludicrous. But then I am sure that these same politicians question the overwhelming science behind man-made climate change, while at the same time supporting the teaching of creationism in our schools and stifling stronger gun control legislation. SHAME ON THEM..... because in the dialog is the pain that their obstruction is inflicting on ordinary Americans and the country as a whole....

THIS WEEK'S QUOTE

There are two or three things that we haven't been able to confront or even acknowledge politically. One is that the aim of the Industrial Revolution from year one has been to replace people with technology. So it's a little contemptible to hear these people express in surprise at this late date that we have an unemployment problem. The other thing that we're having trouble confronting and both sides are having trouble to confront it publicly and speak of it, is the disaster of being governed by the corporations.

WENDELL BERRY

THIS WEEK'S MUSIC



This week I am profiling the music of Sister Rosetta Tharpe, born on March 20, 1915 in Cotton Plant, Arkansas, United States and died October 9, 1973. Credited by many as the person who invented *Rock & Roll*, she was an American singer, songwriter and recorder artist who started out as a gospel star in the 30s, but soon started to mix in blues and jazz influences during her performances. Pretty outrageously for a God-fearing gospel singer, Rosetta thought nothing of performing in nightclubs

surrounded by half naked showgirls. This, unsurprisingly, pissed off some of her more religious fans, but led to her being an inspiration for everyone from Elvis to Johnny Cash and Aretha Franklin to the Noisettes. Her song "*Strange Things Happening Every Day*" has been called the first rock and roll record. A pioneer of twentieth-century music, Tharpe attained great popularity in the 1930s and 1940s with her gospel recordings that were a unique mixture of spiritual lyrics, Blues and rhythmic/early rock accompaniment. She became gospel music's first crossover artist and its first great recording star, referred to later as "*the original soul sister*". Again..... she was an early influence on iconic figures such as Little Richard, Johnny Cash, Elvis Presley and Jerry Lee Lewis.

Willing to cross the line between sacred and secular by performing her music of '*light*' in the '*darkness*' of the nightclubs and concert halls with big bands behind her, Tharpe pushed spiritual music into the mainstream and helped pioneer the rise of pop-gospel beginning with her 1939 hit "*This Train*." Her unique music left a lasting mark on more conventional gospel artists such as Ira Tucker, Sr. of the Dixie Hummingbirds. While she offended some conservative churchgoers with her forays into the pop world, she never left gospel music. Tharpe's 1944 hit "*Down By The Riverside*" was selected for the **American Library of Congress National Recording Registry** in 2004, with the citation stating that it captured her "spirited guitar playing" and "*unique vocal style*", which were an influence on early rhythm and blues performers, as well as gospel, jazz, and rock artists. Her 1945 hit "*Strange Things Happening Every Day*", recorded in late 1944, featured Tharpe's vocals and electric guitar, with Sammy Price (piano), bass and drums. It was the first gospel record to cross over, hitting #2 on the **Billboard** "race records" chart, the term then used for what later became the R&B chart, in April 1945. The recording has been cited as an important precursor of rock and roll.

A resurgence of interest in Tharpe's work has led to a biography, several **NPR** segments, scholarly articles, and honors. The United States Postal Service issued a 32-cent commemorative stamp to honor Tharpe on July 15, 1998. In 2007, she was inducted posthumously into the **Blues Hall of Fame**. In 2008, a concert was held to raise funds for a marker for her grave, and January 11 was declared **Sister Rosetta Tharpe Day** in Pennsylvania. A gravestone was put in place later that year, and a Pennsylvania historical marker was approved for placement at her home in the Yorktown neighborhood of Philadelphia. The **PBS** series **American Masters** featured her story in the opening program of their 2013 season. With this, I invite you to enjoy the **PBS American Masters**' video profiling **Sister Rosetta Tharpe: The Godmother of Rock & Roll** and the **Youtube** links below.

Web Link: <http://video.pbs.org/video/2337391461/>

Sister Rosetta Tharpe – ***Strange Things Happening Every Day*** -- <http://youtu.be/LzqGq6jiorg>

Sister Rosetta Tharpe – ***Up Above My Head*** -- <http://youtu.be/JeaBNAXfHfQ>

Sister Rosetta Tharpe – ***Didn't It Rain*** -- <http://youtu.be/SR2gR6SZC2M>

Sister Rosetta Tharpe – ***This Train*** -- <http://youtu.be/Ks3rQoUFli8>

Sister Rosetta Tharpe – ***His Eye is On the Sparrow*** -- <http://youtu.be/SmmOokyrd8g>

Sister Rosetta Tharpe – ***So High*** -- http://www.youtube.com/watch?v=Laox_drK6W8&feature=share&list=PL4C08D1F537B35C7E

Sister Rosetta Tharpe – ***You Gotta Move*** -- <http://youtu.be/tdAABjVJRRU>

Sister Rosetta Tharpe – ***The Lonesome Road*** -- <http://youtu.be/Dpe2wYcO8bc>

Sister Rosetta Tharpe – ***Bless This House*** -- <http://www.youtube.com/watch?v=ZRuyJCgRRmg&feature=share&list=PL4C08D1F537B35C7E>

Sister Rosetta Tharpe – **On My Way** -- <http://www.youtube.com/watch?v=U4oGPEQRYs0&feature=share&list=PL4C08D1F537B35C7E>

Sister Rosetta Tharpe – **This Little Light of Mine** -- <http://youtu.be/ZDN-4Ryo0Cw>

Sister Rosetta Tharpe – **My Man and I** -- <http://www.youtube.com/watch?v=TICr6lWzCiM&feature=share&list=PL5F14E4C4472A898B>

Sister Rosetta Tharpe – **Nobody knows The Trouble I've Seen** -- <http://www.youtube.com/watch?v=tqrEoaR5KBo&feature=share&list=PL4C08D1F537B35C7E>

I hope that you enjoyed this week's offerings and wish you a great week.....

Sincerely,
Greg Brown

--

Gregory Brown
Chairman & CEO
GlobalCast Partners, LLC

US: [REDACTED]
Tel: [REDACTED]
Fax: [REDACTED]
Skype: [REDACTED]