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**Attachments:** Five\_myths\_about\_electric\_cars\_Chris\_Paine\_TWP\_April\_28,\_2013.pdf;  
Public\_and\_Private\_Sector\_Payroll\_Jobs,\_Bush\_and\_Obama\_Bill\_McBride\_CalculatedRISK\_04\_28\_2013.pdf;  
The\_Economy\_Is\_Heading\_the\_Wrong\_Way\_NYT\_Editorial\_Board\_April\_28,\_2013.pdf;  
The\_Urban\_Fire\_Next\_Time\_Patrick\_Sharkey\_NYT\_April\_28,\_2013.pdf;  
Five\_myths\_about\_manufacturing\_jobs\_Ro\_Khanna\_TWP\_February\_15,\_2013.pdf;  
Iraq\_on\_the\_brink,\_again\_Ryan\_Crocker\_TWP\_April\_30,\_2013.pdf;  
May\_Day\_is\_not\_about\_maypoles,\_the\_history\_of\_international\_workers'\_day\_Richard\_Seymour\_The\_Guardian\_May\_1,\_2012.pdf;  
The\_Brief\_Origins\_of\_May\_Day\_Eric\_Chase\_Industrial\_Workers\_of\_the\_World.pdf;  
How\_to\_ease\_economic\_anxiety\_Harold\_Meyerson\_TWP\_April\_30,\_2013.pdf;  
Myths\_and\_Realities\_About\_the\_U.S.\_Economy\_Ben\_Gersten\_Money\_Morning\_April\_29,\_2013.pdf;  
Norman\_Ornstein\_and\_Thomas\_Mann\_Explain\_Why\_Congress\_is\_Failing\_Us\_Moyers\_&\_Company\_April\_26,\_2013.pdf; The\_Next\_Wall\_Street\_Mega-Scandal\_Has\_Arrived\_Shah\_Gilani\_Money\_Morning\_May\_2,\_2013.pdf;  
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## DEAR FRIEND.....

After doing a "last review/edit" of my *Weekend Reading* and sending it to friends, being a political news junkie, I start the week with the Sunday Morning major networks news programs, **Face the Nation** hosted by Bob Schieffer/CBS, **Meet the Press** hosted by David Gregory/NBC and **The Week with George Stephanopoulos**/ABC. Since in LA they all concurrently broadcast at 8am, I record them along with Chris Matthew' half-hour weekend news show on NBC for later viewing. In addition to their round table panels of usual suspects including, George Will, Newt Gingrich, Mathew Dowd, Chuck Todd, Kelly O'Donald, Bob Woodward, Andrea Mitchell, Dan Rather, David Ignatius, Peggy Noonan, Cokie Roberts, David Brooks, Sam Donaldson, Fareed Zakaria, E.J. Dionne, Jr., Robert Reich, David Gergen, Peggy Noonan, John Dickerson, and Norah O'Donnell, this week's special guests included Senator Lindsey Graham on CBS, Senator John McCain on NBC and Representative Mike Rogers on ABC, to allow them to 'Monday Morning Quarterback' the past week's political events and decisions. The problem with all of these shows, it that they are often use to settle scores and advance ideological positions, with sound bites being presented as solutions, pro and con, just in case one is correct. And because great humor is often based on a foundation of truth, what President Obama said at the Press Dinner last Saturday is true for the Sunday news programs – "... I know CNN has taken some knocks lately, but the fact is I admire their commitment to cover all sides of a story, just in case one of them happens to be accurate."

House Intelligence Committee chair Rep. Mike Rogers, R-Mich., said this morning on **This Week** that "some action needs to be taken" against Syria for its alleged use of chemical weapons, saying that the red line "can't be a dotted line." Sen. Lindsey Graham, R-S.C., said Sunday on **Face the Nation** that "there's a growing consensus in the U.S. Senate that the United States should get involved." "If we keep this hands-off approach to Syria, this indecisive action towards Syria, kind of not knowing

*what we're going to do next, we're going to have war with Iran because Iran's going to take our inaction in Syria as meaning we're not serious about their nuclear weapons program," he said. "We need to get involved." And on **Meet the Press**, Senator John McCain auguring that the United States should be arming the rebels, using airstrikes to attack Assad's forces and create a safe haven for refugees. What all of this really means, no one knows, because as we know from Viet Nam, Iraq and Afghanistan, without clearly defined goals, strong partners and total international support, the aftermath will most likely end up as a disaster. The first rule in drinking, "if you don't know sip slow", and in international diplomacy, "when you don't know move slow." The President is right to dial back the "red line", especially when none of his options are good and there is no clear long-term goals or strong local partners. Leaving Afghanistan in the hands of Karzai and Iraq with Chalabi, Allawi and Maliki has proven to be a disaster, and in Syria it could be even worse.*

Although I applaud John McCain as a patriot, he is totally out of touch with reality. This is a person who believes that the *Surge In Iraq* was a success, when in reality it was a temporary band-aid that for a time, overwhelming several violent factions while paying off others, but doing nothing to address the underlying core problems and dysfunctionality in the country. I believe that Lindsey Graham is right when he says that Syria looks like it is going to end up a failed state. As such I believe that that Senator McCain and the other Sunday experts are wrong when they insist that American should act alone, when there is nothing that the US can do other than putting a band-aid on a festering situation, especially with little or no public support at home, and regional non-existent partners, will put the blame on the last man standing. Because of this, all of the President's options are bad. Bombing a foreign country is -- an *act of war*, however you spin it. And as Collin Powell once caution, President George W. Bush "if it breaks you will own it", the same is true in Syria. It is estimated that 70,000 people have already died in Syria as a result of this current civil war, and to use the death of 20 to 30 more as a pretense to go to war seems a bit hypocritical to me. Although Sarin is categorized as a WMD, less people died worldwide during the same period in the US due to firearms. Still, we couldn't even get background checks approved in Congress last week. I watched the *Sunday Morning News Programs*, with their guests advocating that we do something immediately, even when they all agree that there are no good options. Maybe when there are no good options, we should wait. And if this is truly a problem, let's wait for the Arab League, EU or the UN to take the lead, because as General Powell explained, "if we break it we will end up owning it." And the Syrian war, will be our war.... game-changer or not. So again, *if you don't know, sip slow.*

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## **Jon Stewart On Syria's 'Red Line': Republicans Think 'Freedom Magic' Will Win War (VIDEO)**

Video Clip: [http://www.huffingtonpost.com/2013/05/01/jon-stewart-on-syrias-red\\_n\\_3192131.html](http://www.huffingtonpost.com/2013/05/01/jon-stewart-on-syrias-red_n_3192131.html)

If Lindsey Graham has his way, the U.S. soon will be fighting four wars. On Tuesday, Jon Stewart took a look at Obama's "red line" that Syria may or may not have crossed by using chemical weapons, and then took apart the Republican march to war, but not "boots on the ground" war. Apparently, we'll be fighting this one with "remote freedom magic." But Stewart gave Graham some credit when he said we just have to get the right weapons to the right people. "Oh, the right weapons to the right people... maybe we could do background checks." "Nah, that'll never work." Jon Stewart

Please watch the above video clip, to truly see the absurdity of the ill-thought advice that the Sunday News Programs experts presents week in and week out.

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Actually it was kind of nice to see five Presidents representing both parties, putting aside partisan bickering and gushing over the one thing that everyone could agree, George W. Bush is a true patriot and a good man. And having met him when he was Governor of Texas, I can confirm that from my meetings, he is both. Even after personally believing that Cheney and others stole the 2000 election on his behalf (no different to what happen forty years earlier to Nixon as a result of voter irregularities in Cook County), like with JFK, I hoped that this injustice might produce something positive, as George W ran on a platform of Compassionate Conservatism. And he might have gotten there if it weren't for Cheney, Rumsfeld, Wolfowitz, Rove and others who subverted the White House for political, personal, ideological and economic gain. Economic yes, because how else can you explain how trillions of dollars were spent or diverted to special interest and the rich with so little to show for it. As Deep Throat use to say, *"follow the money"*.

The issue is that I really can't whitewash are the failures of his administration, no matter how many supporters try to rewrite history so that his legacy can be redeemed, similar to what has happen with Harry Truman. Like LBJ's legacy will always be linked to Viet Nam, Nixon's to Watergate and Carter's to American hostages in Iran, George W. Bush will and should always be painted with his biggest blunder -- the senseless failed Iran war. When asked what was the biggest problem was when he first arrived in the White House at the tender age of 31, George Stephanopoulos replied, *"everything is magnified."* He described having a great day in the White House Press Briefing Room, and his Mother calling to say that she saw him pick his nose while on camera and as a result, she will never be able to face her friends at the hairdressers -- thus both mistakes and/or successes are magnified beyond sensible proportion. But this is not true for the 2<sup>nd</sup> Iran War.

The difference here is not one of magnification. George W's disastrous war, cost the lives of more than 4000 Americans, hundreds of thousands Iraqis, made refugees out of millions more, costs trillions of dollars and totally destabilized the entire political balance in the Middle East, for decades to come. And depending on who you speak to, it is now considered the number one or two worse foreign policy blunders in the country's history. But even if we cut Iraq out of the equation, his ruinous economic policies of lowering taxes and raising spending taking the country from a \$230 billion surplus to a \$1 trillion yearly deficit, the gutting of regulatory controls that enabled the housing bubble and Wall Street malfeasance that caused the worse economic crash since the Great Depression, poor response to Katrina that left thousands of New Orleans destitute (and the President *"Brownie you're doing a good job"*), the utter mismanagement of the War in Afghanistan and finally **9/11** (the Bushes knew the bin Laden family personally and as a result George W. did not take CIA and State Department warnings about Osama seriously), because as Harry Truman use to say, *"the buck stops here"* (the President's desk), these catastrophes should certainly place the Bush/Cheney Administration in the Pantheon of the *"worse ever Presidency."*

My father use to say, *"that history is always rewritten by the winners."* And like everyone else, President's should be allowed to make mistakes, and not be tainted forever as a result of one, two or several miscalculations or indiscretions. Ronald Reagan got beyond Iran-Contra and the Marine Barracks massacre to become the most popular Republican since Abe Lincoln (*who actually wasn't popular when in office*) and somehow Bill Clinton got beyond Monica Lewinsky and Somalia, to now become the most popular former President in the world. But in this moment of Kumbayah we should rightfully be put aside Presidential mistakes. But if we do not want to repeat the past mistakes, we should not allow history to be white-washed. As a result we should always recognize that slavery, the Holocaust and child labor and child soldiers/armies in the past and present are blights on humanity, should be acknowledged and not white-washed, so that they never happen again. As a result, the same should be said for the Bush/Cheney Presidency, even though like President Obama said, I personally believe that George W. Bush is a good man. And obviously his mother agrees with me, based on what she said on the **Today Show** last week, *"I think it's a great country. There are a lot of great families, and it's not just four families or whatever. There are other people out there that are very qualified and we've had enough Bushes."*

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**"No taxation without representation"** is a slogan originating during the 1750s and 1760s that summarized a primary grievance of the British colonists in the Thirteen Colonies, which was one of the major causes of the American Revolution. In short, many in those colonies believed that, as they were not directly represented in the distant British Parliament, any laws it passed taxing the colonists (*such as the Sugar Act and the Stamp Act*) were illegal under the *Bill of Rights 1689*, and were a denial of their rights as Englishmen. The phrase captures a sentiment central to the cause of the English Civil War that led to the creation of the United States. Obviously our current congressional representatives in Washington have lost sight that they serve at the pleasure of the people who voted them into office, and as such should enact their wishes.

More than half of Americans agree with the Obama administration's contention that the economy is being hurt by the spending cuts prompted by the sequestration, according to the latest **New York Times/CBS News poll**. About one-third said the automatic cuts to military and domestic programs that went into effect because President Obama and Republicans in Congress could not agree on a budget plan would have no effect on the economy one way or the other. Just 1 in 10 said the automatic cuts would help the economy. And economists are now almost in universal agreement that austerity is the wrong direction. Even those who supported sequestration, including Rep. Renee Ellmers (R-N.C.) who appeared on Wednesday's edition of **"All in With Chris Hayes,"** admitting that the government's priorities on sequestration were not carried out in the right order, citing that payments for cancer-related drugs and services should have priority over the recent air traffic controller settlement.

But let's not limit this to economic matters. In the wake of the Newtown massacre, 90% of Americans, including almost 80% of NRA members now believe that there should be background checks on anyone purchasing a firearm, still with 54 to 46 vote in-favor, gun control legislation was shelved. And with more than 11 million people living in America illegally, many for decades with children who were born here, supported by a majority of Americans favoring a passage to citizenship, congress still appears to be slow-walking legislation that would address this grievance. Obviously a major part of the problem is hyper-partisanship. But the Big Ugly is Republican leaders' desire/intention to make Obama a failed President. As a result, I Agree with the President when he chides Congress telling them that they should act as adults. And I urge everyone of you to make our political representatives know that the current dysfunctionality, will not be tolerated and that there will be a price paid on Election Day.

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This week in **Money Morning**, journalist David Zeiler wrote – ***What America's \$2 Trillion Underground Economy Says About Jobs***. Although I totally disagree with the premise of his article that Obamacare and other regulations enacted during current administration has caused the US underground economy to balloon to \$2 trillion annually. By **"underground economy,"** Zeiler is talking about all the business activity that is not reported to the government, which includes a growing number of people getting paid for their labor in cash.

That means the shadowy figures of the underground economy - the drug dealers, Mafia godfathers and tax cheats, for example - now have a lot more company. But most of these new participants in the underground economy are ordinary hard-working Americans, who are increasingly taking jobs that pay *"under the table"* either because nothing else is available or they need a second source of income to make ends meet. America's underground economy is nothing new, but since the Great Recession hit in 2009, experts estimate it has doubled in size, driven by unemployed or underemployed people desperate for income.

My belief is that many in the underground economy are folks (like my mother who was a domestic worker for fifty years), including handymen day-laborers, construction workers, childcare workers, illegal aliens and domestic maids like my mother. And most of these people have been trapped in the underground economy for years. And the number one reason is that paying workers off the books has great appeal to employers, who then can avoid paying benefits and taxes, as well as to get around regulations that protect workers' right. And as more people are now working from home or have had to take on second jobs, much of this increased business activity goes unreported. But the balloon is a result of companies moving full-time employees to private contractor status, and the growth of many more working from home.

Even the workers getting paid under the table don't get-off scot-free. They forfeit contributions to Social Security, which will greatly reduce benefits in their retirement years, and get no healthcare, paid vacation or other benefits. And they often end up with lower average pay to boot. *"People who do these types of jobs run the risk of getting exploited with lower pay or not being paid at all,"* Laura Gonzalez, professor of personal finance at Fordham University, told **CNBC**. *"There could be more exploitation if more people are forced into this type of economy."*

**Again:** To suggest that Obamacare and increase regulations caused the underground economy to mushroom over the past couple of years, is a totally fallacy, especially since Obamacare wasn't enacted until January 2013, and much of won't be enacted until 2014, 2015 and later. When the truth is that many people's work habits have change due to opportunities on the Internet and because many companies now outsourced former in-house activities both here and abroad, in search of increased corporate profits. And with more than 11 million illegal immigrates who technically are not allowed to participate in the formal economy, a fast-track to citizenship, could quickly add millions to the tax rolls.

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One of the problems with the main-stream press today, is that if the news isn't sensational it is ignored. As such they concentrate on buzz words such as WMDs and foreign born terrorists, when the truth is that including 9/11 terrorists have killed 3,033 people in America while in the decade of 2000 to 2010 445,000 people have died as a result of traffic accident, 485,000 patients have died from hospital infections, *(not infections that you came in the hospital with but infections contracted when, of instance a doctor wearing a tie that got into your soup)*. But the most dangerous place is your couch, because three million people died as a result of obesity related diseases. The World Health Organization says that 150,000 people die every year from immediate causes as a result of the environment And 13 people go to work every day who don't come home because of work-related accidents, while the Home Land Security budget is \$60 billion and the EPA budget is \$8 billion a year. Shouldn't the main-stream media try a little harder to explain to people what is really killing them, instead of them playing to the cheap seats.

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As most of you know, I am a big fan of *Bill Moyers* and last week on **Moyers & Company**, political scholars Norman Ornstein and Thomas Mann explained to Bill that Congress' failure to make progress on gun control last week — despite support for background checks from 90% of the American public — is symptomatic of a legislative branch's dysfunction, partisan ravings and obstructionism.

Web Link: <http://billmoyers.com/segment/norman-ornstein-and-thomas-mann-explain-why-congress-is-failing-us/>

A year ago, the two — who had strong reputations as non-partisan analysts — decided to speak truth to power with their book ***It's Even Worse Than It Looks: How the American Constitutional System Collided with the New Politics of Extremism***. In it, they argue that congressional

gridlock is mostly the fault of right wing radicals within the Republican Party who engage in “*policy hostage-taking*” to extend their political war against the president. What’s more, Ornstein and Mann say, the mainstream media and media fact-checkers add to the problem by indulging in “*false equivalency*” — pretending both parties are equally to blame.

“*Sadly, divided party government, which we have because of the Republican House, in a time of extreme partisan polarization, is a formula for inaction and absolutist opposition politics, not for problem solving,*” Mann tells Bill. Ornstein says, “*Some of this is coming from the kinds of people who we’re electing to office, through a nominating process that has gotten so skewed to the radical right. But some of it is an electoral magnet that pulls them away from voting for anything that might have a patina of bipartisan support because they’ll face extinction.*” Yes, it takes two to fight, but it only takes one person to throw the first punch, and the first punch was thrown the first day that President Obama took office on January 20, 2009, when behind closed doors Minority Leader Mitch McConnell urged fellow Republicans that their #1 Priority was to make Barrack Obama a one-term President. And nothing has changed.....

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In a new article at the U.K. site **eFinancialCareers**, that I found reprinted in the **Huffington Post** – ***Bankers Explain How They Cannot Possibly Live On \$1 Million Pay*** – with several bankers explaining that they have legitimate reasons for needing more than one million British pounds (about \$1.6 million) per year in pay -- more money than most non-banking types could ever figure out how to spend. In a nutshell, it's all about psychology. Abraham Maslow clearly should have added “*crap-tons of money*” when building his hierarchy of needs. “*It’s really not that unusual to find Wall Street bankers who are close to declaring themselves bankrupt,*” Gary Goldstein, co-founder of U.S. search firm Whitney Partners, tells eFC's Sarah Butcher. “*Some people are really struggling.*”

See web link: <https://www.youtube.com/watch?v=MVCAfGwXoqA>

The entire story -- the latest in a series of jaw-dropping articles from Butcher, who is becoming the City of London's version of **Bloomberg's** Max Abelson, reporting bankers saying dumb things -- is required reading for anyone trying to understand the soul of the banker. The struggles of millionaire bankers (*in Butcher's piece most of them are men*) are an important factor for heartless regulators and shareholders to keep in mind as they consider putting limits on banker pay in the wake of a financial crisis that was fueled by bankers chasing higher pay. “*One million*” of anything -- pounds, dollars or Bitcoins, sounds like a lot to us rabble, but let bankers explain to you how it's pretty much the same as nothing, really.

For one thing, taxes will quickly whittle a seven-figure income right down to the mid-six figures, perilously close to being within sight of the middle class. Then, an ex-Goldman banker points out, with the mere \$600,000 in take-home pay remaining, bankers still need to “*pay the mortgages on, and maintain houses, in the Hamptons and Manhattan, to put three children through private schools costing \$40k a year each, and to pay living costs.*”

Bankers might want to shed some of these costs by, say, sentencing their kids to rub elbows with the filthy Poor in public schools or owning just one house. But they are under constant social pressure to spend and spend some more, according to another ex-Goldmanite -- who is now a psychotherapist, naturally. And this is before the wives get their cut. According to the bankers and ex-bankers in this article, there are only two marital choices available to bankers: The frumpy, educated girl they've been saddled with since college, or a physically attractive layabout who sucks their soul and bank account dry. *Which only makes sense, because what other kinds of women are there, fellas? Science.*

An even stronger urge than the need to keep up with the Rotschilids or satisfy the miss-us is rooted in the bankers' childhoods. Every time they push a client to buy a sub-prime CDO, these bankers are

merely trying to bring a smile to the cold, disapproving eyes of the parents looking over their shoulders. According to the squid/therapist quoted in the article, only "*intense therapy*." So you truly have to ask, if these new *Masters of the Universe*, who see themselves apart from those who make less are having trouble living off of \$1.6 million a year, they are obviously not financial wizards that they claim. Whereas, anyone who is working at McDonalds earning \$18,000 yearly or a family of four living on \$50,000 a year are economic magicians, much like my Mother who raised me, making \$10, \$12, \$16 a day in the 1960s.

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For those of you (like me) you probably haven't had any formal computer training and after reading ***Computer for Dummies***, you trudged along learning what you can, during trial and error. To help both you and me Tech columnist David Pogue shared 10 simple, clever tips for computer, web, smartphone and camera users during a **TED Talk**. And yes, you may know a few of these already -- but there's probably at least one you don't. David Pogue is the personal technology columnist for the New York Times and a tech correspondent for **CBS News**. He's also one of the world's bestselling how-to authors, with titles in the ***For Dummies*** series and his own line of "***Missing Manual***" books. Please feel free to click on the web-link below.

[http://www.ted.com/talks/david\\_pogue\\_10\\_top\\_time\\_saving\\_tech\\_tips.html?source=facebook#.UX64fRcQhpJ.facebook](http://www.ted.com/talks/david_pogue_10_top_time_saving_tech_tips.html?source=facebook#.UX64fRcQhpJ.facebook)

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The April employment numbers are in and after a disappointing March report in which only 88,000 jobs were added to the US economy, the Department of Labor said that the nation added 165,000 jobs and unemployment fell to 7.5%; a solid job creation in April. What is truly encouraging is that this positive news comes in the shadow of the sequester's automatic spending cuts, causing federal government employment (excluding postal service) to fall by 4,900. On top of this the new report revised the March numbers up from 88,000 to a healthier 138,000, suggesting that the labor market isn't slumping as much as it had appeared. Many of the details of the new report also point to a steady job market: The drop in the unemployment rate, for example, was driven by more people finding jobs, not by people leaving the labor force. Some 293,000 more people described themselves as employed in a survey of households, and 93,000 fewer said they were looking for a job but couldn't find one. The ratio of the population with a job ticked up to 58.6 percent, from 58.5 percent. And the number of long-term unemployed, those out of work and looking for a job for more than 27 weeks, fell by 258,000. ***Good news I say....***

Some of the numbers were disappointing such as, the average workweek fell to 34.4 hours, from 34.6 hours, suggesting businesses are relying on part-time workers and possibly reflecting the impact of the sequester. And a broader measure of unemployment, capturing people who have given up looking for a job out of frustration and those who are working part-time but want full-time work, actually rose to 13.9 percent from 13.8 percent. But the good news is that the job gains were concentrated entirely in private-sector service industries: Manufacturing employment was flat and construction was down. Government employment at all levels—federal, state and local—declined as well. And the bright spots for job creation included professional and business services, which added 73,000 positions, and leisure and hospitality, which added 43,000 jobs. We often hear the bad news, but Friday's jobs numbers is solid evidence that the US economy is rebounding. Add to the employment numbers, housing prices posted sharp gains across the country, with 15-year fixed home loans at an all-time low of 2.67%. So why are we not celebrating? And why isn't Congress not doing more to push job growth. Especially when every economist will tell you that because of the upward momentum, if the government moved forward with an aggressive government jobs program, jobs growth could easily double and unemployment dipping another 1% — hence back to a healthy economy. ***This is not rocket science..... Just common sense.....***

# THIS WEEK'S READINGS

This week in **The Washington Post**, filmmaker Chris Paine wrote — *Five myths about electric cars* — based on his documentaries, “*Who Killed the Electric Car?*”, “*Charge*” and “*Revenge of the Electric Car*.” He writes this article to counter the debate around electric-car-maker Fisker Automotive, who halted production, laid off most of its employees, missed a federal loan payment last week and told a congressional hearing on Wednesday that bankruptcy may be unavoidable, fueling the debate that plug-ins cars were dead. In the article he dispels five major myths.

## 1. The electric car is dead.

Paine says that his myth is partly his fault, perpetuated by the title of his 2006 documentary, “*Who Killed the Electric Car?*” Saying that the signs back then weren't promising, when under pressure from car companies and other lobbyists, California rolled back its Zero-Emission Vehicle mandate, which had helped get nearly 5,000 electric cars on the road. The change in the regulation freed car-makers to round up the cars they had leased — and then surreptitiously crush them. Today, almost all the major automakers, along with a cast of new players, are investing in and building plug-in cars. California's mandate has also made a comeback, and other states are considering similar rules. A new report from IEE, part of the Edison Foundation, projects that between 5 million and 30 million electric cars will be on U.S. roads by 2035. “*The electrification of the vehicle fleet is a foregone conclusion*,” says former GM vice chairman (and former electric-car-basher) Bob Lutz. Having driven both the Fisker and its main start-up rival Tesla, I found both to have the feel of toys, except that Tesla developed both a sports car along with a separate sedan, and is estimated to turn a quarterly profit this year.

## 2. Electric cars can't get people where they need to go.

But ask people what their biggest hesitation is about electric vehicles, they're most likely to say something about the cars leaving them stranded. This myth is so pervasive that General Motors applied to trademark the name for it: “*range anxiety*.” A controversial **New York Times** test drive in February of Tesla's Model S, which ended up needing a tow to a charging station, seemed to confirm the fear. But that test drive — covering more than 500 miles in temperatures as low as 10 degrees — was not your everyday trip. The average American drives fewer than 40 miles a day. That's well within the 75-mile-plus range of most electric cars. And while batteries do run down faster in extreme cold, on a normal day Tesla's Model S can go as far as 265 miles on a single charge. The answer to range anxiety for many car-makers is the plug-in hybrid, an electric car with a backup gasoline engine. The Chevrolet Volt, the Toyota Prius Plug-In and the Ford C-Max Energi all use electric power for the first 20 to 50 miles and then switch to gasoline for longer drives. And most Americans drive less than 50 miles a day.

## 3. Charging is a headache.

Charging an electric car can be as simple as plugging it into a wall outlet. But AC outlet charging is slow, taking between eight and 24 hours. So it's not usually the method of first resort. That's why most plug-ins are sold with charging docks that work in a home garage and can charge a car in four to eight hours, allowing drivers to treat their cars like their cellphones: topping them off periodically or charging them up overnight. For those who don't have garages, there are now 5,734 public stations in the United States, many with multiple charging points. The newest generation will charge your car nearly 10 times faster than home stations and 50 times faster than an AC outlet. Tesla just installed several of these supercharger stations on the East and West coasts, and Nissan recently announced plans to install 500 in the coming months.

#### **4. Electric cars aren't any better for the environment.**

Electric cars have clear environmental benefits: They don't require gasoline, they don't pollute from tailpipes, and they operate at 80 percent efficiency (vs. about 20 percent for internal-combustion engines). Skeptics will cite a 2012 report from the Union of Concerned Scientists as evidence that electric cars aren't as green as some people make them out to be. That study correctly notes that autos powered by coal-generated electricity are little better for the environment than small gas-powered cars. But the same report concludes that "*consumers should feel confident that driving an electric vehicle yields lower global warming emissions than the average new compact gasoline-powered vehicle.*" That's because only 39 percent of U.S. electricity comes from coal. With the retirement of old power plants and the addition of cleaner energy sources, electric cars will have even greater advantages for the environment. Another environmental concern is about batteries. Won't they end up in landfills like billions of disposable batteries do? No. Even gasoline-car batteries avoid that fate when they are exchanged and recycled. And electric-car batteries are valuable as energy-storage devices after life on the road. Backup power systems for utilities, businesses and homes create a secondary market for these batteries before their elements are recycled.

#### **5. Most people will never be able to afford an electric car.**

At \$102,000, the base price of a 2012 Fisker Karma was clearly beyond the reach of most drivers. Tesla, too, was critiqued for the assumptions built into its recent claim that a Model S could be leased for \$500 a month. (The Washington Post calculated that the monthly cost would be closer to \$1,000.) But these two luxury cars have targeted the high-end market. By contrast, the cost of leasing a Nissan Leaf (\$199 a month with \$1,999 down) is equivalent to leasing a compact gasoline car such as the Mazda3 — except you don't have to pay for gas. Keeping electric car sticker prices from decreasing right now are low production volumes and the cost of batteries. But a 2012 McKinsey report estimates that the price of lithium-ion batteries could fall dramatically by 2020. As the cost of electric-car technology trends downward and the price of oil trends upward, electric cars should prove the more affordable.

#### **Summary:**

Without a doubt, electric cars are the future, and in the meantime, advances developed by electric car-makers are being used in hybrid cars, such as our Prius and Cadillac, which give excellent mileage compared to the 12 mpg that my Jeep Grand Wagoner and 15 mpg Jaguar use to give two decades ago and the 18mpg my BMW gave a decade ago. As for the potential failure of Fisker, lets imagine how many people sailed west before the Vikings and Columbus were successful, and the thousands of failures before the Wright Brothers proved that man-flight was possible. A hundred and fifty years ago, most manufacturing was powered by steam engines, breakthrough were made and today steam power is obsolete while electric power trains run at speed in excess of 200 mph. Thus the same can be true for automotive travel and transportation of goods.

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This week in **Money Morning** Shah Gilani wrote an article under the title – ***The Next Wall Street Mega-Scandal Has Arrived*** – saying that major financial institutions haven't learned a lesson as it appears that they are neck deep in another new financial scandal of global proportions, as U.S. and international securities regulators investigating manipulation of LIBOR, the world's most important set of benchmark interest rates, have uncovered another price-rigging scheme, this one in the \$379 trillion market for interest rate swaps. *\$379 Trillion, not Billion.* Trillion. And the Commodity Futures Trading Commission (CFTC) has already issued subpoenas to Wall Street's biggest banks and is interviewing a dozen former and current brokers from the Jersey City, NJ, offices of ICAP Plc. For investors in the big banks, new revelations may put an end to the upward push to the groups' stock

prices, whose earnings of late have been helped by reductions in reserves meant as a cushion against future asset hits and litigation expenses.

According to a former broker from London-based ICAP's Jersey City swap desk, nicknamed "*Treasure Island*" for the huge commissions and pay packages traders there are accustomed to, brokers routinely manipulated prices on behalf of bank clients to benefit bank trading desks. On the other side of the banks' trades were tens of thousands of counter-parties who may have lost hundreds of billions of dollars as a result of having to pay more interest, or may have received less interest, on swaps whose prices were manipulated. ICAP, formerly Intercapital Brokers, initially hit regulators' radar as part of the LIBOR scandal. According to the July 7th, 2012 print edition of the **Economist**. "*Court documents filed by Canada's Competition Bureau have also aired allegations by traders at one unnamed bank, which has applied for immunity, that it had tried to influence some LIBOR rates in cooperation with some employees of Citigroup, Deutsche Bank, HSBC, ICAP, JPMorgan Chase and RBS.*"

Far from being in a shady corner in the world of derivatives, interest rate swaps are a mainstream financing tool used by tens of thousands of corporate treasurers worldwide. Interest rate swap prices are used to set the value of over \$550 billion of commercial real estate collateralized bonds and are used to calculate pension annuity values and benefits.

### *Big Banks in Big Trouble, Again?*

Mega-banks primarily facilitate interest rate swaps by initially taking the other side of customers' trades and are responsible for establishing pricing of these instruments in conjunction with a handful of brokers. Similarly to how LIBOR is calculated, the ISDAFIX, the benchmark series of rates used to price interest rate swaps for U.S. dollar denominated swaps, is convened by a "*panel*" of banks. The panel, according to the International Swaps and Derivatives Association consists of: Bank of America Corp., Barclays, BNP Paribas SA, Citigroup Inc., Credit Suisse AG, Deutsche Bank AG, Goldman Sachs Group Inc., HSBC Holdings Plc, JPMorgan Chase & Co., Mizuho Financial Group Inc., Morgan Stanley, Nomura Holdings Inc., Royal Bank of Scotland, UBS and Wells Fargo & Co.

The banks submit their quotes for a range of maturities to ICAP through a secure screen connection. ICAP then forwards those data points to Thompson Reuters, who calculates the actual swap rates. Rates are then disseminated to over 6,000 viewers.

### *An Easy Con in an Era of Regulation*

Manipulation of rate pricing is easy. ICAP posts rates, supposedly based on transactions and bid and offer quotes it receives and enters manually into what's known as the 19901 screen (*named for the Reuters screen page number*). Banks don't have to submit their own rates as part of the panel; they can use the suggested rates ICAP posts. Or they submit their own rates to ICAP to be forwarded to Thompson Reuters who calculates the final numbers. ICAP sits in the middle, entering by-hand prices and rates from the transactions that occur through their brokerage desk, which average a staggering \$1.4 trillion a day.

Not only can banks ask ICAP brokers to post whatever quote benefits the bank's internal trading book, whether it's to affect a positive mark-to-market closing price for accounting and profit and loss (*bonus*) calculations, or manipulate an entry price on a new trade with a counter-party, they allegedly ask ICAP brokers to delay entry of actual transactions until after ISDAFIX rates are disseminated. The delay can easily create a beneficial entry price on a trade that would otherwise be priced based on fresh data.

Manipulation of prices and rates has huge profit and loss and mark-to-market implications in terms of capital reserve ratios and other bank balance sheet metrics.

So far these allegations have yet to become indictments, and nothing may come out of any of this but a few little fines and some slapped wrists. And if the past is actually prologue, we can rest assured that no criminal charges will ever be tossed into the casino, since none ever are. And as Gilani says, "*After all, the tumbling dice always favor the house, and we know whose house it is.*" Again, because **Money Morning** is a boom & gloom blog, I can't really vouch for the validity of the above allegations, but the fact that after all of the malfeasance of the past decade that brought the international economic markets and a number of economies to the brink of collapse -- this is still a possibility -- in-itself, is a serious problem.

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To counter the Neocons who will tell you that the *Surge In Iraq* work, please read Ryan Crocker's article in **The Washington Post** – *Iraq on the brink, again* – because the situation in Iraq has taken a very dangerous turn. As events there in recent days are reminiscent of those that led to virtual civil war in 2006 and resulted in the need for a surge in U.S. troop levels, a new strategy and very heavy fighting. The places where the violence has erupted are eerily familiar, as many were strongholds of al-Qaeda in Iraq at the outset of the surge, before the spread of the Awakening movement that fostered reconciliation between disaffected Sunni Arabs and the Shiite-led government in Baghdad. The recent events come on top of increasing incidents of horrific attacks by al-Qaeda in Iraq, with last month seeing the largest losses in years – and they take place against a backdrop of increasingly serious political discord. But do these developments require the United States to lead an international community response?

Crocker (a former US ambassador to Iraq) advocates that to bring Iraqis from this current brink, the United States must lead a sustained, high-level diplomatic effort, because we did it in the past, beginning in 2007; and that we must do so again, because the stakes for Iraq and the region are far too high for anything less. BUT when will Crocker and neocon supporters understand that until the underlying issues are addressed these fixes will only be temporary? Because we have seen that hawkish diplomacy can lead to a slippery slope, as hawks will sooner or later will lose patience and demand military intervention. So we have to ask ourselves why is this our problem? If the Sunni, Shiite and Kurdish leaders can't resolve their differences, maybe Iraq's neighbors in the Arab League should take the lead. The US has spent more than a trillion dollars, in addition to the loss of more than 4000 American lives, with tens of thousands more who will need life-long assistance due to injuries suffered in Iraq – isn't this enough. Some wars you just have to walk away from and let time and others resolve the country's problems. The Russians did this in Afghanistan and the US in Viet Nam, and somehow the Afghans aren't sending terrorist to Russia nor are the Vietnamese sending terrorist to America. Maybe this is the lesson that we should learn.

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Having started working full-time (8 hours, six days a week) at the age of 15, first stamping rivets into electronic circuit boards in a factory that made radios and record players and then working the graveyard shift (11:30pm - 8am) in another factory that made Polyethelene Sheeting used for everything from plastics bags, drop-cloths to dry cleaning bags, making minimum wage what was \$1 an hour and sometimes working more than 98 hours a week on the two jobs, or going to high school from 8:30am to 3:10pm after working an 8-hour grave-yard shift, and by the age of 25, having spent most of my working life either working two full-time jobs simultaneously, or being a full time student in addition to working a full-time job, so I truly understand and appreciate the plight of factory workers. As a result, on May 1<sup>st</sup> I decided to examine the origins of **May Day**. Attached please find an article by Richard Seymour – **May Day is not about maypoles: the history of international workers' day** – in **The Guardian** last year chronicling the evolution of workers' rights that are celebrated on *May Day*

It appears that *May Day* celebrations appeared in pre-Christian times, with the *Festival of Flora*, the Roman goddess of flowers, and the Walpurgis Night celebrations of the Germanic countries. It is also associated with the Gaelic Beltane. And many of the pagan celebrations were abandoned or Christianized during the process of conversion in Europe. In the 19<sup>th</sup> Century, popularized by movements supporting worker's rights and in the United States the eight-hour work day groups in Chicago decided to organize a non-violent general strike on May 1, 1996. On 1891 *May Day* was formalized as an international holiday in Paris. It has since become an official holiday in many countries where governments respect the will of working people. In the last decade in the United States *May Day* has become a site for recognition and support for the struggles of undocumented immigrant workers. Having work in a factory where new employees often would start their first day (night) grave-yard shift at 11:30pm and quit before midnight, and next to the time-clock management posted a notice that said, "*If you don't come to work on Sunday, don't come back on Monday.*" I truly support the idea as a celebration of worker's rights. In the last decade in the United States *May Day* has become a site for recognition and support for the struggles of undocumented immigrant workers. Also attached please find ***The Brief Origins on May Day*** – by **The Industrial Workers of the World**, to see *May Day* from the prospective of unions.

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As Harold Meyerson writes this week in **The Washington Post** in the article, ***How to ease economic anxiety***, that the general consensus is that America is downwardly mobile and doesn't know what it can do to arrest, much less reverse, this trend. In a recent survey 49% of the respondents said that only the upper class could realistically expect to be able to pay for their children's college education. Another 46 percent said that only the upper class could realistically anticipate having enough money to cope with a health emergency or job loss, while 45 percent said that only the upper class should expect to be able to save enough to retire comfortably. Fully 59 percent said they were concerned about falling out of their current economic class over the next few years. This survey suggests that the public is aware of this downward trend.

Since the end of World War II the expectations of economic security and mobility that were widely shared by Americans and this been replaced by a pervasive economic anxiety. The problem is that anxiety won't change things. As Meyerson writes, "*neither will the majority of analyses of how we got into this fix, nor will most of the (relatively few) recommendations as to how we can get out of it.*" Especially when people like former private equity banker and Obama administration official Steven Rattner, writing in the **New York Times**, "*the lack of wage growth owes much to the continuing effects of globalization, a trend that has benefited the United States as a whole while hurting many workers.*" Good for America, apparently, but bad for Americans. Besides, he implies, who can do anything about globalization? It's as inexorable as the sunrise.

Most American workers, however, are not in competition with their counterparts in Mexico and China – not if they work at Wal-Mart or McDonald's, on construction sites, at college campuses or behind the wheel of a truck. The downward pressure that globalization exerts on wages spills over to other sectors, but it's no more than a secondary cause for pervasive income stagnation. The primary cause is that, with collective bargaining nearly dead (*just 6.6 percent of private-sector workers belong to unions*), there is no pressure on American employers to share their productivity gains with their workers in the form of higher wages. While there's considerable pressure to boost payouts to stockholders. The age of shareholder capitalism, most notably proclaimed by General Electric CEO Jack Welch in the early years of the Reagan presidency (*while Welch was furiously off-shoring much of GE's manufacturing*), has, like the age of globalization, also coincided with the age of wage stagnation.

But moving from a shareholder capitalism that has diminished most Americans' share of the national pie to a stakeholder capitalism that distributes a greater share of company revenue to the workers who

produce it will require major changes to our political economy. It will require our remaining unions to organize millions of workers whom they don't enroll as members but who can nonetheless agitate for better pay and working conditions. It will require Congress, state legislatures and city councils to set the kind of wage standards — and not just minimum-wage standards — that workers once were able to win for themselves before the advent of shareholder capitalism. It will require the rebirth of the kind of economic left in the United States that gave us the New Deal and the four ensuing decades of broadly shared prosperity. Tall orders all, but the alternative is just more anxiety, and all its attendant pathologies.

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If you asked the average American they will tell you that government is bloated and job growth has been anemic under the Obama Administration. This week in an article in **CalculatedRISK** by Bill McBride — **Public and Private Sector Payroll Jobs: Bush and Obama** — here are some of the facts. After entering office in the worst recession since the Great Depression and last month the economy added 165,000 jobs, and since President Obama took office the economy has added almost 2.5 million jobs, and almost all in the private sector. At the same time since Obama took office, public sector jobs have declined by more than 718,000. These job losses have mostly been at the state and local level, but they are still a significant drag on overall employment. The opposite of what most Americans think, because this is what Republicans repeat, over and over, even when they know that it is not true.

Let's remember that when Mr. Bush took office following the stock market bubble, and left during the bursting of the housing bubble. Mr. Obama took office during the financial crisis and great recession. People forget that employment during Mr. Bush's first term was very sluggish, and private employment was down 946,000 jobs at the end of his first term. At the end of Mr. Bush's second term, private employment was collapsing, and there were net 665,000 jobs lost during Mr. Bush's two terms. With public sector jobs down over the last several years (Federal, State and local layoffs) dragging down the economy, now a couple of months into Mr. Obama's second term there are now 2,282,000 more private sector jobs than when he took office. To see the difference please download McBride's article who expects the economy to continue to expand and as such doesn't expect a sharp decline in employment as happened at the end of Mr. Bush's 2nd term. The facts are that government jobs are down under the Obama Administration and private-sectors jobs have grown by more than 2.5 million, compared to the 700,000 jobs loss the month that President Obama took office.

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In an editorial this week in the **New York Times** — **The Economy Is Heading the Wrong Way** — even those at *The Old Grey Lady* believes that although at first glance, the latest economic growth report, released last Friday, appears to show the economy revving up, in reality, the economy is either stuck in low gear, or worse, slowing to a stop as budget cuts harm not only the users of overstretched government services but the overall economy. And that this precarious situation urgently calls for more federal spending, not less, though that message has been lost on Congress, where the strategies to cut the budget have taken priority over strategies to increase growth, jobs and pay. And please don't blame the Obama Administration, who have been doing everything in their power to both grow the economy and satisfy the deficit hawks. But when you work at cross-purposes, often neither side is given proper justice due to compromises that water-down the strengths of their solutions.

From January through March, the economy grew at a modest annual rate of 2.5 percent, compared with a measly 0.4 percent in the last three months of 2012. And although this first number seems like a big jump, it was less than economists expected and does not alter the big picture. For the reason that since the recession ended in mid-2009, quarterly growth has averaged around 2 percent. Every acceleration from that pace has inevitably petered out, which is why unemployment is high and pay is

low nearly four years into what is officially an economic recovery. Looking at the underlying numbers there are signs in the latest report of a renewed slowdown. Excluding inventories, which tend to artificially depress growth in some quarters and raise it in others, growth in the first quarter of 2013 was only 1.5 percent, compared with 1.9 percent in the fourth quarter of 2012 and 2.4 percent in the third quarter. Underneath it all is the fiscal drag from ill-advised and ill-timed austerity measures. With the expiration this year of the payroll tax break, personal income declined sharply last quarter, forcing consumers to draw on their savings to support their spending. This is unsustainable, presaging weaker consumption in the months to come and, with it, weaker overall growth.

At the same time, cutbacks in government spending took a big chunk out of growth, reflecting, in part, the onset of automatic budget cuts under the sequester. The hit from lower public spending will only intensify in the quarters to come as the sequester takes full effect, threatening to push growth below its already paltry 2 percent average. There is a tendency, in the gloom, to look for bright spots. Housing, for example, showed continued growth in the first quarter, but it was more than offset by the drag from cuts in government spending. But if overall growth remains sluggish or even slows down, it could overwhelm the housing recovery, because the pace of home sales is inseparable from the pace of the economy. Without enough growth to power jobs and pay, potential homeowners will simply not have the income and credit profiles to buy.

Lack of demand is also bound to take an increasing toll on corporate earnings, which also have been a bright spot. Already, some prominent companies, including I.B.M. and Caterpillar, have reported disappointing results, a reflection of waning demand not only in the United States but in recessionary Europe and in China, where growth has been below expectations. The longer and more widespread the weakness is, the less faith investors will have in the ability of the Federal Reserve to engineer a rebound. The real danger in the Fed's efforts to revive the economy is not that its actions will cause inflation - of which there is no evidence - but that they will fail to revive the economy by any meaningful measure, denting investor confidence and, in the process, the stock market.

Republicans have insisted on austerity for ideological and political reasons. And to counter government cuts the administration has added new taxes and made investments, but the reductions (*especially on state and local levels with teachers, police, firefighters, social programs*) have result in deep cuts and damaging local communities. Still the budget fights continue even though the intellectual arguments for near-term deficit reduction have collapsed. They have endured even as the economies that have enforced budget cuts most strenuously have contracted, notably in Britain and in much of the rest of Europe. And they endure even as the United States remains impaired by fiscal wounds that are, unfortunately and undeniably, self-inflicted. Hopefully now that the **New York Times Editorial Board** has joined the growing number of prominent economist and think-tanks, publicly saying that austerity is the wrong direction, our politicians in Washington will finally get the message.

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Now that austerity has been debunked as the economic solution to the current recession, with most economist agreeing that the best way for us to get out of our current economic malaise is to promote programs that directly create jobs — with this in mind this week I have included an **Washington Post** article by Deputy Assistant Secretary Commerce from 2009 to 2011, Ro Khanna — ***Five myths about manufacturing jobs***, to address the five biggest misconceptions about U.S. manufacturing — and why the sector still matters. Lets start with the fact that the United States remains a world leader in manufacturing, and that sector remains essential to our economic and technological future.

### **1. A manufacturing job is no longer a ticket to the middle class.**

There is no doubt that America's manufacturing base has declined, peaking at 19.6 million jobs in 1979 and now at just over 11 million jobs. Despite this economic transition, U.S. manufacturing jobs are still

worth having. On average, full-time manufacturing work pays 20 percent more than full-time service-sector jobs. Example, electronic technicians with only a high school diploma can rise through the ranks of manufacturing companies to earn more than \$100,000 a year. Whereas, high school grads in retail or service-sector jobs rarely reach six figures.

## **2. We can outsource manufacturing as long as product design stays here.**

Andy Grove, the former chief executive of Intel, has famously argued that the best innovation takes place when design teams are integrated with production teams. Product designers can get feedback about the practical constraints involved in manufacturing and can fine-tune their designs accordingly. Apple has said that it is investing \$100 million in new U.S. plants — a move hailed as bringing manufacturing back to our shores. However, Apple has always done most of its prototype manufacturing in the United States. The company may mass-produce iPhones in China, but it has maintained U.S. factories as laboratories to perfect its products before launch. Now, rising wages in China and transportation costs have encouraged Apple to manufacture some of its Mac lines here. It is naive to think we can keep design in America without retaining some manufacturing capacity.

## **3. U.S. manufacturing can't compete with China.**

Over the past decade, the growth of Chinese manufacturing has exceeded America's, so for the first time, China has taken the lead in global manufacturing. Yet, for all the hype about the BRIC economies — Brazil, Russia, India and China — the United States remains neck-and-neck with China in manufacturing output, and we still far outstrip such traditional powerhouses as Japan and Germany. China and the United States each produce about one-fifth of the world's manufacturing, yet we do so with only about 10 percent of our economy devoted to that sector, compared with nearly 40 percent of the Chinese economy. U.S. manufacturing workers are almost six times as productive as Chinese workers and 11 / 2 times as productive as those in Japan and Germany.

## **4. Manufacturing jobs are repetitive and low-skilled.**

If you think of manufacturing as a tedious job with no intellectual stimulation, you haven't visited a U.S. factory floor lately. Whether making steel bars or suits for firefighters, many of today's manufacturing jobs require the ability to operate complex machines, math skills and an understanding of how to maximize efficiency. No doubt, every job has repetitive aspects. One of the advantages is that the best manufacturing workers are not just doing repetitive tasks; they are thinking about how to improve a product's design or production.

## **5. Government is terrible at supporting manufacturing.**

America has long had a bipartisan consensus favoring government support for private manufacturers. In 1791, Alexander Hamilton argued that the nation should provide incentives and assistance to manufacturers to compete in the world economy. Even Thomas Jefferson came around to the view that government has a stake in building domestic manufacturing. These principles influenced Herbert Hoover, who before he was president was regarded as a great commerce secretary and provided financial support for the aviation industry. Later, President Ronald Reagan supported Sematech to help our semiconductor industry.

Of course, America's free-enterprise system is what enables our manufacturers to be the most innovative. No one is suggesting that the government pick winners or losers. Some bets on new companies, such as Solyndra, are bound to fail. But such failures should not deter the government from investing in DARPA, a strategic agency at the Defense Department, or ARPA-E, a strategic agency at the Energy Department, which can propel innovation, new technologies and new industries. As such we must do everything that we can to keep manufacturers at home through tax incentives, attract

immigrants and better prepare a skilled workforce. And we must continue the collaboration between government and business that helped make America an economic superpower.

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In an article this week in **Money Morning – Myths and Realities About the U.S. Economy**, Ben Gersten uses graphs to point out myths and misleading statistics about the US economy. Are taxes the highest they've ever been? Is the country's spending at record levels? Are the majority of products U.S. consumers buy produced by low-wage workers overseas? The answer often depends on the spin. Using **Bureau of Economic Analysis's** graphs, Gersten points out seven myths and misperceptions about the U.S. economy to give a sense of what's real and what is the twisted truth

## 7 Myths About the U.S. Economy

### 1. Are Federal Taxes at a Record High?

Even though Americans paid a record \$2.7 trillion in federal taxes in 2012, as a percentage of the economy, that amounted to 16%, below the long-term average. And both the **Total Federal Taxes as a Share of the GDP** and **Personal Income Taxes as a Share of Personal Income**, are both less than they were in 1971, and approximately 20% less than their high in 1999, which produced the first federal government surplus the following year, since the Kennedy Administration.

### 2. Is Federal Debt as a Record High?

The amount of overall debt in our country continues to reach new highs every week - but it's not at its highest level in relation to GDP. As of April 2, debt held by the public was roughly \$11.96 trillion, or 75% of GDP. But federal debt held by the public as a percentage of GDP was much higher in the 1940s and 1950s.

### 3. Is Federal Spending at a Record High?

Although **Total Federal Spending, Including Transfer Payments** is 2% higher than it was in 1980, it has come down 1.5% since it peaked in 2010. And all non-defense and defense spending are in a downward trend over the past 40 years as a total federal spending as a percentage of GDP. This includes \$220 billion in federal debt payments last year.

### 4. Is the U.S. Still the World's Leading Economy?

Yes. Americans contribute an average of almost \$50,000 to the country's GDP. That's higher than the average contribution to GDP of any other nation. Japan: \$35,000. EU: \$34,000. And China: \$9,000.

### 5. Do Foreigners Own America?

Not as much as some would think. Although foreigners own \$25 trillion in U.S. assets and no country, including China owns more than 2.5% of U.S. assets. Furthermore, with only 5% of the world's population the US owned more than \$21 trillion assets abroad. This does not include an estimated \$2 trillion hidden abroad.

### 6. Have U.S. Companies Off-shored Their Production to Low-Wage Countries?

The idea that the majority of products U.S. consumers buy are made by poorly paid workers is *simply false*. In fact, only 1% of the goods produced and services offered by U.S. multinational companies come from low-wage countries, with 70% goods coming from the U.S., 21% from High-Wage foreign countries and 8% from Median-Wage foreign countries. *Although I am not sure about these numbers, I included just the same.*

## 7. Rising of Stagnant Wages?

Wages are growing, but barely. Since the recession, wages have grown at half the rate they did from 2000-2007. These numbers I truly believe are distorted due to the number of people who have been moved or migrated into the Underground Economy, which topped \$2 trillion in 2012, not to mention the long-time unemployed, many of whom have dropped out of the workforce. Please feel free to download the attached article so that you can review the graphs personally.

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This week I was drawn to an article in the **New York Times** by Partick Sharkey – ***The Urban Fire Next Time***. In the article he points out that for the past several years all the ingredients have been in place for an urban crisis. Unemployment has hovered above 15 percent in many of our most distressed cities. High-poverty neighborhoods have spread beyond cities and into the suburbs. The housing collapse has left large sections of communities boarded up. And yet our cities have been relatively quiet. Crime remains at its lowest point since the early 1970s, public housing complexes have not fallen into disrepair, and large numbers of homeless people have not emerged on the streets. Although it has been labeled the Great Recession, he says that it should be called the Private Recession, as hardships facing many American families have never made it onto the streets other than the Occupy Wall Street protests and Tea Party rallies, both allowing their believers to blow off steam.

But really caught my initial interest was the article's title – ***The Urban Fire Next time***, as it cause me to reflect on James Baldwin's brilliant and provocative 1963 book – ***The Fire Next Time***. The book consists of two essays, both examining the so called "*Negro Problem*" in America in the early 1960's ("*Negro*" was the term then in use for *African-American*, and is used interchangeably with the term "*black*" in this book. The use of both terms in this analysis is therefore reflective of their usage in the book, and of the socio-cultural-literary context in which they were written). Themes other than "*the Negro Problem*" explored by the book include an examination of the shallowness and ineffectiveness of religious faith, and of inter-generational influences and relationships. I was so taken by this book that in my early 20s I sought out James Baldwin in Paris and we became friends to his death in 1987.

***The Fire Next Time*** by James Baldwin: YouTube Clip: <http://www.youtube.com/watch?v=dl7mLJ9JGzg>

This is a book that Mitt Romney should have read, because if he had he might have understood why his *47% comment was egregious* and in a sense racist, even though the 47% included whites, but it included them in a way that "*they are Niggers (Spics, Fags, Ragheads, Chinks, poor white trash) too.*" Also every Republican should read, ***The Fire Next Time***, including Latino Republicans, especially people like Marco Rubio, who like myself try to walk the fine line between our ethnicity and the establishment, that tells us that our success is because we are different from our ethnic brothers and sisters. And if you really want to understand why Tamerlan and Dzhokhar Tsarnaev became radicalized, you too should read James Baldwin's ***The Fire Next Time***, and substitute the word *Negro* with *Muslim* or *Arab*. And to be honest, the same is true for our foreign policy, where the term *American Exceptionalism* is often used in condescension (much like the Silent Majority, separating them from us), instead of a beacon of light for those who want to join.

But getting back to Sharkey's article, *The Urban Fire Next Time*, he points out that the gutting of urban social programs that have kept minorities, the poor and the disaffected young could have grave consequences, and the bombing of the Boston Marathon and the Newtown massacre are the most recent examples – like the messages in *The Fire Next Time*, if heeded by the establishment might have reduced the angst that led to the 1960s urban riots. How many more mass shootings and bombings do we have to endure before our political and business leaders realize, that diluting the strength of the safety net that the elderly, poor, minorities and the young rely on to survive and more importantly to feel part of the society?

Compare the current conditions in urban America with those in the early 1980s, when the nation saw a less severe recession, yet neighborhoods were deteriorating and violent crime was much higher. Cities were trying to overcome a range of economic and demographic transformations: the loss of manufacturing jobs, the migration of whites and middle-class minorities out of central city neighborhoods and declining tax revenues. Meanwhile, cities saw their federal aid decline rapidly as the Reagan administration slashed programs like the *Community Development Block Grant* and public housing. And the consequences were predictable. Housing agencies were unable to maintain their complexes. Public schools crumbled, police forces were overwhelmed. Public transit deteriorated. It took two decades for many cities to recover. But the rich got richer at the cost of economic inequality mushrooming.

Sharkey believes that one of the main difference between now and then is, \$840 billion fiscal stimulus program in 2009, the *American Reinvestment and Recovery Act*, because many of the largest and most important investments made by the “stimulus” went to institutions and organizations that were essential to functioning communities. Abandoned homes did not become hot spots for crime because almost \$2 billion went to acquiring, renovating or demolishing them. As such, class sizes did not swell and police officers did not disappear from city streets because stimulus money was used to stabilize state budgets, improve under-performing schools and rehire officers for community-oriented policing.

A historical perspective on urban policy reveals a cycle in which periods of major investment are followed by periods of neglect, disinvestment and decline. This pattern is in the process of repeating, *feast to famine – promise to disillusion*. Now that the stimulus money is gone, even though more than half going to tax breaks for the affluent, in the cycle of urban policy making, we are entering another period of neglect. With the impending cuts to housing, schools, and community organizations from the sequestration, vulnerable communities are in danger of falling apart. And to break this dysfunctionality a sustained commitment to urban neighborhoods is necessary to end the erratic cycle of urban policy, and to avoid the next urban crisis. Or as my dear friend James Baldwin called it, *The Fire Next Time*.

## QUOTE OF THE WEEK

*“I imagine one of the reasons people cling to their hates so stubbornly is because they sense, once hate is gone, they will be forced to deal with pain.”*

– James Baldwin, *The Fire Next Time*

## JOKES ABOUT POLITICIANS

*During these election times, here are a few comments on politicians.....*

“We hang petty thieves and appoint the great ones to public office.”

“Those who are too smart to engage in politics are punished by being governed by those who are dumber.”

“Politicians are the same all over. They promise to build a bridge even where there is no river.”

“When I was a boy I was told that anybody could become President; now I believe it.”

“Politicians are people who, when they see light at the end of the tunnel, go out and buy some more tunnel.”

“Politics is the gentle art of getting votes from the poor and campaign funds from the rich, by promising to protect each from the other. “

“I offered my opponents a deal: if they stop telling lies about me, I will stop telling the truth about them”.

“A politician is a fellow who will lay down your life for his country.”

“I have come to the conclusion that politics is too serious a matter to be left to the politicians.”

“Instead of giving a politician the keys to the city, it might be better to change the locks.”

“I am reminded of a joke: What happens if a politician drowns in a river? That is pollution. What happens if all of them drown? That's a solution!!!”

## THIS WEEK'S MUSIC

In 1993/4 my dear friend *David Ellington* introduced me to the music of ***Meshell Ndegeocello*** who is a American singer-songwriter, rapper, bassist, and vocalist. Her music incorporates a wide variety of influences, including funk, soul, hip hop, reggae, R&B, rock, and jazz. She has received significant critical acclaim throughout her career, and has had ten career Grammy Award nominations. She has been credited for having "*sparked the neo-soul movement.*" Ndegeocello was born Michelle Lynn Johnson on August 29, 1968 in Berlin, Germany, to army Sergeant Major and saxophonist father Jacques Johnson and health care worker mother Helen. She was raised in Washington, D.C. where she attended Duke Ellington School of the Arts and Oxon Hill High School. In early press releases from Maverick Records (*started in 1992 by Madonna & Frederick DeMann*) her birth year was erroneously listed as 1969. With 12 studio albums/CDs with several notable hits, Ndegeocello has established herself as a serious musician who like my idol Miles Davis and her idol Nina Simone she writes, sings and plays music to her own beat. With this brief overview (longer bio is attached) please along with me enjoy the music of ***Meshell Ndegeocello***.

Me'Shell NdegéOcello — *Outside Your Door* -- <https://www.youtube.com/watch?v=CohuccUbdXM>

Me'Shell NdegéOcello — *Sweet Love* -- [https://www.youtube.com/watch?v=vkyAX\\_P4q2w](https://www.youtube.com/watch?v=vkyAX_P4q2w)

Me'Shell NdegéOcello — *D.N.B.* -- [https://www.youtube.com/watch?v=x\\_7GzBHhaVQ](https://www.youtube.com/watch?v=x_7GzBHhaVQ)

Me'Shell NdegéOcello — *If That's You're Boyfriend* -- <https://www.youtube.com/watch?v=2OiBzYckcYI>

Me'Shell NdegéOcello — *I'm Diggin' You (like n old soul rec)* -- <https://www.youtube.com/watch?v=F2AN8tuC7SM>

Me'Shell NdegéOcello — *Gettin' High* -- [https://www.youtube.com/watch?v=v\\_0SU2jLTjY](https://www.youtube.com/watch?v=v_0SU2jLTjY)

Me'Shell NdegéOcello — *Soul Searching* -- <https://www.youtube.com/watch?v=Bo-nAhT1rVQ&list=PLEDD9C43143DD3850>

Me'Shell NdegéOcello — *Beautiful* -- <https://www.youtube.com/watch?v=u6orCSJmWvc&list=PLEDD9C43143DD3850>

Me'Shell NdegéOcello — *You Make Me Feel So Good* -- <https://www.youtube.com/watch?v=NKJTRfa9xeg&list=PLEDD9C43143DD3850>

Me'Shell NdegéOcello — *Call Me* -- <https://www.youtube.com/watch?v=rNwrNp458tE&list=PLEDD9C43143DD3850>

Me'Shell NdegéOcello — *Lilliquoi Moon* -- <https://www.youtube.com/watch?v=R2TAbuwmECI&list=PLEDD9C43143DD3850>

Me'Shell NdegéOcello — *Come Smoke My Herb* -- <https://www.youtube.com/watch?v=1T7T9bCcuHs>

Me'Shell NdegéOcello — *Stay* -- <https://www.youtube.com/watch?v=1GyUUt5NNsM>

Me'Shell NdegéOcello — *Bitter* -- <https://www.youtube.com/watch?v=OEnz6iagZog>

Me'Shell NdegéOcello — *Dreadlocks* -- <https://www.youtube.com/watch?v=30QtMpCnmS4>

Me'Shell NdegéOcello — *The Chosen* -- <https://www.youtube.com/watch?v=rm2WTwFtN1g>

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

Sincerely,

Greg Brown

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Gregory Brown  
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