



RECENT US DEVELOPMENTS
July 10, 2012

PRELIMINARY DISCLAIMER

As an indication of how dysfunctional US politics have become, the following comments – which I believe to be reasonable – would probably be rejected by 90% of the Republican Party. So, do not think that this is an “unbiased” report. There probably is no such thing anymore.

POLITICS

The next Presidential election (November 6) will be decided largely by the economy and unemployment. The average accumulated wealth of Americans is back to levels of the 1990's. It fell more than 35% since 2007. The decline began with the end of the housing bubble and home prices continue to decline. (Rents go up because people cannot get mortgages to buy homes.) For decades Americans were told that our homes were cash machines and our savings rates failed to reflect this source of “savings.” New mortgage products (home equity loans) made it easy to take out this accumulated value and buy TV's and send our children to university.

Unemployment has not gone down substantially and shows no signs of going down before the election. Unemployment is underreported. The figure does not reflect people who have given up looking. People who were once getting \$80,000 a year and benefits in office jobs are now getting \$40,000 without benefits in hospitality jobs but are shown as employed. Moving to get jobs has become more difficult because the family's home cannot be sold.

Increases in the disposable income of the middle class do not necessarily help the US economy since most products sold at Wal-Mart come from China.

Increasingly the political discussion is about the effect of the euro crisis on the US economy. To the extent Germany holds the key to solving this problem, it directly affects the outcome of the US election. The economy probably cannot improve enough in the next months to help Obama.

In our system of divided government, 40 of the 100 Senators can block most action. We call this "political gridlock" - a term taken from traffic tie ups at intersections. If Romney wins and the Democrats lose the Senate, should the Democrats use their 40+ seats to play the same blocking role the Republicans have? Republicans believe government is always a problem - except for the military. Democrats think government can solve problems.

We are moving towards any a la carte form of government, with more and more services being privatized – education, police, fire fighting.

US politics are very extreme, and compromise is seen (mainly by Republicans) as having a lack of principles.

The US has a long history of denying the vote to various groups– non-landowners, blacks, women. After the Civil War the South used literacy tests and poll taxes to deny blacks the vote. (“Grandfather” clause came

from the literacy exception – if your grandfather voted, you could too.) Republican-controlled states are finding new methods of doing this - mainly by imposing voter ID laws and reducing absentee voting. This is known as “voter suppression.”

Every 10 years we take a census and draw up new voting districts based on population. This results from “one man, one vote.” The party in power at the state level does this. It divides up the electorate so as to give it the most “safe” seats. This means the real vote is in the primary, when very few, highly motivate voters turn out and pick the most extreme candidate.

Despite “one man, one vote,” due to “winner take all” voting by state, only a few states – battleground or swing states – really matter in 2012: Virginia, North Carolina, Florida, Pennsylvania, Ohio, Wisconsin, Iowa, Colorado and Nevada. -

Cable TV means that viewers can watch news programs that confirm their political views. Fringe groups grow by connecting on the Internet and support each others’ theories.

The Republican Party has been taken over by the Tea Party. The old party of George H.W. (“father”) Bush and Ronald Reagan is gone. It has become an odd conglomerate of single issue voters: low taxes, guns, fundamentalist religion, anti-abortion, anti-gay, anti-science, anti-government, pro-military, isolationist, anti-immigrant, racist, anti-free trade, southern. It has moved dramatically to the right.

The Tea Party is largely a reaction to ever larger government benefitting minorities – blacks, women, gays, the handicapped – and not white, middle class men. Their standard of living had dropped even before the housing bubble.

Romney has no core principles. He is a “fixer” much like Obama. He was a successful center-right governor of Massachusetts. But he rejects his record there because it is too moderate for his party. He runs almost solely on economic issues. He has no experience in foreign affairs. The Neocons will come back in power if he wins. This will be bad for Germany.

Because Romney has no principles and is dependent on the far right, he will nominate far right judges to the Supreme Court. They are appointed for life. This will affect life and politics in the US for generations.

The US Supreme Court's decision *Citizens United* has permitted super rich Americans, mostly on the right, to contribute unlimited amounts to organizations (PAC's = political action committees) which run ads which say things the candidate will not say – often lies. There are essentially no campaign finance laws in the US. On the other side, union membership has dropped dramatically, leaving only public workers in unions. Republican state governments are reducing rights of union members, further tipping the campaign finance scales.

Congress has prevented Obama from moving prisoners from Guantanamo to the US and from trying prisoners here. Many of those released have gone back to fighting the US and its allies. The use of drones has picked up, “solving” that problem. The Right correctly notes that the left would complain if a Republican did this.

OTHER TOPICS

Cyber warfare - Americans have little idea who much of our economy and everyday life is tied to computer security. This is being discussed increasingly.

Student Loans - Unemployment among recent college graduates puts the value of college in question. Many graduates have accumulated over \$100,000 in debt for tuition and housing. These debts cannot be discharged by bankruptcy. The loans are available through government programs (administered by banks for a fee) and have the unintended effect of driving up tuition and reducing state support for public education. New, for-profit colleges have lower than average graduation rates. What is their motivation?

Food – Americans are finally concerned about obesity but are probably not willing to do anything about it due to resistance to any government programs. 1/3rd of all applicants for the military are rejected as over-weight. In WWII, in contrast, they were under-fed. Some Americans pay more attention to locally grown food and pressure Wal-Mart to offer local produce.

Marcellus Shale – Shale gas (Erdgas) is a major subject of dispute, pitting poor farm owners in Ohio, Pennsylvania and New York against city dwellers and 2nd home owners. Fears include poisoned wells, ruined roads, reduced river and stream flow, radon gas, public domain for pipelines and earthquakes.

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