

Americans Now Believe That They Live In An Unfair Society In Which The Rich Have Rigged The System – Time To Do Our Best To Reinstate The Old Belief In America As “Opportunity Society” With Open Access To All

[the-subtitle]

By Paolo von Schirach

December 28, 2012

WASHINGTON – True or not, the Occupy Wall street protest movement made the case that America, long ago ceased to be a meritocracy, (if it ever was one). This is a zero sum society in which the dominant classes have rigged the game so that they (undeservedly) get most of the wealth produced, at the same protecting rules that guarantee this manifestly unfair set up.

The 1% got everything

Of course, the numbers support this argument. American national wealth is much, much more concentrated at the very top. Indeed, the happy few who make up the 1% get almost everything. Now, we could argue endlessly as to the new economic dynamics that caused this concentration of wealth and power. We can say that it is about hyper competitive globalization that pushed down middle income earners who can

no longer compete against aggressive and lower paid Asian counterparts. We can say that only the super specialized can make it in this new environment. You can say that it is about technology, productivity and what not. You can say that Mitt Romney deserved to become rich by expertly taking over corporations, even though in some instances this meant cutting them down and firing workers who then lost earnings and social status.

Perception of unfairness

You can say whatever you want, but if the accepted narrative –irrespective of the facts– is that this is now an unjust zero sum society in which the super rich make the rules aimed at the perpetuation of their primacy at the expense of the rest of us, we are in big, big trouble.

America's appeal –no matter whether based on myth or reality– was that it was an "Opportunity Society". Anybody, provided they had guts and determination, could make it in America.

But now we are told that this is just Latin America before reforms. A small dynastic oligarchy controls almost everything. The peasants get the crumbs. Again, factual or non factual, what matters is that this is what people believe.

Political consequences

The political consequences of this new broadly accepted narrative are huge. If indeed the oligarchs have rigged the system through the political process, then it is only fair that the millions who have been deprived should take back their "fair share" through the political process.

Hence Obama's insistence in raising tax rates for the rich. We know that this has little to do with a coherent fiscal reform plan. This is political. This is about "justice". Obama's constituency is made out of the workers who were fired by Mitt Romney and the other heartless profiteers. It is about time

that these greedy vultures hear it from the people.

Be that as it may, we have entered a dangerous territory in which populists can easily manipulate a widespread perception of unfairness.

Reinstate belief in America as Land of Opportunity

It is up to wise leaders to reinstate through words and concrete deeds confidence in the traditional belief that America. People have to be genuinely convinced that America is once again an "Opportunity Society" in which all participants have a fair shot at personal success. The rules are clear and transparent. They apply in the same way to all. Nobody can game the system. Those who try are prosecuted.

I appreciate that this is a really tall order. And yet, unless we succeed, it is good bye to the America we thought we had, a land in which personal drive, rather than birth, privilege and connections, is the main variable determining a person's future accomplishments.

Monti Has No Chance To Become Italy's Elected Prime Minister

WASHINGTON – With his (typically Italian) hints and hesitations as to whether he will or will not be a candidate to lead a centrist/reformist group aspiring to form Italy's next government, Mario Monti (the outgoing, unelected Prime Minister) proved that he is not a national leader. And this is

fine. In fact it would a major surprise if he demonstrated both the willingness and the ability to move into a terrain that was never his to begin with.

No reformist party in Italy

His semi-surrender to Italy's political reality, even though not proclaimed (in true Italian fashion) in clear terms, is also Monti's admission that Italy cannot and will not be governed by what it would really need: a solid, pro-market political force (led by him) that would have the popular support necessary to dismantle layers and layers of statism, crony capitalism, excessive union power and corruption –all of it nicely intertwined with organized crime.

Monti can interpret the existing political landscape. He sees that the painful fiscal reforms concocted by his government –a technocratic, unelected government “imposed” on the country by President Giorgio Napolitano– were accepted only because of the semi-emergency fiscal predicament confronting Italy at the end of 2011.

Monti called upon to fix an emergency

Then Prime Minister Silvio Berlusconi was weak and discredited, his coalition in disarray. The left opposition was in no better shape. Credit markets were demanding premium interests to buy Italian bonds.

And so Mario Monti, a distinguished economist and University President who never held elective office, was called upon by Giorgio Napolitano, Italy's President, to form a new government of experts that would do the dirty job of raising taxes and cutting spending, with the proviso that, once it performed this difficult but limited task, Monti and his crew of technocrats would graciously leave the scene.

Run for office?

But now some are having second thoughts. There are some well-meaning (but delusional) Italians who would like Monti to stay on, participate in the elections, win the popular vote and prove that Italy can become a modern industrial democracy. Yes, they want to show the world that Italy deep down is a Western country with good rules and a credible eco-system that will make it possible for jobs creating, competitive enterprises to grow and prosper.

Monti may have liked the flattery. But he can understand the dominant statist (and in fact anti-capitalistic) political culture. And he can read the polls. The centrist, reformist coalition that would like to have him as an elected Prime Minister is way too small. Not a chance that it would win the upcoming elections.

Italians vote for those who promise the impossible

The likely winner is the Democratic Party, mostly retreated former Communists who for sure abandoned their beloved Bolshevik dreams but who are still attached to the equally stupid dream of a state capable of engineering economic growth.

In the same vein, the Italians (most of whom have understood nothing about the causes of the debt crisis) are still attached to the impossible dream of publicly funded jobs for life and/or a private sector jobs that are theirs for ever. Yes, friends, nobody gets fired, no downsizing in Wonderland.

And they will vote mostly for parties that keep promising what over time is unsustainable and thus cannot be delivered: safe jobs for all, long paid vacations, lots of benefits, light duties, steady pay, free health care, guaranteed retirement.

The left will win

The Monti government has been a short and totally out of character parenthesis of sanity imposed by extreme

circumstances in an Italian environment that in general resists reality.

Now that they have a chance to express their true wishes, most likely the Italians will elect a left wing government led by the Democratic Party. And the Democrats will make the same mistakes the French Socialists have already made: their union allies will scare investors and cause capital flight, while the government will create fake, subsidized jobs.

And then we wonder why Southern Europe is such a disaster area?

New Government in Japan No Reason For Comfort – No New Ideas, While Country Is Deeply in Debt And Population Is Shrinking – More Broadly, Population Declines Throughout the West – Lack Of Faith In The Future?

By Paolo von Schirach

December 23, 2012

WASHINGTON – Japan's Liberal Democratic Party (LDP) won the elections with an almost historic landslide. With its allies

of the Komeito the LDP now controls 325 seats in the lower house, the Diet. The Democratic Party, the humiliated incumbent, is now down to 57 seats (from 230).

No good news

So, good news for Japan, now finally with a stable government? Not really. As The Economist reminds us, this victorious Liberal Democratic Party, now under the leadership of Shinzo Abe, is pretty much like the old one: *“cynical, chauvinistic, in parts corrupt and beholden to special interests”*. It did not win because of new, bold ideas and brilliant leaders. It won by default, because the inept Democratic Party imploded.

Except for ill advised plans to force the hand of the Bank of Japan, so that it will do more to end deflation, no new ideas. In particular no new ideas that will relaunch a tired economy, and cut down a gigantic national debt, (more than 200% of GDP). And certainly no magic formula that will increase the birth rate in a country that is slowly but surely becoming a geriatric ward.

Negative fertility rates

Yes, unless well established demographic trends are quickly reversed, Japan will become a society of old people and down the line a country with a shrinking population. With a fertility rate of 1.39 children per woman, Japan is well below population “replacement levels”, (at least two children per woman). As Japan does not welcome immigrants, if not enough children are born at some point there will be no more Japan. This may sound preposterous, but it is mathematically inevitable. The only variable is the actual speed of the overall population decline.

With this rather bleak background in mind, whatever the fortunes of the new LDP government led by Prime Minister Shinzo Abe, it is hard to be bullish on a society that does not believe in itself.

No children in rich societies

More broadly, we should not ignore that we have similar or even worse population decline trends throughout the West. With the exception of the United States and France (a country in which there are laws encouraging families to have children), in Europe and Canada we see negative fertility rates. And this goes also for the richest Asian countries, big and small: South Korea, (1.23 children per woman); Taiwan, (1.10); Hong Kong, (1.09); and Singapore (0.78).

Northern Europe, with an average of 1.7 children per woman, does a little better than the South, where the average is 1.4. Former Communist countries do very badly. (Hungary, 1.41 children per woman; Serbia, 1.40; Poland, 1.31; Czech republic, 1.27).

Hard to say what is causing this population implosion across affluent or semi-affluent countries; but it is abundantly clear that shrinking societies in which the elderly will become the dominant component do not have a bright future.

Immigrants cannot be easily assimilated

In the case of Europe, the only source for replenishment are immigrants from poor Africa. While this may be comforting for those who look at numbers, the assimilation of semi-illiterate newcomers who are hardly in a position to become net contributors to these societies is a source of additional worries.

Whatever happened to the West, its self-confidence and faith in the future?

Obama Won The “Fiscal Cliff” Political Battle – He Convinced America That Problems Will Be Solved With Higher Taxes For The Rich – Very Clever, But Untrue – US Needs Entitlement Reform, New Taxes Will Solve Nothing

[the-subtitle]

By Paolo von Schirach

December 22, 2012

WASHINGTON – So far at least, it would appear that President Obama would rather be a successful leader of the Democratic Party as opposed to being remembered as a great President.

Exploit GOP vulnerabilities

The way he is conducting the “Fiscal Cliff” negotiations shows that his main intent is to exploit to his advantage the (rather silly) Republican anti-tax pledge. By saying that he would agree to have some unspecified spending cuts, as long as the GOP would accept up front tax rates increases for the wealthy, Obama started a fight among House Republicans. Some would accept Obama’s terms, assuming (or just hoping) that their surrender on taxes would lead to a deal on real spending cuts. But many Republican House members would never, ever agree to support higher taxes.

With his caucus split into two camps, Speaker Boehner cannot deliver the votes of his own troops. He is weakened as a leader, the GOP is divided and Obama can say that the unreasonable Republicans are the only obstacle to a balanced deal that would fairly distribute the burdens of deficit reduction.

Obama framed the argument: the rich have to pay more

Nice job, Mr. President. The Republicans are in a pretty bad spot because Obama framed the issue and they could not do it. Speaker Boehner did say that America has a spending problem rather than a lack of revenue problem. But this did not sway public opinion.

Right now, thanks to President Obama's unwillingness to properly describe America's structural deficit and debt crisis, not enough voters really understand how serious our \$ 16 trillion debt problem is. Furthermore, very few realize that most of our deficits are caused by large entitlement programs (Social Security, Medicare and Medicaid) that were designed in a different era, at a time in which nobody could fathom how much they would end costing today. Which is to say that we shall never successfully "bend the spending curve", this way starting a debt reduction process, without restructuring entitlements so that they can become self-sustaining. And yes, any serious reform will mean that future recipients will end up getting smaller benefits, and a later age.

No straight talk about entitlement reform

Obama has yet to say any of this publicly. My hunch is that he never will, because it would be politically inconvenient. Instead the President managed to convince a majority of Americans –opinion polls indicate this much– that to the extent that we do have a deficit problem, this should be reduced by having rich Americans pay higher taxes –their "fair

share"— at the same time tweaking spending a little bit, here and there.

Our central problem, as the President described it, is that the rich are not paying enough. Now, it may very well be true that the rich should pay higher taxes. However, this is not our central problem. If Obama were serious about deficit reduction, he would recognize that higher taxes for the rich do not even begin to resolve our structural deficits. But the President insists on higher taxes for the wealthy because this embarrasses the GOP, not because it is an indispensable component of any serious fiscal reform plan.

Obama won the battle

So far at least Obama won the political argument. The GOP lost. The Republicans are now blamed as the ideological obstructionists who are preventing a fair deal. I am not sure how they can get out of this box. Probably they cannot.

So, Obama and the Democrats are winning. Good for them. But America loses. Our structural fiscal and debt crisis will not go away simply because President Obama chose to describe it in a way that it is politically convenient for him and for the Democrats.

The deficit/debt crisis will get worse

Without serious reforms that will have to include downsizing, the cost of our large entitlement programs will rise more and more. And new taxes will not solve the problem. At some point America will no longer be in a position to borrow the money necessary to pay for Social Security, Medicare and Medicaid. And that is when we become just like Southern Europe: another exhausted country burdened by unsustainable social spending that progressively absorbed most of our national wealth.

Sure enough, we may be a long way from becoming another Greece or Spain. Most likely Obama, having completed his

second term, will be gone from the scene. But his lack of leadership on entitlement reform for the sake of short term political gain will be remembered.

Thanks TO ECB Cash Infusions, Eurozone Financial Picture Much Improved – But Systemic Weakness Remain – Greece Not Bankrupt, But In Chaos – Strikes And Daily Disruptions Are The Norm

By Paolo von Schirach

December 21, 2012

WASHINGTON – Thanks to huge liquidity injections care of Mario Draghi, President of the European Central Bank, (ECB), the Eurozone crisis subsided. But even though no country is going bankrupt because of this new cash infusion, there is no sign that a new culture of work, productivity and accountability has taken roots.

Money infusion improves picture...

Sure enough with (mostly German) money now flooding the system, the obsessively watched "spread" between German 10 year bonds and those of the poor cousins of Southern Europe (Greece, Italy, Spain and Portugal) is much smaller. Even

wretched Greece is doing a lot better. Greek 10 year bonds until a few months ago used to have a 40% yield –yes, it was 40%. Now the yield is “only” 11%. (Germany’s 10 year bonds have a yield below 2%).

..Yet, no real changes

That said, let’s not be fooled. Central Banks can provide strong pain killers; but they have no cure of deep illnesses. There is no sign that Southern Europe has turned any proverbial corners. The economies remain weak, investments are low, productivity gains non existent, unemployment still sky high, (Spain is above 25%), while long term demographic trends indicate populations becoming rapidly older and therefore more reliant on government funded social programs.

Even as the Greek Government may rejoice in looking at bond yields descending from surreal levels, the Greek national debt, with all the massive injections from the EU, the ECB and the IMF with a rating of B- is just junk. Notwithstanding years of support with more to come The Greek national debt will stay way above 100% of GDP, with no chance of significant reductions.

Which is to say that Greece is in permanent intensive care with little or no chance to get back on its feet and become a self-sustaining society if and when all these massive interventions will stop.

Greeks in denial

And this is due mostly to the simple fact that most Greeks have yet to grasp the seriousness of their predicament. The people remain in an infantile state of denial. Instead of getting busy, the Greeks keep on protesting. They protest and they strike, on a daily basis, against “everything”: lay offs, against social programs cuts, against reductions in public employment. And all this takes place in an atmosphere of angry chaos.

Strike bulletin

As the WSJ reports, (*In Greece, When Everything Grinds To a Halt, Nobody is Surprised*), there are so many strikes that some IT people set up a dedicated website called "apergia", the Greek word for strike. While the article looks like a piece of entertaining "local color", in fact it describes a country near melt down in which all public services, from transportation, to schools, to courts are disrupted on a daily basis, causing enormous economic losses, not to mention inconvenience and stress.

Wasted opportunities

Up to a point this picture of life in constant chaos may look funny, just like an old Marx Brothers movie. But if you think of it it is truly tragic. The Greek debt crisis exploded in the Fall of 2009. Greece has gone through every possible bail out package. There have been political crises, new elections resulting in a new coalition government, and what not. And yet the people still do not get the message. *"Fellow citizens, the free lunch is over. It is time to get serious, invest, work and become a productive society"*. No, Sir. We keep protesting against this injustice caused by malicious hidden enemies.

More free lunches

In fact, may be there is a reason why the Greeks are still in denial. And that is the bail outs. While the country is essentially bankrupt, the Northern Europeans have decided that keeping Greece alive through constant cash infusions is a price worth paying because a messy Greek exit from the Eurozone would have (in their estimates) even worse repercussions on European financial markets.

Self-inflicted death?

And so this means that the "free lunch" is not over for the Greeks. In fact, with the latest bail out package, they just

got some more. And it seems that they decided to use this new precious respite to protest and strike some more; this way guaranteeing that the hoped for turn around will never take place. The web site detailing the daily strikes may very well become Greece's obituary: *"Death By Self-Inflicted Thousand Cuts"*.

Out Of Control Entitlement Spending Will Bankrupt America – Beyond That, Studies Show That “Found Money” Makes People Less Happy – Well Being Is Increased By Personal Efforts Resulting In Earned Income

By Paolo von Schirach

December 20, 2012

WASHINGTON – Broadly speaking everyone should acknowledge that spending priorities in a democracy are a reflection of beliefs and values. Therefore we should all be able to agree that America, just like many other advanced industrial states, has come to embrace an entitlement culture. This is to say that our value system today accepts the idea that some categories of citizens, (the elderly, the poor, some minorities, and what

not), “deserve” to receive something from the Government that will help them overcome their hardships.

Entitlement spending is contentious

That said, if this is indeed so, any debate on this transformation involving values and spending can become very contentious, if not poisonous. We all remember that when Mitt Romney made the point that about half the country will vote for the Democrats no matter what, because the Democrats will guarantee current and future benefit, this assertion caused an uproar. Romney’s comments appeared insensitive. Essentially he said that too many Americans are “takers”, people who demand something for nothing, etc. Politically this was a disaster. No way to get the votes of the “takers”, on the promise that President Romney would cut their benefits.

But even if we assumed that deserving people are getting benefits, then there is the issue of affordability. The trend affecting all major industrial democracies is one of larger deficits and higher debt due to increased social spending, in part due to the fact that the elderly (they get most of the benefits) have become a larger segment of the total population.

“Found money” is in fact bad for you

That said, there is an additional, if more complex, perspective. Some would argue that receiving something for nothing, especially if this is on a semi-permanent basis, is bad for the psyche of the recipients. Arthur Brooks, the president of the American Enterprise Institute, a Washington conservative think tank, argues in a WSJ op-ed piece, (*America’s Dangerous Powerball Economy*, December 20, 2012), that in general people are much happier when their earnings are a direct result of their own efforts. “Found money”, be it from a lottery win or from welfare does not reinforce individual well being and any sense of self worth. Brooks

argues that the issue before us is not just about the affordability of entitlement spending; but its psychological consequences.

"It is a simple fact that the United States is becoming an entitlement state. The problem with this is not just that it is bankrupting the country. It is that the entitlement state is impoverishing the lives of the growing millions dependent on unearned resources".

Bad even if affordable

The argument is clear. Even if we could afford all this public spending on subsidies and benefits, this largess has a negative impact on our society. People accustomed to getting "stuff" may be better off economically, but they are neither happier nor more self-confident. Subsidies kill the entrepreneurial spirit of self-reliance at the foundation of so many American success stories.

Good old days of self-reliance?

The essence of the argument is that money is of course essential for all Americans; but how you get it is apparently even more important than how much you get. Brooks indicates in his essay that we may have a golden opportunity to rethink and recalibrate social spending in America so that it is both affordable and properly targeted. Very true. But the politics of all this are toxic.

Those who favor benefits will claim that they all go to deserving people and that those who want cuts are cruel and heartless. This is a politically savvy way to avoid a serious debate on the fact that growing entitlement spending created a welfare mentality that has gradually transformed America –and not in a good way.

Accountability Review Board Found That Security Was “Profoundly Weak” In Benghazi – Yet Do Not Expect Top Policy Makers To Pay Any Price For The Death Of Four Americans – Secretary Of State Clinton About To Leave Office, May Manage Not To Testify

By Paolo von Schirach

December 19, 2012

WASHINGTON – The attack against the US Consulate in Benghazi, Libya which occurred right before the November elections, (on September 11, as it were), resulting in the death of four Americans, including Chris Stevens, the US Ambassador, was immediately treated by the White House as a political problem.

A political problem

We know that there was a deliberate effort to muddy the waters by claiming that this attack had nothing to do with US policy failures. It was all about the now famous anti-Muslim “video”. We also know that UN Ambassador Susan Rice who was dispatched

by the White House to tell this unlikely story is now a political casualty of this spinning. Once it became apparent that she knew that what she was saying in public was not accurate, she lost her chance to become the next Secretary of State.

Secretary Clinton's role

Still, it is amazing how Secretary of State Hillary Clinton, the cabinet officer in charge of all US diplomats, managed to avoid any political damage. At least until today. Now her responsibility in this sorry mess has been officially established.

Accountability Review Board

An Accountability Review Board, (appointed by Secretary Clinton herself), co-chaired by Admiral Mike Mullen, former Chairman of the Joint Chiefs and Thomas Pickering, formerly a high ranking US diplomat, found that the security arrangements in Libya were "profoundly weak". The report also found "lack of proactive senior leadership" in managing security. In other words, nobody was minding the store.

The report goes into the details of how locally hired Libyan security firms were supposed to provide security for the US diplomatic facilities and personnel in Tripoli and how they failed to do their job. The report also indicates that it was believed by all that the US should not have more of its own security people on the ground because they could be perceived as hostile by the Libyans.

The report cannot state in a definitive way whether the attack against the US Consulate in Benghazi was indeed orchestrated by al Qaeda or not. It is still not clear who did what.

Clear finding: inadequate security

Be that as it may, it is now abundantly clear that the

security arrangements in place at the US Consulate in Benghazi at the time of the attack were grossly inadequate. It is also clear that the Secretary of State, that would be Hillary Clinton, was and is responsible for providing adequate security for US diplomats stationed abroad. Therefore it should also follow that Clinton and her staff were grossly negligent and that this negligence resulted in the death of four Americans, including the US Ambassador to Libya.

Will Clinton be damaged?

At least in theory this should be enough to cause a major embarrassment for Clinton who is about to leave her job as Secretary of State with sky high favorable opinion polls. But may be she will end up avoiding blame after all.

So far Clinton managed not to testify on the issue. And now it looks as if she will not appear before Congress because... she is sick. So, with this or that excuse, she may actually manage to avoid any direct questioning on the Benghazi disaster before she leaves office in January, with her reputation just a bit scarred; but still mostly intact.

Politicians always ahead

This Mullen-Pickering *ad hoc* Accountability Review Board was supposed to determine who did what and who in the end is "accountable". So far, as a consequence of this scathing report, we have had only the resignation of Assistant Secretary of State for Diplomatic Security Eric Boswell, and of his deputy. But it turns out that the expert politicians like Clinton are always a step or two ahead. Four Americans are dead due to major incompetence. And yet the Secretary of State –the person ultimately responsible for this security failure– most likely will leave the scene without a scratch.

Legislation To Ban The Sale Of Assault Weapons Will Do Nothing – There Are 300 Million Guns Held By Citizens In America, Way Too Many – Some Of Them Do End Up In The Hands Of Mentally Disturbed People

[the-subtitle]

By Paolo von Schirach

December 18, 2012

WASHINGTON – California Senator Dianne Feinstein wants to reintroduce a bill that will ban the sale of assault weapons in America. At first glance it seems like a good idea. Even if we want to respect the constitutional right to bear arms, assault weapons are not indispensable. So, assuming that the law will be introduced and passed, is this the proverbial “first step in the good direction”?

Empty gestures

Not really. This is just another empty gesture, well meaning but worthless. America is already awash in weapons of all kinds, including millions of assault weapons. I have heard different numbers from a variety of experts. Some say 250

million fire arms in the hands of private citizens in the US, some say 300 million. These are astonishing numbers.

And consider that if there is any prospect of a new ban on assault weapons, millions of people will rush to buy them before the prohibition will kick in, thus vastly increasing the numbers of weapons already in private hands.

Besides, and this is shows how the effort is just a political empty gesture, a previous ban on the sale of assault weapons (from 1994 to 2004) had no appreciable consequences whatsoever. No impact on their use and/or on the homicide rate.

Too many guns in circulation

But the real issue is that not much can be done with laws partially restricting this or that. There are just way too many weapons in the hands of average Americans. And possessing all sorts of weapons, regardless of numbers and features, according to the prevailing –if preposterous– interpretation of the Second Amendment, is a constitutional right. Without a major cultural transformation, no way to outlaw or severely restrict guns in America.

And quite frankly there is no direct correlation between the number of guns in private hands and the number of homicides. In fact, with all these weapons floating around, homicides are way down in America. True enough, mass slaughters just like the one in Connecticut, are up. Still, even though these are horrible events, such massacres do not occur on a daily basis.

Mentally ill people can get guns

It is obvious that in these cases we have a bad combination of mentally disturbed people and a system that makes it relatively easy for them to acquire weapons, or to use weapons owned by others, as in the case of Adam Lanza, the 20 year old Connecticut shooter who used guns owned by his mother.

Politicians want to show they are doing “something”

President Obama says that he is going to do “something”. Senator Feinstein wants to reintroduce a ban on certain categories of weapons that (as we know from experience) will have no impact. So, this is the moment for politicians to appear serious and look busy.

Still, in the end all this activism will do nothing. In all this, the good news is that, (without any new laws), overall fewer people get killed in America. The bad news is that the system as it exists makes it relatively easy for deranged individuals to plot and execute mass murder because they can easily obtain weapons.

Stop deranged individuals before they act?

Of course, it would be great to be able to spot and apprehend all would be mass killers before they act, but this is clearly impossible. America is a free society. You cannot keep an eye on everybody. You cannot arrest all mentally unstable people on suspicion that some day they may do something really horrible.

This being the case, as deranged individuals and weapons make a terrible combination, realistically we cannot create a large enough shield that will prevent other events like the one in Connecticut.

No Sign Of Seriousness In Resolving America's Long Term

Fiscal Crisis – President Obama Is not Leading, He Blames The Republicans – Short Term Political Gain For Him, A Bad Outcome for The Nation

By Paolo von Schirach

December 15, 2012

WASHINGTON – The way in which the “Fiscal Cliff” negotiations have been conducted so far by the White House is not very encouraging. Too much posturing. Too much demagoguery. In all this I see a desire to gain political points and not an honest determination to tell the truth about America’s long term fiscal crisis and start working to fix it.

GOP is to blame

Just one example. The White House says that if there is no agreement by December 31 and therefore tax increases for all Americans will kick in at the beginning of 2013, the Republicans are to blame. *You see, these bloody minded ideologues, these troglodyte defenders of the fat cats, are doggedly determined to avoid higher taxes for the rich –you know the fair and even handed approach that we proposed and all sensible people have endorsed– and in so doing they will prevent a good deal to be hammered out, this way causing taxes to go up for the struggling middle class. Shame on them!*

Only posturing

So, this is it? This is the essence of America’s problems? The

real issue at the root of our systemic fiscal crisis is that the rich are not paying their “fair share”? This is cheap populism, easy appeal to emotions through the old fashioned “Us (the many and good), versus Them (the few, the greedy).

This approach may work politically but it will do little to forge a solid bipartisan agreement on what should be the proper size of entitlement programs, who is eligible and when, and how do we pay for all this.

The nature of our problem

In a sense, the problem confronting us is quite simple. Just like other advanced Western nations, America is beginning to suffer the unintended consequences of generous health and income support programs for the elderly that over time have proven to be way too expensive.

Medicare is the worst offender, simply because it has become a large component of a horribly conceived American health care sector that seems to be purposely designed to be grossly inefficient, while driving up costs year after year without any commensurate value.

Bad demographic trends

These are the issues. And, just like in other rich countries, they are made worse by unfavorable demographics. While America in this regard is doing somewhat better than most of Europe and Japan, the trends are worrisome. As birth rates have declined, we have too many eligible old people, and not enough young active people paying into the system.

Let’s make this clear. The entire architecture of all entitlement programs rests on the assumption that a large number of working people pay into the system so that relatively few retirees can get the money until they die. It also rests on the parallel assumption that retirees will collect for only a few years before they die. But these

assumptions are now gone. There are far fewer active people paying into the system. In the meantime, because of medical advances, retirees live longer, and this means that they collect much more. At the same time, the cost of programs seniors enjoys has gone up substantially. Here you have it. More beneficiaries getting more for a longer period of time and a smaller pool of contributors.

This system cannot work anymore

Simply stated, the system as originally designed cannot work anymore. If we want to keep it as is, then we need to increase tax revenues quite substantially, causing economic dislocation. If we do not want to increase taxation, then we have to downsize these programs, while narrowing eligibility criteria.

Conceptually this is very simple. Politically this is really heavy lifting. People need to be told that going forward they cannot expect all these goodies. But it is possible to tell the truth. If America's leaders really want to lead, they can explain the nature of the problem and then engage in serious reforms aimed at restoring fiscal health, this way "bending the spending curve" and at the same time injecting new confidence in our future.

GOP should abandon its no new taxes pledge

The Republicans have to overcome their ideological biases. As we try and fix this mess, it is appropriate to have more revenue, as long as we do not punish the creators of new economic activities, this way killing the will to invest and start new businesses. The GOP has to get over its almost theological "no new taxes" pledge.

Will this President lead?

That said, we have only one President. And it is up to just re-elected President Obama to lead, even if this may cost him

politically. He has to get out and tell the truth about America's long term fiscal predicament. Our system of social protections is unsustainable and essentially broke. America needs a new Grand Bargain, a new consensus on the appropriate and fair size of entitlements.

This is more important than gun laws

In the aftermath of the Connecticut massacre, a teary Barack Obama pledged to do something about gun laws, whatever the politics. This sounded courageous, even daring, given the way Americans feel about their "right to bear arms".

Well, with due respect to the children killed in the shooting and their mourning families, our fiscal crisis is a lot more serious. America is getting close to its own demise. Every day that goes by it gets worse. Our national debt keep going up. In the end it will choke us. The President should summon all leaders and engage in serious talk to the Nation.

But, for right now he is just a clever politician. And this is a disappointing indication that Barack Obama does not want to lead. He wants to reinforce his popularity among his core constituents. Good for him, bad for America.

America Stunned By Mass Killing In Connecticut – Flags At Half Staff In

Washington, President Obama In Tears – Yet Nothing Will Be Done To Seriously Restrict Access To Fire Arms – A Misinterpreted Second Amendment

By Paolo von Schirach

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WASHINGTON – Mass slaughters keep happening in America. At Virginia Tech the victims were young adults. Today in Newtown, a small Connecticut community, they are little children and some of their teachers killed in The Sandy Hook Elementary School. All of them murdered by deranged individuals who, God knows for what reasons, went on shooting rampages.

Washington mourns

Today, in the wake of this Connecticut shooting perpetrated by 20 year old Adam Lanza which caused the death of almost 30 people, America is stunned. President Obama ordered flags on all government buildings to fly at half staff. House Speaker John Boehner ordered the same for the US Capitol. Washington mourns. When President Obama spoke to the Nation he could not control his tears. All this is very moving. Yet, I suspect that very soon this mass shooting that killed almost 30 people, most of them little kids, will be forgotten –just like all the other instances of mass shootings have been forgotten.

Guns and crazy people

The fact is that America just does not want to deal with its

senseless addiction to guns. And when you mix easily obtainable guns and crazy people able to get hold of them without too much effort, we have to consider ourselves lucky that there are relatively few such incidents involving a deranged armed person deciding to go and kill people, most of them total strangers.

The Second Amendment

Our gun culture is supposedly blessed by the Second Amendment to the US Constitution, itself part of the Bill of Rights. This is the famous "*right of the people to keep and bear arms*". And yet, if you read the entire text of the Amendment, its intended meaning should be obvious:

"A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed".

This was December 1791, ladies and gentlemen. A difficult time in which the young American Republic was moving its first steps. At the time the issue at hand was the citizens' right to bear arms in order to protect the Republic from would be tyrants. The issue was the right to keep Militias; and Militias had to have the right to bear arms. Hence the constitutional protection of this right. The noble goal of the Second Amendment was to protect freedom.

Guns for everybody

But over time our collective interpretation of the Second Amendment morphed into a sacrosanct right to self-defense that includes the legal right to purchase almost any kind of weapon with the easiness we buy a gallon of milk.

It is true, as the spokesmen for the National Rifle Association, the powerful gun lobby, gently remind us, that "*Guns do not kill people. People kill people*". Absolutely.

However, it is also obvious that a lot of easily available guns create a lot of opportunities for bad or crazy people to kill fellow citizens. And when deranged people have easy access to guns, then we may have incidents like today's shooting at the elementary school in Connecticut.

Fewer guns, fewer incidents

It is true that it would be impossible to absolutely prevent all such incidents. A determined bad guy may find a way to get a weapon, even when doing so is illegal. All true. Still, if guns were not so easily available, chances are that we would have fewer such incidents of shooting rampages. Unarmed crazy persons may be dangerous enough. Crazy persons with guns are deadly.

But unfortunately I suspect that, even though all the above is just simple common sense, nothing much will be done to seriously restrict access to fire arms. Most Americans are still very much in love with their guns. The Second Amendment is treated as a divinely inspired utterance, literally a God given right that no man can take away from us.

A price worth paying?

This being the case, we have to conclude that America is in fact prepared to accept more mass slaughters such as this one in Connecticut, if this is the price we occasionally pay so that our good citizens can continue to enjoy "*the right of the people to keep and bear arms*". May one day we shall grow up and abandon this nonsense. But not just yet.