

# IS OBAMA WORRIED THAT FAT AL GORE'S DROUGHT WILL THREATEN HIS REELECTION?



I'm beginning to wonder whether Obama is worried the drought—particularly in the Midwest—could imperil his reelection campaign. I say that because he seems to be avoiding addressing it on the campaign trail. (Compare that to the way he has addressed other tragedies, such as his well-received conversations with the victims of the Aurora shooting.)

To the best of my knowledge, this July 18 photo is as close as Obama has gotten to publicly expressing concern about the drought. And in a press briefing on the drought the same day, both participants—Tom Vilsack and Jay Carney—avoided addressing questions about whether Obama would visit drought affected areas.

Q Secretary, should we be expecting that you and the President will be heading to a drought-stricken area soon? That's normally a path that you take when you're trying to show something is a priority.

SECRETARY VILSACK: Well, I can't speak obviously for the President's schedule, but I can tell you that actually I was

in Pennsylvania yesterday. We do have the Deputy Secretary going to Georgia tomorrow. We've got the Under Secretary of the Farm Service Association traveling to several states that are drought-impacted and affected.

[snip]

Q Is the President going, Jay, to go anywhere –

MR. CARNEY: I don't have any scheduling updates for the President to provide to you today. If and when I do, I'll provide them.

Now, I'm not trying to concern troll about the President's schedule, in the way Republicans are criticizing Obama for not meeting with his Jobs Council. Nor am I saying Obama's not responding to the drought; the USDA has been making low-cost loans available to those in areas declared a disaster, as well as certain other things that may provide immediate if not long-term relief.

Rather, I'm raising it because I really do think it might affect the election. Consider how many swing states are affected by the drought (conditions have gotten better in MI of late).



And while IA has not been included among the counties in which Vilsack has declared a disaster, its corn harvest has been affected (with 40% deemed poor or very poor on July 22). And their livestock will be affected as well.

All that's before food prices go up in time for the election. Vilsack seemed to try to insulate the Administration from responsibility for that in the same July 18 press conference.

The question that a lot of folks are asking is what will the impact be on food prices. Because livestock producers will begin the process of potentially reducing their herds in light of higher feed costs, we would anticipate in the short term actually food prices for beef, poultry, pork may go down a bit, but over time they will rise. We will probably see those higher prices later this year, first part of next year. Processed foods obviously impacted by crop yields, and we will likely see the increase of that also in 2013.

It's important to note that farmers only receive 14 cents of every food dollar that goes through the grocery store, so even though prices on commodities increase significantly, it doesn't necessarily translate into large increases for food prices. And if, in fact, people are beginning to see food price increases now, it is not in any way, shape, or form, related to the drought. And we should be very careful to keep an eye on that to make sure that people do not take advantage of a very difficult and painful situation.

Though he didn't address speculation—which drove up prices in 2008 and which the Administration has not done enough to fix.

The whole thing reminds me how a year ago the President wouldn't brag about the auto bailout (because it did not yet poll well; though predictably it now polls better) nor the energy jobs his Administration supported (presumably because of the Solyndra faux scandal).

While leads me to wonder whether he's afraid to

open up the question of climate change. Vilsack, at least, refused to address it in that press conference, effectively saying that Monsanto would save us all.

Q Could you talk a little bit about the drought itself? Is it very unusual? Did anyone see it coming? Is it from climate change? Is there anything you can do to prepare?

SECRETARY VILSACK: I'm not a scientist so I'm not going to opine as to the cause of this. All we know is that right now there are a lot of farmers and ranchers who are struggling. And it's important and necessary for them to know, rather than trying to focus on what's causing this, what can we do to help them. And what we can do to help them is lower interest rates, expand access to grazing and haying opportunities, lower the penalties associated with that, and encourage Congress to help and work with us to provide additional assistance. And that's where our focus is.

Long term, we will continue to look at weather patterns, and we'll continue to do research and to make sure that we work with our seed companies to create the kinds of seeds that will be more effective in dealing with adverse weather conditions.

It's one of the reasons – because they have done that, it's one of the reasons why we're still uncertain as to the impact of this drought in terms of its bottom line because some seeds are drought-resistant and drought-tolerant, and it may be that the yields in some cases are better than we'd expected because of the seed technology. [snip]

Q Mr. Secretary, I want to follow through on the climate change question.

Is there any long-range thinking at the Department that – you had the wildfires and the heat wave and the rise in sea levels, and now this drought – that there's something more going on here than just one year of a bad crop, and you need more than better seeds, maybe do something about climate change?

SECRETARY VILSACK: Our focus, to be honest with you, in a situation like this is on the near term and the immediate, because there's a lot of pressure on these producers. You take the dairy industry, for example. We've lost nearly half of our dairy producers in the last 10 years. They were just getting back to a place where there was profitability and now they're faced with some serious issues and, again, no assistance in terms of disaster assistance.

So that's our near-term focus. Long term, we obviously are engaged in research projects; we're obviously working with seed companies. Don't discount the capacity of the seed companies. These technologies do make a difference. And it's one of the reasons why, at least based on the yields today, we're looking at potentially the third largest corn crop in our history. Now, that may be adjusted downward, it may be adjusted upward – depends on the rain, depends on circumstances. But even with the difficulties we're experiencing, we're still looking at a pretty good crop as of today. Tomorrow it could change, obviously.

Now maybe my instinct is incorrect and this won't affect the campaign, either directly or indirectly. Maybe the Administration is gambling they can offer sufficient short term relief in IA and other must-win states to stave off the political effect of this drought until after the

election. Maybe the Administration is just waiting a few weeks to get a better sense whether the dire predictions about the drought come true.

But for the moment, let me just register surprise that the campaign has been as silent about the drought as it has.

## MITT AND HIS BUDDIES LOOTED ALMOST \$10 TRILLION FROM REAL ECONOMY

**Global Distribution, Net Financial Assets**

		Total Number	Avg. Net Financial Worth Per Capita (\$MM)	Total Liquid Net Worth (\$T)	Of Which: "Offshore" (\$T)	% of All Global Net Financial	% of All People
"Happy Few"	>\$20 MM	91,186	\$183.1	\$16.7	\$9.8	38.3%	0.001%
"Just Rich"	>\$5-\$20 MM	829,020	\$22.8	\$18.7	\$5.1	29.4%	0.02%
"Barely Rich"	>\$1-\$5 MM	8,415,794	\$2.1	\$17.4	\$4.7	31.8%	0.13%
GLOBAL ELITE	All >\$1 MM	9,336,000	\$4.4	\$44.8	\$19.6	81.3%	0.14%
EVERYONE ELSE		6,641,863,592	\$6.0058	\$38.3	\$1.0**		99.86%
TOTAL		6,651,213,592	\$9.81	\$95.1	\$20.6	100%	100%

\*\* Foreign currency (mainly dollars and euros)  
Source: PL/Cap Gemini (2011-09); World Bank data; UN WIDER (07); US Treasury (09); our analysis © 2011

The  
Tax  
Justice  
Network  
just  
released  
an

updated version of a report showing how much money gets siphoned out of the real economy into tax shelters: conservatively, \$21 Trillion, and possibly as much as \$32 Trillion.

I'll have more to say about what the report says about the how the super wealthy have done in the last decade and which banks have been helping to loot the real economy.

But for now, consider where Mitt Romney fits into this picture. TJN shows that it's really just the richest of the rich—those 91,186 people who make up the top .001%—that account for the biggest chunk (\$9.8 Trillion) of this looting.

Not only is Mitt a member of that tiny club. But his net worth—commonly reported to be \$250 Million but, given all the secrecy, possibly

much more—puts him well above the mean \$183 Million that members of this club enjoy.

And Mitt and his buddies in this very elite club have stashed 18% of the total liquid net worth of the world in places where not only can't potential presidential voters know about it, but it also remains outside the kind of circulation that would really contribute to real economic growth.

Last week, Obama released an ad that said Mitt is the problem. TJN shows just what a big problem Mitt and his buddies really are.

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## **YESTERDAY'S SOME-SAYERS HAVE BECOME TODAY'S FACT-CHECKERS**

Paul Krugman makes a very good argument why the Bain attacks on Mitt Romney are necessary.

There is, predictably, a mini-backlash against the Obama campaign's focus on Bain. Some of it is coming from the Very Serious People, who think that we should be discussing their usual preoccupations. But some of it is coming from progressives, some of whom are apparently uncomfortable with the notion of going after Romney the man and wish that the White House would focus solely on Romney's policy proposals.

This is remarkably naive. I agree that the awfulness of Romney's policy proposals is the main argument against his candidacy. But the Bain focus isn't a diversion from that issue, it's complementary. Given the realities of

politics – and of the news media, as I’ll explain in a minute – any critique of Romney’s policies has to make use of his biography.

The first point is that voters are not policy wonks. They do not go to the Tax Policy Center website to check out distribution tables. And if a politician cites those distribution tables in his speeches, well, politicians say all kinds of things.

Nor, alas, can we rely on the news media to get the essentials of the policy debate across to the public – and not just because so many people get their news in quick snatches via TV. The sad truth is that the cult of balance still rules. If a Republican candidate announced a plan that in effect sells children into indentured servitude, the news reports would be that “Democrats say” that the plan sells children into indentured servitude, with each quote to that effect matched by a quote from a Republican saying the opposite.

He’s right. While I alluded to this in my post on Glenn Kessler’s changing belief in the seriousness of SEC filings, it deserves exposition directly. Glenn Kessler, back in the days when it was time to distinguish Gore’s economic plans from Bush’s, back in the days when it was time to consider whether Bush’s huge tax cuts would serve the interest of the country, committed just that kind of journalistic sin.

I pointed to this May 3, 2001 story, titled, “Some See Deficiencies in Bush’s Budget Math,” as just one example. It cited Rudolph Penner as the only expert speaking in any way supportively of Bush’s tax cut.

This fiscal situation, despite the uncertainties, is extraordinarily good.

But of course, Penner doesn't actually say the tax cut is a good idea, just that Bush effectively inherited a good fiscal situation from Clinton.

Kessler then goes on to provide a bunch of anonymous quotes from Bush officials about the tax cuts—many admitting they're not providing a full picture of the cuts and budget increases—as well as Ari Fleischer providing an excuse for why Bush didn't include the cost to privatize social security in his estimates.

Which leaves this as the only non-Administration quote in support of the tax cuts.

“Look, [the spending ceiling is] going to hold because you have a different team,” said Sen. Pete V. Domenici (R-N.M.). “We’ve got the president in town.”

Compare that to evidence like this:

“The president is proving his critics right,” said William G. Gale, a budget expert at the Brookings Institution. “The ink isn’t even dry on the tax cut, and he’s already moving ahead on Social Security and defense. The president’s budget adds up only if you think the government will not do anything other than it has been doing.”

[snip]

One budget expert calculated that just the \$100 billion in tax refunds will result in \$73 billion in additional interest payments over the next 11 years. The entire tax cut would increase interest costs by about \$400 billion, thus reducing the surplus by \$1.75 trillion.

The budget agreement would increase spending on annually funded federal programs in fiscal 2002 by 4.9 percent, or about \$667 billion, slightly higher

than the 4 percent sought by the president. The rest of the nearly \$2 trillion federal budget goes to pay for programs whose costs can't be easily reduced – Social Security and Medicare, and interest payments on the national debt.

And while Kessler likely didn't stamp that case with the "Some Say" headline, he failed to do what a journalist presenting such evidence should have: said clearly that Bush's budget numbers didn't add up, even before you accounted for the increases in defense and social security spending Bush planned (to say nothing of unexpected expenses like post-9/11 Homeland Security and two wars).

Mind you, that wasn't the only version of such a story Kessler wrote. He also wrote the following "Some Say" stories:

May 3, 2000: Candidates Duel Over Tax Cuts; Gore and Bush Trade Analytical Shots, Seeking an Imprimatur of Fiscal Responsibility

May 18, 2000: Gore Touts Social Security Plan; Critics Say It Would Do Little to Avert Potential Crunch

August 23, 2000: In Tax Plans, Truth Is Closely Budgeted

October 3, 2000: 'Facts' and the Debate: A Guide to Key Claims

October 4, 2000: Both Sides Made Math An Elastic Concept; Dueling Data Reflect Philosophical Divides [Kessler finds fault with Gore for include interest and estate taxes in his claims on the cost of Bush cuts]

October 6, 2000: Both Debaters Play Games With Numbers [This not only repeats pundit lies about the solvency of Social Security, but the only fault it finds with Lieberman is that Gore's

budget estimates were more conservative than Congress']

October 10, 2000: Clinton Caveat On Surplus May Cut Both Ways; Bush, Gore May Overstate Amount Available for Tax Cuts, Spending [This finds fault with Clinton's claim that it'd be harder to eliminate a tax cut than rein in spending; heh]

January 17, 2001: Clinton, Bush Officials Quarrel Over Surplus

February 18, 2001: Some Want to Keep the 'Death Tax' Alive; Group of Wealthy People Calls Bush's Plan 'Bad' for Country and Economy

March 1, 2001: Bush Tries to Avoid GOP's Past Pitfalls; Critics Believe Long-Term Budget Woes Loom

Now, along the way, Kessler did point to a number of studies that showed Bush's tax cut would leave us in a hole; he did point to the accounting gimmickry behind it. But when it came to Democrats versus Republicans, the cult of balance won out over informing WaPo's readers that Democrats were right in their predictions that Bush's tax cuts would bring back deficit spending.

And they were right.

I don't mean to pick on Kessler; I just happened to review these stories the other day while looking at Kessler's long-lost believe in SEC filings.

But they do demonstrate how Kessler has been part of the problem for a long time.

Frankly, his obstinacy in the face of mounting evidence actually serves the country better than his efforts to balance Bush's budget gimmickry with Democratic corrections, if only as a foil. After all, his now comical refusal to look at the evidence provides catnip to his fellow DC

journalists, not to mention frames this as a criminal issue.

But that does prove Krugman's point. We tried winning important economic questions through wonkery. That—and reporting like Kessler's—is what put us into such a big financial hole. It's a price we can't afford to pay again.

People get that the CEO of Bain Capital and firms like it are one of the reasons why their own economic lives keep getting worse. And the more Kessler tries to argue that a CEO should not be held responsible for the actions of his company, the more it plays into outrage about the kind of lack of accountability people like Mitt have enjoyed for a very long time.

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## **DO REPUBLICANS WISH THEY RETROACTIVELY HAD LET NEWT SUSTAIN HIS BAIN ATTACKS?**

[youtube]BLWnB9FGmWE[/youtube]

Two soundbites from the Sunday shows have made a big stink: Mitt Romney's former Bain partner, Ed Conard, admitting that Mitt was legally CEO of Bain until 2002. And GOP fixer Ed Gillespie, distancing Mitt from the outsourcing Bain did by insisting Mitt had "retroactively retired" before all the bad stuff happened but while (Conard confirmed) he was legally CEO.

All that's on top of the fact that Mitt was profiting mightily from this vulture capitalism and siphoning the money to his offshore havens in Bermuda and Cayman Islands, which we're not yet really talking about.

More telling, though, is the list of Republicans now calling on Mitt to release more his tax

returns:

- Columnist Bill Kristol
- AL Governor Robert Bentley
- Lobbyist and former MS Governor Haley Barbour
- Columnist George Will
- Strategist Matt Dowd
- Strategist Ana Navarro
- Strategist John Weaver

Now, none of these people—with the possible exception of Barbour—are big insiders who have any leverage over Mitt. Moreover, I can't think of any way that any of them would definitely know the content of Mitt's tax returns.

But what if they do? What if they know or suspect that those tax returns would expose not just Mitt's role in Bain (including how much they paid him in salary in 2001 and 2002 to do, Mitt claims, absolutely nothing), but how much money he siphoned away to tax havens so as to avoid paying his fair share to the country he now wants to lead? What if they know the tax returns will doom his campaign, and want to force him to release them now, while they can still replace him with Chris Christie or someone else? (To be fair, with such a diverse mix of GOPers, I suspect they've got different motives for their comments, including—some of them—good faith belief releasing the forms would be best.)

Which makes me think back to the week in January when the GOP had the chance to fully expose what Mitt did at Bain—with the video Newt's SuperPAC released above—but backed off that chance. (h/t ZachBeauchamp for finding a working copy)

Newt released the video on January 7. By January 10, Newt accused Mitt of undermining capitalism. But then, on January 11, he reversed himself, claiming he overstepped and asking his SuperPAC to edit the video, using the same claims of inaccuracy advanced by fact checkers that have foundered on the obvious facts included in SEC

filings now. But by January 17, he was calling on Mitt to release his tax returns. Newt won the South Carolina primary on January 21. On January 24, Mitt released a single tax return, showing he paid very little in taxes and had tax shelters in Switzerland (now closed), Bermuda, and Cayman Islands, but revealing nothing about what he did in the key years in 2001 and 2002. Since Mitt won the nomination, Newt has even warned Democrats not to attack Mitt on the same terrible Bain record he himself did.

I sort of get the feeling Newt knows what's in Mitt's tax returns. Indeed, I've seen oblique tweets from a few Republicans this weekend saying "I told you so" and paying off debts, leading me to believe more than a few Republicans tried to warn their party that this Bain thing would blow up and are now being vindicated.

In any case, I wonder (as does Steve Benen) whether Republicans are trying to claim a mulligan, now that this Bain record has come back into play. I wonder if they're wishing that Newt had at least sustained his attacks on Mitt's Bain record, so they wouldn't be saddled with such a toxic—and potentially worsening problem—in their candidate. That's not to say the GOP actually wanted Newt to beat Romney with these attacks; he's guilty of the same arrogance and corruption, if on a smaller scale. That's not to say they liked the way obvious attacks on Bain discredited a kind of capitalism that they not only support, but is heavily funding the GOP side of this campaign (the Democratic side, too, though not as generously as it did in 2008). But had Newt sustained that attack, they probably wouldn't be dealing with Mitt's meltdown right now, and probably wouldn't be dealing with Mitt, the candidate, at all.

For the record, there's one Republican who has definitely seen Mitt's tax returns. As Brian Beutler pointed out the other day, McCain's former campaign manager Steve Schmidt saw 20 years of Mitt's tax returns when vetting Mitt to

be John McCain's Veep. And at least in January—he has remained conspicuously silent during this latest flap—Schmidt said Mitt shouldn't release anymore tax returns.

I think that he's the front-runner in the race. I think he's the most likely person to be the nominee of the party. And I would never advise him to disadvantage himself with issues like his taxes, against what is precedent for campaigns.

I think that he will probably do what presidents and vice presidents typically have done with regard to the release of their taxes. But if it was good enough for John Kerry, it ought to be good enough for Mitt Romney. He shouldn't release information that disadvantages himself and opens up a lot of attacks.

~~(I've asked Beutler for the date of this quote—it sounds like it came before Mitt released any tax returns, but I'm not clear if it came after Newt had released the video.)~~  
Update: Schmidt made these comments on January 10, the last day of Newt's attack on Bain's record. Interesting.

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## **GLENN KESSLER DIDN'T USED TO TREAT SEC FILINGS AS BOILERPLATE**

As gobsmacked as I am that no one can seem to find the people running Bain Capital from 1999 to 2002, when Mitt Romney was officially listed as its CEO, Chairman, and President, I'm equally shocked by Glenn Kessler's claims that SEC

documents are not to be trusted.

Kessler's scarequoted SEC documents

On Thursday, Kessler suggested SEC filings don't mean what they say.

There appears to be some confusion about how partnerships are structured and managed, or what SEC documents mean. (Just because you are listed as an owner of shares does not mean you have a managerial role.)

Then on Friday, he mocked the journalistic convention that treated "SEC documents" (his scarequotes) as factual.

There is a journalistic convention that appears to place great weight on "SEC documents." But these are public filings by companies, which usually means there are not great secrets hidden in them. The Fact Checker, in an earlier life covering Wall Street, spent many hours looking for jewels in SEC filings.

[snip]

We had examined many SEC documents related to Romney and Bain in January, and concluded that much of the language saying Romney was "sole stockholder, chairman of the board, chief executive officer, and president" was boilerplate that did not reveal whether he was actually managing Bain at the time. (For instance, there is no standard definition of a "chief executive," securities law experts say, and there is no requirement for anyone to have any responsibilities even if they have that title.)

Trillions of dollars are traded based on what these documents say, but a purportedly respectable journalist who used to cover Wall Street says they're just boilerplate.

Only, he didn't used to say that.

As Kessler reminds his readers, he used to cover finance. So to see how he, as a finance reporter, treated SEC documents, I thought I'd review what he wrote during precisely the period Mitt's corporate whereabouts are in such dispute, 1999 to 2002. Kessler covered finance at the WaPo from the time he moved there in 1998 until about May 2, 2002, when he started covering foreign affairs. Thus, Kessler stopped covering finance just weeks after the time Mitt resigned from the boards of Marriott and Staples (presumably Mitt's severance deal with Bain was around the same time).

SEC filings, more SEC filings, and no boilerplate

It was an interesting time to cover finance, too. In addition to a slew of articles engaged in one-side, other-side journalism citing experts warning that Bush's tax cuts might bring back deficit spending but Pete Domenici and Ari Flesicher saying they wouldn't so he couldn't really be sure, Kessler covered growing awareness about tax havens, the end of the Dot-Com bubble, the AOL Time-Warner merger, and Enron. And in a number of those stories he treated earnings reports and other SEC documents as transparent truth.

Kessler pointed to corporate earnings reports for a January 29, 1999 story predicting the economy would begin to slow.

Corporate earnings are closely watched on Wall Street because, in a world of dreams, deals and wild bets, earnings are real; they are the equivalent of batting averages for baseball addicts. Corporate earnings also provide hints on the general direction of the economy, which is why some analysts remain downbeat about the economy in the coming year despite the string of positive earnings reports. [my emphasis]

And he looked at them in very close detail.

Individual corporate earnings reports also turn up nuggets of how companies have boosted their profits. Compaq Computer Corp., the world's number two computer maker, said Wednesday that fourth-quarter earnings rose a better-than-expected 2.2 percent. Profits rose to 43 cents a share, compared with 42 cents in the same period of 1997. But tax credits from Compaq's purchase of Digital Equipment Corp. last year significantly cut the company's tax rate, boosting net income about 5 cents a share.

In a January 13, 2000 story explaining different estimates for the value of the AOL Time-Warner deal, Kessler reveals the WaPo was the only paper to look beyond stock price in its calculations; it included Time-Warner's debt, presumably gleaned from SEC documents.

A February 2, 2002 piece purporting to confirm that Enron had not dodged taxes focused closely on SEC documents (a Congressional Joint Committee on Taxation determined Enron had, in fact, dodged taxes from 1996-1999).

A close review of Enron's financial statements and interviews with tax specialists and accountants indicate that Enron also paid federal taxes because of what is called the alternative minimum tax. That is a separate tax system designed to ensure that most companies pay some tax when they earn a profit, no matter how many tax reduction techniques they use.

[snip]

Part of the problem in interpreting Enron's tax payments is that a crucial detail appears only in a footnote to a footnote in the company's annual report – and the language is vague. The

footnoted item deals with the impact of the tax break for stock options. Accounting experts who examined the footnote disagreed on whether Enron's reported figure of \$112 million in 2000 taxes paid included the huge tax break for stock options exercised by employees. Citizens for Tax Justice believes it does not, which is why it calculates that Enron paid no taxes, an estimate that was first reported by the New York Times and widely publicized across the country.

But [Enron spokesperson Karen] Denne, after examining the issue at The Washington Post's request, said the \$112 million reported figure of federal taxes paid, on U.S. profits of \$640 million, includes the deduction taken for stock options. The annual report says the company paid \$29 million in federal taxes in 1999 after earning \$357 million, and \$30 million in 1998 on \$197 million profit.

Several experts said the dispute may be moot because it appears clear that, no matter how much Enron reduced its regular tax liability through stock options or other techniques, the company still paid taxes under the alternative minimum tax, according to Enron financial data filed with the Securities and Exchange Commission.

A March 7, 2002 front page story introducing the Bush proposal that would become Sarbanes-Oxley, which described the disclosure problems at the heart of the Enron scandal, Kessler didn't blame "boilerplate" for misleading SEC filings; rather, he blamed footnotes and dense language.

It would also direct the Securities and Exchange Commission to ensure that a company provides investors with a true picture of its value, without obscuring

the details in footnotes and dense language.

Kessler suggests that the plain language claims—such as who was CEO, Chairman, and President—can be trusted. It's just the footnotes that deserve closer attention.

Thus, even at the moment in history when SEC filings were under most scrutiny, Kessler still treated them as evidence of the truth.

Kessler has not only discovered boilerplate, he discovered anonymity

Looking at Kessler's earlier finance stories also shows that he usually named the securities and tax experts he consulted. His bubble slow-down article cited Charles Hall (or Hill, which he uses once), Ezra Greenberg, and David Jones. His Enron tax story cited Robert Willens and the service Thomson Financial (though he appears to have spoken to a number of other tax experts). His Sarbox story cited Douglas Branson (he also cites an Administration official who might be Paul O'Neill anonymously).

That's a practice Kessler seems to have lost, too.

While he attacks the BoGlo story for consulting a former SEC member, Roberta Karmel, who donates to Democrats...

The story seems to hinge on a quote from a former Securities and Exchange Commission member, which would have more credibility if the Globe had disclosed she was a regular contributor to Democrats.

He does not name the securities experts he relies on to dismiss one of the SEC documents listing Mitt as CEO and President of Bain Capital in 2000.

We consulted with securities law experts, with many years of experience

with these forms. One expert examined this document at our request. He suspected that someone had simply duplicated a filing that had been made many times before, though he acknowledged, “it looks inartful in retrospect.”

If Kessler’s sources’ many years of experience were so impressive, don’t you think he might have named them? Unless, of course, he was committing the same journalistic failing he accused BoGlo of, picking partisan sources to tell the story he wanted?

What’s clear, however, is that this is not just a dispute between the BoGlo and today’s Kessler, but also a dispute between the practices he followed when he covered this stuff everyday and those he’s employing now.

I’m pretty sure Glenn Kessler, circa 2000, would be pulling out the Pinocchios on his future self.

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## **WHERE IS THIS KILLER INSTINCT IN GOVERNANCE?**

[youtube]Ud3mMj0AZZk[/youtube]

I confess I am thoroughly enjoying the Obama campaign’s attack on Mitt Romney’s Bain experience. Contrary to DC pundits’ beliefs, the outsourcing story really really resonates in those parts of the country where outsourcing has devastated the country—which just happen to include a bunch of swing states. Yet with the squabble over when Mitt left, the pundits have catnip to keep them interested while the Obama campaign really builds the narrative about Mitt.

If the economy crashes again—which is, I think, the biggest threat to Obama’s reelection—he will have already cemented the idea that financial vultures like Mitt are the problem, not the solution. And heck, the campaign’s focus on tax havens like Bermuda and Cayman Islands might actually get society to focus on them generally.

Plus, as ads like this show, the Obama campaign is showing a wonderful cutthroat instinct rarely seen among Democrats.

But as big a mystery as who ran Bain Capital for the three years when Mitt was legally CEO but purportedly doing nothing with the company is this: where has this killer instinct been the last 3 years?

Imagine how effective such ads would be targeted at the obstructionists in the Senate? Mocking the 33rd time House Republicans repeal ObamaCare rather than doing something about jobs? And while I understand that such killer attacks are more effective directed against one villain who personifies evil, the GOP has villainized Pelosi effectively—there are ways to do it.

Obama’s right: Corporatist vultures like Mitt are part of the problem (though Obama’s fondness for trade deals is too). But so are the people in Congress who would rather see the economy fail just to have the President fail too.

Republicans in Congress truly are villains (many Democrats are too, of course). It’s time to start treating them like it.

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**SHELDON ADELSON  
COULD BUY BIBI A VERY  
EFFECTIVE OCTOBER**

# SURPRISE

The Internet is abuzz today with Sheldon Adelson's announcement that he has already donated \$10 million to Mitt Romney's SuperPAC and plans to provide limitless donations to defeat Obama.

Forbes has confirmed that billionaire Sheldon Adelson, along with his wife Miriam, has donated \$10 million to the leading Super PAC supporting presumptive Republican presidential nominee Mitt Romney—and that's just the tip of the iceberg. A well-placed source in the Adelson camp with direct knowledge of the casino billionaire's thinking says that further donations will be "limitless."

But the attention is mostly focused on the sheer numbers he's talking about, not what it suggests that Adelson—who already spent buckets of money to try to defeat Mitt in the primary—has now promised limitless donations to defeat Obama.

This is about Likud trying to decide the American elections.

Adelson doesn't hide the fact that this donation is about Israel as much as it is Obama's "socialism."

Adelson, this source continues, believes that "no price is too high" to protect the U.S. from what he sees as Obama's "socialization" of America, as well as securing the safety of Israel. He added that Adelson, 78, considers this to be the most important election of his lifetime.

Nor is it surprising he's doing this. More than he is for any of these American politicians, Adelson is Bibi Netanyahu's Sugar Daddy. And Obama has been remarkably successful thus far in

stymying Bibi's goal of forcing the US to attack Iran. In addition to the sanctions regime that has brought about negotiations, in recent months, the Administration has leaked both a white paper showing that an Iran attack would do nothing but set off a regional war and news of the bases in Azerbaijan Israel would use if it unilaterally attacked Iran. David Sanger quoted Presidential briefers and Joe Biden—Bibi's old nemesis—blaming Israel for freeing StuxNet, possibly intentionally. Leon Panetta has, on the record, told the entire world, including Iran, when Israel planned to attack. (I actually thought Panetta's latest 60 Minutes appearance might have been an attempt to placate Israel.)

It may appear to us that the Administration continues typical American policy of capitulating to Israel. But the Obama Administration has taken surprisingly strong measures to push back against Israel.

And now Sheldon Adelson has promised to use unlimited funds to get rid of President Obama.

As much as the money concerns me, that's not what I worry about the most. The Israelis have never been shy about running off-the-books operations to influence our policies. Indeed, they played a role in Iran-Contra, the start of which goes back to the last October Surprise plot to make sure a Democrat didn't get reelected in 1980. And the state of affairs in Israel's neighborhood (both Syria and Egypt would be excellent candidates, though if I were Turkey I'd be cautious, too) is such that it would be very very very easy to create an October Surprise that would make it a lot harder for Obama to get reelected.

Bibi's Sugar Daddy just announced the world he will do anything in his power to defeat Obama. You can be sure Bibi feels the same way.

Update: Iran/Israel confusion fixed, h/t vl.

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# I WAS WRONG ABOUT THE CHEN AFFAIR

I am in the unenviable position of having to say I was wrong and am sorry. This is in relation to the issue of US diplomacy vis a vis China as relates to Chinese dissident Chen Guangcheng. In case anybody has forgotten, I wrote a rather harsh article toward the US government, by the State Department, conduct within 24 hours or so of it hitting the news wires:

Hillary Clinton, and the State Department under President Obama, have been far from perfect, to be sure; but, overall, one of the stronger, if not strongest, departments in Obama's cabinet. But this is way ugly, and ought to, by all rights, leave a very permanent mark. It is a stain fairly earned in every sense of the word. Hard to imagine a more cravenly constructed pile of PR bullshit since the Jessica Lynch affair. Yet here it is in living steaming brownish color. All painted with Madame Secretary conveniently in Beijing, China. Awkward!

In a nutshell, I was extremely critical of the entire show, and especially the press manipulation component thereof.

I was wrong. I still have pretty strong issues with the opportunistic way in which the press was contacted by Chen on the way from the embassy to the hospital, which was completely aided and abetted by the US diplomatic officials with him, but this is, at this point, kind of a minor quibble it seems. And, heck, who knows, maybe it was even part of the plan.

Whatever, it seems to have worked out.

Here is today's lead from the Washington Post:

Blind legal activist Chen Guangcheng, who had been at the center of a diplomatic row between the U.S. and Chinese governments, left Beijing on Saturday afternoon on a United Airlines flight bound for Newark and an uncertain life in the United States, after Chinese officials and American diplomats worked out of the public view to arrange for him and his family to travel out of the country.

In the past two weeks, while waiting for movement on the Chinese side, senior staff in the State Department had been laying the groundwork for Chen's departure, including the logistics of his transportation, according to a senior administration official who was not authorized to give his name.

Listen, this is still very far from ideal in a number of respects, and it will be a long time, if ever, before we know all the facts and circumstances surrounding this mess. But fair is fair, my initial criticism, even if correct in some lesser elements, was dreadfully wrong overall.

Hat's off to Hillary Clinton, the State Department and the Obama Administration. It is far from perfect, but it is looking pretty good. I was wrong to be too critical, too soon.

UPDATE: The Washington Post has a pretty fleshed out tick tock on the gig. It actually does look like fairly decent work by State. Would love to see an honest version of the same on the flip side, from the Chinese perspective. That would be fascinating.

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# THE 4 MONTH DETAINEE REVIEW ELECTION SEASON SPECIAL

There's something else I've been puzzling through in the Periodic Review Board directive released the other day governing how the Obama Administration will give the detainees at Gitmo reviews to see if they still need to be held.

The timing.

This DTM is effective upon its publication to the DoD Issuances Website; it shall be converted to a new DoD issuance. This DTM shall expire effective November 5, 2012. The first meeting of the Periodic Review Board (PRB) to consider whether the continued detention of any GTMO detainee is warranted shall occur no earlier than 60 days after notification to Congress in accordance with section 1005(c) of the Detainee Treatment Act of 2005 (Reference (e)).

Maybe I'm misreading the bureacratese. But I read that passage to mean the Directive went into effect on the 9th (Wednesday). The PRB cannot meet until 60 days after DOD tells Congress it will conduct such a review—so June 8, assuming this counts as notice. And then this Directive expires on November 5, literally the day before the Presidential election.

I understand why you'd let this expire on Election Day Eve. After all, if by some miracle Mitt Romney wins, you might want to free everyone to prevent top Mitt advisor Cofer Black from getting a hold of the detainees and shaming the US again.

Even barring a jail break to save these men from Cofer Black, given that it takes years for lawyers to negotiate the representation of Gitmo

detainees, what could really be accomplished during four months dominated by a Presidential election.

Unless I'm misreading all this, the answer seems to be, precisely nothing.

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## **CHEN GUANGCHENG: THE HOLLOW CORE OF A PRESS MANIPULATION PRESIDENCY**



I live in the Pacific time zone, a full three hours behind the news makers and breakers on the east coast. I woke up early yesterday, by my time, and found an apparent great story

occupying my Twitter stream: Chinese dissident and activist Chen Guangcheng had not only, through the miracle that is United States benevolence, been sheltered in the US Embassy (as had been theorized) from his daring blind man's escape from house arrest, but had been represented in a breathtakingly humanitarian deal with the oppressive Chinese government that resulted in his proper medical care, reunion with his family and a safe and fulfilling life from here on out.

The proverbial "and everybody lived happily ever

after”.

By the time I got my second eye open, and focused, I realized what I was reading something more akin to a Highlights Magazine “What’s Wrong With This Picture?” puzzle.

And so it was. What a difference a day makes. The initial report I read this morning at the source Washington Post article appears to be pushed aside from their website, supplanted by a more honest report.

The first report at the WaPo depicted an incoming call to the reporter from US Ambassador to China, Gary Locke:

What I was not prepared for was when Locke said, “I’m here with Chen Guangcheng. Do you speak Chinese? Hold on.”

And then passed the phone over.

“Hello, this is Chen Guangcheng,” came a matter-of-fact, almost cheerful voice.

I introduced myself in halting Chinese, using my Chinese name and the Chinese name for The Washington Post. I asked how Chen was, and where. I asked him to speak slowly, to make sure I could understand.

“Washington Post?” Chen repeated, his voice sounding generally happy. Chen said he was fine and was in the car headed to the hospital, Chaoyang Hospital. He repeated the name slowly, three times.

And that was it. Chen handed the phone back to the ambassador, who said they were stuck in traffic, but promised a full briefing later.

Following the old “two source” rule for journalists, I definitely had my story. Chen was indeed under U.S. diplomatic protection, as we and other news outlets

had been reporting. He was now leaving the embassy on his way to the hospital. In a vehicle with the American ambassador. The first word would go out soon after that, in a blast to our overnight editors, and via my Twitter account.

I learned later that I was just one in a succession of calls U.S. diplomats made from the van at Chen's request – they also spoke to Chen's lawyer and to Secretary of State Hillary Rodham Clinton, recently arrived in Beijing for an important two-day summit.

That was the "happily ever after" story which was too good to be true.

It was indeed too good to be true. A mere twelve hours later, and even the Washington Post reports a far different tale:

The blind legal activist Chen Guangcheng left the refuge of the U.S. Embassy in Beijing for a hospital on Wednesday, but he was quickly cordoned off by Chinese police and reportedly seized by misgivings about his decision, as an apparent diplomatic triumph risked dissolving into a potentially damaging episode in U.S.-China relations.

After four days of secret negotiations, U.S. diplomats on Wednesday initially touted then later scrambled to defend their role in forging an agreement that they said contained extraordinary Chinese promises to allow Chen – a self-taught lawyer known for criticizing Chinese policies on abortion – to move his family to Beijing, where he would begin a new life as a university student.

Chinese officials, by contrast, broke their official silence on Chen by firing a broadside complaining about U.S.

interference in China's internal affairs. The Foreign Ministry demanded an apology, which State Department officials declined to give.

....

But activists' fears over Chen's fate mounted, and they expressed increasing alarm – fueled by a series of Twitter updates – that what seemed like a human rights victory was spiraling quickly into a worst-case scenario.

Chen was no longer under U.S. protection, they noted, and it was not clear whether he had left on his own free will or under coercion. While U.S. officials said they had been promised access to Chen in the hospital, Britain's Channel 4 news quoted a conversation with him in which he seemed confused and upset that no American diplomats were around.

"Nobody from the [U.S.] embassy is here. I don't understand why. They promised to be here," Channel 4 quoted Chen as saying.

Bob Fu, president of the advocacy group ChinaAid, said he was concerned that "the U.S. government has abandoned Chen" and that the Chinese government is "using his family as a hostage."

Quite a difference, no? And that, quite frankly, appears to be the sanitized version from the Washington Post, who has a dozen eggs on their face. But nowhere near the eggage the Obama Administration, and State Department, has on their collective face.

Hillary Clinton, and the State Department under President Obama, have been far from perfect, to be sure; but, overall, one of the stronger, if not strongest, departments in Obama's cabinet. But this is way ugly, and ought to, by all rights, leave a very permanent mark. It is a

stain fairly earned in every sense of the word. Hard to imagine a more cravenly constructed pile of PR bullshit since the Jessica Lynch affair. Yet here it is in living steaming brownish color. All painted with Madame Secretary conveniently in Beijing, China. Awkward!

Such are the vagaries of policy by press manipulation though. The ass biting incidents such as the aforementioned Jessica Lynch, the dishonor of the man that was Pat Tillman, to the broken promises of Barack Obama on warrantless wiretapping and war crime accountability, to the false hope of Cairo, to the greasy and uncomfortable election politicization of the SEAL's takedown of Osama bin Laden a year ago, to Chen Guangcheng.

There has been precious little return on the false hype from the Obama Administration; instead, a wave of disappointment. And the press is, without saying, all too willing to serve as the tool of the string pullers in power, regardless of which political faction it may be at any given time. It is who they are, it is what they do. As Glenn Greenwald said recently of the willing press:

They aren't nearly so substantive as to be driven by any sort of belief or ideology or anything like that. Their religion is the worship of political power and authority (or, as Jay Rosen says, their religion is the Church of the Savvy). Royal court courtiers have long competed with one another to curry favor with the King and his minions in exchange for official favor, and this is just that dynamic. Political power is what can give them their treats – their “exclusive” interviews and getting tapped on their grateful heads to get secret documents and invited to White House functions and being allowed into the sacred Situation Room – so it's what they revere and serve.

That is exactly the bogus and counterfeit relationship between Presidency and press that led to the unquestioning, and ultimately embarrassing, breathless buy in by the Washington Post on the spoon fed horse manure from the Obama Administration's Chinese Ambassador, Gary Locke, on Chen Guangcheng.

It is all a media manipulation now, and the media do not care who, or which side, are doing the manipulating. Presidency by press release. It doesn't matter if it is real or fabricated, it is all good if it sells. The distressing thing is that it does, indeed, sell.