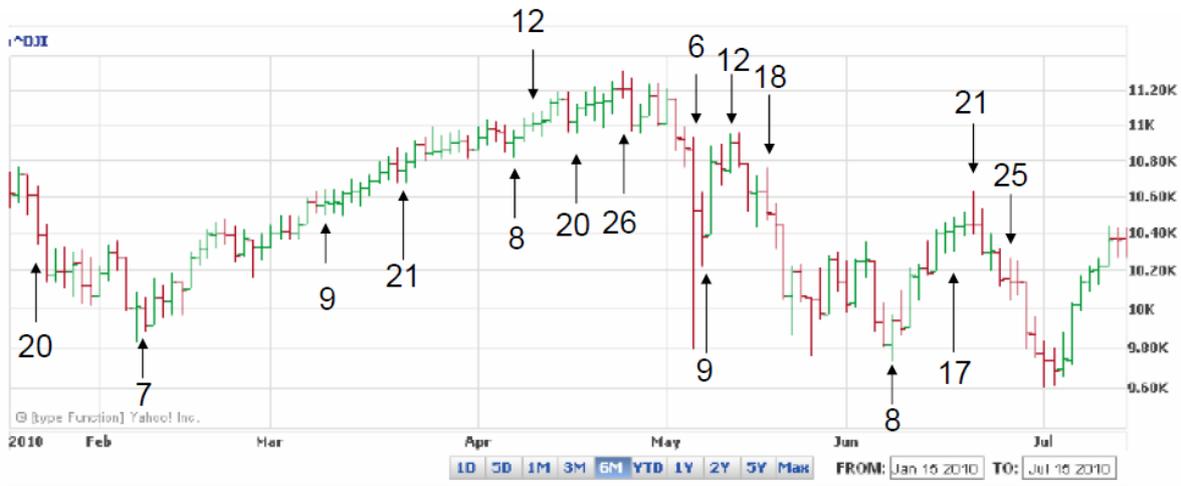


Florian Galler
Psychonomic Newsletter, Jul 18, 2010



It has been a relatively long time since I sent out my last newsletters in January and February 2010. Since then I published several comments on group process and stock markets on a psychohistorical internet discussion forum (Internet address of the discussion group: <http://groups.google.com/group/realpsychohistory?hl=en>)

Progressive Politics

Although the Democrats had lost their filibuster-proof majority in the Senate they were able to go on with their progressive agenda after Obama had invited the Republicans to bipartisan talks on Feb 7 (health care summit). Afterwards followed what later Sarah Palin may have meant when she complained about "these policies coming out of D.C. right now, this **fundamental transformation of America**"¹. So on Mar 21 Congress approved historic legislation on health care:

YAHOO Mar 22, 03:44 am ET



[Congress clears historic health care bill](#)
AP - 1 hr 40 mins ago

WASHINGTON - Summoned to success by President Barack Obama, the Democratic-controlled Congress approved historic legislation Sunday night extending health care to tens of millions of uninsured Americans and cracking down on insurance company abuses, a climactic chapter in the century-long quest for near universal coverage.

¹ Time.com, Jul 15, 2010: Sarah Palin in '12? Why She's for Real

On Apr 8 the United States and Russia signed a strategic nuclear disarmament treaty and on Apr 12-13 the Nuclear Summit took place in Washington D.C. Last not least it came to a rift between the governments of USA and Israel during a visit of Biden in Israel and after Petraeus, Mullen and Biden had found out that Israel's politics towards the Palestinians was dangerous for American lives and money and for regional peace in Mideast, Afghanistan and Pakistan.² I suppose that this clearly visible rift has eased the tensions between the Arab world and the US.

Israeli move seen as a slap in the face to Biden

(YAHOO Mar 11: Biden steers past spat over Israel settlement plan)



AFP Tue Mar 9, 7:34 AM ET

US Vice President Joe Biden, seen here with Israeli Prime Minister Benjamin Netanyahu, has pledged Washington's full commitment to Israel's security while throwing his weight behind a renewal of Middle East peace talks after a 14-month hiatus.

Biden condemns new E. Jerusalem settlements

Tue Mar 9, 4:02 pm ET

WASHINGTON – Vice President Joe Biden is condemning Israel's approval of 1,600 new settlement homes in disputed East Jerusalem and says the timing undermines the peace process the United States is attempting to revive.

Biden, visiting the region on Tuesday, said timing of the announcement is "precisely the kind of step that undermines the trust we need right now and runs counter to the constructive discussions that I've had here in Israel." Biden says Israelis and Palestinians must build an atmosphere to support negotiations, not complicate them.

Reaction and rational tiredness

The above string of reasonable political events were responsible for the rise of stock prices from Feb 7 until Apr 26. At the same time these politics represented a turning away from the neoconservative acting-out politics of the G.W. Bush administration and therefore you could expect a growth panic to be on the rise among the population. This irrational disposition was reinforced by a (failed) terror attack in New York on May 2 and by the consequences of the offshore oil rig explosion in the Gulf of Mexico on Apr 20.

²Foreign Policy, Mar 13, 2010: "The Petraeus briefing: Biden's embarrassment is not the whole story"



 Fri Apr 30, 11:03 AM ET

Crude oil sits on the surface of the water that has leaked from the Deepwater Horizon wellhead in the Gulf of Mexico on April 28 near New Orleans, Louisiana. The White House indicated Friday that new domestic offshore oil drilling will be on hold until the investigation of the Gulf of Mexico disaster is complete. (AFP/Getty Images/File/Chris Graythen)

[Pakistan Taliban group claims NY bomb attempt in video: SITE](#)

AFP – Sun May 02



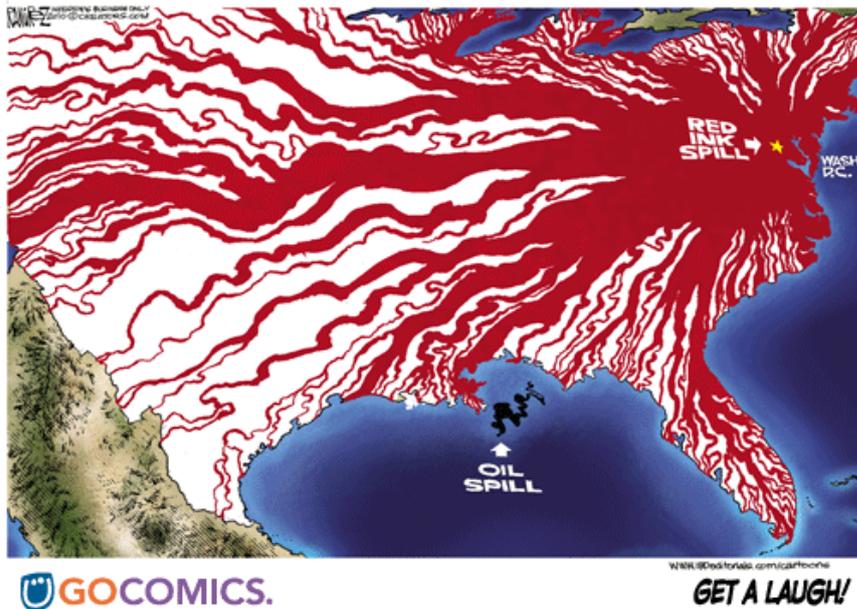
AFP/Getty Images

WASHINGTON (AFP) - An Internet video purportedly from Pakistani Taliban group, Tarik-e-Taliban, claimed responsibility for the **car bomb attempt in Times Square in New York**, the US monitoring service SITE said Sunday.

[Full Story »](#)

In the following **cartoon the US is covered by a "red ink spill"** stemming from Washington D.C. My interpretation is as follows: We were in a growth panic and felt polluted by the rational politics of the Obama administration. If only this administration had given all the red ink money to Halliburton or to some other abusing perpetrators and if only the Obama administration would wage war against Arabs and homosexuals and free Goldman Sachs, Blankfein and Paulson. Our alter egos would have felt much better!

Gocomics.com Michael Ramirez, May 06



It took about 10 days until the oil spill problem made its way into the cartoons and the national headlines but once this had happened it absorbed a lot of the resources of the Obama administration. Together with the irrational disposition mentioned above it led to a rational tiredness among democratic politicians:

[Obama deflects tough calls to Senate](#)

at Politico – Mon May 3, 8:49 pm ET

Obama raises doubts about whether Congress really has the "appetite" for another hot issue.

[Full Story »](#)

A day after highlighting the need for immigration reform at an Iowa town hall meeting, President Barack Obama last week raised doubts about whether Congress really had “an appetite immediately to dive into another controversial issue.”

[Bid to enact energy bill might survive Gulf spill](#)

AP – 50 mins ago

WASHINGTON – The Gulf oil spill has dealt a big blow to expanded offshore drilling, leaving the nation's energy problems as murky and unsettled as ever...

Sen. John Kerry, D-Mass., who is leading efforts to craft a Senate energy bill, told an environmental gathering Wednesday that this year is "perhaps our last, best chance to pass comprehensive climate and energy legislation."...

[Obey Gavel Hill Career to a Close](#)

CQPolitics.com – Thu May 6, 12:01 am ET

Declaring himself "bone tired," House Appropriations Chairman David R. Obey (D-Wis.), the third-most-senior member of the House, announced Wednesday he will not seek re-election in November. [Full Story »](#)

This **rational tiredness** was in my eyes responsible for the "flash crash" in stock markets on May 6. After the flash crash a short upswing in stock markets followed which was caused by the launch of the indirect peace talks between Israel and the Palestinians on May 9. The growth panic however was not over yet. This showed up in new poll numbers and in the results of 2010's 'Super Tuesday', which consisted of primary elections in four states and one House election on May 18:

New poll full of bad news for Democrats

Wed May 12, 9:15 pm ET

Democrats already knew they were facing a tough Election Day this November, but new poll numbers out tonight show the party has lost significant ground with a crucial voting bloc. [The latest Wall Street Journal/NBC News poll](#) finds that self-described independent voters, credited with helping Democrats take control of Congress in 2006, have switched their allegiance to Republicans.

According to the poll, 38 percent of so-called independents say they will vote for Republicans this November, with only 30 percent for Democrats. Four years ago, ahead of the '06 midterms, the same poll found that 40 percent of independents favored Democrats, with only 24 percent for Republicans.

Asked which of the two major parties should control Congress, respondents were deadlocked. But when asking only voters most interested in the outcome this November, 56 percent supported the GOP and only 36 percent supported the Dems. That's the largest split in more than a year.

...

The elections showed "how toxic the political environment" had become for rational politicians and therefore had an all but encouraging effect for rational politics. The reactionary character of the social mood behind the elections becomes evident from Pauls message "We have come to take our government back":

May 19, 2010

Primaries show anti-DC, anti-establishment mood

By LIZ SIDOTI, AP National Political Writer Liz Sidoti, Ap National Political Writer 34 mins ago

WASHINGTON – With the electorate's intense anger reverberating across the country, this is all but certain: It's an anti-Washington, anti-establishment year. And candidates with ties to either better beware.

Any doubt about just how toxic the political environment is for congressional incumbents and candidates hand-picked by national Republican and Democratic leaders disappeared late Tuesday, when voters fired Democratic Sen. Arlen Specter in Pennsylvania, forced Democratic Sen. Blanche Lincoln into a run-off in Arkansas and chose tea party darling Rand Paul to be the GOP nominee in Kentucky's Senate race..

Celebrating his triumph, Paul — a 47-year-old eye surgeon making his first run for office — said, "I have a message, a message from the tea party, a message that is loud and clear and does not mince words: **We have come to take our government back.**"

...

Democrats breathe a bit easier

The June 8 primary elections were another test of how toxic the political environment was for rational politicians:

[Primaries from Calif. to SC measure voter anger](#)

AP – Sun Jun 6, 3:44 am ET

How angry are Americans? People primed for change vote in 12 states Tuesday in contests that will decide the fate of two endangered Washington incumbents — a two-term senator in Arkansas and a six-term congressman in South Carolina — while setting the stage for some of the races that could determine the balance of power on Capitol Hill in the fall

The outcome of these elections was better for rational politicians than on May 18:

YAHOO June 9, 07:06 am ET



[Lincoln won with Clinton and anti-union message](#)

AP – Wed Jun 9, 3:20 am ET

Arkansas Sen. Blanche Lincoln survived a bruising Democratic runoff thanks to former President Bill Clinton's starpower and her argument that labor unions were trying to interfere in state politics.

Democrats Breathe a Bit Easier

CQPolitics.com – Wed Jun 9, 11:01 pm ET

Senate Democrats on Wednesday were as upbeat about their midterm election prospects as they have been in several months, celebrating Sen. Blanche Lincoln's hard-fought primary runoff victory Tuesday night and expressing optimism that Majority Leader Harry Reid may be making a comeback. [Full Story »](#)

The center fights back

By: **Charles Mahtesian**

Politico - June 9, 2010 06:56 AM EDT

On the biggest primary night of the year so far, the wild 2010 plotline took a turn for the familiar: The political center — and the conventional politicians that gravitate there — showed some enduring power...

On June 17 a House Hearing with BP's Tony Hayward on Gulf oil spill took place.



House Hearing with BP's Tony Hayward on July 17 2010

In the course of this hearing **GOP lawmaker Barton** first spoke as an agent of our alter egos and in a typical neoclassical manner apologized to BP exec for the \$20 Billion relief fund for victims of the spill sought by the White House and agreed to by BP only to shortly afterwards apologize for this apologize:

YAHOO Jun 17, 05:35 pm ET



AP

[**GOP lawmaker apologizes for apologizing to BP exec**](#)

AP – 17 mins ago

Who's sorry now? Rep. Joe Barton, that's who

GOP lawmaker apologizes for apologizing to BP exec

By LAURIE KELLMAN, Associated Press Writer Laurie Kellman, Associated Press Writer 1 min ago

WASHINGTON – Who's sorry now? Rep. Joe Barton, that's who.

The Texas Republican, the House's top recipient of oil industry campaign contributions since 1990, apologized Thursday for apologizing to the chief of the British company that befouled the Gulf of Mexico with a massive oil spill.

His double mea culpa plus a retraction, executed under pressure from fuming GOP leaders, succeeded in shifting attention from the tragedy, BP's many missteps and the stoic British oil chief at the witness table, to his own party's close connection to the oil industry.

Barton started the ruckus at midmorning when he took aim at the **\$20 billion relief fund for victims of the spill sought by the White House and agreed to by BP.**

"I apologize," Barton said to BP CEO Tony Hayward, who was sitting at a witness table for another of Congress' ritual floggings of wayward corporate heads.

"I do not want to live in a country where any time a citizen or a corporation does something that is legitimately wrong is subject to some sort of **political pressure that is** — again, in my words, amounts to a **shakedown,**" Barton said. "So I apologize."

Incensed at the gift Barton had given Democrats, Republicans came close to stripping Barton of his post as chairman-in-waiting of the House Energy and Commerce Committee. GOP leaders summoned Barton to the Capitol and demanded he apologize in specific terms. The leaders threatened to launch a process to strip Barton of his seniority on the powerful panel, a particularly painful threat to any long-term lawmaker, according to two knowledgeable Republican officials who demanded anonymity so they could speak freely about private meetings.

But it was the notion of an American lawmaker apologizing to a foreign head of a corporation that had caused great hardships for millions of Gulf Coast residents that incited rare Republican-on-Republican rage. Rep. Jeff Miller, R-Fla., became the first in his party to **demand that Barton be stripped of his seniority.** During a House vote later in the day, other Republicans pressed their leaders for Barton's punishment — and at least two in the leadership were still considering that option, the officials said.

As Barton returned to the committee, the leaders issued their own statement:

"Congressman Barton's statements this morning were wrong."

Vice President Joe Biden weighed in — lightheartedly at first, red-faced by the end.

"I find it incredibly insensitive, incredibly out of touch," Biden told reporters. "There's no shakedown. It's insisting on responsible conduct and a responsible response to something they caused."

Democrats, eager to tie Republicans to the oil industry during this midterm election year, piled on.

"While people in the Gulf are suffering from the actions of BP, the Republicans in the Congress are apologizing to BP," House Speaker Nancy Pelosi said.

By midafternoon, Barton was back on the dais with a statement that was something short of what the leaders had demanded.

"I want the record to be absolutely clear that I think BP is responsible for this accident," he said. "If anything I said this morning has been misconstrued, in opposite effect, I want to apologize for that misconception."

Barton then issued, and House Republican leader John Boehner's office forwarded out a somewhat different written statement.

"I apologize for using the term 'shakedown' with regard to yesterday's actions at the White House this morning, and I retract my apology to BP," it began, and finished: "I regret the impact that my statement this morning implied that BP should not pay for the consequences of their decisions and actions in this incident."

Barton has received \$100,470 in campaign donations from oil and gas interests since the beginning of 2009, according to the Center for Responsive Politics. The same group reported that since 1990, political action committees of the oil and gas industry and people who worked for it have given more than \$1.4 million to Barton's campaigns, the most of any House member during that period.

This episode represented a success for our conscious personality parts and showed to our alter egos the limits of their power. In addition I suppose that the effect of the hearing in itself was a strong support for the rational position in politics.

The June 8 primary election and the oil spill hearing probably induced hope for our conscious personality parts and were causal for a temporary rise of stock prices. This rise however came to an end already on June 21 when irritating political inconsistencies became visible.

Unprecise politics

In my view the course of stock markets and economy is determined on a high meta level mainly by the outcome of the political systems. Currently this means the more efficient the political systems are in the stabilisation of the social, economic and environmental systems the better it is for the economy. Stimulus packages to rescue the economy in case of crisis should only be necessary if they have to compensate for a lack of efficiency of the political systems. This ability for compensation however seems to be endangered in our days. Because of the problems the neoconservative and neoliberal Bush administration which had led the world in the direction of Armageddon had left behind states now are deprived of money.

So the outcome of the political systems seems to be crucial. The question is whether people are able to support rational politics and whether the parliaments and the governments are able to make rational decisions. During the current period the rationality of politics seems to be questionable in two fields: (1) fight against the Taliban and (2) handling of deficits including bank regulation.

When I analyzed the group process in 2009 it turned out that our alter egos were happy when the Taliban were successful and unhappy when the fight against the Taliban was intensified in Pakistan and Afghanistan. The NATO-commitment in Afghanistan has been criticized from within the administration (Biden), by peace activists and the political left. First I want to say to this that not every war is misled. I am thankful that the allied forces defeated the Nazis, I also appreciated the NATO attack against Serbia during the ethnical cleansing in the nineties and I would have appreciated some sort of intervention during the genocide in Ruanda in 1994. The goals in Afghanistan today are (1) preventing terror attacks in Western democratic societies and (2) giving support to civil structures in Afghanistan against the Taliban. People argue sometimes that the Afghanistan population does not want to be helped against the Taliban: "'When you go to protect people, the people have to want you to protect them,' said McChrystal, who was in Brussels for a NATO conference."³ On June 20 the White House had confirmed already existing plans to begin withdrawing troops by July 2011⁴ which later was confirmed by Petraeus.⁵ The media began to focus more on this topic when on the next day a rift between the Commander of U.S. Forces Afghanistan McChrystal and government officials became visible⁶ which led to the general's resignation two days later⁷. The validity of the

³ Truth-out, Sunday 13 June 2010, McChrystal Faces "Iraq 2006 Moment" in Coming Months

⁴ AP - June 20, White House: July 2011 Afghan withdrawal 'firm'

⁵ CQPolitics.com – Tue Jun 29, Petraeus Defends July 2011 Target to Start U.S. Withdrawal From Afghanistan

⁶ AP – Mon Jun 21, 10:42 pm ET, Top general in Afghan war: US envoy betrayed me

argument that the Afghan people did not appreciate the NATO support is not undisputable. You have to take into consideration that the US plan to begin withdrawing troops in one year and that there exist plans to come to an arrangement with the Taliban and even Al-Qaeda:

- [**Afghan president to host April peace conference**](#)

AP – Mon Mar 8, 11:03 am ET



KABUL - Afghan President Hamid Karzai said Monday that an action plan to reintegrate low- to mid-level insurgent fighters into society and negotiate with the Taliban's top echelon will be crafted next month at a peace conference aimed at ending the war.

Pakistan army chief denies secret Karzai-Haqqani meets

AFP - Jul 1

ISLAMABAD (AFP) – Pakistan's army chief General Ashfaq Kayani Wednesday denied organising secret meetings in Kabul between Afghan President Hamid Karzai and a senior Al-Qaeda-linked militant.

Kayani's brief statement came days after a media report claimed that he and the head of Pakistani intelligence services facilitated a meeting between **Karzai and Sirajuddin Haqqani, who heads the Haqqani network.**

"General Ashfaq Kayani has said that during his last two visits to Kabul, he met President Karzai to discuss issues of mutual interest," the military said in a statement.

It quoted Kayani as saying that on both these occasions, recently-sacked NATO commander General Stanley **McChrystal was also present.**

The statement, however, did not specify when the meetings took place.

"This transparent trilateral engagement augurs well for the comfort level of the leadership of all prime stake holders and strengthens the existing relationship," Kayani said.

Relations between Kabul and Islamabad have been marked by distrust, but there have been growing signs of rapprochement and Karzai in March welcomed an offer from Pakistan to help with peace efforts.

Karzai's spokesman Waheed Omar had also dismissed the report that the Afghan president had a face-to-face with Haqqani in Kabul.

Haqqani network leaders are **based in North Waziristan.** Created by Afghan warlord Jalaluddin Haqqani and run by his son Sirajuddin the group is **one of the toughest foes for foreign forces in Afghanistan,** particularly in the east of the country.

Pakistan has come under US pressure to press a military campaign in North Waziristan, but commanders have been reluctant to deploy overstretched troops against groups such as the Haqqani which refrain from attacks within Pakistan.

The United States and NATO, which prop up Karzai's administration, have 140,000 troops in Afghanistan to fight the insurgency, and have so far this year lost more than 300 soldiers as the war intensifies.

Karzai has been trying to convince the rebels to give up fighting his administration in return for an amnesty.

A landmark conference convened by Karzai in Kabul last month saw 1,600 representatives from

⁷ ABC News - Wed Jun 23, Video: McChrystal Out; Petraeus In

across the country come up with a 16-point declaration in which they urged all parties to disarm and reconcile

Under these circumstances the population does not dare to collaborate with NATO forces. If they would they had to fear revenge from the Taliban when they would come back in power after the withdrawal of the foreign troops. So our alter egos might be hopeful that politics might facilitate future social destabilisations. It might be possible however that because of the rift between the US and Israel since Mar 11 tensions between the West and the Arab world have eased somewhat so that the danger of arab terror attacks in our countries might be diminished. This would especially be true if Israel could stick to serious peace talks with the Palestinians. But I think one had better be not too optimistic regarding the latter and instead prepare for severe setbacks in these policy fields.

Another problem which added to the downward energy on stock markets probably were the disappointing outcome of both the US financial regulation bill and the meeting of G20 and G8 in Toronto.

Reuters – Fri Jun 25

Lawmakers seal deal on historic Wall St reform

Big banks escape toughest limits in new regulation bill

McClatchy Newspapers – Fri Jun 25, 6:59 pm ET

WASHINGTON — Like a hard-fought draw in a World Cup soccer match, consumers won sweeping new protections under a revamp of financial regulation that lawmakers agreed to Friday but large banks dodged the biggest hits that had been coming their way. [Full Story »](#)

Reuters - June 25

Jobless aid and tax bill fails in Senate

McClatchy Newspapers – Sun Jun 27, 6:38 pm ET

Deficit worries trump fears of new recession at G20 summit

TORONTO - Still concerned about slipping back into recession, world leaders signaled Sunday they have a new fear — that the deficit spending they used to stimulate growth could produce a crippling debt crisis that also could stagger the world economy. [Full Story »](#)

The big banks and the big companies who had taken over politics during neoliberalism and who had left behind huge social and economic imbalances now could escape. Instead of them the middle- and lower classes would be punished by deflationary politics established in order to defend against deficit worries. It might be justified that the broad population also would burden some of costs stemming from the neoconservative and neoliberal years since finally it was the broad population who gave election victories to irrational politicians. Nevertheless the big companies who took over politics should pay most and it would be not responsible if a lot of people should remain unemployed for a prolonged time since this would destabilize our societies again.

English Proofreading by Rudy Weiler (www.rweiler.ch)