This Month's Matters...

Tom's Tidbits
Notes on our economy

Greetings!

We all want to see our economy improve! But a lasting recovery requires us to change the policies that caused the economic devastation before we can expect to return to a healthy economy. Stimulus buys needed time but will not fix the root disease. During economic depression, when neither business nor private citizens are spending, it is the proper role for government to step in and spend to avoid a full collapse. No one likes to see the national debt skyrocket but now is not the time for the government to stop simulative type spending. We need to restore the lost jobs and create more, rewrite trade policy, reinstall fair taxes to encourage manufacture in the US, and that all takes time. Once the economy has been drawn back from the brink we will need to restore fiscal responsibility to reduce our national debt.

With the Reagan era we saw the onset of “debt doesn’t matter”, the demonization of government, the attack on unions and education; in short the beginning of the end for the middle class. We’ve experienced a subversion of the American dream; comfortable and sustainable life style, rewarding career, home ownership, time for family life happiness, cradle to the grave basic security, support of the commons and a shared national identity. We’ve abandoned the concept of “a rising tide that lifts all boats” to worship selfish personal wealth, entitlement, and power.

For the last 30 years or so, trickledown theory (or Voodoo Economics as Bush the Elder called it), has meant welfare for the rich with the naive hope that the wealthy will share the wealth. One major flaw in the premise is that wealthy people are not good at sharing. Intensified by GWB over the last 10 years in particular, the welfare for the rich programs have caused net job loss, crippled effective government, eroded infrastructure, disabled needed social programs, weakened a nation and divided its people. The cost of feeding the rich has been a major contributor to our spiraling national debt. In short; the trickledown did not happen. The top 2% richest Americans are doing very well thank you! This lucky group is the only group to show increased income over the last ten years, with over 25% of all wealth going to the top 1% of America’s richest citizens.

I think we need to reevaluate the American dream and make meaningful steps to re-establish broadly accepted societal goals that benefit all. We need to understand that it's time to reverse the neo-conservative course and move to a system that will reward labor and product creation and forcefully tax wealth.

Current policy has encouraged and rewarded corporations for destroying our manufacturing capacity, moving our jobs overseas, tilting the balance of trade while conducting business from tax free havens around the world, moving capital from business to sheltered accounts. Despite the whine about the US corporate tax rate; effectively many large corporations pay no US taxes whatsoever and despite that can receive millions in tax refunds.

Increasing top marginal tax rates will encourage businesses to leave capital in their businesses rather than to take profits. Low taxes do not create jobs, they kill jobs. We have a ten year failed test behind us to prove it. If low taxes for the rich created jobs we would be seeing them now. Don’t buy into the con job for keeping the tax cuts. It is estimated that US business are sitting on over 3 trillion dollars in asset capital and are not creating jobs. The media rings with the rationalization that tax insecurity among businesses is mainly responsible for this capital sitting unused. Let’s end the “insecurity” by instituting a permanent tax structure that pays our bills and is not a give away to the rich.

If there is no profit incentive to offshore, businesses will again employ American workers and make things in America again. With proper trade agreements there would be no cheap Chinese crap for Wal-Mart to pawn of on their consumers in trade for our American jobs.

The basics must be changed if we will ever fix our financial mess. Unless you want an economy based on financial gambling, paper trading, information technologies and “do you want fries with that”, we need to build stuff in America again! We need to build it, buy it and export it. No longer can America afford to export raw materials and import finished goods like a third world country.

There has been a simple guide: tax what you want to discourage and reward what you what to encourage! Einstein’s definition of insanity has been accepted as; "repeating the same behaviors while expecting different outcomes." By that definition we are acting insanely as a nation.

My solutions may not be welcomed but here are several of the hundreds I have...

- Abolish corporate personhood and restore rigorous campaign finance rules and punishments.
- Restore corporate charter mandates, especially in regards to operation for the public good.
- Restore accountability to all government employees, up to and including the president of the United States.
- Investigate and punish those who are guilty of the crimes of business, government and international law.
- Renegotiate ALL trade policy and agreements, eliminate free trade and create fair trade.
- Tax wealth. America did quite well when wealth was taxed at much higher rates.
- Tax any group that acts politically including religious groups.
- Reward and honor labor and the return of invention, engineering and manufacture in the US.
- Phase in universal healthcare or "Medicare for all" over a period of 5 to 10 years.
- Punish Corporations that offshore.
- History has many lessons about once-great nations bankrupted by military spending. It caught my notice when I heard the statement; "Afghanistan… where empires go to die!" It's time to look at the 782 billion dollar elephant in the room; wasteful and unnecessary military spending. Begin military spending cuts 2.5% per year to return to the budget levels of the 1990s.
- Restore a form of "the fairness doctrine" that will work in today's media environment.
- Strengthen free public education including the return of civics lessons and the study of history.
- Strengthen retirement programs to help promote a real sense of social security.

Politicians For Hire
Our current campaign finance system locks in special-interest control

Money is killing our fair electoral system. Over the years, many of us have noticed the surge of negative attack ads, and prolific character assignations in political advertising.   This is an issue that both Republicans and Democrats are guilty of.   The ballooning campaign budgets are fueling the need for record fund raising, which has attracted a flurry of clamoring special interest groups; further pushing their agendas on our ballets. Their ideology is polluting our electoral system, and the focus of our elected officials. Campaign finance reform needs to be examined and embraced by voters if we what to stop the avalanche of corporate interest infecting the minds of voters and the minds and pockets of our elected officials.

The need for fund raising has become the focus for today's campaigns. The 2010 governor's race for Oregon set new records for combined campaign expenditures, $15.4 million by candidates Chris Dudley and John Kitzhaber combined. The Register-Guard reported Republican Dudley is now the top all-time campaign fundraiser for Oregon Governor with $9.1 million, while John Kitzhaber reported $6.3 million in total funds raised.

Virtually every means of communication on the campaign trail costs money. Reaching an audience is more costly than ever. Initially, the motivation of a candidate to raise money is fueled with the desire to win. Unfortunately, the special interests groups who contributed come knocking after the candidate has won. The cycle of deceptions begins. A candidate's ideology seems to change after the election is won.

The disclosure of donor contribution funds can be manipulated under current guild line definitions for soft money contributors. We need a clearer identification of whom and where advertising is paid for so anonymous donors will be forced to come out of the shadows. One answer to the problem is mandated publicly financed campaign funds. In 2002, Congress passed the Bipartisan Campaign Finance Reform Act (aka the "McCain-Feingold" Act). Most recently, the Fair Elections Now Act, a bipartisan bill currently pending in the House of Representatives, also champions this approach. A different solution is to require public funding for all federal elections. The cost could be covered by a mere $3-$5 check-off on one's annual income tax (equaling about .0001% of the pretax income for an individual making $30,000). For the general election, the party nominee is eligible for a public grant of $20 million if they limit spending to that amount and refuse private contributions. Candidates are allowed to spend up to $50,000 of their own money without it counting against the spending limit.

England has an interesting approach to this issue. Instead of limiting individual contributions to a candidate seeking office or political party, they limit the total campaign expenditure during the general election. Campaign expenditure is defined by "party political broadcasts, advertising, unsolicited material to electors, manifesto or other policy documents, market research and canvassing, media/publicity, transport, rallies or other events." The law also requires that any notional expenditure (incurred when another person pays the cost that the political party would have otherwise had to pay) be counted as a campaign expenditure incurred by the party. http://www.loc.gov/law/help/campaign-finance/uk.php#intro
The amount England's candidates spend is dwarfed by the amount American politicians spend in a typical race. In the 2005 general election the national campaign expenditure limits were £30,000 (approximately US$42,000) per constituency contested.

Campaign contribution limits set an equal playing field for all candidates regardless of their financial status or ability to raise large sums of money. Opponents say that limiting spending is a violation of our First Amendment rights to free speech and that if a candidate can raise the money, he or she should be able to spend it. The motivation should be to serve the public not to do the bidding of their wealthy donors. Special interests groups have gained a bigger voice with their money than the millions of Americans who can only vote and who can't contribute at the same level as "soft money" contributors. As long as money equals free speech in America the rich will continue to rule!

Hybrid or Diesel?

For now, Diesel vs. Electric is the choice if you want high-mileage vehicles

The MPG dilemma is on the minds of many, deciding whether to keep an aging car or to purchase a new one with better fuel economy. The gas-electric Hybrid has been the first choice for consumers looking for increased fuel economy. Today more car makers offer a hybrid option, including 2010 Ford Fusion midsized sedan (41/36 est. mpg) and the 2010 Escape small SUV (34/31 est. mpg). Toyota has been pioneering the concept since the mid 1990s with its ever popular Prius sedan. Today, the latest Prius model can potentially average 51/48 mpg, while Honda's Gas-Mileage Champion, the 2010 *Insight,* gets 40 City / 43 Hwy.

Diesels have been around a long time. Primarily used in America for industrial and commercial trucking, while in Europe diesel engines power the majority of passenger vehicles. Here in the US Some of us remember diesel motors offered in consumer passenger cars in the early 1980's, the most abundant were the German branded cars like VW and Mercedes Benz. A lot of them are still on the road, not known for power but great millage. The 1979 VW rabbit with optional 1.5l 4 cylinder Diesel delivered superb fuel economy (45 mpg city/up to 57 mpg highway), which exceeds all hybrid-electrics available today.

The rabbit was small, noisy and slow but have proved to be long lasting over the long term. VW is still working on its diesel technology perfecting its safety and performance with its fourth generation VW Blue Motion-TDI. Today the mileage isn't as high as the 1979 Rabbit, compared to the similar 2010 Golf 2.0L TDI (30/41 hwy mpg.)

Today's TDI Golf is much safer, is bigger, offers more performance, and has a long list of optional amenities never imagined in 1979. With substantially more acceleration and performance, diesels are gaining popularity, especially with those interested in using bio-fuel.

In 2008, a mpg world record was set driving a 2008 VW Jetta TDI averaging an incredible 51.58 MPG!

Although the mileage is impressive, there is a drawback to a diesel vehicle. The price per gallon for diesel fuel is more expensive than regular gasoline, averaging that price over the life of the vehicle could compromise savings in over-all fuel mileage.

Comparatively, hybrid and diesel powered vehicles have advantages and drawbacks. If you're in the market for a high mileage vehicle, consider waiting. New emerging automotive technologies will be amazing in years to come. Plug-in hybrid and full electric cars are hitting the show rooms, including the much anticipated 2011 Nissan Leaf and the 2011 Chevrolet Volt .

Another green car option is the gas powered McLaren T.25 City micro car. The T.25 has a similar feel to the Daimler Smart! Car, but has a cab over chassis design that eliminates the need for swinging doors. The T.25 seats 3 adults and accelerates 0-60 in a surprising 16.2 seconds. Mileage is estimated to be in the high 40's with ultra-low emissions.

If you can wait it out, it might be smarter to keep your existing car on the road a bit longer and defer the high cost of car payments and insurance. I have been encouraging clients to wait (when practical) for another couple of years to see the choices expand and allow others to do the testing to get the kinks worked out. I respect the early adopters but I'm more with the wait and see club on the emerging vehicles. We have all seen the prices decline and the quality and features improve as various other technologies have touched our lives. I still suffer the abuse from my sister-in-law over the purchase of a BETA Video player so many years ago….

The Pen Is Mightier Than The Sword

Tom Dwyer Automotive moves into books

Portland is at the forefront of the sustainable business movement, and is recognized nationally as a model for its pioneering work in this area. New on the bookshelves this season is "The Portland Bottom Line- Practices for Your Small Business from America's Hotbed of Sustainability", a book that documents sustainable business practices in small businesses from around the area. There are many books on this subject, but what makes this book special to us is that we were privileged to have a hand in writing it.

"The Portland Bottom Line" is an example of a new trend in books, computing, financing, and other areas - crowdsourcing. In crowdsourcing, a problem is presented to a group of people who voluntarily contribute to the solution. Peter Korchnak and Megan Strand, creators of the book, solicited businesses (including ours) for stories about sustainability in their business and how it has contributed to their bottom line. They organized the 400-word essays from 51 small local businesses into 12 sections along the triple bottom line of People, Planet, and Prosperity, "Our book explores how small businesses can effectively and efficiently shift toward sustainability and thrive," said Korchnak. "'The Portland Bottom Line' demonstrates how small businesses can innovate to put people before profit, help restore the ecosystem, and prosper." The book has already made a media splash, with coverage in the Examiner, Epicurious Vegan, Oregon Business, Cause Capitalism, and the Oregonian.

In an extra nod toward community awareness and involvement, Korchnak and Strand asked all the contributors to vote among several non-profit groups as to which one would receive 100% of the net profits from sales of the book. Mercy Corps Northwest was the winner, so a portion of each purchase price of the book will go to them.

"The Portland Bottom Line" is available from Lulu.com in paperback ($16.95) or as a download ($6.95), and from Amazon.com ($16.95). Be aware that because of the required price structure at each place, your contribution to MercyCorps will be much higher if you buy from Lulu ($7.53) than Amazon ($3.15). Just saying.

Shop Talk

A warranty DOES NOT mean you're stuck with the dealer!

We often see customers resurface after a three year absence. When asked why they haven't returned, the common reply is: "We bought this car new, and thought we had to participate in a dealership service program to maintain the full warranty." This simply is NOT TRUE!

Dealership salespeople are famous for leading customers on to believe this "you need to return your new vehicle here for service" myth. A dealership salesperson might ***imply*** you need to return to maintain a full vehicle warranty. It is not legal for them to tell you ***"you must"*** return the vehicle for service so they do everything short of stating the absolute. The profit margin on a new car sale is slim, in comparison to the profit on parts and service over time. We see cars "fresh out of warranty", often with problems that should have been corrected before the expiration period. A dealership profits far more from non-warranty than warranty service. Warranty work pays the technician approximately 2/3rds normal flat rate pay. When busy with full pay work, identifying and performing warranty work may not be a technician's first priority. When full pay work is not available warranty work is better than going home, but not much. A conflict of interest establishes, and a vehicle can leave the warranty period with neglected warranty work needed. We have no affiliation with any major auto manufacturer, our technicians are not paid flat rate and are motivated to act in the interest of our clients.

We would like to make sure that you get the most out of your service contracts, recalls and warranties. We offer impeccable service for the life of the vehicle. Purchasing a new vehicle is a clean slate to build proper maintenance history, which can be the difference between a five-year and a fifteen-year vehicle. Here are several reasons you should see us during your new vehicle warranty period.

1. We will insure all necessary work is performed to maintain your vehicle warranty.
2. We will start your new vehicle out on a documented maintenance schedule that makes sense for you.
3. We will monitor any factory recall notices that relate to your vehicle and notify you the next time you're in for service.
4. We will shuttle your vehicle to and from the dealership to facilitate warranty and recall services. One of Toms Hall Mark client services has been the curtsey shuttle service. Within a five mile radius of the shop, we will pick up and drop you off at your destination. Simply mention you would like a ride when you make your appointment, and your service writer will schedule a ride.
5. We make sure all applicable recall and warranty services are completed before the expiration of the factory warranty.
6. Your vehicle will start its "out of warranty" life in good health.

Drew's Kitchen
Holiday Feast Essentials

The holiday season is about getting together with family and friends to enjoy great food, so this time I'm bringing together recipes that are the foundation of any holiday feast. Here are a two of my favorite appetizers, an excellent Prime Rib Roast, and even a special horseradish recipe. Throw in some mashed potatoes, salad, and a couple other frills and you have everything you need to send your guest's home happy.

JAKE'S DUNGENESS CRAB CAKES

1 1/2 pounds crab meat
1 cup plain bread crumbs (plus about 1 1/2 cups additional, divided)
2 ribs celery, finely minced
1 small onion, finely minced
1 small green bell pepper, finely minced
1 tablespoon dry mustard
1/2 teaspoon Tabasco sauce
1 egg
1/4 cup mayonnaise
1 tablespoon lemon juice
1/2 teaspoon Worcestershire sauce
Approximately 1/2 cup vegetable oil, divided
Tartar sauce to garnish

- Combine crab meat, 1 cup of the bread crumbs, celery, onion, green pepper, dry mustard, Tabasco, egg, mayonnaise, lemon juice and Worcestershire sauce. Form mixture into 8 1-inch thick patties, or 30 to 40 hors d' oeuvre-sized patties.
- If mixture won't hold together, add a bit more mayonnaise. (Patties need to be handled carefully during coating and frying stages.) Coat patties with additional bread crumbs, slightly pressing crumbs into patties.
- Heat approximately 1/4 cup oil in large skillet over medium heat. Place 4 patties in hot oil and brown. Turn to brown the other side. Remove from skillet; start with fresh oil and repeat browning with remaining patties. Keep first batch in the oven to keep warm while browning the remaining patties. Serve with tartar sauce.
- Makes 8 large patties

BRIE IN PASTRY

1 sheet Pepperidge *Farm* Frozen Puff Pastry
1 wheel of Brie cheese (16 oz.)
1/4 cup sliced, toasted almonds
1/4 cup parsley, chopped
1 egg beaten with 1 teaspoon water

- Thaw pastry (usually takes 20 minutes); roll sheet out on a lightly floured surface to a 15-inch circle.
- Preheat oven to 400 degrees.
- Slice Brie in half horizontally and layer with almonds and parsley. Reassemble and place in center of pastry.
- Brush pastry edges with egg wash, and pull up sides to enclose Brie.
- Place seam side down on ungreased baking sheet. If desired, decorate top with pastry scraps.
- Brush with egg wash. Bake for 20 minutes. Let stand 10 minutes before serving.
- Makes 12 servings.

PERFECT PRIME RIB ROAST

The ideal standing rib roast should contain three to five ribs, and three is about perfect for a dinner for six to eight. For more guests (or more leftovers), order a four-or-five rib roast. Either way, ask for a small-end (or first-cut) roast, meaning a roast cut from the loin end of the steer, where the meat is tender, flavorful and leaner that at the end. Ask your butcher to cut the bones off the meat and then tie them back on, just to make things easier for you.

1 – 3 bone beef rib roast (prime rib), about 6 pounds
2 tablespoons kosher salt
1 tablespoon freshly ground black pepper
1 teaspoon dry mustard
2 teaspoons chopped fresh rosemary
6 to 8 sprigs fresh rosemary (optional)

- At least one day ahead of time, unwrap roast and pat dry with paper towels. Combine salt, pepper, dry mustard and chopped rosemary; rub generously all over roast, especially in spaces between meat and bones. Refrigerate, uncovered.
- Up to two hours before cooking the roast, remove from refrigerator and let sit at room temperature, loosely covered.
- Position a rack in the center of oven and preheat to 450 degrees. (For grass-fed beef, start at 350 degrees.)
- Place roast bone side down in a large, shallow pan on a bed of rosemary sprigs, if using (for boneless roasts, line the pan with a roasting rack). Place meat in the oven and roast for 20 minutes, then without opening the door, reduce oven temperature to 350 degrees.
- After about 45 minutes, start checking the internal temperature of the roast with an instant-read, probe or continuous-read meat thermometer. Remove the roast at 115 degrees for rare (1 to 1.5 hours), 120 to 125 degrees for medium rare and 130 for medium. (Note: When using a convection oven, resting temperature of roast can rise as much as 30 degrees, so remove roast at 110 degrees for rare, 115 to 120 for medium rare and 125 for medium.)
- Tent with foil and let roast sit for 15 to 30 minutes; as it rests, the juices will be redistributed in the meat and the internal temperature will rise by about 10 degrees. Carve the roast at the table and serve. Serve with Creamy Horseradish Sauce (recipe below).
- Makes 6 to 8 servings

HORSERADISH SAUCE

1/4 cup prepared horseradish sauce
1 cup sour cream
1 teaspoons Dijon mustard (optional)
1/4 cup finely chopped green onions or fresh chives

- In a medium bowl stir together horseradish sauce, sour cream, Dijon mustard, and if desired, green onions or chives.

Popcorn Shorts

Cool and important stuff that's too short for a big article

Surviving the TSA search

Ready to fly for the holidays? The TSA has plans for you! The Grand Governmental Groping is going on now at an airport near you. If you're torn between having naked pictures taken while you're being irradiated or explaining to your 7-year-old why it's OK to let the smiling stranger to grab her privates, believe it or not FiredogLake can help. There's a link to a flyer here that explains the procedure, your options, and whatever "rights" you still have left in the situation. Also, here's a link to the National Opt-Out day protest against the pornoscanners, and a link here to some possible new slogans for the TSA. (We're not recommending that you do this, but Abbie Hoffman would think it would be really funny if you had a pocketful of these slogans printed on little slips and dropped them around the airport. Ha Ha.)

Our free Shop Calendars are in!

We had an amazing response from our clients when we asked about their favorite community groups. When we started the project we were worried that we wouldn't get enough nominations to fill out the calendar, but the hardest part of the whole thing has been picking among the flood of worthy and important groups who were suggested. In the end, we tried to select groups that were (mostly) local/regional, relatively unknown, and small enough that a mention in our calendar would be a help. Now the results are here, and your FREE copy of the calendar is waiting for you next time you come in. We hope you come in for yours soon, and we hope you consider supporting one of these fine organizations. (And for those of you who are die-hard fans of the magnetic calendar? We'll have those too.)

LATE BREAKING NEWS- One of the groups we picked was Salem Children's Village, a non-profit home for abused children started by KPOJ's Thom Hartmann. We sent Thom a copy of the calendar, and he was excited enough about it to give us a wonderful mention Monday on his national show. Hear it all here.)

Free Coffee Season is here!

Free Coffee Season is here! Our CHRISTMAS COFFEE GIVEAWAY is on the way! Schedule service any time during the week of December 20-31 and pick up a FREE bag of fresh-roasted, fresh-ground coffee when you pick up your vehicle. Our coffee, now and throughout the year, comes from Nancy and the folks at Schondecken Coffee Roasters in Sellwood. If you're in the neighborhood you deserve the treat, and if you're not in the neighborhood it's worth the drive. Don't believe us? Here's part of one of their Yelp reviews: "*I am from San Francisco, and am a huge Peetnik. But Schondecken beats them hands-down (sorry Peet's -- I still love you). My brother-in-law brought me a pound of Schondecken for Christmas and it was the best gift I got. Anyway, this place has huge burlap sacks full of RAW coffee beans just sitting on the floor. They then roast this coffee in 4-POUND BATCHES in a contraption that looks like a time machine from a '50s science fiction flick. So you know the stuff is super-fresh. They have a number of blends ("Jazz" is excellent) and also single-origin coffees. And it's in a converted house, so it's very homey -- the perfect place on a rainy Portland afternoon*."

Electric and hydrogen fuel vehicles are hitting the road for real

Chevy Volt is finally here! The much anticipated extended range-electric goes on sale in December, with a base sticker price of $33,500 after a $7,500 federal tax credit. The Volt is GM's latest attempt at an electric car sense the controversial EV1. The Volt has a 40 mile range on full electric mode, and a gasoline generator to charge the batteries for extended range trips.

Nissan Leaf-electric-car- Here's 10 amazing things you didn't know about the Nissan Leaf-electric-car. From being made for recycled water bottles, and the industry leading 100,000 mile battery warranty; the Leaf is packed full of green technologies and innovations.

Hydrogen fuel cars are here! The BMW Hydrogen 7, based on the 7 series luxury sedan, is equipped with a 12-cylinder 6.0 liter dual mode internal combustion engine that can switch from hydrogen to gasoline. Despite the problems of re-fueling, it comes with all the latest amenities. Let's hope so with a price tag of only $500,000!

News To Make You Furious
The BP Spill may have stopped, but it isn't over...

OK, both you "Furious" fans out there, this time it's quick and simple. Here's an article on the latest shenanigans from the about the company Greenopia picked as their 2009 "Greenest Oil Company"....

By Jia Lynn Yang, Washington Post Staff Writer
Tuesday, July 27, 2010

BP said Tuesday that it plans to cut its U.S. tax bill by $9.9 billion, or about half the amount pledged to aid victims of the disaster, by deducting costs related to the oil spill. A portion of that could be refunded from taxes BP paid in earlier years. The company disclosed its intentions as part of its second-quarter earnings report, in which it said it would record a $32.2 billion charge to reflect the costs of the spill.

Under U.S. corporate tax law, companies can take credits on up to 35 percent of their losses.

The credit for BP could mean, however, that taxpayers will indirectly foot part of the bill for the $20 billion fund that BP established to compensate people and businesses harmed by the disaster.

On Tuesday, White House press secretary Robert Gibbs said U.S. taxpayers would not be responsible for the cost of the spill. When asked whether BP should be claiming a credit, Gibbs said, "I don't think anybody would prefer that they do that." Gibbs would not say whether the president would press BP on the tax deduction. He said, though, that "there are tax laws in this country that have been written for quite some time."

Lawmakers called for BP to renounce any claim for a refund. "I call on BP to show, for once, a glimmer of humanity in this situation and halt its claim for this tax break immediately," said Rep. Eliot L. Engel (D-N.Y.).

Policymakers crafted the tax code this way so that companies can spread their profits and losses over more than just one calendar year. Let's say a company makes $100 billion one year and pays the U.S. corporate tax rate of 35 percent, or $35 billion. The next year, the economy goes south, and the company loses $100 billion. Over those two years, the company made nothing but still paid $35 billion in taxes.

From the tax code's perspective, the company overpaid in previous years. To rectify this, companies can claim a credit, also at the 35 percent rate. Companies can seek a refund for taxes paid from the previous two years or, if there's money leftover, carry the credit forward up to 20 years.

"What they're trying to do is take the arbitrariness of what you did this particular year over the life of the company, or over a long period of the life of the company," said Douglas Shackelford, a tax professor at the University of North Carolina. It's how a company such as General Electric, which reported $408 million in losses at its U.S. operations last year, not only paid nothing in U.S. corporate income taxes last year but also received a refund.

Robert Willens, a corporate tax expert, said it's unlikely that BP will give up its tax credit, even if faced with public opposition. The company voluntarily established the $20 billion escrow account for victims of the spill and never promised the government that it would not seek any deductions associated with the spill, he said.

This month, Goldman Sachs promised not to ask for tax credits associated with the $535 million it paid in penalties to the Securities and Exchange Commission to settle a fraud charge. But as Willens says, that was specifically negotiated in Goldman's agreement with the SEC.

"The cost associated with the cleanup and the damage and all that -- that's just another cost of doing business from the tax perspective," Shackelford said. "It's viewed no different from paying salaries or other costs they might incur."