



OPINION AND COMMENTARY ON THE NEWS

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THE BAILOUT SCANDAL

A mere five weeks before the national election, the President, his Secretary of the Treasury and Congressional Democrats scream that there is a doomsday financial crisis that will destroy the United States unless \$700 billion is appropriated in 48 hours.

The size, the speed, the lack of oversight, blanket immunity and total lack of specifics to the bailout reminds one who has been inside a chicken coop on a hot summer day . . . it smells like chicken #@# \$!

Elected officials strut in the barnyard of Washington pecking at the microphones crowing that they have “core principles” in place to solve this “crisis.” As Supertramp remarked decades ago, “Crisis? What Crisis??”

The allegation has been that banks have stopped lending to each other. This “seizure” of lending in the credit markets will freeze any future lending to businesses, and individuals which will lead to a Great Depression..

Take a deep breath America . . . smell the chicken coop?

The \$700 billion number was pulled from thin air; there has been nor will there be any explanation of it. It is the equivalent of two and one half times all the annual welfare and unemployment payments in the United States. It is more than the Pentagon budget. It is more than cost of the War in Iraq. It is equal to the entire national M1 money supply.

It was the largest number determined to give the proposal the FEAR FACTOR of being a real crisis. There has been not one piece of credible proof that there is a \$700 billion mortgage, Wall Street or economic problem facing the country to warrant turning over the entire United States Treasury over to the signature of one man, Hank Paulson, the treasury secretary.

It was said that “toxic” mortgage securities have stopped being traded so investment firms are nearing a credit collapse. If these securities are worthless,

why should taxpayers “buy” them to unstick the market? As many economists have stated, this is nationalizing private credit losses; socialism for those bad actors who have lost money in the markets. Congress has failed to understand this basic concept.

The only thing seized upon during this week has been the rush by Congress to double or triple the national budget on their political agendas. Five weeks before the election, a faux crisis has led to a lobbying feeding frenzy over now trillions of new federal spending.

The legislation being drafted by incessant sewer rats fornicating policy while rolling around hundred dollar bills in the treasury vault.. This is nothing more than a special interest spending bill without any specifics or guarantees of success. It does not matter because the “smartest people in the room” have no common sense.

The American people are angry over this whole concept; more than 90% of the

public have voiced strong opposition to any bailout bill. But there representatives are deaf and blind to the public’s outcry. American’s have no say in the new trillion debt load because their elected officials are blinded by the prospect of enriching themselves and their special interests..

The gall of such an outright fraud upon the taxpayer is magnified by the fact that Congress is up for election in a matter of weeks! Congressional leaders don’t care what the public thinks, but in a move of extreme cover, the majority party, the Democrats, refused to pass the original bill over the objection of the Republican minority in the house because the Democrats want to claim the Republicans were also for the bill so they won’t be blamed at the ballot box. But the spin won’t work with the anger seething across all levels of the American public.

This election should now turn on this one issue: anyone voting for it should be removed from office.

THE SACKING OF THE TREASURY

The federal government has been spending money like a drunken sailor. This summer alone, new “financial bailout” programs to increase liquidity the markets and solve the mortgage default crisis have already cost the taxpayers more than \$1 trillion. But the leadership fails to even acknowledge the massive amount of spending when talking about the “needed” \$700 billion plan.

In a matter of months, the United States now owns 50% of all residential loans when it took over Fannie Mae and Freddy Mac, the engine of the subprime mortgage lending (which was only 2% of the total loan portfolio). The U.S. is now the owner of the biggest insurance company, AIG, who was involved in insuring these alleged bad loans.

When Democrats on the Hill scream that this Paulson bill has nothing about homeowners on the brink of foreclosure, the cries are hollow. The Congress just passed a \$300 billion bailout of

BEAR STEARNS	\$30 BILLION
FANNIE/FREDDY	
PURCHASE	\$200 BILLION
AIG PURCHASE	\$85 BILLION
JULY HOMEOWNER	
RECOVERY BILL	\$300 BILLION
FED WINDOW	
BANK LENDING	\$400 BILLION

\$ 1.105 TRILLION

WALL ST BAILOUT	\$700 BILLION
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\$1.705 TRILLION

homeowners by authorizing 400,000 refinance loans to stressed homeowners. The scandal also brews here as well: the average home price is \$240,000 so 400,000 refinances (at 100%) is only \$96 billion in real aid . . . the rest of the bill, \$204 billion is unaccounted for!

Also unaccounted in the Wall Street bailout is the fact that federal reserve has pumped in more than \$400 billion in interbank loans from its daily federal window. Is

that not enough to keep those firms solvent?

Also not put into the bailout equation is the fact that the two biggest lenders (or culprits if you believe loose lending caused this crisis) are gone. Countrywide was bought Bank of America; Washington Mutual was seized by the FDIC and its assets sold to JP Morgan Chase. Cost to the taxpayers: ZERO.

There are current regulations and private capital to solve the perceived problem.

Warren Buffett just invested \$5 billion in Goldman Sachs. He made a \$700 million profit in less than a week. If the bailout bill goes through, Buffett stands to make at least \$3.6 billion in profit.

Yes, when investment firms receive the \$700 billion, there is no strings attached; it is pure profit to these companies. They won't need to lend any money to anyone when the federal government is writing blank checks in their favor.

BAILOUT: BLACKMAIL?

The worst excuse for pressing the Paulson bailout bill was the statement that if the \$700 billion was not funded immediately, Wall Street would crash, and the public's 401(k) and retirement funds would be hit in a new Great Depression.

And who were the criers of this doom and gloom scenario? The same Wall Street firms who would be receiving the largest "gift" in United States history!

If Wall Street goes to Congress and threatens financial havoc unless they are paid \$700 billion - - is that not a form of blackmail of the United States taxpayer?!

If Wall Street pleads to Congress and the White House that their own credit markets are broken, and only a huge federal bailout will unlock it, wouldn't a fiduciary of the treasury at least ask what caused the problem? And why money would solve the problem now? And why should we give the people who caused the problem more money to create more problems? Those answers are never answered because those interests have special power of politicians: millions of dollars of campaign donations. One of the leaders and drafters of the bailout bill, Sen. Dodd, received more than \$14



million from the same groups who will directly benefit from the bailout spending. That is a direct conflict of interest.

It is also a conflict of interest that lame duck executives like Paulson are going to fund Wall Street with billions of dollars of unfettered money and

then in a few months go back to work on Wall Street. Call it a prospective golden parachute, the same type of excessive compensation that rail socialist democrats are crowing about during this debate.

The only person holding the bag for the bagmen is Uncle Sam.

THE FRANCO-JAPANESE MODEL

The Summer of 2008 may go down in American History of as the End of the American Dream and the beginning of the Fall of the American Democracy.

Look what has happened in a matter of weeks: the residential loan market, insurance and the credit market has been started to be nationalized (owned by

the government).. The founding fathers feared the concept of a central or single national bank but now the US Treasury in concert with the federal reserve have made those fears come to life. There is no greater hammer than a group that prints money and uses it as a club to force social policy.

The proponents

of the bailout want to control and change existing employment contracts, rewrite all corporate charters to provide shareholder votes on compensation plans, force lenders to continue to lend to unqualified buyers in the name of "affordable housing."

Washington has turned into a socialist spending machine like

France, which continues to reel in high unemployment, poor economic prospects and new class tensions, but with the monetary policy of the collapsed Japanese banking sector when its bubble burst in 1990. Japan has yet to recover from its failure because it lost its manufacturing (wealth creation base) like the US.

ELECTION DOOM

The first answers from the candidates on the bailout showed that both McCain and Obama are clueless parrots when it comes to dissecting a perceived problem.

Both NEVER considered a private market solution to the “crisis.” The House Republicans proposed that instead of spending \$700 billion on unknown “toxic securities” without a guaranty of repayment, let the private investment firms buy credit insurance from the government (which is what it will be doing when it runs AIG). That was rejected immediately because in Washington, the only solution to any problem is regulatory government intervention.

Scoundrels are the biggest voices in any faux crisis. The first deadline for the bailout passed with the Dow continuing to trade up and down as it has done for months. A survey of business owners found that their banks are still extending them credit. There has been only one bank run, on IndyMac Bank, but only after

Rep. Schumer made stupid comments on its solvency.

More than 90% of the American public knows what is really going on here: this is the greatest transfer of wealth to a group of insiders since the Teapot Dome scandal.

It is not about supprime mortgages going bad, because those lenders have collateral, the actual houses, to recoup losses. It is not the threat of bad lending practices because the biggest supprime lenders are no longer in business. It is a problem in “mortgage backed securities” which no one can tell the public what they are, what they are worth, and why the taxpayers need to take them over.

The public is now understanding that this crisis is about exotic Wall Street funny money and accounting practices more than an actual meltdown in the system. Wall Street printed its own money in form of derivative contracts, which are mere cash gambling slips. And when they issued more than they

could cover, they cried “the sky is falling” and asked Congress to bail them out. The root cause of any financial stress is not the underlying mortgage market but Enron-like worthless paper that Wall Street investment firms want to unload on the American treasury.

Most Americans say let these gambling firms go bankrupt like Enron and Lehmann Brothers. It is not the responsibility of the taxpayer to guarantee profits to firms in a capitalistic society.

McCain and Obama do not articulate those principles. They are for “the bailout” without explaining it. In fact, Obama’s leadership was to keep as far away from D.C. He was not even going to vote on the plan because he was campaigning for president even though the next President would have to deal with the new bureaucracy created by this bill.

You have two special interest spoon fed candidates failing to acknowledge the will of the general public on an issue which will effectively bankrupt the na-

tion and cause the Depression which they claim will be averted by their present actions.

Politicians can’t add or subtract, especially with your tax dollars. The ramifications of printing another trillion dollars is clear. If the US Dollar is only worth 60 cents today; the massive infusion by doubling the money supply (which is public debt) will dilute the value of the dollar to 30 cents. And what country will invest in a nation that is now constantly devaluing its own currency by printing money non-stop on spending programs that don’t work.

The American people are doomed to elect a Washington insider as President. Each candidate has his own wish list of spending projects that total a trillion dollars or more in new spending.

America can’t afford it. That’s why it is against the bailout plan. The nation’s largest export is now agricultural products; we have turned into a totalitarian bankrupt banana republic in this century.