

Conservative Review

Issue #42

Kukis Digests and Opines on this Week's News and Views

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Too much happened this week! Enjoy...

The cartoons come from:

www.townhall.com/funnies.

If you receive this and you hate it and you don't want to ever read it no matter what...that is fine; email me back and you will be deleted from my list (which is almost at the maximum anyway).

I do not accept any advertising nor do I charge for this publication.

It is a long issue today; I had a lot to say, and many hours sitting around in the dark to think. You have been forewarned.

Missing Issues

Living in Texas sometimes has its drawbacks, and one of them was named Ike. This is my 9th day without electricity, cable or internet. I do have a generator, which allows me to use one

appliance/device at a time. The gas line I was in today took nearly 2 hours, reminding me of the good old Carter days.

There are about 6 million people in Harris County, and I heard that 4–4.5 million were without electricity (that would include those outside of Harris county, down Galveston way).

Like most people, I am not sitting on my butt waiting for FEMA to knock on the door and ask me if there is anything that I need. I might do that if I was working on a comedy routine.

I live about a 3 hour drive from where Ike made landfall, and once it hit shore, it traveled quickly north to my house. It made the trip in 6 or 7 hours. I slept though much of it, but in talking to various people, it was an exciting night. One couple, looking out their 2nd story window, would sometimes see their trees and sometimes not, the wind blowing them completely out of sight.

I have since found out that this storm went all the way up to Ohio, disturbing the peaceful life of some of my relatives up there.

That night, when the eye was overhead (which means, it is quiet—no rain and no wind), I could see something laying on my back porch. Since it was not a body, I didn't worry too much about it. The next morning, I found that a 35' tree at the corner of my house had fallen and taken out my newly built 2nd floor deck.

In the time since then, government has stepped up, to some degree. I have seen with my own eyes government handouts at one church. However, most of the subsequent response from individuals has been, clean up your own yard, help your neighbor, buy a buttload of generators and sell them by the side of the road. Wal-Mart sold about a million 3 gallon gas cans. When it came to moving people out of Galveston, the government did an excellent job. There was no finger-pointing, and probably Shirley Jackson Lee

managed to get on TV two dozen times, something she likes to do. However, in the aftermath, most of the cleanup and progress was made by the utilities companies (a branch of big oil), large conglomerates (also known as Wal-Mart, HEB, Kroger, various gas stations) and individuals. It is how Americans should function; not waiting for Uncle Sam to come along and say, "I feel your pain" and give me a packet of rations which will last me for a day.

Most of you probably know more about the storm than I do, since I was 13 days without electricity and 14 days without cable television and internet. I discovered something called *reading*, which I may try again sometime.



This is across the street from me.

Questions for Obama

Will you immediately release all the records of the Annenberg Challenge to Stanley Kurtz? Will you hold a press conference and take any and all questions on the Annenberg Challenge?

You have spoken of your community organizing efforts when it came to helping people hold onto

their homes and helping them retrain for jobs. Could you produce 12 people to vouch for this?

[From what I have read, Obama's community organizing had a lot more to do with registering more people to vote Democrat than anything else; it appears as though he worked under the auspices of ACORN].

I have never heard you use the words *victory* or *win* in the same sentence with *Iraq*. Why is that?



Quote of the Week

"If a business is so large that, their going out of business will cause a depression and therefore, requires a government bail-out, that business is too large." Some call-in dude to a radio show.

Quote of the Week #2

80% of Americans believe that the top tax rate ought to be 20% or lower. There is a tax group where this comes from, but you are going to have to find it.

Quote of the Week #3

Joe Biden, a week ago Saturday: *"Barack Obama ain't taking my shotguns, so don't buy that malarkey. If he tries to fool with my Beretta, he's got a problem."*

Rush comments: *Now, I'm wondering if the Secret Service called Biden and said, "Did you just threaten the Democrat presidential nominee?"*

Vids of the Week

Biden tells about how FDR, as president, got on tv to soothe the public about the stock market crash:

http://www.youtube.com/watch?v=Glrnb_G34E4

There needs to be a 24-hour all Biden television station.

Predictions

I have said for several weeks now that McCain is going to beat Obama badly. The polls for awhile have been moving in that direction, but they have reversed themselves. Most commentators keep saying this election is too close to call. It isn't.

I suggested that Obama may dump Biden from the ticket and add Hillary Clinton. This was not original with me, but I am leaning more and more towards this as a possible October surprise. Maybe not *the October surprise*, but one of them. Biden would have to drop out of the race and make it seem as though this was completely of his own volition to do so. Obama would have had to promise him a sweet place to go (FNMA?). Such a change will boost Obama's numbers, but nowhere near enough at this point to put him back in the running. Had he chosen Hillary from

the get-go (his first big decision), he would have made this a close election.

At some point in the campaign, McCain will reveal to us that one of most important assets of their ticket is, he and Palin are *not* lawyers, so that when you ask them a question, you usually get a clear answer to question asked. Maybe they will run an ad entitled, *the People versus the Lawyers*. Disclosure: I will recommend to the McCain campaign that they do this; and they always listen to me. ☺

Ultra-environmental California will start drilling offshore within the next couple years. They are too much in debt to do anything else. You cannot hire hundreds of thousands of tax collectors and state workers, all of whom must be paid a substantial retirement, and make it work. They are finding this out. A smart move for California would be to scrap its state income tax system and institute a high sales tax. They won't do this, because that makes too much sense. A state income tax is just not cost-effective, considering the salaries, state buildings, infra-structure and retirement which is a part of this package. It would be interesting to see how much money is spent in California versus how much is collected there. In any case, financially, California has no choice. They either have to be smart about their tax system or they have to drill. They will drill. What will make this interesting is, how will they deal with being knee-deep in lawsuits from environmentalists?

[A disclaimer: I do not have the gift of prophecy—no one does at this time—but these are reasonable predictions based upon the political climate and being able to read the historical trends of the day]

Told You So

Although drilling for domestic oil is an extremely important issue, it won't be a major issue in the

presidential campaign. We are moving closer and closer to off-shore drilling and, I hope, nuclear power. All along, I told you the Dems would cave here, and they are. Even their non-drilling drilling bill went down in defeat, like much of what they attempt to do.

I have continually told you that one of the biggest problems with the mortgage industry is the ridiculous loans made for *social justice* without business considerations (like, will they pay on the loan). This is finding its way more into the media. And, as I have said, this are not the only reason, but it is a significant one.



Community Reinvestment Act

By the way, in case you are interested, the pertinent legislation involved is known as the Community Reinvestment Act. It was passed back in 1977, but Bill Clinton, in 1993 (with a Democratic Congress) changed up the rules of this act, so that more income groups and races had a shot at home ownership, in spite of having lousy credit. George Bush tried to fix this problem back in 2003, but it was not passed, failing on pretty much a party-line vote. Representative Barney Frank (D-MA) claimed of the thrifths "These two entities-Fannie Mae and

Freddie Mac-are not facing any kind of financial crisis, the more people exaggerate these problems, the more pressure there is on these companies, the less we will see in terms of affordable housing."

Observation of the Week

The biggest difference between New Orleans during Katrina and Galveston during Ike: almost everyone was evacuated from Galveston Island, so those who needed rescuing were in the dozens. In New Orleans, those who needed rescuing were in the thousands. Buses and shelters and police were are involved in moving people from Galveston and other areas along the Texas coast; for New Orleans, no such provision was made. Police and bus drivers were told that they could just leave and go wherever. No thought was given to, what happens when thousands of people show up to the dome, where there are no provisions for them.

Observation of the Week #2

For the storm before Ike, which hit New Orleans, the big difference was, Louisiana's finger-pointing governor had been replaced by Bobby Jindal, who worked with the other 4 Republican governors in the area, and with the local mayors (who have real responsibilities). No finger-pointing, and people were evacuated, and shelters were made available in the neighboring states. It's how government ought to work.

Observation of the Week #3

Michael Medved pointed out that the 3 states to do the best economically from 1996 to 2006 were Florida, Texas, and Arizona, all right to work states. Those states which did the worst: Illinois, Michigan and Ohio. Which of those states lean toward being the most conservative? Which of those states tend to be the most liberal? It should not be a shock that, the more that a state taxes business, the more likely these businesses relocate—not overseas, by the way, but generally to a different state.



Missing Headlines

Congress Investigates FNMA and FHLMC for government Corruption (they should, but they aren't).

Biden says, FDR on TV in 1929

<http://hotair.com/archives/2008/09/23/biden-on-fdrs-management-of-the-1929-crash/>

Come, let us reason together....

Snooze-fest Debate

I watched the debate the other night with Paul, and, apart from the margaritas, I am not quite certain that we could have sat through all of it. It reminded me of two lumbering heavyweights, doing a lot of footwork in the ring, but neither one landing many punches, with a split-decision tie at the end.

Neither candidate delivered a knock-out punch; neither candidate was all that inspiring. My mother, who watched this on public TV, told me that most of the commentators believed Obama to be the winner ("They have republicans too, Gary"). I suspect that she believes that the news is generally unbiased as well (apart from FoxNews, of course).

Paul and I watched the commentary on FoxNews, and every time a new commentator came up, I would tell Paul, "This guy is really good." None of them made the after-debate commentary much more interesting. Even the great Charles Krauthammer said something which was altogether forgettable. All of their conservative commentators thought McCain won and all of their liberal commentators thought that Obama won. That was quite shocking.

The most interesting segment was with Frank Luntz, who has groups of 30 or so mixed voters who voice their opinions (calling it *interesting* might be stretching things somewhat). A couple of these people said how Obama came across as caring more for the common man. I wonder if any of them are aware of how much Obama cares about his half-brother George Obama?

I can't see that either candidate wooed anyone from the other camp; I doubt that many independents were captured either, unless they

already had leanings one way or the other and this confirmed their leanings.

The host was good and quite fair, and he allowed for longer answers without giving the two candidates a countdown or a yellow/red light. He tried to get the candidates to debate with one another, but neither one seemed to be game for that (although my mom tells me that Obama was).

Almost everything which McCain said, I have heard him say before. I think that all of his speech writers did is encourage him to say, "Senator Obama just does not understand this..." However, they did not write him any new lines nor did he come up with any (apart from a joke, which I have since forgotten).

I guess that Obama's handlers told him to say, "Well, John is right about that..." eight times? Obama was well-prepped, and did not say, "Uh uh uh" at all. His constant misuse of the English language (like, *gonna*) got on my nerves, but that could be that I just don't care much for Obama in the first place. This is not much different than liberals who cringe when they hear Bush's voice (actually, the voices which make me cringe the most are Dodd's, Kerry's and Gore's, in that order; Obama is nowhere near that viscerally irritating to me yet).

Obama, when challenged thrice to name programs which he would cut or reduce, finally made it clear that there were 3 new programs which had to be added to the list of things which must be done (free medical coverage, early childhood education, and one other one—not little programs). McCain on this point, at least, offered up an across-the-board spending freeze (with the exception of the military, veterans benefits, and one other thing).

Obama left several openings for McCain, and McCain never took these openings. He needs to go after Obama's ridiculous assertion that he will

provide tax cuts for 95% of Americans. McCain left that unchallenged, and that was a big mistake.

Another opening was about regulating FNMA and FHLMC—when Obama went off on this, McCain should have reminded him that McCain did support dealing with these institutions years ago, but Obama has no such history.

Besides hearing from my mom who won the debate, I heard CNN give their opinion. They took a survey and came up with 51% Obama and 38% McCain. However, they admitted that more democrats than republicans responded, so maybe it was about even. However, they quickly added, since Obama is ahead in the polls, that would make him the winner of the debate. Thank you, CNN, for your excellent unbiased coverage. I hope that the shivers running up and down your legs over this Obama victory have subsided by now.

FoxNews had a dial-in poll (who on earth would participate in something like this?). It was 86% who thought McCain won the debate. FoxNews mentioned this, but quickly moved on.

Palin and Biden are next week. Next to Gravel and Kucinich, Biden is the most interesting Democrat to listen to. Even though a lot of what he says, he doesn't mean, he sounds as if he does. Also, Biden won't be handled, so he will say anything that pops into his head, including, "Hillary might have been a better choice for vice president." Given Biden going off the reservation and Palin being new to national politics, and also less-disciplined, this might be the bright light of the debate series.

Tax Breaks for 95% of All Americans

McCain needs to hit Obama hard on this. Small businesses, which provide many of our jobs, file taxes on individual tax forms. Most of these businesses make more than \$250,000/year

(Obama's cut off between being middle-class and rich). I have heard the number that 2 out of 3 tax returns in this rich class are actually businesses. I have not confirmed that elsewhere. What is the effect of taxing small businesses big time? Some of them will be closed down, most will not be able to do additional hiring, and their profit line will be cut back considerably. This is more than class warfare; it is an attack on small businesses and freedom.

Obama Lies

Obama has claimed that he is only going to tax the top 5%, that there are 3 programs which are absolutely necessary for him to put through (public pre-kindergarten education and government health care are two of them) and he claims that no one will be taxed more than they were taxed under Ronald Reagan. He has also promised that he will run a pay-as-you-go administration.

Reagan brought down the top tax rate to 28%. Obama wants it higher. He is lying.

Raising the rate on 5% of American population in order to fund his programs. Raising the interest rate a few percentage points on this 5% will come nowhere near covering the cost of Obama's top 3 programs. Furthermore, as we have seen in the past, raising taxes will not even guarantee additional income for the government. It will guarantee a business slow-down, and possibly a recession.

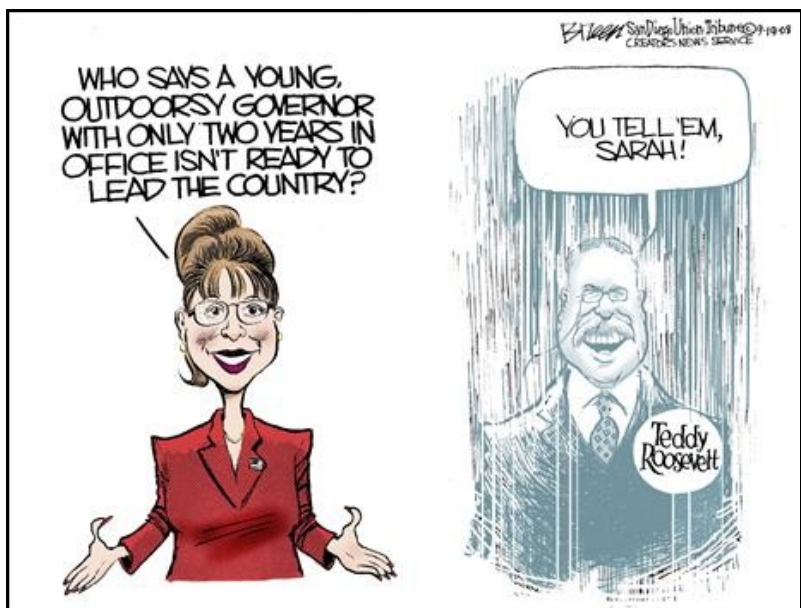
McCain needs to run ads on these quotes, all available on YouTube, and show, in 30 seconds, that Obama is lying.

Bush Tax Cuts for the Rich

This is one of the biggest lies perpetrated on the public. 40% of Americans do not pay taxes (apart

from their FICA taxes). So, anyone who lowers taxes is lowering taxes for the top 60% of American wage earners. Technically, all tax breaks are *tax cuts for the rich*.

Obama is promising tax breaks to those in this lower 40%. This means, he wants the government to cut them a check for \$500-\$1000—people who have not paid taxes—which money comes out of the pocket of those who pay taxes. This is called income redistribution, and, in some churches, social justice.



Allow Me to Be Sexist for a Moment

I've known women pretty much all my life and some of my best friends are women. In fact, one member of my family is a woman! However, women are quite different than men are. Women can be quite catty toward one another, particularly when they perceive themselves as being in an ingroup, and the person they don't like, they see as being in some outgroup. Have you ever watched a pack of wolves attack and destroy the weak wolf of the litter? Same deal, except wolves are generally a lot nicer about it.

When I read through these criticisms of Sarah Palin by liberal feminists, I suddenly realized, these women aren't acting any different than there 16 year-old counterparts, except that their vocabulary is more extensive. Sarah is not in their group, and they are jumping all over her and saying any angry thing which comes into their pretty little feminist heads.

Maureen Dowd writes: *As more and more titillating details spill out about the Palins, Republicans riposte by simply arguing that things like Todd's old D.U.I. arrest or Sarah's messy family vengeance story will just let them relate better to average Americans - unlike the lofty Obamas.*

I think the problem is this: they have spelled out what it means to be a good feminist. They have made it clear that there is a way that you climb the ladder up to the top, which is by following in their footsteps and being like them. Sarah isn't like this.

Feminists will never celebrate Sarah becoming vice president and then president. If she gets a high approval rating here, like in Alaska, it won't include these catty lib-gals.

Do you remember when Clarence Thomas became a chief justice? Even Obama disparaged his being chosen. Obama was about to say, "He should not have been appointed because he did not have enough experience" but he caught himself and said something else. Liberals attacked Clarence Thomas in every way that they could, but he stood firm, realizing that he would never been seen as a Black man who broke a significant color barrier.

Unless you are one of them, your achievements just don't count.

Insane Palin Haters

Naomi Wolfe warns us that Sarah Palin is the designated muse of the coming American police state.

Wolf tells us: You have to understand how things work in a closing society in order to understand "Palin Power." A gang or cabal seizes power, usually with an affable, weak figurehead at the fore. Then they will hold elections -- but they will make sure that the election will be corrupted and that the next affable, weak figurehead is entirely in their control...I realized early on with horror what I was seeing in Governor Palin: the continuation of the Rove-Cheney cabal, but this time without restraints...Palin is embracing lawlessness in defying Alaskan Legislature subpoenas --this is what Rove-Cheney, and not McCain, believe in doing. She uses mafia tactics against critics, like the police commissioner who was railroaded for opposing handguns in Alaskan battered women's shelters...Palin is the FrankenBarbie of the Rove-Cheney cabal..

She goes on: Reputable dermatologists are discussing the fact that in simply actuarial terms, John McCain has a virulent and life-threatening form of skin cancer. It is the elephant in the room, but we must discuss the health of the candidates: doctors put survival rates for someone his age at two to four years. I believe the Rove-Cheney cabal is using Sarah Palin as a stalking horse, an Evita figure, to put a popular, populist face on the coming police state and be the talk show hostess for the end of elections as we know them. If McCain-Palin get in, this will be the last true American election. She will be working for Halliburton, KBR, Rove and Cheney into the foreseeable future -- for a decade perhaps -- a puppet "president" for the same people who have plundered our treasure, are now holding the US economy hostage and who murdered four thousand brave young men and women in a way of choice and lies...In

McCain-Palin's America, citizens who are protesting are being charged as terrorists. This means that a violent war had been declared on American citizens. A well known reporter leaked to me on background that St Paul police had dressed as protesters and, dressed in Black -- shades of the Blackshirts of 1920 -- infiltrated protest groups. There were also phalanxes of men in black wearing balaclavas, linking arms and behaving menacingly -- alleged "anarchists." Let me tell you, I have been on the left for thirty years and you can't get three lefties to wear the same t-shirt to a rally, let alone link arms and wear identical face masks: these are not our guys. Agent Provocateurs framing protesters and calling protest "terrorism" constitutes step ten of a police state.

Naomi Wolf goes on and on and on about the great police state which will come about is Sarah Palin is elected. 50 years from now, people will look back on this essay and not be able to determine whether it is serious or satire.



The rest of the article:

http://www.huffingtonpost.com/naomi-wolf/the-battle-plan-ii-sarah_b_128393.html

Also, on Huffington post is an article by Eve Ensler entitled *Drill Drill Drill*. She begins by saying: *I am having Sarah Palin nightmares. I dreamt last night that she was a member of a club where they rode snowmobiles and wore the claws of drowned and starved polar bears around their necks. I have a particular thing for Polar Bears. Maybe it's their snowy whiteness or their bigness or the fact that they live in the arctic or that I have never seen one in person or touched one. Maybe it is the fact that they live so comfortably on ice. Whatever it is, I need the polar bears.*

She goes on: *Everything Sarah Palin believes in and practices is antithetical to Feminism which for me is part of one story -- connected to saving the earth, ending racism, empowering women, giving young girls options, opening our minds, deepening tolerance, and ending violence and war.*

Sarah believes in her family, in her husband, in preserving life; and, after getting involved in politics at the most grass roots level, the PTA, she moved up the ladder, by virtue of her character and views, to govern the great state of Alaska, with an 80% approve rating. It is no wonder that Eve Ensler is so concerned about setting the woman's movement back several decades.

She goes on, listing some of Palin's most grievous positions: *Sarah Palin does not believe in abortion....She **obviously** does not believe in sex education or birth control...Sarah Palin does not much believe in thinking...Sarah believes in guns...Sarah believes in God. I guess that means, off-the-charts certifiable.*

Ensler closes with: *I write to my sisters. I write because I believe we hold this election in our hands. **This vote is a vote that will determine the future not just of the U.S., but of the planet.** It will determine whether we create policies to save the earth or make it forever uninhabitable for humans...If the Polar Bears don't move you to go and do everything in your power to get Obama*

*elected then consider the chant that filled the hall after Palin spoke at the RNC, "Drill Drill Drill." **I think of teeth when I think of drills.** I think of rape. I think of destruction. I think of domination. I think of military exercises that force mindless repetition, emptying the brain of analysis, doubt, ambiguity or dissent. I think of pain.*

Do we want a future of drilling? More holes in the ozone, in the floor of the sea, more holes in our thinking, in the trust between nations and peoples, more holes in the fabric of this precious thing we call life?

This article needs a soundtrack, perhaps with a cello and a violin, with the cries of polar bears off in the distance, as Sarah Palin rips apart one of them with her bare hands and eats its raw still pulsating flesh.



The entire article is found here:

http://www.huffingtonpost.com/eve-ensler/drill-drill-drill_b_124829.html

An election, which has been quite entertaining up until now, has just become even more so. I love it when women's libbers come to their time of the month. They are far more entertaining than I had ever realized. ☺

On a more serious note, this Ensler has not a whit of concern for the millions of babies/fetuses destroyed—some of whom even fight to live after emerging from the womb; but, you kill a polar bear, and that is where she draws the line.

Obama, Community Organizer

by Michelle Malkin

These are excerpts from a recent Michelle Malkin column:

Let me clarify something. Nobody is mocking community organizers in church basements and community centers across the country working to improve their neighbors' lives. What deserves ridicule is the notion that Obama's brief stint as a South Side rabble-rouser for tax-subsidized, partisan nonprofits qualifies as executive experience you can believe in.

What deserves derision is "community organizing" that relies on a community of homeless people and ex-cons to organize for the purpose of registering dead people to vote, shaking down corporations and using the race card as a bludgeon.

As I've reported previously, Obama's community organizing days involved training grievance-mongers from the far-left ACORN (Association of Community Organizations for Reform Now). The ACORN mob is infamous for its bully tactics (which they dub "direct actions"); Obama supporters have recounted his role in organizing an ambush on a government planning meeting about a landfill project opposed by Chicago's minority lobbies.

The entire article is found here:

http://townhall.com/columnists/MichelleMalkin/2008/09/05/why_obamas_community_organizer_days_are_a_joke?page=full&comments=true



Freddie Mac and Fannie Mae

Let me see if I can explain these institutions again, and give some clue as to how things have gotten so screwed up.

FHLMC and FNMA are both part-private, part-governmental agencies which represent the bulk of the secondary mortgage market, something which most people never knew existed.

First problem, no company should be part-government and part-private.

Your mortgage company makes money, not by you sending them money every month, but by making loans and charging you way too much for all of these closing charges. However, at some point in time, they are going to run out of money to lend out. So, the secondary mortgage market was set up to deal with that. A mortgage company will package up a \$100 million group of loans, sell them on the secondary mortgage market, and use the new money to lend out again. What I assume is, FHLMC and FNMA have deals with the government to get bunches of

more money, which can be used to purchase these loans, so that more loans can be made.

When your loan is packaged and sold, they may continue to hold the loan and *service* the loan (collect the payments and disburse the funds) or the loan may end up in the hands of another mortgage company which services the loan, but FHLMC or FNMA actually now hold the loan themselves.

Now, mortgage-backed securities are sold, which is also a source of money used to buy more loans.

My understanding is, the government essentially appoints the upper echelon of these multi-billion dollar companies. Second problem, government should not be involved with billions of dollars whenever a private company could do the same thing. Third problem, the government should not have any input on who is hired or fired. The deal is, most people in government really have no idea how to run anything. If they did, they would be out running their own business. A preponderance of them are lawyers, who do not run businesses, but they do know how to legally steal from people (John Edwards is a prime example of this). Quite obviously, some people are going to be put in charge as a political favor. Fourth problem: no one should be appointed to head a company worth billions of dollars as the result of a political favor.

Here is one of the biggest problems when it comes to a lawyer with a business. He might be able to figure out way to obfuscate the truth with language (something politicians are known for), but he does not necessarily understand how to make a business work or how to make money. The government is not a money-making organization; they are a money-taking organization. If they come up with some great plan, and they do not sufficiently fund it (which occurs most of the time), then they simply vote on more money to go to this project. Problem solved. But this is not how a business works. A

business must make money, a public business is beholden to shareholders to make money, and they cannot call in a political favor (in most cases) to just get more money to work with.

So, should government become more involved in FNMA or FHLMC? Hell no! Should government bail them out? Again, hell, no. What happens to many failing companies? They are sold off in pieces. FNMA and FHLMC are too large as it is. Their loans need to be sold to individual companies who wish to act as completely private secondary mortgage market organizations. The government should set up some sensible regulations for these companies (how much money should they have on hand; how much they can sell of mortgaged backed securities; etc.). These can be completely private or public companies, but the government needs to get out of it.



Sixth problem with FHLMC and FNMA: government gets involved in stupid social programs, and one of them was the idea that everyone, no matter what, should be allowed to buy a home. Bad credit? No problem. No money? No problem. This is flat out stupid and no one in the business world would ever do such a thing. If they did, and it was a publically traded

company, they would be thrown in jail. However, under Clinton, there was a loosening of the credit to the point that people who had no money and bad credit could actually get a home loan, if they were poor enough and/or fit a certain government-chosen demographic. I personally know people who got in on this. This does not take an Einstein to figure out what will happen when you loan someone money who has a bad credit record or if you loan someone more money than they can afford to pay back. They will default on the loan.

Let me explain something about an investor loan, which I have gotten. Most of the time, I have to come up with 20–40% of the value of the house in order to buy it (or to refinance a loan). This means I have a lot of my money invested into this house. For this reason, I am not going to just let the house go back to the bank—that represents too much work to just let it go. A person who put 0% down, who finds out that if he stops paying, he has 4–6 months to stay in the house and not pay a dime, and if that person has bad credit, what do you think he will do?

This means that, at some point in time, FHLMC and FNMA are going to own a significant number of loans where the buyer has defaulted. Now, if I default on one of my loans, the note holder can easily come in, sell it as a foreclosure, and even make money most of the time (since they are financing only 60–80% of the home). But if they have financed 100% of the house and have 6 months of unpaid back payments, and spend another several months acquiring title on the house and another few months marketing the house, they can end up with a net loss of \$10,000–30,000 easily. Since a mortgage only brings in 5–8%, when 4% of your loans represent a \$20,000 loss for each one of those loans, your company has gone belly-up (unless the government decides to just give you money).

Seventh problem: the government appointed management has made a lot of money. They

don't go to work for FNMA or FHLMC and make \$100,000 salaries; they make millions of dollars, also a drain on the company.

Eighth problem: these companies turn around and give money to political parties and political candidates.

To sum up: no need to run these companies with any fiscal responsibility, because government will step in and inject more money into them. Since there is so much money, it goes out to their corporate heads, who have no business running the organization in the first place, and to political candidates (like Obama and Dodd, for instance). And government involvement takes a bad situation and makes it worse by trying out stupid social programs.

Ninth problem: where are the indictments? Where is the investigation? Congress and the media got super-self-righteous when it came to Enron (and a lot of innocent people got prosecuted, by the way); what about FHLMC and FNMA? Why aren't they investigated and why aren't those who were dishonest brought up on charges? When will their business practices be brought to light? What was the criteria for putting some of these people in management positions and what did they do with their power and position?

We Need to Protect Main Street

Obama has been saying, "We need to not only look out for Wall street, but we need to look out for main street" with reference to the FHLMC and FNMA secondary mortgage market. His minions always scream in ecstasy when they hear this line. It is one of the stupidest things which he says. I work hard to pay my mortgage payments on time. Most of the people I know work hard to pay their mortgage payments. I do not want to pay the mortgage payments for some bozo who is not making his payments.

What I Don't Quite Understand

No institution can make money off a 5–7% interest loan, even if there is a 99% chance that they will be paid on time until the debt is gone. There is just not enough money there to make that worthwhile, after taking into consideration the cost of debt servicing. Somehow, and I have not heard this explained yet, mortgage companies and the secondary mortgage market must have some very special laws (similar to banks) which allow them to deal with mortgage ownership similar to a homeowner. Home ownership via a mortgage is what is known as a leveraged investment. That is, if I put \$10,000 down on a \$100,000 house, the value of the house increases based upon the value of the house, and not based upon how much money I have in the house. So, let's say a house goes up 10% during a very good year. I have then doubled my money (I had a 100% return on my money, on my \$10,000 investment). This is why many people get rich owning real estate.

Mortgage companies and the secondary mortgage market apparently is allowed to have much less money on hand than is actually necessary. In this way, they make much more than the 5–7% interest rate which we homeowners pay.

Part of what makes this work is, the trust that someone will pay their mortgage. At one time, about 99% or more people paid off their mortgage loans as agreed.

Solutions to the Credit Crunch

Unfortunately, it is not clear to about 40% of the voting public that the government is not really capable of running most businesses. Most of the government is made up of lawyers, many of whom make money by taking it from medium to large entities. They do not know how to actually run a business; they do not know how to build up

a business; they do not know, in most cases, how to put the right people in charge. Therefore, taking a business which is quasi-government controlled, like FNMA and FHLMC, and making it all government controlled. There are not many people who understand what the secondary mortgage market is in the first place. If Chris Dodd did not understand what it meant to get a favorable interest rate (which is his public claim concerning the favorable interest rate which he got from Countrywide), why would we want someone like that in charge over the secondary mortgage market? He is either being extremely dishonest or he is very, very stupid. Therefore, more government control or a government takeover is a really bad idea (this is why you ought to be opposed to a *free* government-run health care system).

It should be clear that, when you mix huge sums of money with a very complex business and add people who work for the government, there will be an incredible amount of corruption. So, putting any huge business into government hands (the secondary mortgage market, medical insurance, and, next in line, big oil) is a bad idea. It does not matter that the original CEO (or whatever) is a man of great knowledge and honor. At some point, it will be a crooked guy who gets this position as a political favor.



FNMA and FHLMC are too large. There is nothing wrong with the idea behind a secondary mortgage market. However, these mortgages need to be broken down into smaller bites and sold to private companies, including various retirement corporations. One company services the loan (takes in the payments and handles the paperwork and payment associated with the loan), and another company invests in these mortgages.

We need to go back to giving mortgages to people who pay them back. If this means that Armenian women with physical disabilities get shut out of the housing market, so be it. No matter what subgroup is out there who does not, in general, pay off their loans, those people should not be given loans. We have so many home loans out there, we know who pays and who doesn't. We can make certain that 99% of all home loans are paid as agreed. That's easy to do. We have to go back to strict business practices when it comes to giving a home loan. Will some people be unable to get a home loan? Of course. Those people who have no history of paying off their financial obligations. Will this depress housing prices? It will. Housing prices began to get out of control because the home loan market was open to anyone. It needs to be open to those who have a history of paying their bills and loans (I have had section 8 people get mortgage loans where the mortgage company did not even bother to call me, their landlord, to see how they paid).

To sum up, sell off bundles of mortgages in smaller increments to private investors, private companies, and private groups. Get the government out of it altogether (apart from reasonable regulation of their practices). Give loans to people who historically pay off their loans. Iffy credit means, more money down and a higher interest rate. The idea of loans for people with bad credit at a low interest with no money down needs to come to an end. You do

not get to go out and buy a house just because you want to.



Obama Puts Lipstick on a Pig

Okay, okay, I know that this is old news, but I still have to tell you Obama's intent. Now, at first, like many other conservatives, I was willing to give Obama the benefit of the doubt here. Then I really heard what he said. The saying is, *if you put lipstick on a pig, it is still a pig*. This is not what Obama said. He said, *If you put lipstick on a pig [pregnant pause, let the audience figure out what you have just said], it is still a pig*. The audience got that it was about Sarah Palin. They were not laughing and cheering because Obama had just dissed McCain's economic policies. They understood what Obama was saying, and so did he.

This was one of the few times that the Obama camp anticipated the response to their statement and were ready for it. They knew how the McCain camp would respond ("How dare you!"), and Obama was ready the next day with an outstanding speech *accusing* McCain of the old style politics. He read the speech from notes not from a teleprompter (watch the video).

First move, Obama's remark, aimed at Sarah Palin, second move, the McCain camp responds with no little huffiness; third move, Obama responds with an excellent speech (and he continued for a couple of days to speak about this incident, and all of the news organizations got in line behind him, pointing out, often with video, that McCain said the exact same thing—without the pregnant pause, of course).

Links

Who actually wants to shut down free speech?

<http://michellemalkin.com/2008/09/26/fightin-g-obamas-goon-squad/>

Angry, anti-Palin link:

Sally Quinn does not like her:

http://newsweek.washingtonpost.com/onfaith/sally_quinn/2008/08/sarah_palin.html

Here is the video of O'Reilly and Quinn sparing about Palin:

<http://www.youtube.com/watch?v=IWAByyk-fQ>

Sally Quinn actually changes her mind!

http://www.youtube.com/watch?v=9FEANF9dR_8

The Rush Section

Bill Clinton Drops Neutron Bombs on Obama

RUSH: Bill Clinton -- the Uncivil War is back in the Democrat Party -- Bill Clinton is dropping neutron bombs all over the place against Obama and the campaign. No one's dying, but the energy, the electricity has been knocked out of this campaign. Obama, I'm sure, I'm convinced now he did not know who he was messing with when he dissed Hillary for the vice presidential nomination. The Clintons, when they were no longer treated as the king and queen of the party, they went to war. Bill Clinton is on Good Morning America today admitting that the Democrats blocked reform of Freddie Mac and Fannie Mae. Bill Clinton was on Good Morning America today praising McCain to the hilt. He's blowing Obama and Democrats away on every television show he appears. He doesn't say that Obama's unfit, and he doesn't say that he's going to vote for McCain, but he does. Now, what does Bill care? Hillary is a senator; he's a multimillionaire, got rich during the Bush years. Obama and Michelle are going to have to go through him if they want to get on that gravy train, and right now Obama's gotta do more than two things at once, he has to go to Washington and he cannot vote "present." He did not want his vote on this. He did not want to be tied to it because he's just one of 100 people in the Senate. He can't control what they're going to do, he's just one vote, so he wants to vote present. He's got people like Frank Raines and Jim Johnson on his staff who helped create this problem. He has to pretend to look presidential, as he follows McCain and Bush's lead.

By the way, McCain spoke at the Clinton Global Initiative. I understand being polite, but you gotta understand, McCain was gushing in his praise for Clinton this morning, and I got a lot of

e-mails, "Look, I understand, Rush, the need for him to be polite, but why in the world gush like that?" Well, you gotta understand what Clinton is doing to Obama out there every chance he gets, folks. McCain is indebted to him here. I mean, there literally are neutron bombs being dropped all over poor Barry's campaign here, and he has no clue. He doesn't really know it, so he's gotta pretend to look presidential as he follows McCain and Bush's lead. Here was the Clinton Global Initiative, which is a joke, but it still happened there in New York, and McCain shows up in person and does his little speech and then hightails it back to Washington. We got Barry on video, a screen there on the stage 'cause he's still in Clearwater, Florida, debate prepping. I've watched a little bit of it, and it looks like that he's having teleprompter problems, but I don't think that's what it was, for those of you who saw it. I think Barry was waiting for the applause to die down when he thought there was going to be applause. He didn't want his next comments to be overcome.

The Government wants your Home

RUSH: Okay, more audio sound bites. And, ladies and gentlemen, we have four of them coming up with the esteemed Barney Frank (Democrat-Massachusetts). Barney used to be a regular fixture on this program with frequent utterances and scandals himself involving -- what was it that was going on in his basement with his boyfriend? Oh, yeah, the prostitution ring going on. The rumor is -- it was straight-up prostitution, but -- patrolling schools, right, and so forth. It was going on in Barney's basement, Barney did not know about it. And Barney was fixing the parking tickets that were needed to park in front of the house here where stuff is going on, and he didn't know about it.

RUSH: Okay, let's go to the audio sound bites. Yesterday I pointed out to you that Democrats Chuck Schumer targeting home ownership as the

problem here: "The lowly mortgage has brought our economy to its knees." Last night on PBS, the Charlie Rose Show, he talked to Congressman Frank. Charlie Rose said, "Who is representing the vast middle class here who faces these kinds of foreclosures? Where is that voice at the table?"

FRANK: Well that's, frankly, the Democrats, some Republicans. We are the ones who have said, "Look, we're going to buy up some of these assets," and many of them will be mortgage securities. What we're saying is, "Buy them with an eye towards assembling enough of them so we then could be the landlord, in effect, and reduce the foreclosures," and that's one, frankly, that the administration has been resisting.

RUSH: Thank God! He just said the federal government -- he, Barney Frank -- they want to be the landlord! They want to buy up enough these mortgages so that they can be the landlord. They own; you rent. Folks, this is one of the guys that caused this. And then Barney, he wasn't through. Same show, Charlie Rose, he continued.

FRANK: When we talk about the large amounts of money, it's not simply that we're jealous because they're getting too much money. It has a bad effect on their behavior. We have what's called "a perverse incentive." In many of these corporations if the CEO and the top people make a bet on a certain risky investment and it pays off, they get a bonus. If it doesn't pay off, they don't lose anything.

RUSH: Well, now, that sounds remarkably similar to certain aspects of the US tax code, doesn't it? I mean, do I get to deduct stock losses? I don't think so. At any rate, we're back to the executive pay. CEOs have "a perverse incentive" and has "a bad effect on their behavior." So now Barney Frank wants the government to become your landlord and he wants the government to be in charge of the behavior of CEOs. Yesterday on CNBC Erin Burnett talked to Barney Frank, and

said, "Is it clear that Henry Paulson doesn't want all those restrictions in this current bill?"

FRANK: I understand and I -- I admire Secretary Paulson a great deal, but on this one asking him to accept any kind of compensation limitations is just kind of like asking the rabbi to eat bacon on Yom Kippur. He -- he -- he starts to just really start to overreact.

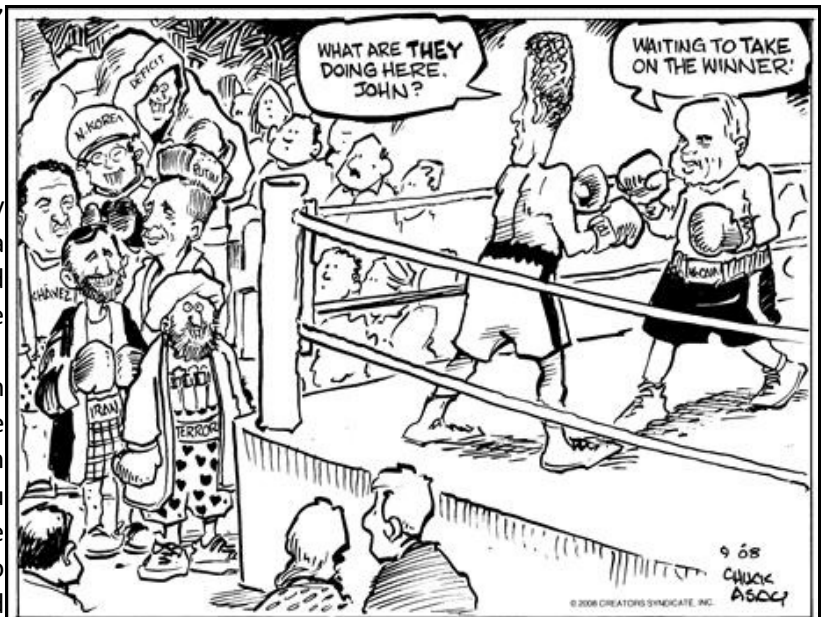
RUSH: They don't want any limitations on executive pay. (interruption) Bacon on Yom Kippur. Yeah, they start to overreact. Yeah, that's what he did, asking a rabbi to eat bacon on Yom Kippur, he starts to overreact. So he said Paulson was overreacting yesterday to the desire by Democrats to control even more of the private sector. We are talking about the private sector. They are the ones that broke this. The scandal is inside the doors at Capitol Hill, transferred to Democrat cronies at Fannie Mae and Freddie Mac -- which were partially under government auspices anyway, even though they insult our intelligence and tell us that they were private sector businesses. This is where we're headed if the Democrats get their way. They screw it up, and they get to control it even more!

Obama Teleprompter Trick

RUSH: But have you ever noticed, folks, I finally figured out something. Every time Obama speaks, could be two people in the room, could be 200,000 out there in Berlin or whatever, he always looks like he's looking over the horizon. He's always looking away like this, as though there are the multitudes stretched so far that he has to look probably 45 degrees in the sky in order to be able to see 'em all. That's a trick. You know how they're doing it? They put the teleprompter above his eye level so he has to constantly look up, and it's this looking up and looking around and so forth that makes it look like he's addressing the multitudes that stretch from coast to coast.

The Fringe Left Support Barry

RUSH: I don't know how much prep Barry has to do on foreign policy. His foreign policy is, we lose. His foreign policy is, meet with Ahmadinejad, with no preconditions. Did you see where Obama, one of his financial bundlers from Code Pink hosted a dinner for Ahmadinejad earlier this week in New York? Yes, Jodie Evans is her name and she's Code Pink, Code Pink women for peace, these people are always getting into congressional hearings and protesting during the Iraq war testimony, generals show up and so forth. She was one of the bundlers of his big \$9 million night in Hollywood, and Ahmadinejad, of course he's going to meet with an anti-American crowd, and they showed up and she's one of Obama's bundlers. You have to wonder now, I mean we know who these people are, they're kook fringe leftist anti-Americans, but they're also Obama supporters, Obama bundlers, Obama fundraisers meeting with Mahmoud Ahmadinejad in New York to discuss the evils of the United States of America.



Call Me if You Need Me

RUSH: Okay, so there's the David Axelrod talking point, and that is, we have to be able to deal with more than one thing at a time. So he says essentially if congressional leadership needed him, he'd be available. Call me if you need me. Now, who is he? He's the leader of his party right now, and he seemed to have absolutely no interest in being involved in this very important issue that's being discussed up there. He does have a job, and his job right now is senator. That's where he ought to be. Well, call me if you need me. Be glad to show up if you need me. Look, I'm too busy playing God here, I'm too busy being messiah, I'm too busy, call me if you need me, but really wish you'd handle this on your own. And then Harry Reid is out there saying, McCain, we don't need you, stay away.

Obama acted like a poser. He had this little meaningless joint statement here. Little Barry didn't think he was needed in Washington. "Call me if you need me." (laughing) Call me! He's only the leader of his party. The debate is taking place where he has a job. Call me if you need me? This is the kind of guy who thinks a treaty has the weight of a peace imposed by winning a war. This is a guy who thinks he can sit down, talk to Ahmadinejad, issue a joint statement, and poof! Iran's no more an enemy. He's a man-child, my friends. He doesn't understand that a failure to quickly solve a credit crisis risks long-term damage to countless Americans. He said we could call him on the phone if he was needed. (laughing)

More Clinton Bombs

By the way, did you hear what Bob Schieffer reported about this today on CBS? Bob Schieffer said somebody told him -- he was on the CBS Early Show this morning -- he said that somebody told him that Hank Paulson called Senator Lindsey

Grahamnesty after he met with the House Republicans yesterday, and only four of them said they would support the rescue plan. Paulson called Lindsey Grahamnesty and said you gotta get McCain up here. McCain is the only guy that can provide cover for these Republicans. You gotta get McCain up here talking to these guys. So Grahamnesty called McCain, and that's how McCain ended up, according to CBS News, that's how McCain ended up going to Washington. It was not, therefore, a stunt that they contrived out of whole cloth. There was a request from the Treasury Secretary to McCain, not to Obama. I don't know why Paulson just didn't call McCain himself, he called Lindsey Grahamnesty, but that's what Bob Schieffer said. Now, let's go some Bill Clinton neutron bombs. This is Good Morning America today, cohost Chris Cuomo, "Delaying the debate, McCain, a good move?"

CLINTON: We know he didn't do it because he's afraid because Senator McCain wanted more debates. You could put it off a few days, the problem is it's hard to reschedule those things. I presume he did that in good faith since I know he wanted, I remember he asked for more debates to go all around the country so I don't think we ought to overly parse that.

RUSH: You heard it. Neutron bomb number one. Bill Clinton, he just threw Obama under the bus. Here's Bill Clinton saying, (doing Clinton impression) "Hey, look, he's the guy that wanted all those town hall meetings, he wanted ten of them and I didn't hear the other guy say, 'Okay, I'll be there.' I mean, McCain, he's not afraid to debate."

RUSH: All right, one more Bill Clinton neutron bomb also from Good Morning America. Chris Cuomo says, "Is it a little surprising to you hearing the Democrats saying this came out of nowhere? I mean this is all the Republicans, Pelosi saying it? She knew what was going on in the SEC. They're all sophisticated people. Is that playing politics in this situation?"

CLINTON: The responsibility that the Democrats have may rest more in resisting any efforts by Republicans and the Congress or by me when I was president to put some standards and tighten up a little on Fannie Mae and Freddie Mac.

RUSH: This is the guy that caused the problem. This is the guy that caused the problem. But notice what he's doing. He's not just neutron bombing Obama. He's neutron bombing the Democrats. (doing Clinton impression) "The Democrats, I mean, the Republicans really wanted to reform this. I did, too, but my party stood in the way of this. I wanted to tighten them up a little bit there, but the Democrats, they wouldn't go along." Neutron bombs, Bill Clinton. This is typical of Clinton to say, "I tried to, I did everything I could, I never worked harder at anything I ever did to try to straighten out this mess. But they wouldn't listen to me." (laughing) You have to laugh, and we will continue to do so, folks, because we are Americans.

Media Reaction to the Debate

[Rush said this the day before the debate]

RUSH: Let me tell you something about these debates, too, folks. These debates, they're phony. They're total media creations. What happens in a debate? Okay, these two guys show up someplace, they stand at lecterns, and you have three or four selected elites from the Drive-By Media get to ask the questions, therefore frame the whole debate. The candidates don't. After it's over, the Drive-Bys then head to the spin room, where various representatives of both candidates tell the Drive-Bys what they didn't hear but that they wanted them to hear, and then the Drive-Bys tell us after all that what they heard that they wanted us to hear, defying our own eyes and what we saw.

They tell us, you didn't see what you saw, Obama kicked butt tonight. If you think McCain did, it's not going to happen that way. Media front-to-back. That is why the Saddleback Church thing was so great. There was no media in it. There was no pre-media, there was no post-media, there was no spin -- well, a little spin room out there, I think, but it wasn't typical. So this is no great loss. This is McCain going straight over the media to the voters a la the way Reagan did, and that's what they're doing with Sarah Palin.

Obama's Corrupt Campaign Advisors

You talk about callous, talk about not having the judgment to lead. Sounds like a guy who would remain an active member of a racist church for 20 years and not knowing what's going on in there. He's not in touch with reality. He doesn't get it. He still has Jim Johnson advising his campaign from Fannie Mae. How about a joint statement on why Jim Johnson's advising your campaign, Barry? Why don't you put out a statement explaining that?

More from Bill Clinton

RUSH: I want to go back. Snedley was paralyzed for three minutes after this Clinton bit. One more time. Chris Cuomo: "All these Democrats saying that this problem, financial problem, is all the Republicans' fault. What do you say to that?"

CLINTON: The responsibility that the Democrats have may rest more in resisting any efforts by Republicans and the Congress or by me when I was president --

RUSH: Jeez!

CLINTON: -- to put some standards and tighten up a little on Fannie Mae and Freddie Mac.

RUSH: (laughter) Look, pal, you caused this! This is all traceable to the Democrats resisting oversight, resisting reform, creating the mechanisms in the first place, traceable right to you and Jimmy Carter. But he's dumping on his party, I'm telling you, this guy is mad at the party leaders. He's mad. He thinks Obama's going to lose, and he and Hillary are going to pick it all back up.

RUSH: All right, audio sound bites, Bill Clinton, he dropped neutron bombs today on the Obama campaign. I treated you to those sound bites in the first hour. He was on Larry King Live last night. Clinton is everywhere because of the Clinton Global Initiative. And Larry King said, "You're going to vigorously campaign? Is that a correct word: 'vigorous?'"

CLINTON: We have this golden issue coming up, and I -- and I have projects all over the world. When this is over -- and after the Jewish holidays, which follow close on it -- I intend to go to Florida, to Ohio, to northeast Pennsylvania, and to Nevada, at a minimum. I may do this in Arkansas, depending on what the Democratic Party does down there. And I have agreed to do some fundraising for them in California and New York.

RUSH: So he's going to vigorously campaign for Obama after the Jewish holidays. Hey, why don't you take Alcee Hastings with you? You know, it might help you out, because he's out there and he's got the proper message for Jewish voters: Any woman who goes out there and skins a moose and runs around with guns, you can never tell what she's going to do to Jews and blacks. He said it. I'm paraphrasing it, but that's pretty close. Clinton is destroying Obama, and I don't even think Obama knows it. "Oh, yeah, you know something? Democrats, most of them are to blame for this meltdown here 'cause they were not looking. I mean, I tried everything I could to get Fannie Mae and Freddie Mac straightened out, but the culpability of my party is huge. Oh,

yeah! I think that McCain canceling the debate? That's no big deal. McCain is a guy that invited Obama to ten different town hall meetings. Obama is the one who said no. I don't think McCain's got a problem here at all. That debate will happen. This bailout is clearly more important." These are neutron bombs. I mean, the buildings are left, nobody dies or any of that, but I'm telling you. The Clintons are peeved. Barry did not know who he was dealing with when he dissed them the way that he did. Here, by the way, more from Clinton on Larry King Live. King said, "Are you kind of feeling Jewish that you're waiting 'til after the Jewish holidays?"

CLINTON: No, but I think it would be -- if we're trying to win in Florida --

KING: (snickers)

CLINTON: -- it may be that, you know, they think that because of who I am and where my political base has traditionally been, they may want me to sort of hustle up what Lawton Chiles used to call "the cracker vote" there.

RUSH: So here's a guy claiming that he's going to campaign for Obama. "Yeah, I'm gotta wait 'til the Jewish holidays are over so I can go in there, get the cracker vote for Obama." (laughing) Neutron bomb number three. "Hustle up the cracker vote! Gotta hustle up the cracker vote." So this is neutron bomb number three, and Clinton set this up perfectly. He knew that if he said he was going to do the campaign after the Jewish holidays, King would ask, "Whoa, what are you feeling Jewish? Why wait until after the Jewish holidays?" "Well, I gotta go down there in Florida. They're gonna need me down there to hustle up the cracker vote. I'm campaigning for Barack Obama, gonna need the cracker vote." (laughing)

RUSH: By the way, I just got a note from a friend who properly observes that if Clinton is going to campaign here in Florida after the Jewish holidays, it would then follow logically that

Clinton was seeking the "matzo ball" vote rather than the "cracker" vote. But he stuck with the cracker vote, because it's a Southern state and the crackers are what Obama needs. My theory on this is that he's saying exactly what he intends to say.

He's dropping little neutron bombs on Obama and the campaign. He's going to come down here to Florida, because Obama is going to need the cracker vote, and so the guy who is ostensibly campaigning is going to say, "Hey, crackers? I'm coming down here to get your vote." Now, Clinton may have to say, "Hey, I'm a fellow cracker (laughing) so I know exactly what you people want." (interruption) According to whose...? Crackers are native born Floridians, that was Lawton Chiles' definition? Is that...? Well, now look. That's another thing. How do we know? Lawton Chiles has assumed room temperature many years ago. So that's another thing. Poor old Lawton Chiles. Who's put all these words in Lawton Chiles' mouth? I don't doubt that Lawton Chiles said it.

Rush on the Financial Crisis

RUSH: Now, in looking into the financial mess, as I said at the beginning of the program, who do you trust here? It's simply too massive and there are too many opinions. I mean, you can go certain places and you can find a conservative, say, "I've been talking to the smartest people in the room, smartest people in the room, and they tell me, you know, we gotta do this and we gotta do it now and if we don't do it we're in big trouble." And other people saying, "Well, you know I've been talking to the smartest people in the room here and they say this is a disaster waiting to happen, and if we do this we're going to be paying for this for the rest of our lives and we're going to end up with socialized, nationalized everything," and other people are saying, "I've talked to the smartest people in the room about this, and one thing I have

understood, yeah, we gotta be conservatives and we gotta be conservatives first, but this trumps conservatism." And that's the one that got me because, for me, nothing trumps conservatism. There are ways of dealing with this that do not have to include total socialization of the market process or the nationalization of the mortgage industry.

Now, I went and grabbed a piece today in the Wall Street Journal, and it happens to end up being one of the most persuasive pieces I have read in all of this. It's by Andy Kessler, a former hedge fund manager, and he's the author of *How We Got Here*, published in 2005. Let me join his column in progress: "Here's what's happened so far. New technology like electronic trading meant that Wall Street's bread-and-butter business of investment banking and trading stocks stopped making much money years ago. So investment banks took their enormous capital and at first packaged yield-enhanced, subprime mortgage loans into complex derivatives such as collateralized debt obligations (CDOs). Eventually and stupidly, these institutions owned them for themselves -- lots of them, often at 30-to-1 leverage. The financial products were made 'safe' by insurance products known as credit default swaps, a credit derivative from companies such as AIG. When housing turned down, the mortgages and derivatives were worth a lot less and no one would lend Wall Street money anymore.

"Then the piling on started. Hedge funds could short financial stocks and then bid down the prices of CDOs stuck on Wall Street's balance sheets. This was pretty easy to do in an illiquid market. Because of the Federal Accounting Standards Board's mark-to-market 157 rule, Wall Street had to write off the lower value of these securities and raise more capital, diluting shareholders. So the stock prices would drop, which is what the shorts wanted in the first place. It was all legit. There is a saying on Wall Street that goes, 'The market can stay irrational longer

than you can stay solvent.' Long Term Capital Management learned this lesson 10 years ago when it got its portfolio picked off by Wall Street as its short-term financing dried up. I had thought the opposite -- hedge funds picking off Wall Street -- would happen today. But in a weird twist, it's the government that is set up to win the prize.

"Here's how: As short-term financing dried up, Fannie Mae and Freddie Mac's deteriorating financials threatened to trigger some \$1.4 trillion in credit default swap payments that no one, including giant insurer AIG, had the capital to make good on. So Treasury Secretary Henry Paulson put Fannie and Freddie into conservatorship. This removed any short-term financing hassle. He also put up \$85 billion in loan guarantees to AIG in exchange for 80% of the company. Taxpayers will get their money back on AIG. My models suggest that Fannie and Freddie, on the other hand, are a gold mine. For \$2 billion in cash up front and some \$200 billion in loan guarantees so far--" and let's not forget that. I thought it was \$300 billion, but we've already put at least \$200 billion into this whole process. And he said, "For \$2 billion in cash up front and some \$200 billion in loan guarantees so far, the US government now controls \$5.4 trillion in mortgages and mortgage guarantees. Fannie and Freddie each own around \$800 billion in mortgage loans, some of them already at discounted values. They also guarantee the credit-worthiness of another \$2.2 trillion and \$1.6 trillion in mortgage-backed securities. Held to maturity, they may be worth a lot more than Mr. Paulson paid for them. They're called distressed securities for a reason."

The bottom line is that he says the government, if Paulson is able to buy up all these mortgages -- and, by the way, most of them are not into foreclosure yet. Most of them haven't defaulted. If Paulson, if the Treasury is able to buy up for \$700 billion, \$800 billion all of these mortgages and hold onto 'em and then sell 'em off as the

market value is established on them, this guy's model say anywhere from \$1.1 to 2.1 trillion could be realized by the government being in the mortgage business, the government as an investment bank. He says, "My calculations, which assume 50% impairment on subprime loans, suggest it is possible, all in, for this portfolio to generate between \$1 trillion and \$2.2 trillion -- the greatest trade ever. Every hedge-fund manager will be jealous. Mr. Buffett is buying a small piece of the trade via his Goldman Sachs investment." And, by the way, a lot of people are saying this means we've reached the bottom. When the smart money gets in, the smart money in this case being Buffett -- by the way, I never have trusted a guy named after a smorgasbord. But nevertheless when they're saying the smart money gets in, Warren Buffett gets in, that means we're near the bottom of the market. And that's one of the reasons why the Dow Jones Industrial Average is up a little bit.

Now, I have some thoughts on this because this piece makes it clear this is not a bailout. It's a rescue. Now, these things still have some value. I don't know what the value is, and they haven't been foreclosed on. They're pretty close to worthless, but it's not technically a bailout. And of course you're hearing all these warnings if we do this then there's not going to be any credit. Okay, now, what does that mean? Well, it could mean something like this. Now, I'm just giving you an extreme example. It could mean that all of our credit cards, outstanding balances are going to be called in, 'cause there's no more credit. If the credit markets have no cash to lend money, and if the assets that they hold are worthless, then there's no credit, and if there's no credit, there's no expansion. If there's no expansion, there's no growth. Now, this is an extreme scenario, but they're using two things to sell this rescue plan. They're using fear of you losing and everybody losing their credit, and the come-on, "Wow, look how much money the government can make here, \$2.2 trillion, can you imagine the debt service that we could --" debt

service. Remember the peace dividend? What did they do with it? It didn't even exist. They grew the government. This is the kind of money, if Obama is elected, this is the money that will fund all of his brand-new big-time social programs. There's a lot to think about here.

RUSH: Okay, here we go. The piece I just read to you, Andy Kessler, I should give you the headline. "The Paulson Plan Will Make Money for Taxpayers." He's a former hedge fund manager, and that's how he analyzes this. He's one of these economists that has commuter models and he's run some projections. Now, if this guy is right -- and who knows? See, we don't know who to trust, and we don't know who's going to end up being right. Our experienced is, "I'm from the government and I'm here to help you," means we're going to get screwed. And we know there's not one single person involved in this I trust with that prediction. There's not a Ronald Reagan here. If a Ronald Reagan was saying, "We gotta do this," I would believe it. There isn't one of those. So you've gotta scrounge around. It's actually a great educational process.

Snerdley came in today and said, "I have never worked harder in my life trying to understand this financial thing. I've been spending more time this past week working on trying to understand this. 'Cause this is all Greek, all this lingo jingo they use, talking about these derivatives and the credit swaps," but it has been an amazing educational exercise. But if this guy, Mr. Kessler, is right; it underscores points made prior to today by me on this program. Number one: that the federal government is nationalizing the financial markets. I don't care what anybody says, this is nationalizing the financial markets. Number two: these loans (he makes it clear in this piece) have not yet defaulted, even if they are risky. Number three: when the market recovers, the federal government will be able to make lots of money selling the undefaulted loans back to the private sector. Even if they're sold below their original value, it will be more than the government paid

to take them off the hands of the financial institutions today.

It's made clear by Mr. Kessler in his piece. Also we can conclude since he's a former hedge fund manager and he likes this, that Wall Street's desperate for this to happen so that these financial institutions that are in need of cash can get it and get it fast, whatever price they have to sell their loans for. Cash is king right now, they don't have any, and they need it. They can't borrow. They can't lend. They can't do diddly squat. The federal government, as Mr. Kessler makes clear, will have a windfall of potentially trillions of dollars -- which, experience tells me, will be used to expand the size of government. I have yet to see a budget one year less than the budget the prior year. I have never seen the federal government with a huge stash of money that it didn't expect, say, "You know what? We might be able to make a dent in Social Security here if we put a little aside. We might make a dent in Medicare. Maybe we could cancel the..."

They come up with new stuff to spend it on. So that's why I look at this as if Obama gets elected, this windfall, if it happens, will pay for all the new programs at the front end. Whether the money is realized or not, as long as we're being told, "Hey, this could generate \$2.1 trillion," they're going to start spending it now. Especially if it's Obama. McCain... Let me go on now. Warren Buffett here is posed to make another fortune. He is an Obama advisor. Soros made a fortune betting against the British pound. George Soros in the currency markets, made a billion dollars betting against the British pound. So you watch people who make the money on this thing. Who are the people that are really going to make the money on this? Is it more than just making people whole and able to do business again?

Does it contain a lot of golden opportunities for people to take some of this stash and enrich themselves personally? Now, these are the kind

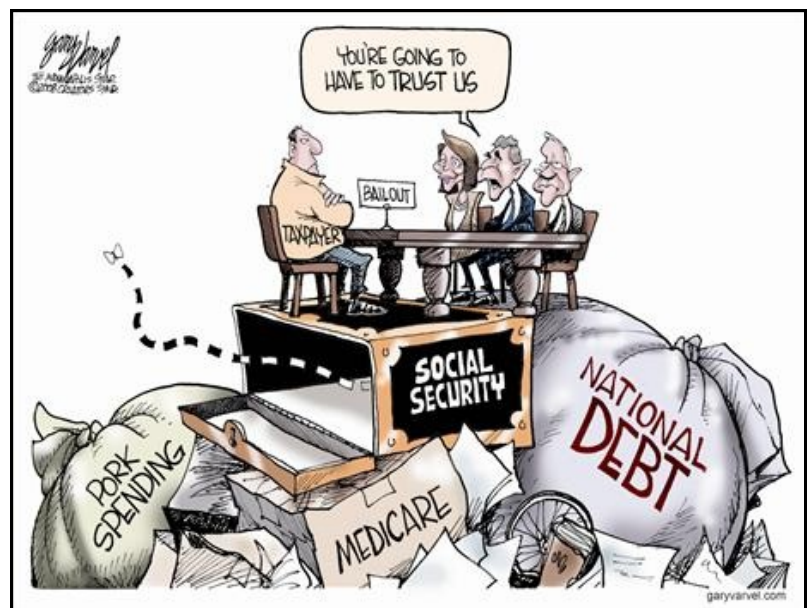
of rules there are going to have to built into this. I'll tell you, as you go through this and you understand it, what becomes clear to me -- and I said at the beginning of this hour, "Who do you trust?" I trust conservatism. Conservatism and free market economies work. It is based on growth. You want to spur Wall Street? You want to give those people some confidence? You want to give 'em some cash right now? Just suspend the capital gains rate. Just end it. It's now 15%. Take it to zero, for a year or two. You watch what happens. You watch what happens to the Dow Jones Industrial Average. You watch what happens with all the money pouring in. "But we'll not get our share in the government!"

Wait a minute. I thought this was more important than anything. We're hearing, "We've gotta do this or it's over". So can't you guys in government maybe do away, just for a year or two, with the capital gains tax? Can't you just look at the upside? You're going to get all these new trillions by taking over all these mortgages. Maybe you could get rid, too, of the corporate tax rate for the same period of time. Try a little conservatism here. We don't have to have this all decided by five o'clock this afternoon so that we can do our debate tomorrow night. Every time I hear, "We don't..." I mean, people have been telling us the fundamentals of our economy are strong. There's no be pro. All of a sudden yesterday, past two days, "If we don't get this done by the end of the week, I don't even want to think about it." Well, whatever else they're going to do, put some conservatism in it. Cut taxes! Spur growth! We know how to do it. It works every time it's tried, and it will generate so much revenue that the \$700 billion will not be needed.

RUSH: I want to continue analysis of this, because we don't know who to trust. The definition of terms eludes us, default credit swaps, derivatives, all of these things that just got piled and piled and piled on top of each other to the point that

there's a debt that nobody can pay except the government. And they can do it because they can cheat.

They can print money. They can say they've got all kinds of money that they don't have, just borrow it or what have you, print it. But here's what, again, just to rehash: What it appears to me has happened here is the federal government is nationalizing the financial markets, at least for a time. These loans are not, as I said yesterday and mistakenly so, worthless. They have not yet defaulted. They're risky, but they haven't yet defaulted. The market will recover. It always does. When that happens, the federal government will be able to make lots of money selling the undefaulted loans back to the private sector, even if they are sold below their original value, it will be more than the government paid to take them off the hands of the financial institutions today.



Number four: Wall Street is desperate for this to happen so that these financial institutions that are in need of cash can get it and get it fast. Whatever the price they have to sell, there are loans for it. They don't have any cash. They can't borrow, they can't lend. They can't do business,

and it's not just that. I mean, there are stupid accounting rules. I'm going to get to all that here in just a second. The federal government, as Mr. Kessler, Andy Kessler of the Wall Street Journal today makes clear, the federal government will have a windfall of potentially trillions of dollars if his computer models are accurate -- which they will, I think, use to massively expand the federal government. I have yet to see a massive pile of money show up that was unexpected that's either given back to us or used to reduce debt.

And that takes me to this business that taxpayers "stand to earn a lot of money on this." You see them use that phrase as they try to sell this. "Taxpayers could really score!" Now, don't insult us. They don't mean us when they say the taxpayers could really make out. They mean them, they mean the government. Do you think...? Let's say that this guy is right. Let's say that all of this at the end of the day generates an unexpected \$2.2 trillion to the government. Okay, there are maybe 40 million taxpayers. The population is 200-some-odd million. We've got a lot of people in the cash economy, and a lot of kids that don't file tax returns. I'm guessing that it's -- Well, just for an even round number, let's say a hundred million people file tax returns.

So you divide a hundred million into \$2.1 trillion, whatever they get, are they going to send us each a check? So how do we stand to profit? Especially if they're just going to use all this new-found money to expand the government? And I guarantee you, if Obama wins the election and this deal gets cut, they're going to think they've got between a trillion and two trillion that they didn't plan on, and they're going to start spending it now on his social programs and all these other promises that he is making in order to enrich Democrats and their electoral chances in the future. Now, the fix for this -- and apparently it's already been taken, it's already been done. We just don't know what it is, but I trust conservatism. When in doubt, I go to conservatism. Growth, growth, growth is the

answer. It always is, in economic matters. We need to attract more investment in our country, not less.

We need to take down the obstacles which stand in the way of investment, which are confiscatory taxes on capital investment and successful business activity. We have got to stop punishing success and punishing risk. We need to reward it. Successful business activity is called what? Profits. Our government can't wait to tax 'em. We have the second highest corporate tax rate in the world. That's not going to help us attract new investment. Get rid of the corporate tax rate for a year or two. Same thing with the capital gains tax. Get rid of it. Watch what happens. You watch the investment; you watch the stock market. You watch everything that happens, in terms of growth. Now is not the time to continue to promote, through our tax policy, Big Government and socialism, which is the purpose of high corporate income tax rates and capital gains tax rates.

You legitimately pump new money into our economy by getting it out of Washington, and you do that by cutting taxes. I know the cap gains rate is only 15%, corporate tax rate's 35%. You want growth? You want money in the economy? You know, the economy is not just Wall Street. And, by the way, when you hear these clowns talk about, "We gotta make sure we protect Main Street." Main Street has one definition in all this, and that's the people who are holding all of these mortgages that they can't service, that might not be paid back. That's Main Street. Main Street's not the five-and-dime and the building and loan as in It's a Wonderful Life. That's not the Main Street that they're talking about now. So there are things that we can do economically.

Whatever this deal is, it will be compounded as a disaster, if Barack Obama is elected president and has a Democrat House and a Democrat Senate. That's why, in addition to whatever we do economically, we can do some political things,

'cause this is largely a problem caused on the political side of things. This is not a free market screw-up; this is not a capitalism flaw. This was all caused by Democrats in government! If there were a Republican to blame, he would have been found and he would be in jail, or his life would be ruined as the result of never-ending congressional hearings. We have to continue to identify, to expose and punish the politicians who are responsible for undermining the market with political demands for risky loans to risky borrowers -- and they used the power of their positions to force this.

There were loans that were made out to people who were not even asked to explain what they did for a living! There were countless mortgages given to illegal aliens and other minorities, without any concern that they be able to pay it back. This is the "compassion" that Democrats talk about. This is their definition of affordable housing. This is the "good intentions" of their large hearts. Once again, we see their good intentions have totally bollixed up what used to function as a really rational market: the mortgage industry. So we have to do what? We have to punish Chris Dodd by throwing him out of office. We gotta punish Barney Frank by throwing him out of office. We gotta punish Chuck Schumer by throwing him out of office.

Now, these three and others are protected from the national popular will because they are elected from very blue parts of the country. Nevertheless, the people who are responsible for this, even after all this is settled, their roles must be highlighted. Their roles in obstructing the kinds of changes in policy that would have helped lessen the current crisis. There were warnings given throughout this decade about Fannie Mae and Freddie Mac, warnings from George Bush and other places -- and Barney Frank and Chris Dodd and Chuck Schumer and all the others didn't want to hear about it. "It's fine. There's no problem here." They stood in the way of, quote, unquote, "reform."

We have to identify what was done as a matter of political and social policy that precipitated all of this, including the creation of subprime mortgages. In the first place they were created and they were hailed as a way of helping people buy homes who didn't have the income to buy homes. Jimmy Carter, Bill Clinton took credit for this when they did it but they are evading responsibility for it now, and the house of cards has collapsed and Clinton's even out there on Good Morning America (while dropping neutron bombs on Obama, by the way) suggesting that he did everything he could to get this whole thing fixed. He's the architect of this! And it must be said over and over.

Now you've got people like Warren Buffett, hailed as a great businessman and other people like him, hovering over all of this, looking for ways to make billions and billions more dollars -- of course with the government's help. They support this massive bailout because they see it as a way to make another fortune. So Buffett buys a big stake of Goldman Sachs, which is Hank Paulson's former firm. He's not doing that out of philanthropy. He's doing it because he knows one day these risky loans are going to one day have value. He wants to be around to profit from them when they have value, which is fine. But it ought not be on the taxpayers' dime, and it's going to be.

We have far too many people who are becoming rich from government policy rather than the give-and-take of the free market. So put simply, based on this article I read in the last hour from Andy Kessler in the Wall Street Journal, the federal government appears to be the only entity capable of coming up with the enormous amount of money it's going to take to take over these loans -- which have not failed yet but which the government itself requires these banks to devalue as assets. Now, they are required to base their value on current prices. This is what mark to market is. That is a change forced on them by the Sarbanes-Oxley accounting

legislation, which was a clarifying, typical overreaction to the Enron thing.

So rather than being able to peg asset value down the road, you have to peg it to asset value today. And that's why some of these firms are going under, because the value of what they hold is so little, that their stock prices plummeted, nobody wants to invest in them -- simply because of an accounting change! That's another thing that's gotta be done away with. Go back to the old asset-counting rules, accounting rules, get rid of mark to market. These people in Washington who have never run businesses, who have no clue, who set up things to fail in the first place -- then when they fail, they get to act like they are innocent bystanders and spectators and say, "Well, who screwed this up? We're going to punish whoever did it and then we're going to fix it," and they just bollix it up more and more.

So this accounting rule, mark to market, the banks have to off-load these loans, and what Paulson is saying is, "Okay! (applause) hey, hey, I've got the money. I'll buy 'em at a fire sale, because I got a blank check. Or I want a blank check and I'm probably going to be given one here in a couple days because I've created the necessary panic." So, our government buys them, holds 'em, waits for the economy to pick up -- or rather than wait, primes the economy to pick up through spending and monetary policy, possibly risking inflation (maybe not; who knows?) Anyway, going to drive up the value of these risky loans, then they going to start to sell 'em back to the private sector at a huge profit, and that's where we "taxpayers" supposedly are going to make out like bandits.

I guarantee you we'll never see a dividend check. So the federal government is going to take the trillions or so that it makes of all this and -- if say, Obama is elected -- use it to further massively expand the size of federal government. And they're going to have trillions more to do what they always do, not pay down the debt, not shore

up some entitlement program, but expand government. That's what always happens. Another problem with all of this -- and I hear no talk about getting rid of these community reinvestment loans, which started this entire mess, and I hear no talk about eventually getting rid of these government-run companies, Fannie Mae and Freddie Mac. I hear that we need to increase regulations on the private sector! We need to increase taxes on the private sector.

No! We need to get rid of some of these stupid government ideas and institutions that caused this. This is not a capitalist problem. You know, more than ever what we need to do, is we need to dust off old Milton Friedman's proposed constitutional amendment that would limit how much of the national economy the federal government's permitted to consume. His amendment would have limited federal spending to less than 20% of GDP (I think that's what it was) as the best way of preventing the federal government from destroying the economy. If the economy grew, the income to the federal government would grow in absolute terms. If the economy shrank, so, too, would the absolute dollars coming into the federal treasury.

Now, there were severe emergencies like war where the cap could be raised in his constitutional amendment. It's not going to happen. Nothing happens unless and until it becomes part of the national dialogue, and until we see exactly what's happened here, it's going to be difficult to do, you know, on-the-spot analysis of it. Victor Davis Hanson today writing at National Review Online says (summarized), "Hey? Hey, gang? We need a reality check here. Who elected all these shady politicians of both parties? Who fostered the cash-in culture in which both Wall Street profit-mongering and Washington lobbying are nourished and thrive? We citizens did. Red-state conservatives, blue state liberals, Republicans, Democrats alike, we may be victims of Wall Street greed, government excess, but not quite innocent." 'Cause we keep

reelecting the same crowd to go back despite knowing all they're doing wrong. He titles this piece, "Dr. Frankenstein's Wall Street."

<http://article.nationalreview.com/?q=NjKxZDJjMTViZDQ4NzhkMTRmNGRIZGNmZjgzMzhkZGU=>



Rush Advices McCain: Turn Sarah Loose

RUSH: I was on Fox News yesterday afternoon, Martha MacCallum's show at five in the afternoon, and she asked me a question, and I didn't quite hear everything she said, but the gist of the question was, "How come the McCain campaign is not letting Palin interact with the media?" And it had to do with the fact she's at the United Nations and she's meeting all these world leaders and so forth. So today I see the Politico has a story: "'Palin Press Relationship Gets Testy' -- Sarah Palin's relationship with her traveling press corps went from barely existing to downright chilly Tuesday, when the two sides briefly engaged in a standoff over journalists' access to Palin's photo ops on the sidelines of the United Nations meetings here." Biden's not doing a whole lot of press conferences. Let me

tell you what's going on here. The first thing you have to remember is Palin's job is not to be buddies with the Drive-By Media. Go back to her acceptance speech in St. Paul. She's not here to be friends with the Drive-Bys. She knows they don't want to be her friend. She's doing Katie Couric tonight. She went out and she's done some of these things, she did Hannity and a couple of others, but she's not doing press conferences. She's not out there trying to woo them.

When Palin shows up with McCain, they take hundreds of questions from voters at these joint town hall meetings that they're doing. I've watched 'em do it. They're very good. And the questions that they take from the audience, these town hall things are better questions than the Drive-Bys would ask, they're very random. The Drive-Bys just want to set up some "gotcha" moment. That's what they want. The bitter clingers get this, too. You and I, we bitter clingers, we get it. The people out there hate the Drive-By Media right now. We realize we're running against the Drive-Bys, we're running against the Democrats, we're running against Ahmadinejad. Cookie did a great thing here. We've got Ahmadinejad from his speech yesterday at the UN and gone back and found Obama saying much the same thing at various spots along the campaign trail. I do wish, however -- and this is what I told Martha MacCallum on the Fox News Channel -- I wish they'd let Palin go, not press conferences, let her go out and do these rallies.

Get her out there. She's the one that's electrified the whole base. She's the one that's electrified the election. She's the one that turned this thing around. Get her out there. I'm not talking about press conferences and little chats, sitting around with the Drive-Bys. My fear is that every time I've heard her speak now in the last couple of times, she's been mirroring McCain's message of reform, that Obama's never worked with Republicans but that McCain has worked with

Democrats. That's not how to use her. McCain can handle being McCain. They need to send her out there and let her be who she is, as she was introduced. I wish they'd do that. Now, it could be they're saving her, they don't want to overexpose her, save up here for the last two- or three-week crunch.

Desperate Obama Supporters

RUSH: The official transcriber of this program, of course, is known to one and all as Dawn. And Dawn just sent me an e-mail. She's on the other side of the glass; she just sent me an e-mail. A friend of hers went into the Whole Foods today, parked in the parking lot, went in the shop at Whole Foods. When this friend of hers came out, there was a note on Dawn's friend's car. Now, Dawn's friend's car had a "Stop Child Abuse" tag, bumper sticker or something on it. It's a license plate, a "Stop Child Abuse" license plate. All right, so Dawn's friend comes out of Whole Foods and there's a note on the car window. The note says, "I see your 'Stop Child Abuse' tag. Did you realize if a rapist gets a child pregnant, Sarah Palin wants to force that child to have the baby?" The Obamaites are patrolling the Whole Foods and other grocery stores, the mall parking lots here, and they're looking for any opportunity whatsoever. Now, there's so much to say about this. My attitude is, "This is the actions of a bunch of panicked, insecure, not-confident people, and they know they are lying." It doesn't matter to me that they know they're lying, but this is not what people who are confident about winning elections do. They don't want to win the election. They don't want to mandate. They just want power. They are lost souls with meaningless lives. They are sick. Our society has gotten so sick.

[You may recall that Obama has told his supporters to get in the faces of independents and conservatives; he said, "I need you to go out and talk to your friends and talk to your

neighbors. I want you to talk to them whether they are independent or whether they are Republican. I want you to argue with them and get in their face." Mission accomplished.]

<http://michellemalkin.com/2008/09/18/chicago-thug-urges-cult-followers-to-get-thuggish-too/>

Dems Have the Votes and Bush Why not do the \$700 Billion Bailout?

[This is long, but it explains a lot]

RUSH: Here are a couple sound bites from John Boehner and Roy Blunt, the Republican leaders, at a little press conference when they came out of a meeting of their conference. Boehner first.

BOEHNER: I don't know what games were being played at the White House yesterday. They gang up on Boehner. But if they thought they were rolling me, they were kidding themselves.

RUSH: I know exactly what happened, and so does he. He's respecting the request not to talk about it, but he was the focus of this. Look, Boehner shows up along with the Democrats -- Barney Frank, Chris Dodd and so forth. If you're just hearing this for the first time, Obama shows up after having been briefed by friends of the Treasury Secretary, Henry Paulson, at Goldman Sachs. Obama did not know what the Republican position on this was. He had to be briefed. All the Democrats in the White House meeting deferred to Obama, letting him speak for them. The objective was to set this up as, "Obama walked in, took over the meeting, got it all done, was dynamic," blah, blah, blah, blah, blah. The first thing Obama did was repeat the talking points he'd been sent. "The Republicans in the House are the problem here, right?" he asked Paulson. That's what Boehner means by being "ganged up on," because everybody knows what conservatives believe and what they are, and there was no surprise here. There was never any

deal. So that caused the meeting to go south. The meeting was lost. Obama blew it with his incompetence. Here's Roy Blunt.

BLUNT: Clearly the Democrats have a majority in both houses of the Congress. If they want to do this by themselves, they can do this by themselves any minute they want to. If they want to do this with us, we're prepared to have that negotiation.

RUSH: Apparently they're not even talking to them. That's Roy Blunt from Missouri. It's his son that's the governor in Missouri, Matt Blunt. That's fascinating. He's agreeing with my sentiments here: They can do this all by themselves. They can drill for oil all by themselves! There's a whole bunch of stuff they could do by themselves but they're not doing it.

All right, Rasmussen daily tracking poll. Sandy in Chicago, you're not going to like this. But it's the news. "Daily Rasmussen tracking poll Friday," today, "shows Barack Obama attracting 50% of the vote, McCain earns 45. This is Obama's biggest lead since his convention bounce peaked with a six-point advantage. New data shows McCain's lead is down to a single percentage point in Ohio and Florida. He leads by eight in West Virginia. Obama with a modest advantage in Pennsylvania. Virginia update released later. Obama now leads by five among unaffiliated voters. Last week, the unaffiliated voters were leaning in McCain's direction. Stunning," says Rasmussen, "to note how rapidly the dynamics of the campaign have changed. Two weeks ago, just before the Wall Street financial crunch became visible, McCain was up by three points in the aftermath of his convention. A week ago today, the candidates were even. Now Obama's lead is approaching new highs."

RUSH: Purely anecdotal, but most of the callers that are really upset and complaining about this, all this going on, are women today, which I like,

don't misunderstand, and they get it. They are informed.

Ladies and gentlemen, a Senate source said here at the top of the hour to expect a Senate bill to be out by midnight tonight. Now, that's interesting. We all know who runs the Senate, Dingy Harry. If there's a Senate bill out by midnight, that's a little bit before Senator McCain can get back to Washington -- he-he-he -- to help participate in getting it done. Now, in regard to this bill coming out, the Senate version of the bill coming out, a lot of you are already calling and e-mailing members of Congress and the Senate. There is a system in place that was started during the Clinton years, whereas all legislation that has been passed by the House gets posted on the Internet so anybody and everybody can read it prior to the president signing it. It's called the Thomas System. This obligation needs to be hammered. This rescue plan, when it finally is hammered out, the Senate bill, House bill, and then when they get their conference committee version of it, this legislation must be on the Thomas System, it must be on the Internet so that everybody can analyze it before voting. If the pressure can be brought to put that bill -- for example, if it's clearly stated in the bill that 20% of this bill is going to ACORN, people need to be able to see that, people need to be able to see it on the Internet and blow up over it. They are obliged to do this already.

My guess is that because of the urgency and that time is of the essence that they might try to forgo it because they don't want anybody to know. So this means to be hammered, that this legislation needs to be put up on the Internet on the Thomas System so that everybody can analyze it before voting. All right, to the audio sound bites. Again, let me refresh your memory if you're just joining us. Let me tell you what happened in the White House meeting to set up these next series of sound bites. Obama was given the floor to speak during White House negotiations for all Democrats. The Democrats deferred to Obama

so that he could be the sole speaker for the Democrat Party. This was done by design. They wanted to be able to spin after the meeting that he was just a brilliant negotiator, went in there with a command of the issues, took over the meeting from the president, was acting presidential even though he's not the president, and put us well on the road to getting a deal, blah, blah. But that's not what happened. Obama blew it. It blew up in his face.

Obama, on his way over there, apparently -- this is from an Obama campaign source. Obama did not know what the House GOP position was on his way to the White House. "According to an Obama campaign source, the notes were passed to Obama via senior aides traveling with him, who had been e-mailed the document via a current Goldman Sachs employee and Wall Street fundraiser for the Obama campaign. 'It was made clear that the memo was from "friends" and was reliable,' says the campaign source. The memo allowed Obama and his fellow Democrats to box in Republican attendees and essentially took what President Bush had billed as a negotiating meeting off the rails." What happened was Obama's notes contained the details of the House Republican proposal, and that's what he started with. He criticized it and asked Paulson what he thought of it. Paulson apparently then criticized it, and that's what John Boehner's talking about being ganged up on.

Obama went in unprepared. He did not have a prompter. Once he started out that way, the meeting fell apart, yelling and screaming, and it was over, and it was reported that a beleaguered Bush had to struggle to regain control of things and calm everybody down. Now, what's troubling about this is that Hank Paulson was working in concert with Obama, apparently, according to all of this is, the American Spectator blog -- Hank Paulson was working with Obama via -- he was removed from it -- via his friends at Goldman Sachs, his former firm, and Obama fundraisers. A House Republican leader who was

not present at the White House meeting, said, "Paulson and his team have not acted in good faith for this President or the administration for which they serve." So that's what happened in the White House meeting. That's why all the caterwauling today. By the way, Obama admitted all this. If you knew what happened, and you heard his appearances on TV last night, then you would have no doubt what he was talking about. He said, (paraphrasing) "Well, you know, I work better on the phone from afar." He's basically saying, "I coulda done better if I wasn't there by talking on the phone, 'cause I need my thinkers to tell me what I'm hearing and what I should respond to." He didn't say that, I'm adding that. In another bite with Brit Hume, he said, "Well, this is the problem with inserting presidential politics here." So Obama knew they blew it big time, and so the Democrats today, their whole agenda is to dump on McCain for blowing this up, and now we go to the audio sound bites. Here's Barney Frank this morning on the CBS Early Show, the anchoress said, "Wasn't the idea to get together and reach a compromise, had you in fact reached a compromise that fell apart?"

FRANK: I didn't know I was going to be the referee of the internal Republican ideological civil war.

REPORTER: Right.

FRANK: To my surprise yesterday the House Republicans came up with their own entirely new plan. And it is a -- an ambush plan.

RUSH: There's nothing new about what the House Republicans believe. Conservatism is conservatism. The House Republicans were never involved in the deal. They announced a deal yesterday that didn't exist, the Democrats did. They announced a deal that didn't exist to try to head off McCain's presence having any impact on this. So now they're doing a 180 turning this all the way around, the Drive-Bys are

not going to tell you this, you're not going to hear this anywhere else. They're carrying the water for people like Barney. It was an ambush. They're trying to portray the White House plan as an ambush 'cause their candidate botched it. Barney Frank again, the anchoress at CBS, "Well, do we have a solution by the end of the weekend, yes or no?"

FRANK: It depends on the House Republicans dropping this revolt against the president and cooperating and trying to amend the plan and at this point I can't give you a yes or no because it's up to the House Republicans and their war, I think on behalf of Senator McCain, with President Bush.

RUSH: Nothing could be further from the truth. The fact of the matter is there never, ever, was a deal. The Democrats have the votes to pass everything that they want. We don't need the Republicans. Ask yourself why. If it's such a great deal, if this will save America, if this will prevent disaster, if this will prevent a depression, why don't the Democrats, thinking the country is important first, pass the bill? Why do they want Republican votes on this? If this is so wonderful, if this is the best deal ever, why don't they just embarrass the Republicans, pass this and leave the Republicans out of it? As I said earlier, they want the Republicans to refute their beliefs. They want the Republicans to repudiate conservatism so that they can go back and make 'em do it over and over again. This is pure, 100% politics. It's not about the deal right now, it's not about the economy, it's not saving it. This is about presidential politics, and this is about destroying House conservatives. Last night, Washington, Capitol Hill, after a meeting at the White House, Barney Frank spoke to the press.

FRANK: Senator McCain's not -- did not have anything substantive to say, said the most general things. Based on what's now going on, I can tell you this. There is no reason in the world why anybody should use this as an excuse to stay

away from a debate. There is absolutely no reason at all why Senator McCain should not debate tomorrow except he doesn't want to.

RUSH: Well, now, Congressman Frank, I have a question. You guys are saying that McCain's presence blew this up. You're saying McCain showed up and you were ambushed, and Dingy Harry and Claire McCaskill and Chuck Schumer are all saying, "Get McCain outta town. McCain blew this. McCain went into that meeting and it all fell apart." Now, I want to know, if McCain didn't say anything, if McCain didn't say anything substantive, and if he didn't say anything 'til the end of the meeting, how could he have blown it up? And Dingy Harry has been saying today that McCain didn't say much, frankly couldn't understand what he was saying. Dingy Harry said he spoke at the end of the meeting, "I don't really know what he said." Then how could he have blown it up? How could McCain have blown it up? We know that that did not happen. Last night, same press conference, Barney Frank.

FRANK: No. Ms. Pelosi will not bring a partisan bill to the floor. She will not say that you're going to have a one-sided Democratic bill being attacked by the House Republicans in response to a request by George Bush to do something. And that's not just internal politics. That's not good for the country.

RUSH: Once again, the question must be asked, who cares, Bush is a lame duck, if this is so wonderful, if this is so great, if you guys could own Washington for all those future years because you're the only ones that have the guts to do something right, why not do it? She won't bring forth a partisan bill to the floor? Meaning, they're not going to do this without Republican cover, 'cause it must have some problems.

RUSH: Yeah, it's fascinating to me to listen to Barney Frank lie and spin. Barney Frank is, I think, more than anybody else responsible for this situation -- and he twists it into the fault of the

Republican minority in the House! The Republican minority, parliamentarily, cannot stop anything Barney Frank wants to do. Look at that layer of lies that we got. House Republicans coordinating with McCain against Bush, the Republicans have no role in this other than fixing the problem, and they're only responding 'cause Bush wants something done? This is the guy who said that he didn't know there was a male prostitution ring going on his own basement? Barney Frank needs to testify under oath for what he has done, and so does Chris Dodd!

So Pelosi will not bring a one-sided bill to the floor, says Barney Frank. So now they're deferential to the Republicans. The reason she won't bring this bill to the floor and ram it through is because the bill obviously stinks, and she needs cover. Meanwhile, Obama has not supported the plan. Has anybody noticed this? I have noticed it. Have you heard Obama support the plan? We've got a plan, right? We have a plan; everybody had signed on to it, they said yesterday morning. And then we find out there wasn't a plan, there wasn't an agreement, and I haven't heard Obama say he supports it. See, Obama votes "present." Obama doesn't make decisions. That's why he doesn't want to be there. He wants to be on the phone negotiating and listening.

So seems to me that we could easily say here that Obama and the Democrats don't agree, that Nancy Pelosi and Barney Frank want the conservatives to back a bill that their own party leader has refused to back as of right now. They're doing everything to cover for the incompetence of this little man, Barack Obama. I realize you, some of you just joining me, may think that I have to prove it when I say that Barack Obama admitted he blew up the White House meeting. I'm going to give you two sound bites. First he had a press conference at the

Mayflower Hotel. Not long, some hours after the White House meeting blew up, enough time for his thinkers to come up with an explanation. You now know what happened in there.



When Bush went to the Democrats and asked them to start speaking in negotiation, they all deferred to Obama. He didn't know what to say. He had been given notes by friends of Henry Paulson in an e-mail on the way to the meeting. The first thing on the notes was: criticize the Republican proposal. John Boehner was sitting there. He asked Paulson about it. This caused a brouhaha. The meeting fell apart. Obama walked out of there and the Democrats, Harry Reid and Pelosi... I guarantee you they walked out of there knowing full well what had happened, that their guy and his competence had been on full display, that that meeting broke down because of him and his inability to run it and lead it, as they tried to engineer. So they had to start damage control, and the first thing out of the box was this.

OBAMA: I think that the way that I've been working over the last week constantly in contact with the secretary and the congressional leaders,

um, er, you know, may end up creating an environment in which you can actually get something done.

RUSH: So now that you know what happened in the meeting, now you can interpret this. "I work better when I'm not there. I work better on the phone, you know, when I'm in constant contact on the phone, and that way people with me can tell me what I'm hearing and tell me what my response ought to be, because I need my thinkers with me. But if I'm in the room and I can't consult my thinkers 'cause everybody can see me consulting the thinkers, then they know I'm a fraud. If I don't get my Cliff Notes from somebody, I'm in big trouble."

Then, after this, Obama started making the rounds of the cable networks, asking for time. He asked for time on Fox News Channel's Special Report with Brit Hume. And a stunned Brit Hume said, "Obama has contacted us and wants to go on the air." So he gets him, and Hume said, "Look, if tomorrow midday we're where we are," meaning today, "and if we still got an outstanding problem with a package that isn't agreeable so that you can get majorities of both parties, both houses, would it make sense for you to go down to Mississippi or would it be better to stay here and try to do what you could?"

OBAMA: Well, here -- here -- here's my, uh, my observation, "Brett," and I think it -- it may have been confirmed in the meeting today. Uh, when you inject presidential politics into delicate negotiations, uh, s-sometimes it's not helpful. For us, precisely at this difficult time, to be able to say to the American people for 90 minutes -- and it's possible to fly down to Mississippi and back fairly quickly -- "that this is where we want to take the country and this is what this potentially means for you," I continue to think that's the most important thing we can do.

RUSH: Okay, so the first thing out of his mouth, "You know what, when you inject... it confirmed

what happened in the meeting today. You put presidential politics in there, it's just not helpful." They walked out of there last night. I guarantee you, the Democrats walked out of there scared to death that the truth would get out that Obama was set up for a huge success and blew it, so they started the CYA last night, and that's why these Democrats today are carrying the water: "Get McCain out of town; McCain blew it up," and so forth and so on. Just wanted you to know the truth. But the bottom line is: old Barry hasn't supported the plan, either.

Obama has not said when he thinks about this plan -- that there was, by the way, the Democrats said agreement in principle to yesterday. So Dingy Harry: "We want to know where McCain stands on this; McCain's gotta get the House Republicans." Barney Frank: "I think we were set up. We gotta get McCain to get the House Republicans in there. We're only doing this because the president asked us to." So now they want to help Bush? Ha! The Democrats want to help Bush get what he wants? (laughing) Right. So now, ladies and gentlemen, Barack Obama once again is given the opportunity to vote "present," not take a stand, not take a position. The more the politics of this unfolds, the more it is becoming crystal clear to me that there's a lot of stuff in this bailout bill that stinks to high heaven.

RUSH: Let me ask you a question, my fellow citizens out there. If you are on the line for \$700 billion, and that's just for starters, do you want 20% of it going to a corrupt, fraudulent voter registration group called ACORN which has been accused of voter fraud throughout the country, is a Democrat grassroots organization, is responsible for a big part of this problem and was one of the mentor community organizations Obama worked with when he was a street agitator back in Chicago? We're being told that we have a crisis. It could be a depression. It could be bad. We gotta do it now, and yet, 20% of the \$700 billion is supposed to go to a

Democrat voter registration group? You want to pay for that? And, is there any single reporter, one single reporter, out there capable of asking this question of Barney Frank or any other mindless liberal spewing their talking points? Is there one reporter, one journalist, who will ask the ACORN question in relationship to a future possible crisis, recession, depression?

Additional Rush Links

Bill Clinton called Palin *gutsy, spirited and real*:

<http://politicalticker.blogs.cnn.com/2008/09/24/bill-clinton-ill-campaign-for-obama-after-the-jewish-holidays/>

Bill Clinton telling the media that Obama is the one dodging the debates:

<http://blogs.abcnews.com/politicalradar/2008/09/bill-clinton-do.html>

\$100,000 grant that Obama was awarded back in 2001...what happened to it? This sounds considerably more important than *troopergate*.

<http://www.suntimes.com/news/watchdogs/1184049,CST-NWS-watchdog25.article>

Obama's *round-faced* brother George lives in a hut. Millionaire Obama ignores him although he runs on the religious tenet, "I am my brother's keeper." This means, I will vote to take your tax dollars and give it to someone else who will vote for me next time around. George isn't voting, so Obama has given him no money at all.

<http://www.telegraph.co.uk/news/newsttopics/uselection2008/barackobama/2590614/Barack-Obamas-lost-brother-found-in-Kenya.html>

This is important because it is a window into the soul of Obama. You can see what he actually

does and how big his heart really is. He is a phoney, through and through.

More about Obama's soul; what exactly does it mean to be a community organizer? Who is Obama modeled after?

http://www.americanthinker.com/2008/09/barack_obama_and_alinskys_rule.html

Bush called for reforms of FNMA and FHLMC 18 times in 2008 alone:

<http://gatewaypundit.blogspot.com/2008/09/bush-called-for-reform-of-fannie-mae.html>

Some men are off their noggins when it comes to Sarah Palin as well. Democratic Congressman Alcee Hastings logically explains: "*Anybody toting guns and stripping moose don't care too much about what they do with Jews and blacks. So, you just think this through.*"

<http://blogs.abcnews.com/politicalradar/2008/09/florida-congres.html>

18% of voters still undecided:

<http://apnews.myway.com/article/20080924/D93D1RFG0.html>

Libel charges threatened against Obama critics:

<http://gatewaypundit.blogspot.com/2008/09/missouri-sheriffs-prosecutors-form.html>

5 lying ads from Obama (this is from the NY Times):

<http://www.nytimes.com/2008/09/26/us/politics/26ads.html>