

Conservative Review

Issue #56

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

January 3, 2009

In this Issue:

[Quotes of the Week](#)

[Must-Watch Media](#)

[By the Numbers](#)

[Predictions](#)

[Prophecies Being Fulfilled](#)

[Joe Biden Prophecy Watch](#)

[Observations of the Week](#)

[Missing Headlines](#)

[What I Don't Get About Liberals](#)

[What's Right versus What Benefits Me](#)

[Arnold at the Movies](#)

[Stimulus Does not Have to Mean Pork](#)

[Hollywood Celebrates Che Guevara](#)

[Links](#)

The Rush Section

[The Bailout Cost](#)

[How We Solve the Economic Crisis](#)

[World's Largest Ponzi Scheme](#)

[Additional Rush Links](#)

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).

Previous issues are listed and can be accessed here:

<http://kukis.org/page20.html> (their contents are described and each issue is linked to) or here:

<http://kukis.org/blog/> (this is the directory they are in)

I attempt to post a new issue each Sunday by 2 or 3 pm central standard time.

I do not accept any advertising nor do I charge for this publication. I write this principally to blow off steam in a nation where its people seemed have collectively lost their minds.



Quotes of the Week

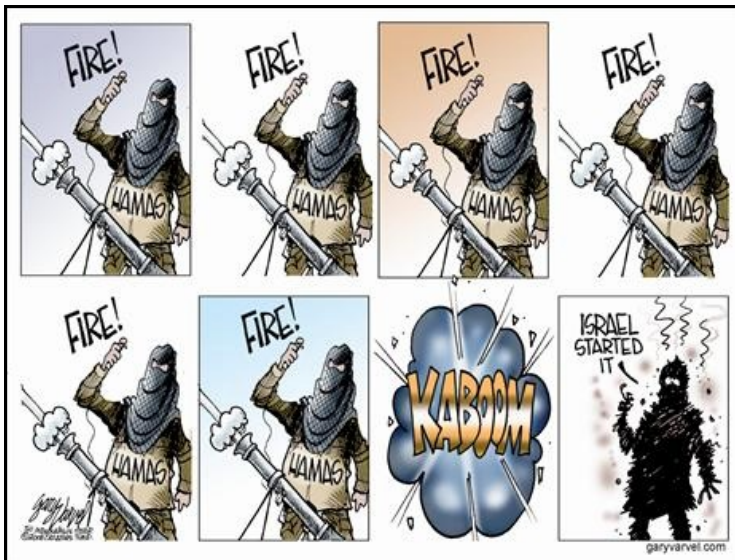
"Gaza will become a cemetery for the Israeli army," Hamas warns as Israel advances against them.

"All of the economic experts that we have spoken to—conservative and liberal—tell us that a very large stimulus package is the best way to approach our economic crisis." [not an exact quote] said by Obama-Biden-Axelrod-Hoyer.

Joe Biden Prophecy Watch

Israel continues to advance against Hamas.

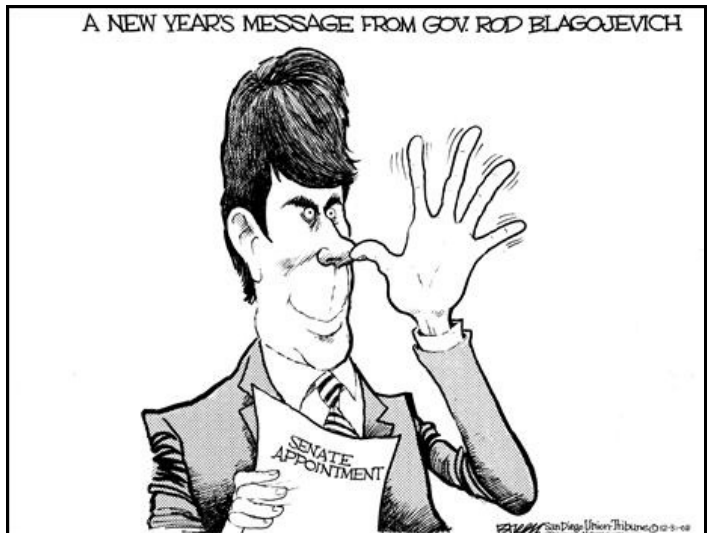
36 more Jihad attacks over this past week (the day is not quite over as I write this), killing 211 people (almost all of them innocents and most of them are fellow Muslims). One of them in Iraq was a Fedayeen suicide bomber wading into a lunch crowd during a reconciliation meeting between Sunni and Shia leaders; he killed 23 people and injured over 100. Of course you did not hear about many of these attacks in your news.



Observations of the Week

1) So far, Obama, Biden and now David Axelrod have all said, *Every economist, both conservative and liberal, tell us that a large stimulus package is what is needed to turn this economy around.* What these 3 men said was almost word-for-

word the same thing. Expect that those on the Obama team will continue to speak with one voice, particularly when it comes to controversial *solutions*.

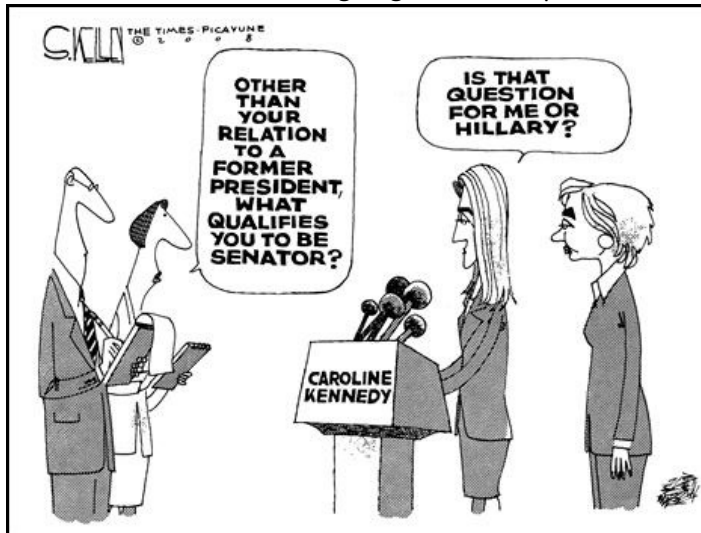


2) Check and mate: Blagojevich appoints someone to the Senate who is blameless, Black and a liberal. The Democrats cannot hope for a better Senate choice. The main thing which kept the Democratic pressure on Blagojevich is that he had the power of appointment, so they had to do something. However, now he appointed someone that Dems cannot oppose. Even though Obama's initial reaction out of the gate was, "Don't seat this guy." However, since they could not have a better result, they will have to take him. Bear in mind, it makes no difference what a Democrat says. They will say anything.

3) Henry Paulson has done more to nationalize the banks than has any left-wing leader. Why am I not finding the left singing his praises? However, Paulson has received a lot of media praise (which right there ought to concern any conservative).

http://www.usatoday.com/news/washington/2008-03-17-paulson-crisis_N.htm

4) There is going to be a liberal in Hillary's old Senate seat. Personally, as a conservative, Caroline Kennedy is fine with me. I don't have a problem with a normal, non-attorney, non-political person holding political office. At least, I know she is not going to be corrupt.



many of these animals as they can. Whenever they complete this military exercise, they should wait for one rocket to fly from the Gaza strip into Israel, and they need to return, full force, and take out as many Hamas as they can find. Either rocket attacks stop, or Israel needs to turn the Gaza strip into the world's largest cemetery.

6) Richardson pulls out of the Obama cabinet. I bet this man is dirty.

Must-Watch Media

The HBO special, John Adams, out on DVD's. They went to great pains to get this historically right. It is informative and entertaining. When you get the discs, choose the option *facts are stubborn things* for each episode. The *Making of John Adams* is also excellent (on the last disc).

By the Numbers

Sixty-two percent (62%) of Republicans back Israel's decision to take military action against the Palestinians, but only half as many Democrats (31%) agree. A majority of Democrats (55%) say Israel should have tried to find a diplomatic solution first, a view shared by just 27% of Republicans.

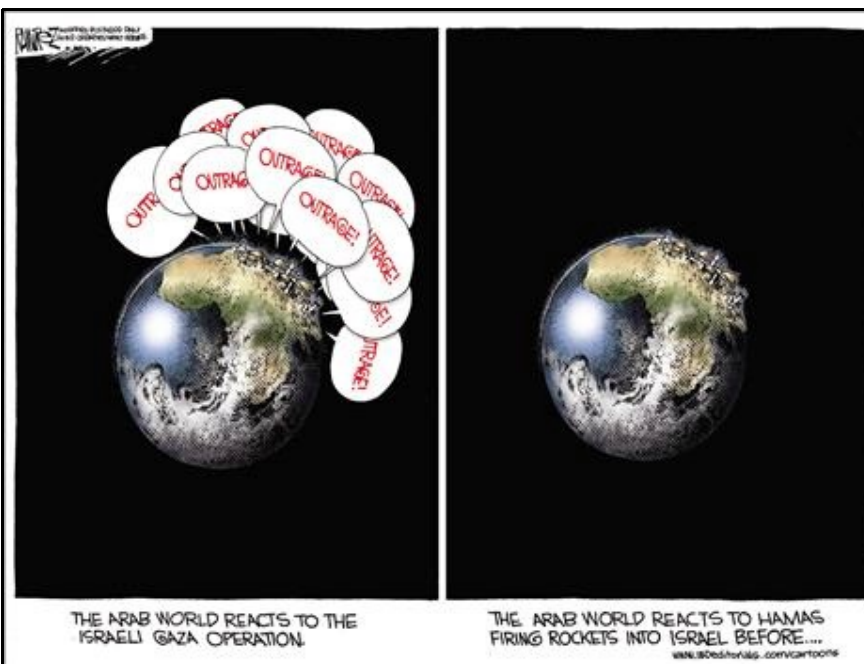
From a Rasmussen survey:

http://www.rasmussenreports.com/public_content/politics/general_politics/americans_closely_divided_over_israel_s_gaza_attacks

Predictions

The Obama Stimulus package will be the most pork-laden package ever offered up at any time in history of mankind. However, all of the projects will be called *infrastructure works*, but not pork. Every spokesperson on the Obama team will

5) Condi calls for a cease-fire in Gaza. I hope that her saying this is just some meaningless rhetoric. Israel needs to advance on Hamas and kill as



repeat a mantra along these lines. They will say, "This is not pork, these are important infrastructure projects which will help get our economy going again." You will hear almost this exact same phrase come out of the mouths of at least 3 Obama spokesmen (as well as from Obama and members of the Democratic party).

The GM Electric Volt will be one of the greatest failures in automobile history. It will be the *Easel* of the 21st century. The Democratic government will probably attempt to bribe people to buy these cars.

Despite all of the posturing and ultimatums spouted by the Democrats, they will accept Blagojevich's nominee for Obama's old Senate seat.



The negative press about the economy will continue, and Bush will continue to be blamed. This may go on several months into the Obama administration. Eventually, these will give way to positive economic stories, starting as early as late January this year, but which will increase in number throughout the year. Anything which looks good, economically-speaking, will be reported on.

Increased federal spending has never decreased unemployment. Look for unemployment and inflation to exceed 10% within the year (unless Obama tries some free enterprise approaches).

Look for unemployment to be over 10% before the end of this year. FDR did not have any affect upon unemployment with all of his government programs. If Obama does what FDR did (including extend unemployment benefits), watch our unemployment rise and rise and rise.

Will Obama preemptively pardon Norman Hsu? Ford did this for Nixon; will Obama do the same for a long time money man for the Democratic party?

Prophecies Being Fulfilled

Some time ago, I mentioned how the federal government is going to bailout the newspapers. Our newspapers became the written Obama cheering squad, and Obama owes them big time. The newspapers, because of their incredible bias, are losing subscribers and ad revenue, because very few of them will make any attempt at being fair and balanced.

Apparently, Michelle Malkin joked about this and now says it is coming to pass:

<http://michellemalkin.com/2008/12/01/the-newspaper-bailout-countdown-clock-its-here/>

In late November, 7 Connecticut legislators asked for state help to keep two newspapers there afloat.

<http://newsbusters.org/blogs/tom-blumer/2009/01/01/2009-year-newspaper-bailout>

Does the name *Pravda* mean anything to you?

Mark Steyn also said something off-handedly about this a couple months ago as well, but jokingly.

From Reuters:

<http://www.reuters.com/article/reutersEdge/idUSTRE4BU53T20081231>

Awhile ago, I mentioned that the feds will increase the gas tax. This is fairly simple to understand. We have been driving less, so the government *profits* and down (the government makes more money on a gallon of gas than do the oil companies). Since government will not do with less, they need more money. How will they get it? A gasoline tax. Remember, the more you conserve, the higher the gas tax will be.

<http://www.washingtontimes.com/news/2009/jan/02/congress-urged-to-consider-higher-fuel-taxes/>

I was quite disconcerted to watch 2 so-called conservatives on FoxNews (Bill Crystal and Charles Krauthammer) both recommend an increase in the gas tax (they want this balanced with a reduction in our FICA taxes; just what we need, more complexity in the federal income tax).

Who gets hit by a higher gas tax? Everybody. What will it do? Inflate the price of everything.

Missing Headlines

EU's new figurehead believes climate change is a dangerous myth (this was a headline in some papers; was it in your newspaper or news source?)

Bush and Dems Continue to Move America into Socialism

Come, let us reason together....



What I Don't Get About Liberals

I was raised in California and I was raised a liberal. At the age of 18, I finally heard some conservative principles espoused (I did not quite believe them) and it shocked me that someone could actually make reasonable and honest arguments for conservatism. I did not buy into it at that time, but I stored this information in my brain.

Obviously, I have changed a great deal since then. However, as an adult, here is what I don't get about the many liberal friends which I have (and, in some cases, used to have): all of these people understand and see government work. Almost all of them have faced red tape, they have seen great inefficiency, great stupidity, and incredibly poorly managed government programs. I personally see it with section 8 housing, which pays a portion of my income. They are not a temporary hand up, they are an organization which is a lifetime of enslavement to a government program. I have seen 2 generations of people hold out their hands to receive support from section 8, rather than to try to make life on

their own. There was no hand up; they want a hand out, and they want a hand-out for the rest of their lives.

Most of my liberal friends are familiar with some government program and recognize how poorly it is run. At the same time, most of these liberal friends of mine know someone who has their own business. Many of my friends know my youngest kid brother who built a business from nothing. He started out by working hard; he still works hard; he is an honest man; he employees usually 10–15 people, and he makes a good salary at what he does. He has to run his business efficiently and he has to provide services which others want, at a reasonable price. Several families depend upon him and part of what makes his business work is his hard work and his personal integrity.

Here is the thing I don't get: most of the liberals I know, know about the inefficiency of government, about the graft and corruption of both parties; and most of them know 1 or more honest, hard-working people who have their own business—yet, time and time again, they vote for more government (which is the liberal agenda). That I do not understand. Putting aside the Bush has spent far too much money and has practically nationalized our banks (something we conservatives did not expect him to do); Obama promises not just more of the same, but way, way more of the same. The essence of his economic recovery plan is a lot more government, a lot more government jobs; and, eventually, higher taxes and high inflation.

What's Right versus What Benefits Me

The idea that Republicans have money and they just don't want to give to anyone is flat out wrong. First of all, it has already been shown that Republicans, conservatives and religious types are much more likely to be generous with their money than Democrats, liberals and non-religious

types. Those in the latter group don't mind voting for *other* people to pay for the services they believe that all people should have, but they will not support these causes themselves—not as much as religious conservative types.

Here is what I believe: our government is bloated, it has a budget which is far too large, it has its fingers in far too many pies, and government tends to be inefficient and/or rife with corruption. I don't want the government to handle health care. I would like the government to back down when it comes to education, as I have watched our government, both local and federal, virtually destroy public education. I do not want government running FNMA, FHLMC, a health care system, Detroit automakers, or anything else.

I am not a rich person. If health care was free, I would probably benefit from it—that is, it would probably be cheaper for me than it is now. However, the quality of health care would be severely compromised.

When it comes to taxing corporations more or big business more, this would not affect me directly. When it comes to taxing the rich, this would not be money out of my pocket.

What Bush has done in the past few months and what Obama promises to do are going to result in highly inflationary results. I am perfectly set to benefit greatly by inflation.

Sometimes, a businessman has to be cognizant of what government is doing, and act accordingly. However, I do not support this or that candidate because I think it will benefit me financially nor do I support this or that legislative proposal because it will probably give me more than it would cost me.

I support and vote for that which I believe is best for my country. Rich people provide jobs; poor people do not. Rich people stimulate the

economy; poor people do not. Rich people tend to start business and grow the economy; poor people do not. Therefore, I believe in low taxes for the rich (30% or more is far too high; 20% should be the maximum tax rate for anyone). I believe this because this is better for my country overall, not because it puts money into my pocket.

I don't believe that government officials understand business. I do believe that many of them, if they are earning \$80,000–200,000/year, and, since they spend millions of dollars (of other people's money) to get that office, that they are often very corruptible. If not corruptible, they have, at the very least, learned how to spend millions of other people's dollars for the *greater good* (i.e., getting them elected).

To me, putting government in charge of FNMA and FHLMC is the worst idea in the world. Pitting government in charge of trillions of dollars (far more than all the automakers and Enron combined) is absolutely foolish, especially when they can pass laws which allows them to skim their take from the top.

For the same reason, I don't want government in charge of some sort of a national health care system. Right now, Medicare as it stands, threatens to bankrupt the US. If government cannot manage medicare, what sense does it make for them to double-down?

It does not matter to me that I might get a better deal on health care. It is not my right as an American to walk down my street, find someone who makes more money than I do, and demand that he subsidize my healthcare (or anything else).

What about dishonest business practices? We have laws, and sometimes, these laws work. If a company is poorly wrong or they produce a product that no one wants to buy, the market will drive that company out of business. If their

executives are taking an obscenely high salary, fine. If that drives the country into bankruptcy, so be it. They are simply killing the goose that is laying golden eggs for them.

What I don't want is government to pick and choose the businesses which they like, businesses which are ready to go bankrupt, and for government to bail them out. All that does is encourage poor management and higher management salaries for those who are running these companies into the ground.

If Charlie Brown starts a business and his business does well, then I have no problem with Charlie Brown paying himself a giant salary. I have learned to be content with what I have. If someone, through building a business, ends up living in a multi-million dollar mansion and flies his personal jet wherever, this is fine with me. That is what America is all about.

What America is not about is paying people not to work and bailing out business which are failing and giving people free services which they themselves do not pay for.

Arnold at the Movies

One of the problems with Arnold Schwarzenegger is, he does not seem to have the slightest clue as to what is going on around him. It is as if he is perpetually in a movie, so that he does not have to join the real world. He has likened the border fence to the Berlin Wall, even though the Berlin Wall was erected to keep people in a communist country they did not want to be in. He has called the border fence unrealistic, expensive and a waste of taxpayer's money.

However, when he signed a sweeping, anti-global warming bill, he said, "We simply must do everything we can in our power to slow down global warming before it is too late;" as well as "When I campaigned for governor three years

Right now, his silly global warming legislation (the California legislature is to blame here as well) and the huge influx of illegals in California are destroying the economic solvency of California [pronounced *caw-lee-FORN-yuh*].



If Schwarzenegger and California could get a clue, California budget problems would be easy to solve. Repeal all climate-change legislation, enforce the immigration laws, figure out a program which allows Mexican labor into California, without giving them free education, welfare and free hospitalization, and start drilling offshore, and California may not need to come to Washington, hat in hand, asking for a bailout.

President-elect Barack Obama says he will create or protect some three million jobs by spending a massive amount of federal dollars to build roads and other "shovel ready" government projects across the country. The projects in this economic stimulus package, he says, will "not be based on politics and lobbying."

[This article is why the Wall Street Journal continues to increase readership while almost every other US newspaper is losing money and readership. For the rest of this article:]

As Michael Medved observed, these are various projects which mayors have not embarked on because they are low in the list of local importance. However, if the federal government is going to pay for it, why not?

My observation: this is what Democrats love to do—they love to spend other people's money on

a lot of meaningless crap, generally to fulfill political debts or to initiate a quid pro quo.

Hollywood Celebrates Che Guevara

By Mary Anastasia O'Grady

Hollywood hotshot Benicio Del Toro is not a stand-up comic, but he seemed to be playing one earlier this month when he said he found the role of Cuban Revolution hero Ernesto Guevara, in the new film "Che," like Jesus Christ.

"Only Jesus would turn the other cheek. Che wouldn't," Mr. Del Toro explained. Right. And Bernie Madoff is Mother Teresa, only she wasn't into fraud.

[Another great article in the Wall Street Journal; the rest is found here:]

<http://online.wsj.com/article/SB123051070523038351.html>

Links

EU's new figurehead believes that global warming is a dangerous myth:

<http://www.timesonline.co.uk/tol/news/world/europe/article5430362.ece>

Global Warming primer (this includes the fact that we humans contribute 0.28% of the global warming gases):

<http://www.ncpa.org/globalwarming/GlobalWarmingPrimer.pdf> (It is 40 pages, but it is a lot of large charts, and it is easy to understand; whether you believe or disbelieve in global warming, you need to read this).



There are a lot of conservatives who have supported President George Bush for his aggressive war on terror and for his tax cuts. However, what he and Paulson have done in the past month have caused many of us who support him to wonder, *what just happened?* Bush may not be the poster boy for conservatism, but how on earth did he become the most socialistic president since FDR?

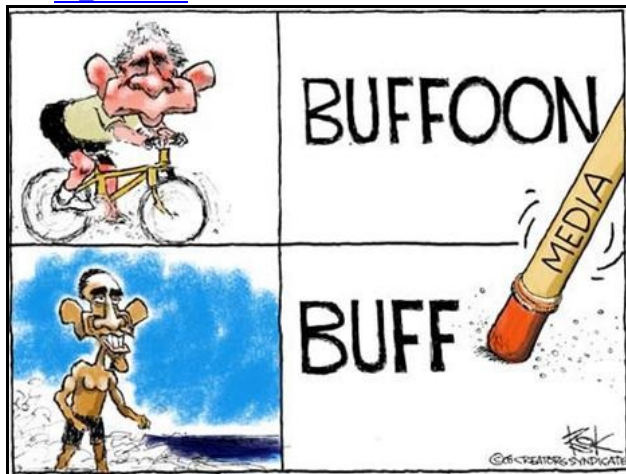
<http://michellemalkin.com/2008/11/24/bush-owns-to-continue-pre-socializing-the-economy-for-obama/>

Obama works out and *smitten reporter Eli Zaslow*, "The sun glinted off chiseled pectorals sculpted during four weightlifting sessions each week, and a body toned by regular treadmill runs and basketball games."

Bush works out, and former Washington Post writer Jonathan Chait comments "Am I the only person who finds this disturbing? ... What I mean is the fact that Bush has an obsession with exercise that borders on the creepy."

Great little article by Michelle Malkin:

http://townhall.com/columnists/MichelleMalkin/2008/12/26/tale_of_two_presidential_workout_fanatics



There are some people who oppose further bailouts. They are almost all Republican (although there are some Democrats in that mix as well). If you know of these people, if they are your Senator or Congressman, be sure to give them your support. If your guy voted for the bailout (and probably he did), vote against him in the primary and vote against him in the next election, if he survives the primary, whether he is red or blue.

The first speech here is by my Congressman (Ted Poe):

<http://www.thetruthaboutcars.com/bailout-watch-280-republicans-against-the-bailout/>

There are many Republicans publically rejecting the monetary policies of their own president:

<http://www.politico.com/news/stories/0908/13789.html>

Michelle Malkin lists the people to support, because they voted against the auto-bailout:

<http://michellemalkin.com/2008/12/10/house-passes-uaw-bailout-237-170-showdown-in-the-senate/>

Are you unsure as to how your guy voted? Here is the list, all of the House yays and nays:

<http://clerk.house.gov/evs/2008/roll690.xml>

These should be the fundamental policies of the Republican party:

1. Our liberty is from God not the government.
2. Our sovereignty rests in our souls not the soil.
3. Our security is through strength not surrender.
4. Our prosperity is from the private sector not the public sector.
5. Our truths are self-evident not relative.

(Even a Democrat who espouses and votes in accordance with these principles ought to be supported)

<http://hotair.com/archives/2008/11/05/the-mccotter-challenge-why-is-there-a-republican-party/>



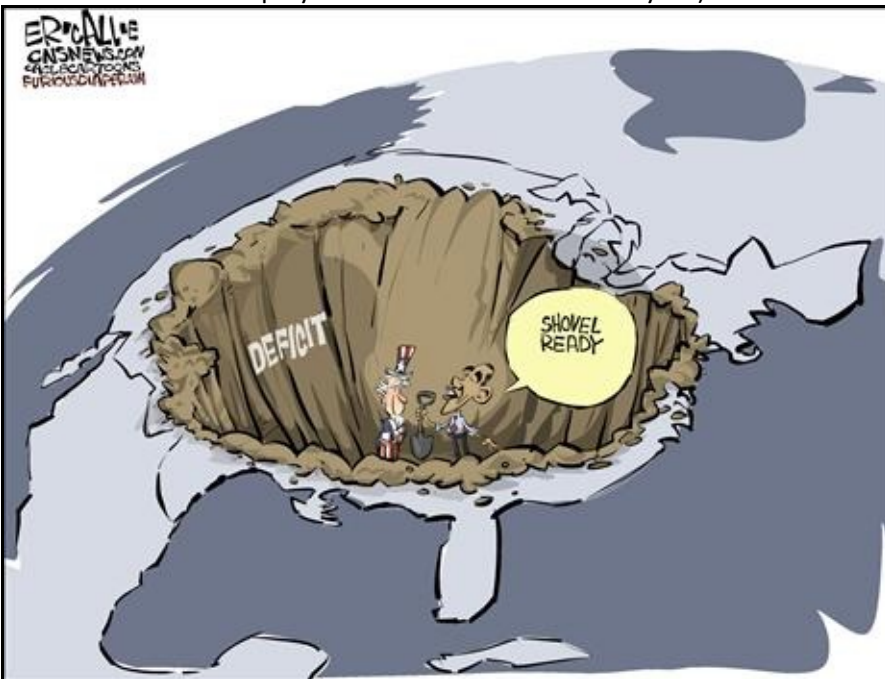
Republicans are beginning to mount a counter-attack against increased government spending:

<http://www.washingtontimes.com/news/2009/jan/02/time-for-choice---not-an-echo/>

Obama warns that unemployment will exceed 10% unless he acts and has our full support.

<http://www.bloomberg.com/apps/news?pid=20601087&sid=axoaniRp5i9w&refer=worldwide>

(In case you are unsure, we will be in double-digit unemployment sometime in the next year).



More Clinton tit for tat:

<http://www.iht.com/articles/2009/01/04/americas/clinton.php>

Do you wonder on what the government is spending all of this bailout money? So does Fox Business Network. They are suing the federal government under the freedom of information act—where is our \$700 billion going to? Yay FoxNews! At least one news source is actually trying to find out what we need to know.

<http://www.allbusiness.com/legal/legal-services-litigation/11727667-1.html>

From the horse's mouth:

<http://www.foxbusiness.com/story/markets/fox-business-sues-treasury-failure-respond-freedom-information-act-requests/>

What Habitat for Humanity purposes to do sounds very noble; however, they are just building a lot of crap houses which are falling apart in a few years:

http://www.timesonline.co.uk/tol/news/world/us_and_americas/article5439388.ece

The Canadian government goes after free speech (a Mark Steyn article):

<http://www.steynonline.com/content/view/1594/128/>

An imam can call for the beheading of homosexuals, and this is okay; but if a minister speaks against gay marriage, that is going too far when it comes to free speech in Canada:

<http://www.steynonline.com/content/view/1569/128/>

The Rush Section

The Bailout Cost

[For those of you who think Rush gets his talking points from the White House, read on...]

RUSH: All right, Barry Ritholtz, a financial blogger, has run the numbers on the bailout, and he cites a guy named Jim Bianco of Bianco Research who crunched inflation-adjusted numbers and compared some previous federal government expenditures to the current total of the bailout.

Now, depending on where you look, the total bailout money to date is either \$6 trillion or \$7.4 trillion. These guys, they just ran it up to \$4.6 trillion, and it's more than that now. It's at least two trillion more than that. Now, the current national debt is like \$7 trillion. Maybe it's higher than that. But regardless, that's irrelevant here. This current bailout, calculated only up to \$4.6 trillion, has cost more than all of the following government expenditures combined. Are you ready? The Marshall Plan. The Louisiana Purchase. The race to the moon. The S&L crisis. The Korean War. The New Deal. The invasion of Iraq. The Vietnam War. And NASA.

All of those combined, in inflation-adjusted dollars, equal \$3.92 trillion in today's dollars. This bailout is more than all of those combined. Now, would you like to hear the inflation-adjusted dollar amounts for each of these line items? The Marshall Plan, back when we did it, cost \$12.7 billion -- and it rebuilt Europe after World War II, for those of you who voted for Obama. If we did the Marshall Plan today, it would cost \$115.3 billion. We rebuilt European for \$115.3 billion in today's dollars; and we have just spent, according to these guys, \$4.6 trillion on bailouts of the US financial industry. The Louisiana Purchase, in today's dollars, would cost \$217 billion. Now, for those of you who voted for Obama, the Louisiana Purchase was Thomas Jefferson. That's how we got New Orleans and much of the territory all the way to the Left Coast, and it gave us the Lewis and Clark expedition, which Jefferson ordered to go find out what the hell we just bought.

The race to the moon, in today's dollars, would have cost \$237 billion. That's more than the Marshall Plan and Louisiana Purchase in today's dollars. The S&L crisis. We bailed out the S&Ls and fixed that. In today's dollars, it would cost \$256 billion. Back then it was \$153 billion. The Korean War, \$54 billion back in the fifties. Today's cost would be \$454 billion. The New Deal. Today's dollars, estimated to be \$500 billion, if we did the New Deal today. That's half

a trillion. We have spent \$4.6 trillion. The New Deal was half a trillion in today's dollars. We have spent \$4.6 trillion, and probably more than that, at least six or seven. The invasion of Iraq, \$597 billion in today's dollars. The Vietnam War. Back in the era of the Vietnam War, it cost \$111 billion. To do it today would cost \$698 billion. And NASA. This is not the race to moon. This is the whole NASA budget. Over the years, \$416.7 billion. In today's dollars, it's \$851.2 billion. Maybe this is an annual cost here for NASA -- yeah, it's an annual.

So, all of these add up to \$3.92 trillion: Marshall Plan, New Deal, Louisiana Purchase, race to the moon, S&L crisis, la la la, and we have spent \$4.6 trillion. The only thing that comes close is World War II, and even that cost less than what we have spent. But at least in World War II, we were producing something, and everybody was working, and there was a tangible result, and that is we were able to stop Hitler. We did a great thing in World War II. Again, I have to emphasize, this is using a figure of \$4.6 trillion as the bailout today. It is far, far more than that.



RUSH: This is Peter in San Mateo, California. Hi, Peter, you're on the EIB Network. Nice to have you with us.

CALLER: Rush, thank you for taking my call. Very quickly here, the nation in World War II was actively persuaded to buy War Bonds. One of my professors from Stanford, Professor Elmer Fagan cautioned FDR and [Hans] Morgenthau that after World War II we'd face a major inflationary period because of the debt. Well, Morgenthau and Roosevelt argued that it doesn't make any difference how large the debt is, we owe it to ourselves; and Fagan argued, it is crucial who owns the debt, the savings bonds. Namely, the holders of the debt had a high propensity to spend rather than save after the war. The result: inflation; too much money chasing too many things, homes, cars, appliances, and furnishings. That was a very instructive period, and it was remarkable because Fagan parted ways with Roosevelt and Morgenthau over this issue of what would happen after the war when all of this debt, all of these savings bonds were going to be redeemed and the inflationary period we would have. I'm not going to try and outguess what's going to happen in the future here, but I think this was a very instructive period of how people didn't really know their economics and think it through.

RUSH: Okay, give us the modern-day scenario. What's going to happen after this? 'Cause there's no World War II here.

CALLER: That's true. All of these debts that are out there, all of these loans and everything are going to have to be paid back at some point.

RUSH: Who says?

CALLER: Well, of course if they want to wave a magic wand and put it aside, but this economy has just gotten upside down.

RUSH: But I thought Obama's going to fix this with his infrastructure program.

CALLER: (laughing) Yeah, and the moon's blue, too.

RUSH: Well, we gotta fix the crumbling roads, the crumbling bridges and the crumbling schools, and the crumbling states and the crumbling mountains. There's a lot crumbling and we're gonna fix it. I'm jazzed. Okay, well, Peter, thanks for the phone call out there. I appreciate it. So I guess we are to expect hyperinflation after awhile with all this. Either that, or a very bad deflationary cycle, and it... (interruption) Snerdley just asked if foreign governments are buying all this debt don't we have to pay it back? Theoretically, yeah, you have to pay everything back. But I call your attention to the national debt, which never gets reduced. Every year's budget deficit gets added to the national debt. But this, what's happening here is unprecedented, and it has never happened before. There isn't the money to pay it back. There's not going to be the money to even service annual debt payments. We're going to have an annual budget deficit of \$1.3 trillion, maybe more, in one fiscal year -- a budget deficit. They're gonna continue to buy the debt, but they're not buying the debt in order to get it back. At some point, maybe, but it's just like the federal government is telling Big Three auto, "You want the money, here's what you gotta do for it."

The big danger here in having all this foreign debt owned by the ChiComs is the leverage they hold and whatever other foreign countries. It's the policy leverage that they hold, and it is the threat of calling the debt, "Okay, we need the money. You give us the money." That's the threat that's always hanging over you. You deal with loan sharks. Now, one of the reasons all these countries have been buying foreign debt is because we've been the economic leader of the world and they've had an interest in our economy

being strong and so forth even while they compete with us. It's a little bit more complicated than all this, but look, folks, pay this back? Pay it back? Wait 'til you see what's going to happen to the federal budget once we start nationalizing health care, once we start raising taxes. Pay it back? I just saw that Citibank deal. The government's taking an ownership stake in Citibank now. So they're taking an ownership. Barney Frank wants to own 80% of the auto industry -- and while this hasn't been stated, it wouldn't surprise me if someday (if that ever happened, for example) that he would suggest the federal government just give the ownership of the auto industry to the unions.

<http://www.ritholtz.com/blog/2008/11/big-bail-outs-bigger-bucks/>



How We Solve the Economic Crisis

RUSH: Gloria Borger today on CNN's website, "Obama Takes Ownership of the Economy," is the headline, which is fascinating 'cause he hasn't said anything yet. He hasn't offered anything specific. Some of the Drive-Bys are worried about this. We'll get to that later. Here's how Gloria Borger begins her piece: "At long last, a team. And it's formidable. With Tim Geithner

eyed for the head of the Treasury..." By the way, the New York Times kind of dumps on this guy, too. They said he was everywhere to be found in the Citibank collapse. He was everywhere in a lot of these bailouts. Some people are not happy with Geithner, although he's been portrayed as a wonder boy savior like Obama, but Gloria Borger here still smelling the coffee or whatever.

"With Tim Geithner eyed for the head of the Treasury Department, President-elect Barack Obama has chosen a fellow already knee-deep in the bailout, someone who gets what has gone right and is smart enough to understand what could go very wrong." Somebody who gets what has gone right? I don't know that anybody has yet. Because remember the brilliant monologue from yesterday: every time they do a bailout, "Yaaaaay! (clapping) Then there's the next day where it just doesn't seem to have mattered. She goes on to praise Larry Summers and all the other people that Obama named 'cause it's the inside-the-Beltway crowd. They're back. We're going to have parties! The White House is going to be festive again. It's going to be cool and all my friends are back in power now, which means I have access.

And then there's this paragraph: "Some Republicans have predictably begun to grumble about the size of the stimulus package, but here's a question: What would you in the GOP do differently? Would you continue the deregulation that got us into this mess? And didn't you folks break the bank over the last couple of years? Aren't even some of the most conservative economists now advising spending as a way to get ourselves out of this hole?" Now, my natural knee-jerk reaction to anything on CNN or Gloria Borger is to reject it. These are actually pretty good questions that Ms. Borger raises: What would you in the Republican Party do differently? Well, I can't speak for the Republican Party -- proudly, I say. Proudly and thankfully, I can't speak for the Republican Party. But I can speak for conservatism. What would we do differently?

Let 'em fail. We would follow the Ronaldus Magnus model. He was asked to bail out the Big Three back in 1982. He said, "Nope. They're going to have to become more competitive." They were worried then about Japanese and Korean imports.

Would you continue the deregulation that got us into this mess? This is the one question that Ms. Borger asks that has a flawed premise. I don't know what deregulation she's talking about. There was plenty of regulation at Fannie Mae and Freddie Mac. It was just ignored, Gloria. If I'm not mistaken, it was the Bush administration that numerous times attempted to get new regulators in there and new forms of regulation, the exact opposite of deregulation -- and I think, Gloria, if you'll go look this up, you will find that it was people like Barney Frank and Chris Dodd that rejected new oversight on Fannie Mae and Freddie Mac. I think if you look, Gloria, you might also find that this whole subprime mortgage thing is one of the primary problems that has caused the collapse of a lot of other things that were associated with it. The whole subprime thing was a flawed, unworkable premise in the first place: loaning money to people that never had a chance to pay it back, and letting them stay in their homes, and then trying to secure the value of that worthless paper with the creation of new forms of securities like derivatives and credit default swaps. These things piled on top of each other in an effort to make this paper have some value, and it didn't -- and still doesn't. There are still toxic assets out there that the secretary of the Treasury says, "We're not going to buy 'em now. We'll just leave 'em out there as toxic assets."

I don't think that deregulation is the problem here. I think lack of regulation is the problem and it was the Democrats who did not want any regulations whatsoever. See, this is somewhat offensive because anybody worth their salt could look at what happened in the Fannie Mae, Freddie Mac thing, and see for certitude where

the fault lies. But this is Dump on President Bush Time. This is Dump on the Republican Party Time, and for the life of me, I don't know why people in the Republican Party wouldn't stand up and say, "Look, here's the truth about this." I mean, Chris Shays might have been able to save his seat in Congress, but he didn't want to be partisan. Republicans are Republicans. The next question: Didn't you folks break the bank over the last couple years? Yeah. Unfortunately, there was too much federal spending over the last couple of years and we see where it got us. So if you ask conservatives what we would have done about this, Gloria, we would have stood up and tried to stop it, but there weren't enough conservatives in the House and the Senate to make a case of it. Plus, when the president of your party is behind all the spending, it's very difficult for members of the party in the House and Senate to stand up and oppose him. That just doesn't happen much.

"Aren't even some of the most conservative economists now advising spending as a way to get ourselves out of this hole?" It depends on what kind of spending, Gloria. Consumer spending is the fastest way to get us out of this. Therefore, what we conservatives would do would be to cut taxes. If we had our way, we'd wave a magic wand in front of the President-Select and we'd have him cut the corporate income tax rate. We would have him cut the capital gains rate. At the very least, we would have him say definitively, Gloria, that there would be no tax increases for the next two years. Give some stability, and cut the capital gains rate and maybe cut the top personal rate just a point-and-a-half. You want to generate an economic rebound, Gloria, it has to be done from flyover country, not from inside the Beltway; and the only way we're going to generate more spending is if more people get hired and if more people have more disposable income, not because the government sent them a check (they're just going to save it) but because they're earning it. They're keeping more of it because

their taxes go down. So she has great questions, and answering as a conservative, not as a Republican, is quite easy.

RUSH: By the way, one more thing about Gloria Borger and her great questions in the CNN piece. The Republicans did break the bank in federal spending. There's no question about it. But isn't it interesting to note, though, that at the time the Republicans were breaking the bank, the Democrats were out there complaining they weren't spending enough on whatever it was. They still said "Republicans are making draconian cuts," and, "The Republicans are hurting the little guy," and so forth. Gloria, look, you talk about deregulation. The banks were allowed to diversify in the nineties in a bill sponsored by Democrats, voted into law by Clinton. That was okay, right? Diversification is saving a lot of banks right now. But what Republican deregulation is she talking about? Government policies led to this disaster. Everybody that's paying attention knows it. Except the Drive-By's and the Democrats aren't going to admit it because that would be to harm themselves, and more government policy is making this worse.

<http://www.cnn.com/2008/POLITICS/11/24/borger.obama/>

World's Largest Ponzi Scheme

RUSH: You know, that's an excellent point. What's going on here, folks, is this is a larger debate over the future of the country. It's not just a debate about the Republican Party. There is a larger debate going on, and that is over the future of the country, and we are smack-dab in the middle of it; and sometimes people living in the middle of important and great events are so busy living in them that they don't understand how important and big they are as people who follow us, who are born after us and read the history of all this will look at this particular time. For example, let's look at Bernard Madoff. Do

you people realize what happened here? Do you know the details of this? Fifty billion dollars. Ladies and gentlemen, the WorldCom scam was \$30 billion. Enron was 35, \$32 billion.

This was \$50 billion. This guy took out and wiped out his friends, his charities. The psychiatrists are going to have a ball with this one trying to figure it out. This was a Ponzi scheme that went on for years, and do you know how it succeeded? It succeeded on the basis of two things. This guy was brilliant in setting himself up as brilliant and likable. He fashioned for himself a great reputation that nobody questioned. He also did something else. He had a bunch of guys when he started out that would troll these country clubs and other places where the high rollers were, and they would start bragging, as all people love to brag, about how well they're doing in the market. They'd start bragging about how well they were doing with this mystery guy, and of course everybody's ears -- when E.F. Hutton speaks, people listen -- perk up. "Who is this guy?"

"Oh, you need at least a minimum of ten mill to get in. This guy doesn't take just anybody." So present this great thing and then deny it to people, makes them want it even more. They trust the people that are telling them all this stuff. I can't tell you the number of times I have been out to places and people start bragging about their returns in the financial market or they brag about this or that and they've got the best broker here and the best broker there. I don't know anybody that knew this guy. Well, I probably do, but I'm telling a story about this guy. So he sets it all up, and he has this reputation. He's very avuncular, and he travels around. He joins these clubs, and he makes friends with these people, and it was not what he said that roped 'em in alone.

It was how he said it; it was how he comported himself. It was his reputation based on lies. There were no returns because there were no investments. It was a full-fledged Ponzi scheme.

So for all these new suckers he was hooking, he was paying his so-called previous investors with money, came in stealing a little bit for himself, and fashioning this 100% phony reputation and life that these people never even questioned because it would have been impolite to do so. You would have had to criticize so many people. You would have had to express suspicion about so many of your friends. It's rather, you just don't know how this is happening. You didn't get monthly statements, or if you did, you couldn't decipher 'em, 'cause it was all bogus. Some of the so-called smartest people in the world!



We learn now that Mort Zuckerman, who owns New York Daily News, US News & World Report, financial guy; he's a big real estate magnate in New York, he got taken. Fred Wilpon, the owner of the New York Mets, \$500 million! Hedge funds have had to shut down because of this guy. Banks all over the world, charitable foundations. People are putting their houses up for sale -- and this guy was a huge, huge Democrat! This guy was a contributor to Bill Clinton and some of his funds. I don't know if this guy's name is gonna show up on the donor list at the Clinton Library and Massage Parlor. He was a huge donor to

Democrat policies and politicians. He was a huge donor to Obama and related issues. I'll tell you what's funny, too, today. I'm reading the Drive-By Media, and guess whose fault this is? Bush's!

In fact, some Drive-Bys are saying actually you can trace it back to Reagan, the era of greed and selfishness. Reagan created that, and then Bush came along. We forget the Clinton years in the middle of this. And then Bush came along, and he just had no controls over anything. I mean, Bush was just horrible. You could have anything you wanted any time you wanted. Of course these poor people just got hooked. You know, we

had the Y2K thing and that didn't materialize but there was all this fear that has been lurking around every corner, every day. So now this is Bush's fault. It's not even Bernie Madoff's fault. Wherever you look... and I'm not being simplistic here. Wherever you look in this financial mess today, you find Washingtonians, in some cases of both parties.

But predominantly, as we know in the mortgage crisis, we know that it's Democrats. Now, one of the Drive-Byers who is trying to blame Bush is little Mike Lupica of the New York Daily News. He's a sports columnist, sports novels and so forth, and that Mike Lupica is blaming Bush and then taking up for the poor, says, "Of course, the poor are being blamed for the subprime mortgage problem."

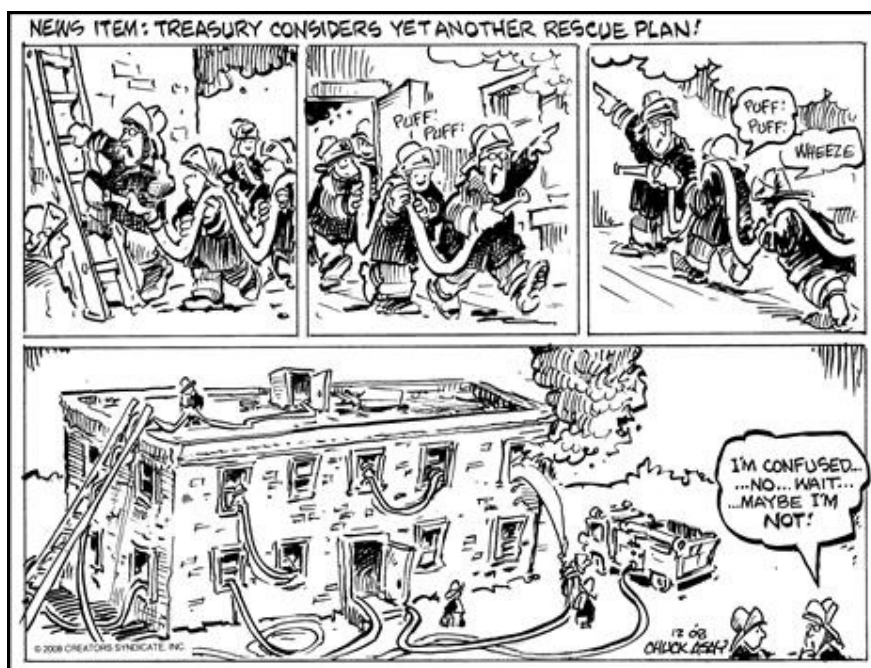
No, little Mike, the poor are not being "blamed." The people who lent them money are the ones responsible. Nobody's banging the poor here. The poor are as much victims as everybody else. The sad fact of the matter is that people who should never have been lent money in the first place were, and this was done on the order starting with Jimmy Carter, and it got popular and increased in momentum with President Clinton. The Community Reinvestment Act, all this stuff, Fannie Mae, Freddie Mac.

I mean, you find Democrats everywhere you go. With Bernard Madoff, you find Democrats wherever you go. Now, this is a Ponzi scheme, and I don't know how many of you people, Obama voters know what a Ponzi scheme is. Do you know what a Ponzi scheme is? If somebody asked you, Brian, to define a Ponzi scheme, could you do it? I'm not asking you to, just a quick yes or no. Okay, could you, Rachel? She doesn't think so. What about Snerdley? Snerdley's being scammed, by the way. Those of you calling us suggesting a third party after General Powell, we're not going to do a third party. You can spare us the calls. Do you know what a Ponzi scheme is, Snerdley? If somebody demanded you explain a Ponzi scheme, do you know what it is? Okay, you don't have to tell me. I just want to know if you could explain it.

Well, it was not Charles Ponzi. Charles Ponzi (interruption) No, he did not do the first Ponzi scheme. Ponzi schemes originated, you know, back in the Old Testament days. They've been around. It's just that Ponzi in the twenties was the first guy to make it massive. It was so big with Ponzi, that's why they named it after him. He was an Italian immigrant in the twenties and so forth, and he popularized it. Very simply, Ponzi scheme, for those of you and many of you who voted for Obama may not know what it is, a Ponzi scheme is where the con artist -- which is what Bernard Madoff is -- the con artist somehow convinces you to give him money with the promise that the money you give him is gonna turn into much more money very quickly, and you're not going to have to do anything for it except sit around and wait, and then the con artist goes and gives the same pitch to a whole lot of other people.

He takes your money, steals some up for himself, doesn't invest it anywhere -- or he may park it someplace for a while, but his parking it is not to generate whatever he's going to give back to you.

What you get back is what he takes from others who are being scammed. Think of a hotel revolving door. Except this scam went on for years, years, and there were trouble signs. I read a story over the weekend, a 1992 Wall Street Journal story, where there were all kinds of red flags about this guy, but it just stopped because he had such a great reputation. He said what he said so well. He behaved so refined and dignified. He was loved and adored, and people have these balance sheets, these statements that show they were earning 15%. This guy in the last two months, Brian, the stock market's now 38, 36%, this guy is showing six to 12% gains, and nobody in his stable is questioning this.



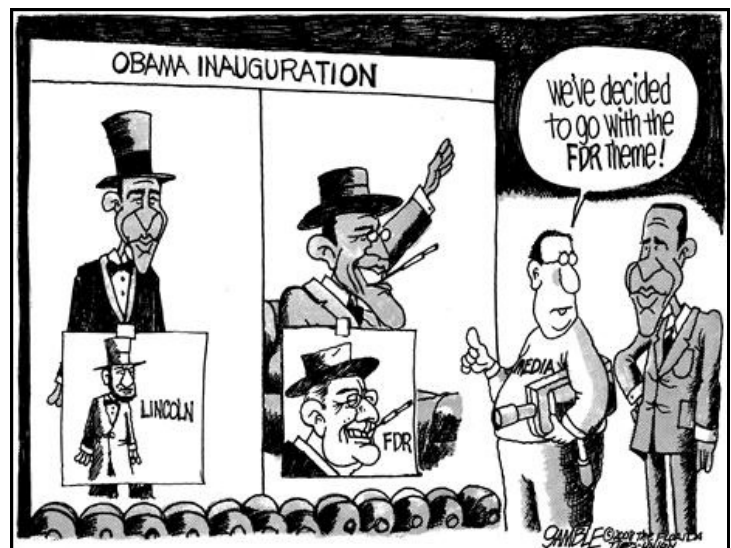
A lot of people say, "Those people deserve what they get." I was reading some of the comments to a Wall Street Journal blog post on this, and you wouldn't have believed -- well, you would believe it. The number of people saying, "Good, good! It's about time these people found out what it's like to be hurting. It's about time these people found out what it feels like!" Wrong attitude, folks. Wrong attitude. Some of these people may have inherited it, but so what? It's their

money, it's not ours. They've been wiped out! They have been scammed. You can say they deserved it 'cause they're stupid, 'cause they didn't look, 'cause they were too trusting and so forth. I don't care. It is horrible what happened to these people. But this, what they say is the biggest Ponzi scam in the history of Wall Street. Maybe. But it is not the biggest Ponzi scam in America. I'll ask a little question here. I'm not going to answer it. I'll see how quickly people can figure it out. What is the biggest Ponzi scheme in America, maybe even the world today?

RUSH: Folks, this Bernard Madoff guy, you stop and think of this. Every dime -- well, we don't know this yet. It's not accurate to say every dime. But with a \$50 billion Ponzi scheme that this guy ran, you'd have to assume that the whole enterprise here is thus illegal. This guy has given lots of money to Chuck-U Schumer. This guy has given lots of money to Charlie Rangel. He has given lots of money to Democrats, Obama's campaign and so forth. And you have to ask, do these campaigns, should these campaigns have to give this money back? Should they have to return this money? This is ill-gotten money. And stop and think of the people who paid taxes on these phony returns. In the Ponzi scheme everybody thought they're doing well until the day came, what blew this guy up was the plunging economy despite him saying he had returns of 10, 12% while the rest of the market's down 38, he had clients totaling close to \$7 billion asking for their money. They're getting worried, they needed some cash, they wanted to get it out of the market and they wanted to put it in munis, cash equivalents or what have you, and the amount of requests he had in October-November totaled seven billion, and he didn't have it. There's nothing there, he says, a couple hundred, \$300 million to pay employee bonuses, but there was nothing there, and that's when the whole thing happened.

Now, there have been people who have been given money from this guy, the Ponzi scheme

returns money to people at some point, and all of this money was more than what they gave the guy. They paid taxes on that. Should they get a tax refund? They paid taxes on money they actually did not earn. They've got zilch now, a lot of these people. Try this. Should these people be bailed out fifty billion dollars? Some of these people who got involved with this guy are huge movers and shakers in lots of moving and shaking type places, and a lot of these people are putting houses up for sale, closing down their charitable operations, banks and so forth. And this guy was a huge Democrat donor. Now, we've started the bailout process. We've started the bailout mentality, so where's it going to stop? These are good Democrats, folks. These are good Democrats who have been shaken down by another Democrat. This is Democrat-on-Democrat crime. Some Republicans in there, I'm sure, but most of these guys, these friends of Bernie Madoff are Democrats.



Will Obama bail 'em out? Some of them are ruined. There's a fund, I forget what the acronym for the fund is, but there's a fund that helps people who have been scammed this way, but that fund at most has one-and-a-half billion dollars in it, and this is a 50-billion-dollar scam.

But this Ponzi scheme of Bernard Madoff's -- and again, he was able to pull this off on the basis of reputation, personality, image, public relations, nothing substantive 'cause there wasn't anything there. He was able to peddle a lie for 25 years on the basis of how he said it, not what he said, but how he said it. And, of course, the desire for people to be part of an exclusive little cult, a very small little club. But the Bernard Madoff Ponzi scheme pales in comparison to the largest one existing to this day in the entire world.

To the phones. I want to grab a phone call before we have to bring the hour to a screeching halt. This is Jeff in Roanoke, Virginia. Great to have you here, sir. Hello.

CALLER: Thank you. Hey, \$50 billion is chicken feed, and we all get to participate in the largest one, and I would think that would be Social Security.

RUSH: Exactly right, sir. The largest Ponzi scheme, the most successfully run Ponzi scheme, a Ponzi scheme that even has morality attached to it, started by our old buddy FDR, Social Security, the single biggest, and here's the thing, you can back me up on this, Jeff, old buddy, old pal, every Ponzi scheme eventually collapses because at some point everybody in it wants their money, and there isn't any money.

CALLER: I don't like the sound of that.

RUSH: Well, brace yourself, buddy. People have been trying to warn about this, as you know, for who knows how long. This is why the effort to privatize it -- why do you think it was opposed, the effort to fix it? Government cannot give up the power; the Washingtonians cannot give up the power that running this Ponzi scheme gives them. They're willing to kick the can down the road and let it collapse when somebody else's gotta deal with it, except one thing. The difference between Bernie Madoff and the Washingtonians running their Ponzi scheme and

others is he's probably going to go to jail. Our guys will be promoted and they'll be hailed as heroes, like Chuck Schumer, Barney Frank, Chris Dodd, all these clowns that are responsible for most of this financial mess now and I'd say that they're largely responsible or have a great deal of responsibility for the auto problem that we have today. They're being hailed as great heroes and fixers by the Drive-By Media. By the way, \$50 billion is small fry to the Social Security Ponzi scheme, but again, just ask yourself, go to bed tonight and then pretend waking up tomorrow morning and you read the paper, found out everything you have is a lie, that you have nothing.

<http://www.breitbart.com/article.php?id=081215131118.p474bpih>

<http://online.wsj.com/article/SB122914169719104017.html>

Additional Rush Links

Why people read the Wall Street Journal and why it is one of the few newspapers this year to increase circulation:

<http://online.wsj.com/article/SB122757194671054783.html>

Thomas Sowell talks sense about our economy:

Barack Obama says that we have to "jolt" the economy. That certainly makes sense, if you take the media's account of the economy seriously-- but should the media be taken seriously?

Amid all the political and media hysteria, national output has declined by less than one-half of one percent. In fact, it may not have declined even that much-- or at all-- when the statistics are revised later, as they very often are.

We are not talking about the Great Depression, when output dropped by one-third and unemployment soared to 25 percent.

The rest of his article (it is nice to read an article by someone who actually has a clue...like almost all of Sowell's articles, this is clear, well-reasoned, and interesting):

http://www.realclearpolitics.com/articles/2008/11/jolting_the_economy.html

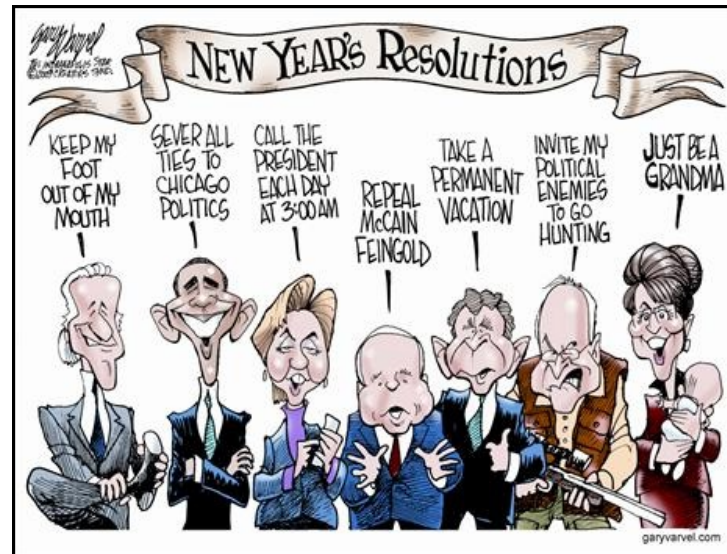


More media ideas: billions of dollars for more government to fix the economy:

http://www.thenation.com/blogs/edcut/39267/2/a_trillion_dollar_recovery

In case you missed it, one of Rush's guest-hosts is an economics professor, and it was a great show; here is his website (he teaches at the George Mason University):

<http://www.gmu.edu/departments/economics/web/>



And I finally made the cover of Townhall magazine:



Okay, I really don't know who that guy is on the right, but he is doggone handsome, isn't he?