



*When America is at an historic crossroads, when fear mongering and intense special interest lobbying produces the largest questionable bailout in history, the U.S. Senate only pauses to pack more pork spending into the bill previously rejected by the House of Representatives. Is there no end to this mess?*

## **OCTOBER 2008 SENATE SCANDAL**

The United States Senate took the rejected Wall Street Bailout bill from the House, 100 pages of legislation without specifics, and initially added a few pages of changes, notably an FDIC insurance increase on deposits, only a discretionary recommendation on accounting rules, and natural disaster relief for certain homeowners.

What the latter had to do with an alleged financial crisis in the banking system was never explained to the public.

Also not explained until the vote was in progress, that the bill had grown another 300 pages in length! The Senate's couple of days of "deliberation" was actually two days of funneling lobbyist money and demands into a huge unchecked and untested pork spending bill. No one knows how much more spending and tax breaks are in the bailout bill; estimates range from \$100 to \$150 bil-

lion. It was a shameful pandering to special interests on the eve of an Election.

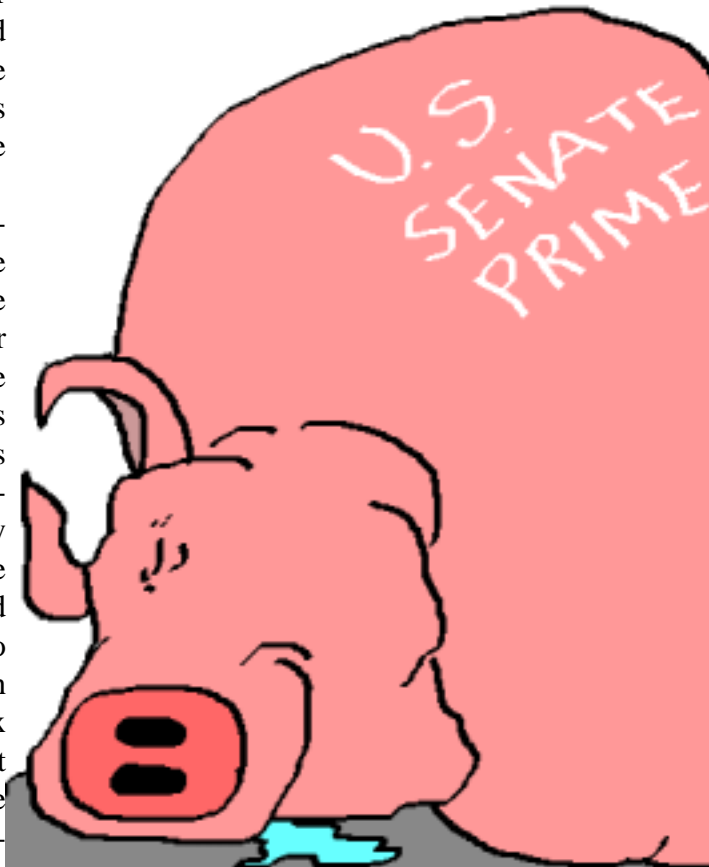
The stunning spending spree of taxpayer dollars throws all credibility in doubt when the pompous, all-knowing and scold-

ing Senators claim that this bailout had to be passed to avoid a great depression; who knew that a tax break was needed for wooden arrow manufacturers was dragging this nation into an economic peril? Who knew that

Puerto Rican rum needed a tax break? Who knew auto race tracks needed another \$128 million subsidy or our financial system would collapse? Those are just a few of the pork spending projects that were sewed into the bowels of the bill at the last minute as bribes among Senators to get their votes for passage.

It is a shameless exercise of excess not seen since the days of Roman Senate orgies.

As the Senate doled out its favors en masse, more and more economists and businessmen came to the media with their opinion that the whole bailout bill is a total waste of taxpayer money.



## THE REAL NEWS SENATE SCANDAL EDITION PG 2

The Hank Paulson plan to save America by spending at least \$700 billion with no accountability or true oversight when America is in a mild recession has been picked a part by financial experts for days.

Global investor Jim Rogers, who made billions with George Soros on currency and commodity trades, said the best way to deal with any financial crisis would be to “do nothing.” He believes that the capitalist market would take care of itself; that bad banks would go under and good banks would get stronger. In capitalistic nations, you must let people fail, otherwise, government intervention will increase the problem.

An infusion of billions into the banking system to make it solvent or liquid has done nothing to stop the crisis. The U.S. Treasury had been throwing for weeks billion dollar bricks into the system like coal into a blast furnace. And nothing has changed. In the last week of September, the U.S. pushed another \$600 billion into the global financial markets in order to stem the tide of international failures.

The stock market went down hard when the House failed to pass the first bailout bill. And the stock market went down hard when the Senate passed the pork loaded second bailout bill.

The hardest thing a parent can do to a screaming spoiled child is to say “No!” Wall Street firms have been riding the wealth creation train unchecked for a



decade, printing their own money in the form of securities and derivative contracts. But now when the world seizes up and finds that the index formulas are going down, and the value of the gambling betting slips is called, the investment groups have no real cash to cover their lost bets. So there is a whine to the U.S. Treasury under the threat of the collapse of the entire banking system.

The leadership refuses to address the question that the root of this evil is the firm's own greedy derivatives, highly speculative, highly leveraged pieces of paper with no tangible value except to trade back and forth with other traders in a high stakes game of hot potato.

Now, they want Uncle Sam to take all these worthless hot coals off their books, at face value no doubt, so they can fatten up their balance sheets, profit statements and bonus pools before the end of the year.

The America public is not as stupid as the Senate leadership said on the night of their passage of their pork bailout bill. Leaders came to the microphones and basically told the public that the issue was so complex and dire that this “rescue” plan had to be passed without any hearings, public comments or alternative thinking. In truth, it is the Senators themselves who don't know what is happening because the administration's own proponents cannot explain the issue.

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The total lack of candid leadership is the most troublesome aspect of this story. Barack Obama and John McCain slithered into Washington under the cover of darkness, and quietly cast their votes for the plan (without reading the 400 plus pages of the bill no doubt), then by stealth left the chamber and the district without a word. They knew that they would get questions on why they voted for a pork filled bill. How is it that adding pork to the bailout makes it a better bill, Senator?

Obama and McCain showed a total lack of leadership in questioning the absurdity of piling on spending programs and tax cuts to special interests when they claimed the premise that there was a national financial crisis at hand. Obama and McCain showed a total lack of understanding of the basic economic system, the principles of capitalism and free markets, by supporting this nationalization program by an unaccountable U.S. Treasury Secretary. Obama and McCain both showed a lack of leadership by not listening at all to the cries of anger of 90 percent of the American public who are against this Wall Street bailout plan.

How frustrated will the American public be on Election Day? Any Congressman who voted for a massive special interest spending free for all of taxpayer dollars should not be re-elected to Congress. Why reward bad behavior of Wall Street firms

with a bailout then reward the enablers, the Congressmen, who voted for the bailout?!?!?

But you know the Obama and McCain handlers thought voting YES to the bill would end any inquiry on the subject; it was a political "push" since they both agreed on an issue there is nothing to debate.

But both candidates need to explain their reasons for spending more than \$850 billion of taxpayer money on programs that no taxpayer wanted in the first place! They should not be allowed to ditch responsibility for their vote, especially when the premise of the bailout may be totally false or misleading.

The hard financial times may be the result of corrupt investment bank practices. To bail those bad actors out is another form of political corruption, especially if campaign donations were the centerpiece to the legislation's success. In Illinois, federal prisons are filled with people for that "pay to play" scheme.

The real credit squeeze may be that bankers are now going back to real underwriting standards: credit reports, collateral review, the ability to pay back loans, customer assets - - - things that were disregarded during the housing boom. For eight years, America did nothing but build houses and strip malls on cheap credit and low interest rates. Speculation in housing was rampant, and everyone was making money so long as house

values rose. But the market can only support so many for sale, so it tanked. Construction and its ancillary industries probably made up 40 percent of the private sector GDP. When that faded away with a housing glut, the economy had to go towards a recession because America's rust belt base industries have been exported overseas leaving only paper financial services (debt creation) as a major engine of growth.

You cannot sustain economic growth through unrelenting debt. It is nothing more than a bad pyramid scheme that always ends badly. Housing and its related mortgages did just that; the bubble burst with a huge portion of people's personal wealth being devalued or stuck with second speculative homes that they can no longer flip for a profit.

The government can't buy all these bad investments. That would be socializing all investment losses of every person in the country. Because the government can't "buy" anything anyway; it creates new debt, money, to buy things with the expectation that tax revenue will balance the cycle over time with surpluses.

But the recent Treasury and Federal Reserve money flows have pumped in more than \$1.8 trillion into the financial system without any change in the "crisis." Another \$1.5 trillion in bailout spending has no guarantee of staying the course either. But the Senate did not care.