Obama — Economic-Stimulus

(Emphasis added.)

“The Rush to Wait”
Thomas Sowell
Townhall.com, February 17, 2009
http://townhall.com/columnists/ThomasSowell/2009/02/17/the_rush_to_wait

The big story last week was the incredible Congressional rush to pass a bill that was more than a thousand pages long in just two days — after which it sat on the President’s desk for three days while the Obamas were away on a holiday.

There is the same complete inconsistency in the bill itself. Despite the urgency in President Obama’s rhetoric, as well as in Congress’ haste in passing a bill which few — if any — members had time to read, much less consider, most of the actual spending will take place next year, at the earliest.

Not even the most Alice-in-Wonderland actions will arouse the suspicions of those who have what William James once called “the will to believe.”

Nowhere was that will to believe greater than in the election of Barack Obama to be President of the United States, **not on the basis of any actual accomplishment, but as the repository of hopes and symbolism.** His supporters among the voters and in the media are not going to stop believing now.

It will take a lot more than blatant inconsistency for the faithful to lose faith. It may take catastrophe — and there may well be catastrophe.

For some, even catastrophe under Obama can be blamed on George Bush. After all, Franklin D. Roosevelt was elected to an unprecedented third term in 1940, after two terms in which the unemployment rate never fell below 10 percent and was above 20 percent for 21 consecutive months.

FDR also inspired the will to believe — and he also had Herbert Hoover on whom to blame all the country’s troubles.

It may seem strange, to those who never lived through those times, that someone could be President of the United States for eight straight years and nevertheless escape responsibility for mass unemployment by blaming his long-departed predecessor. But we may yet see a re-run of that scenario in our own time.

Nothing in the **amateurish way** the current administration has begun suggests that they have mastered even the mechanics of governing, much less the complexities of the huge national problems looming ahead, at home and abroad.

The multiple Cabinet nominees withdrawing before their nomination can come to a vote in the Senate are just one example of this amateurism.

Another example was the Secretary of the Treasury holding a much heralded unveiling of his recovery plan, only to publicly embarrass himself and the administration when his speech made painfully clear that there is no plan, but only pious hopes. The plunge in the stock market after his speech suggests how much confidence he inspired.

There is far more to fear from this administration than its **amateurism in governing.** The urgency with which it has rushed through a monumental spending bill, whose actual spending will not be completed even after 2010, ought to set off alarm bells among those who are not in thrall to the euphoria of Obama’s presidency.

The urgency was real, even if the reason given was phony. President Obama’s chief of staff, Rahm Emanuel, let slip a valuable clue when he said that a crisis should not go to waste, that a crisis is an opportunity to do things that you could not do otherwise.

Think about the utter cynicism of that. During a crisis, a panicked public will let you get away with things you couldn’t get away with otherwise.

A corollary of that is that you had better act quickly while the crisis is at hand, without Congressional hearings or public debates about what you are doing. Above all, you must act before the economy begins to recover on its own.

The party line is that the market has failed so disastrously that only the government can save us. It is proclaimed in Washington and echoed in the media.

The last thing the administration can risk is delay that could allow the market to begin recovering on its own. That would undermine, if not destroy, a golden opportunity to restructure the American economy in ways that would allow politicians to micro-manage other sectors of the economy the way they have micro-managed the housing market into disaster.

“Upside Down Economics”
Thomas Sowell
Townhall.com, Feburary 17, 2009
http://townhall.com/columnists/ThomasSowell/2009/02/18/upside_down_economics

From television specials to newspaper editorials, the media are pushing the idea that current economic problems were caused by the market and that only the government can rescue us.

What was lacking in the housing market, they say, was government regulation of the market’s “greed.” That makes great moral melodrama, but it turns the facts upside down.

It was precisely government intervention which turned a thriving industry into a basket case.

An economist specializing in financial markets gave a glimpse of the history of housing markets when he said: “Lending money to American homebuyers had been one of the least risky and most profitable businesses a bank could engage in for nearly a century.”

That was what the market was like before the government intervened. Like many government interventions, it began small and later grew.

The Community Reinvestment Act of 1977 directed federal regulatory agencies to “encourage” banks and other lending institutions “to help meet the credit needs of the local communities in which they are chartered consistent with the safe and sound operation of such institutions.”

That sounds pretty innocent and, in fact, it had little effect for more than a decade. However, its premise was that bureaucrats and politicians know where loans should go, better than people who are in the business of making loans.

The real potential of that premise became apparent in the 1990s, when the Department of Housing and Urban Development (HUD) imposed a requirement that mortgage lenders demonstrate with hard data that they were meeting their responsibilities under the Community Reinvestment Act.

What HUD wanted were numbers showing that mortgage loans were being made to low-income and moderate-income people on a scale that HUD expected, even if this required “innovative or flexible” mortgage eligibility standards.

In other words, quotas were imposed — and if some people didn’t meet the standards, then the standards need to be changed.

Both HUD and the Department of Justice began bringing lawsuits against mortgage bakers when a higher percentage of minority applicants than white applicants were turned down for mortgage loans.

A substantial majority of both black and white mortgage loan applicants had their loans approved but a statistical difference was enough to get a bank sued.

It should also be noted that the same statistical sources from which data on blacks and whites were obtained usually contained data on Asian Americans as well. But those data on Asian Americans were almost never mentioned.

Whites were turned down for mortgage loans more often than Asian Americans. But saying that would undermine the reasoning on which the whole moral melodrama and political crusades were based.

Lawsuits were only part of the pressures put on lenders by government officials. Banks and other lenders are overseen by regulatory agencies and must go to those agencies for approval of many business decisions that other businesses make without needing anyone else’s approval.

Government regulators refused to approve such decisions when a lender was under investigation for not producing satisfactory statistics on loans to low-income people or minorities.

Under growing pressures from both the Clinton administration and later the George W. Bush administration, banks began to lower their lending standards.

Mortgage loans with no down payment, no income verification and other “creative” financial arrangements abounded. Although this was done under pressures begun in the name of the poor and minorities, people who were neither could also get these mortgage loans.

With mortgage loans widely available to people with questionable prospects of being able to keep up the payments, it was an open invitation to financial disaster.

Those who warned of the dangers had their warnings dismissed. Now, apparently, we need more politicians intervening in more industries, if you believe the politicians and the media.

“Economic Miracle”

Walter E. Williams

Townhall.com, February 18, 2009

http://townhall.com/columnists/WalterEWilliams/2009/02/18/economic_miracle

The idea that even the brightest person or group of bright people, much less the U.S. Congress, can wisely manage an economy has to be the height of arrogance and conceit. Why? It is impossible for anyone to possess the knowledge that would be necessary for such an undertaking. At the risk of boring you, let’s go through a small example that proves such knowledge is impossible.

Imagine you are trying to understand a system consisting of six elements. That means there would be 30, or n(n-1), possible relationships between these elements. Now suppose each element can be characterized by being either on or off. That means the number of possible relationships among those elements grows to the number 2 raised to the 30th power; that's well over a billion possible relationships among those six elements.

Our economic system consists of billions of different elements that include members of our population, businesses, schools, parcels of land and homes. A list of possible relationships defies imagination and even more so if we include international relationships. Miraculously, there is a tendency for all of these relationships to operate smoothly without congressional meddling. Let’s think about it.

The average well-stocked supermarket carries over 60,000 different items. Because those items are so routinely available to us, the fact that it is a near miracle goes unnoticed and unappreciated. Take just one of those items — canned tuna. Pretend that Congress appoints you tuna czar; that’s not totally out of the picture in light of the fact that Congress has recently proposed a car czar for our auto industry. My question to you as tuna czar is: Can you identify and tell us how to organize all of the inputs necessary to get tuna out of the sea and into a supermarket? The most obvious inputs are fishermen, ships, nets, canning factories and trucks. But how do you organize the inputs necessary to build a ship, to provide the fuel, and what about the compass? The trucks need tires, seats and windshields. It is not a stretch of the imagination to suggest that millions of inputs and people cooperate with one another to get canned tuna to your supermarket.

But what is the driving force that explains how millions of people manage to cooperate to get 60,000 different items to your supermarket? Most of them don’t give a hoot about you and me, some of them might hate Americans, but they serve us well and they do so voluntarily. The bottom line motivation for the cooperation is people are in it for themselves; they want more profits, wages, interest and rent, or **to use today’s silly talk — people are greedy.**

Adam Smith, the father of economics, captured the essence of this wonderful human cooperation when he said, “He (the businessman) generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it.… He intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain.” Adam Smith continues, “He is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention.… By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it.” And later he adds, “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest.”

If you have doubts about Adam Smith’s prediction, ask yourself which areas of our lives are we the most satisfied and those with most complaints. Would they be profit motivated arenas such supermarkets, video or clothing stores, or be nonprofit motivated government-operated arenas such as public schools, postal delivery or motor vehicle registration

By the way, how many of you would be in favor of Congress running our supermarkets?

“Newsflash: They don’t want a ‘stimulus’ ”

Laura Hollis

Townhall.com, February 16, 2009

http://townhall.com/columnists/LauraHollis/2009/02/16/newsflash_they_don%E2%80%99t_want_a_%E2%80%9Cstimulus%E2%80%9D

There is a principle called “Occam’s Razor,” which has been interpreted to mean that the *simplest of two competing theories is usually the right one.* This comes to mind as President Obama and the flying monkey minions in Congress scramble frantically to ram a trillion dollar “stimulus” bill down American’s throats with no debate, no discussion, and almost no understanding of what is in it.

And what *is* in it makes it abundantly clear that this is no “stimulus.” It is **riddled with hundreds of billions of dollars in pork, payoffs to special interest groups, massive increases in welfare spending, new and more bloated federal bureaucracies. What’s worse, we don’t actually *have* the money for any of it. It will have to be taxed, printed, and borrowed, all of which will make our economic situation worse, not better.**

But … but … the President and the Democrats don’t know this?

Of course they do. For weeks, seasoned and well-respected economic and financial writers from the *Wall Street Journal, National Review,* the *Weekly Standard,* the Heritage Foundation, the Cato Institute, Americans for Tax Reform, the American Enterprise Institute, the Hoover Institution, and God-only-knows how many others have been explaining why this bill will not jump-start the economy. **Even the Congressional Budget Office has admitted it will make things worse.**

Obama ignores them all, and continues to preach what he knows is a lie: that this bill is something that we “must” do to “save” the economy.

This seems inscrutable to most of the commentators I have heard, who protest even more loudly that Obama’s “Keynesian” economic policies have failed everywhere they’ve been tried. And many Americans who voted for Obama — but not, they thought, for this — seem just as baffled: *Does Obama not understand? Does he know no history? Has he not heard what the experts are saying? Maybe he is listening to other economists. Perhaps he’s misinformed. Maybe he’s being misled by his advisers.*

This is where Occam’s Razor comes in. None of those explanations makes any sense. Obama is not stupid. He has read history. He isn’t misinformed. And he is not being misled. The policies Obama is espousing have been thoroughly discredited for decades, and he knows it. **So there is only one logical explanation: he doesn’t *want* a real stimulus.**

Why not?

In a word, power. Because for a collectivist, collective misery is not just a wet dream, it’s an orgy. An economic crisis creates the climate that enables Obama to achieve his fondest desire: **government takeover of the economy. This is the Marxist/socialist aim, and has been since its inception.** French historian Elié Halévy explained in 1934 the sentiment socialists need to create in the people: “*We are living in economic chaos and we cannot get out if it except under some kind of dictatorial leadership*!”

How better, then, to obtain the dictatorial power you crave, than to ensure that an economic crisis becomes a catastrophe? Why else would the Pollyanna of Hope and Change have suddenly become the Jeremiah of Doom and Gloom?

While I hear much discussion about how nothing in the steal-from-us bill makes sense from the standpoint of economic recovery, I hear very little to the effect that the bill’s content and enactment process makes *perfect* sense when one admits that **Obama’s views are essentially Marxist.**

Despite the expected denials (and we heard these before the election as well, which tells you plenty), there is ample evidence of Obama’s inclinations:

1. The African father that abandoned Obama and his mother was a Communist;
2. Obama’s childhood mentor was rabid America-hater, and Communist pervert Frank Marshall Davis;
3. Obama himself has admitted that in college he sought out the most left-wing comrades he could find to associate with;
4. For 20 years, he attended a church whose pastor preached a philosophy that was not only racist, but also steeped in

Marxism;

5. Obama brags about his "community organizer" experience in the mode of Saul Alinsky, whose book , "Rules for Radicals" is just another Marxist text for a "people's revolution" from within the system.
6. His election was – and continues to be celebrated by Communists around the globe. (Hey, if *they* think he's one of them, who are we to argue?)
7. In addition to the federalization of financial institutions, Obama has already set CEO salaries by fiat, and is pushing for control over the census, and the media (that is, that part of the media that doesn't lick his feet like a lapdog).

More to the point, Obama's collusion with the most left-wing democrats in Congress **to ram through policies by burying them in monstrous unreadable bills** (over 1100 pages at last count) **filled with pork** is straight out of the socialist playbook about how to use the democratic system to permanently take over a democratic government. F.A. Hayek in *The Road to Serfdom* explains it thus:

> "*Parliaments come to be regarded as ineffective 'talking shops,' unable or incompetent to carry out the tasks for which they have been chosen. The conviction grows that if efficient planning is to be done, the direction must be 'taken out of politics' and placed in the hands of experts — permanent officials, or independent autonomous bodies. This difficulty is well known to socialists…"*

Hayak further explains the socialists' view that their ideal "government must not allow itself to be too much fettered by democratic procedure," and quotes early 20th century socialist legal theorist Professor Harold Laski, who warns that a Socialist government "can[not] risk the overthrow of its measures as a result of the next general election."

In that vein, consider the following quote:

> "*The next President should act immediately … If that means attaching a health-care plan to the federal budget, so be it. This issue is* ***too important to be stalled by Senate protocol****."*

Who is speaking there? Tom Daschle, the now-disgraced tax cheat who was Obama's original pick for head of Health and Human Services, in his book, "Critical: What We Can Do About the Health Care Crisis." Despite Daschle's withdrawal, his recommendations were taken. Thus we have in this alleged "stimulus" bill the creation of the National Coordinator of Health Information Technology, and the Federal Coordinating Council for Comparative Effectiveness Research — a group of bureaucrats who will have the power to decide what medical treatment you get, *if* you get it. **This politburo, of course, will not be elected, will be answerable only to the President, and once established, nearly impossible to remove.** So, now Obama's federal government will gradually take over all of the health care industry, via a bill that no one read, and in ways that will not be able to be undone.

Alinsky would be proud. As would Laski. And Marx.

Some in Obama's inner circle have been more honest about it than others. The President's chief of staff, Rahm Emanuel, for example, said "You never want a serious crisis to go to waste … This crisis provides the opportunity for us to do things that you could not do before."

We need to stop kidding ourselves, stop playing along with this trainwreck, and tell the truth: neither President Obama nor the Democrats in Congress *want* to stimulate the economy. What they *really* want is to bring America to its knees, setting the stage for their takeover. This is no stimulus package. It is a Trojan horse.

All of the blogosphere, on talk radio, and in other alternative media, the sense of outrage is growing. And the people are asking, "But what do we *do* about it?" The question of what is to be done is for the next column. Stay tuned.

"Wall Street Wizards No More"
Emmett Tyrrell
Townhall.com, Feburary 12, 2009
http://townhall.com/columnists/EmmettTyrrell/2009/02/12/wall_street_wizards_no_more

WASHINGTON — The phenomenon of opulent Wall Street investment wizards contributing in large numbers to the Democratic Party, often to the left wing of the Democratic Party, struck me, until recent years, as perverse to the utmost. During the 2008 election cycle, 60 percent of the donations made by employees of the top Wall Street firms went to Democrats. Surely, these Wall Street donors had to realize that the left wing of the Democratic Party, which dominates the party, is utterly ignorant of the economic system that allowed the Wall Streeters their opulence. Yet as the imbecility of Citigroup and AIG and all the rest is revealed, it has become obvious that those who write checks for Madame Pelosi and for the enthusiasms of Al Gore actually know very little about free market capitalism. If they did, they would have realized that in capitalism, the bubble always bursts and the chain letter always runs out of suckers.

Reviewing the fall of these impossibly leveraged investment firms, it is apparent that their leading executives had no respect for prudent risk management or for prudence in general. Lending standards were foreign to them. Their laxness would have been spotted easily in decades past by prudent lenders. Yet for several decades now, standards of all sorts have been wasting away, for instance, entertainment standards, intellectual standards and investment standards. Where there was once Ella Fitzgerald there is now Britney Spears. Russell Kirk has been replaced by Arianna Huffington. Walter Wriston gives way to Robert Rubin. Obviously, when investment standards are abused, the consequences are more immediate than in the realms of entertainment and intellect. Financial loss is real and cannot be denied for long.

From our vantage point in early 2009, we can see that critics of Alan Greenspan were right when they said that he lowered interest rates too much between 2001 and 2004. But what about the products that the Wall Street wizards were selling? They were called — in hushed tones of awe — "complex derivatives." Actually, they were sausages stuffed with junk loans, mediocre loans, good loans and sufficient spice to sucker the credulous. These sausages were sold all over the world, and every time a transaction was made, those in on the transaction made money, even the vegetarians, even the economic ignoramuses. It was a kind of gigantic chain letter. Government regulators did not take heed. The politicians did not take heed. Those investment bankers who did and who spoke out were ignored.

As one of the now-discredited wizards, former CEO of Citigroup Chuck Prince, put it in an interview with the Financial Times: "When the music stops, in terms of liquidity, things will be complicated. But as long as the music is playing, you got to get up and dance. We're still dancing." He said that in July 2007. He was off the dance floor by early November. There was a time when such insouciance about excess "liquidity" would be unthinkable for a responsible Wall Street banker. Yet as I say, in recent years there have not been a lot of responsible officers in the Wall Street investment houses, and those who were responsible were not listened to.

On Wall Street, in London, and wherever else the madness took hold, huge salaries and bonuses were heaved around, even after the bubble had burst and the chain letter was seen for what it was. Now my worry is that the rogues of Wall Street will be replaced by the rogues of Washington. A fundamental problem of our time is a widespread insouciance to prudent standards. Such standards would have restrained the opportunists who danced when they should have practiced due diligence. Now let us hope the politicians will return to prudent standards in fashioning their resolution of the financial crisis. Thus far, there is little reason for optimism.

" 'A paranoid Nation': Daily Bad News May Bury Obama but Revive America"
Matt Towery
Townhall.com, February 19. 2009

I promise this is the last time I will refer to my new book, "Paranoid Nation." But not in my wildest dreams could there have been a more fitting title or theme to reflect the onslaught of insanity we're bombarded with these days in media. Policy overkill is ruling the times.

For starters, look at the banks. They got hoards of bailout money, but lending hasn't increased. And now that there are restrictions on the use of the funds and the salaries of their executives, many of those same institutions say they won't need a second round of bailout money after all!

Plus, the markets were spooked by the dearth of details provided by the new Treasury secretary on how that second round of aid to financial institutions would work.

Then there are the automakers. Suddenly we learn that they need billions more just to hold on through March, even as they play footsy with the unions by negotiating fake concessions, such as union workers not being paid any more than American workers are paid by foreign automakers. Do they think we are idiots? The foreign automakers are paying Americans as they do because the domestic automakers were paying inflated compensation to start with. The auto industry is hopeless and must be allowed to go into bankruptcy to effect genuine reorganization.

Now for the "stimulus bill." Here we have the largest single appropriations legislation in our nation's history, crafted in a matter of three weeks and voted on without a single member of Congress having read the whole thing. Polling shows that the legislation had only modest national support and, as bits and pieces of its endless bag of goodies are made known, its popularity continues to sink.

Every day we read about new lay-offs in most sectors of the economy. We are told that fear and panic have gripped the nation. Fear of the loss of income has most people sitting on their cash and credit.

Isn't it amazing that we went from immigration being the big topic of concern just a little over a year ago to being told now that the world is on the verge of economic collapse?

The fact is we are being driven into something beyond paranoia and bordering on hysterical paralysis. The culprits are politicians. They want us to believe that throwing a billion dollars here and 10 billion there is routine stuff, as long as it's in the name of alleviating some sort of national emergency.

Now we're being scared witless because we don't know what financial institution will next be revealed as fraudulent — such as the bunch out of Texas that earlier this week was revealed to have stolen billions from investors.

So are these the last days of Pompeii? Is America soon to simply melt down? Hell, no! What we're now witnessing is a similar meltdown to that which the nation has experienced before in its history, and from which we will recover — and without spending reckless heaps of good money to chase the bad.

Was some stimulus needed to get things started? Arguably yes. But we didn't need an omnibus entitlement bill that skirted the legitimate appropriations process. Nor was a second round of financial bailouts required; one that even the banks themselves say they didn't need. What wasn't called for was the nationalization of the financial and manufacturing sectors of our economy.

No, these are not the last days. But they are difficult ones, and they may be prolonged rather than abbreviated by the rash manner in which Congress helped turn the crisis into a panic.

Our latest polling has been practically alone in accounting for voters who identified themselves as Democrats as recent as January, but who now have drifted back into the "independent" category. These polls show that the biggest single victim of this mass paranoia may be President Obama. Our surveys show that he has lost 15 points or more in his approval rating in a matter of a month. No mean feat.

The truth is that this whole travesty has been an illness for which the anecdote has made the patient sicker. For the most part, the illness should have been left to run its course. Now Federal Reserve Chairman Ben Bernanke says that economic projections look healthier further along down the road — just as they always do following recessions, no matter how lengthy.

Keep an eye on the 2010 congressional elections. They might just signal to President Obama that paranoia, when exploited, can trigger reverse consequences from those intended.

"A Short History of National Debt"

John Steele Gordon

Wall Street Journal, February 17, 2009

http://online.wsj.com/article/SB123491373049303821.html

When President Barack Obama signed the American Recovery and Reinvestment Act of 2009 into law yesterday, he was adding to what is already almost guaranteed to be the largest deficit in American history. In January, the Congressional Budget Office projected that the deficit this year would be $1.2 trillion *before* the stimulus package. That's more than twice the deficit in fiscal 2008, more than the entire GDP of all but a handful of countries, and more, in nominal dollars, than the entire United States national debt in 1982.

But while the sum is huge, it is not in and of itself threatening to the solvency of the Republic. At 8.3% of GDP, this year's deficit is by far the largest since World War II. But the total debt is, as of now, still under 75% of GDP. It was almost 130% following World War II. (Japan's national debt right now is not far from 180% of that nation's GDP.)

Still, it's the trend that is worrisome, to put it mildly. There have always been two reasons for adding to the national debt. One is to fight wars. The second is to counteract recessions. But while the national debt in 1982 was 35% of

GDP, after a quarter century of nearly uninterrupted economic growth and the end of the Cold War the debt-to-GDP ratio has more than doubled.

It is hard to escape the idea that this happened only because Democrats and Republicans alike never said no to any significant interest group. Despite a genuine economic emergency, the stimulus bill is more about dispensing goodies to Democratic interest groups than stimulating the economy. Even Sen. Charles Schumer (D., N.Y.) — no deficit hawk when his party is in the majority — called it "porky."

It was not ever thus. Before the Great Depression, balancing the budget and paying down the debt were considered second only to the defense of the country as an obligation of the federal government. Before 1930, the government ran surpluses in two years out of three. In 1865, the vast debt run up in the Civil War amounted to about 30% of GDP; by 1916 it was less than a tenth of that.

There even was a time when the U.S. made it a deliberate policy to pay off the national debt entirely — and succeeded in doing so. It remains to this day the only time in history a major country has been debt free. Ironically, the president who achieved this was the founder of the modern Democratic Party, Andrew Jackson.

Jackson was a Jeffersonian through and through. The smaller the federal government, the more he liked it. And, like Jefferson, he hated banks, speculation and the "money interest." Unlike Jefferson, however, he was born poor and made his own fortune. An early personal encounter with debt had taught him to fear it. When the notes of someone who had bought land from him proved worthless, he became liable for the debts he had secured with those notes, and it took him years to pay them off.

When he ran for president the first time, in 1824, Jackson called the debt a "national curse." He vowed to "pay the national debt, to prevent a monied aristocracy from growing up around our administration that must bend to its views, and ultimately destroy the liberty of our country."

"How gratifying," he wrote in 1829 as he began his presidency, "the effect of presenting to the world the sublime spectacle of a Republic of more than 12 million happy people, in the 54th year of her existence … free from debt and with all … [her] immense resources unfettered!"

When Jackson entered the White House, the national debt, which had reached $125 million at the end of the War of 1812, had already been reduced to $48 million. To get it to zero he was perfectly willing to forego what were then called "internal improvements" and are now known as infrastructure projects. One Kentucky congressman, after a trip to the White House to beg Jackson to sign one such bill, reported to his allies that "nothing less than a voice from Heaven would prevent the old man from vetoing the Bill, and [I doubt] whether that would!"

At the end of 1834, Jackson reported in the State of the Union message that the country would be debt free as of Jan. 1, 1835, with a Treasury balance of $440,000. Government revenues that year would be twice expenses.

It didn't last long, to be sure. The great prosperity of the early 1830s broke in the summer of 1836 when a bubble in land speculation, fueled by easy credit, abruptly ended. The bubble burst, ironically enough, thanks to Andrew Jackson's issuance of the "specie circular," which required that all land bought from the government, except that actually settled on, be paid for in gold or silver.

By the next spring, just as Jackson left the White House, the longest contraction in American history — six years — had begun. As one Wall Streeter put it, "The fortunes we have heard so much about in the days of speculation, have melted like the snows before an April sun." Federal revenues fell by half that year and the national debt was back, this time for good.

While today there is no hope of balancing the budget — or wisdom in trying to — until the economy substantially improves, we could make a sort of down payment on reforming Washington's porky ways by simply starting to tell the truth.

It has been widely noted that 2009 will have the first "trillion-dollar deficit" in American history. Actually it's the second. In fiscal 2008, the national debt increased from $9 trillion to slightly over $10 trillion. Yet the budget deficit in the last fiscal year was officially reported as being $455 billion. How could the national debt have increased by considerably more than twice the "deficit"? Simple. Just call the money borrowed from the Social Security trust fund an "intragovernmental transfer" and exclude it from the calculation of the deficit.

Corporate managers have gone to jail for less book cooking than that.

“The Other Indiana”
Cal Thomas
Townhall.com, February 12, 2009
http://townhall.com/columnists/CalThomas/2009/02/12/the_other_indiana

When President Obama visited Elkhart, Ind., on Monday to flog his economic stimulus plan (aka more government spending), he saw a struggling town in the midst of a relatively prosperous state. Had he taken the time to visit Indianapolis and met with Republican Governor Mitch Daniels, he would have seen a different picture.

Indiana has a $1.3 million surplus and a “rainy day fund” made up of contributions that come from a unique concept these days: government spending less than it receives from taxpayers, without raiding its cash reserves.

Among several things that troubled me about President Obama’s appearance in Elkhart and his news conference that night was the absence of any call for individual initiative to help get us out of our economic funk. The president and the congressional majority party appear to believe that when one gets a job, he should hold that job all his life and retire with a good pension. Furthermore, that person should never be expected to move (migrate) in the pursuit of better opportunities — and the federal government must address anything that interferes with that scenario.

Opportunities remain in Indiana, despite the difficulties in Elkhart, for those with the vision and initiative to seize them. According to the governor’s office, since January 2005, 647 businesses have committed to creating 80,043 jobs and to investing $18.8 billion in their Indiana operations. In an online search of the *Indianapolis Star* newspaper on Tuesday, I found links to 2,398 jobs in, or within a 30-mile radius of Indianapolis. There are even help wanted postings in the Elkhart newspaper.

Have we become so indolent, so used to others doing for us, that we have lost the initiative so many of our forebears had, initiative that built and sustained this country through much harder times than this? I suspect many of them would have gladly traded their real hard times for what we have now, which is prosperity squared compared to apple selling, dust bowls and the shanties in which many of them lived.

Because Governor Daniels doesn’t see government as a first resource, he has enough revenue to do what government should do — build and repair roads, encourage telecommunication reform, promote research and development, stimulate the manufacture of goods that others outside the state and country wish to buy. (In 2007, Indiana exported to foreign countries a record $25.9 billion worth of goods, up more than 14 percent from the previous year.)

The state ranks first in the Midwest for its business climate (and fifth in the nation), reports Site Selection magazine, Nov. 2008. According to Forbes magazine, Indiana has the lowest business cost index in the Midwest and sixth lowest in the country. And most important of all in this “government knows best” climate, Indiana ranks first in the Midwest and 14th nationally in the Tax Foundation’s 2009 Business Tax Climate Index. Other states, like New York, New Jersey, California and Michigan are driving businesses away because of heavy taxation to support expanding government and increasingly oppressive and counterproductive regulations.

Indiana can balance its budget without tax hikes because Governor Daniels doesn't see government as primary, but somewhere down the list behind initiative, risk-taking, personal responsibility and accountability. While all may not start out the same in life, many can overcome whatever handicaps they might have, if they subscribe to certain principles known to every generation. Politicians that tell us we can’t succeed without them and, if we do, they will grab increasing amounts of our prosperity, have replaced the stories of those who have overcome.

One of the questioners at the president’s press conference expressed concern that he might be “talking down” the economy and causing people to lose faith in themselves and the country. The president brushed off the question, repeating that these are, in fact, tough times.

Where is the “we can do this together” spirit of yesteryear? Maybe everyone should be required to watch the film “Hoosiers” about a high school basketball team beset by conflict on and off the court. With a new coach, the players catch the vision, start to believe in themselves, and manage to win the state championship. Where’s our Hoosier spirit?

“Congress’ Clueless Credit System”
Chuck Norris
Townhall.com, February 17, 2009

There they go again! The House and Senate have buried us in yet another bailout-stimulus heaping pile of fiscal dung — a $789 billion loan that has been tacked onto our children’s (and children’s children’s) already staggering $10-plus trillion deficit. Are you just going to sit there and take another one up the tailpipe.

Though President Obama emphatically declared that this 1100-page piece of legislation does not contain “a single pet project, not a single earmark,” it’s full of some type of financial fluff. Call it what you will, but few knew recessionary needs included $2 billion for battery companies, $2 billion for the National Parks Service, $2.3 billion for NASA and the National Science Foundation, $1.1 billion for airport improvements, $850 million for Amtrak, $800 million for federal prison construction, $300 million for additions to the federal fleet, $200 million for new Department of Agriculture buildings, $165 million for fish hatcheries, $100 million for the FBI, $100 million for shipyards, $50 million for an arts endowment, etc. (A detailed list of the stimulus package expenditures can be reviewed on the website of Patton Boggs legal firm at www.pattonboggs.com.)

Should I just shut up and be grateful that Republicans squashed the $200 million to re-sod the National Mall in Washington and purchase a new Coast Guard polar icebreaker? Sure tastes like the same ol’ partisan and political punch to me. (Remember when, in 1988, President Reagan vetoed a bill because it had six earmarks in it?)

And what about you? The average hardworking American citizen? The middle-class blue-collar worker? You’ll get a whopping $13 increase to your paycheck. Now there’s change (as in coins) we can believe in. And we’ll have to believe, because only faith and a miracle will turn that $13 increase into a catalyst to jump-start the economy. Is that the change you were hoping for?

How does one fight an administration and a Congress that believe “only government” is the answer? Is it really true that in the absence of government intervention and doling out another trillion dollars of debt our nation would certainly experience an economic holocaust? Former President G.W. Bush pushed the first trillion-dollar bailout upon America. Nothing happened. Obama now has pushed the second trillion-dollar bailout upon America. Why should we believe there won’t be a third, fourth, fifth or sixth so-called government stimulus? What other recourse do they have?

We’re in the tank for trillions. And Congress’ only solution is to print more money and make more loans. The House is constantly telling the American people to spend, spend, spend, while saying nothing about living within their means. The Senate tries to save every financial institution, rather than allowing the reasonable death of some under a diminishing supply and demand.

Our presidents repeatedly attempt to jump-start the last and highest revolution of the credit merry-go-round by refilling the gas tanks of financial institutions for one more go-round. But why? To lend to those who are already maxed out on monthly payments? Or is it the unemployed who are now supposed to borrow the big bucks? We must quit bailing out what we’ve borrowed. As George Washington said, “To contract new debts is not the way to pay for old ones.”

There are only two things that are going to get us out of this particular financial mess, and only Americans (not “only government”) can implement those solutions. Both come down to one word: restraint.

We must restrain our government, and we must restrain ourselves. Feeding the money monster will not reduce its size — it will perpetuate the problem. We must tame the money monster. We must return it to its cage. We must return to a time when we put a bridle on the spending of government and of our households. We’ve got to simplify our lives. We’ve got to learn to be happier with less. We’ve got to get out of debt.

The late financial guru Larry Burkett prophesied almost 20 years ago in his book “The Coming Economic Earthquake” that an economic calamity was coming upon the U.S. unless a drastic effort was made to curb massive federal spending and the soaring deficit. Burkett was right. And he gave one basic principle to avoid the future market meltdown: “Don’t be a slave to debt! Get out of debt!” Burkett is still right today. That is why I devoted the entire economic chapter in my book “Black Belt Patriotism” to how to “Stop America’s Nightmare of Debt,” both nationally and personally.

In my wife, Gena, and my most recent interview, I explained that if we are going to reawaken America, we have to return to our Founders’ principles, which include fiscal prudence. We must follow the advice of those like Thomas

Jefferson, who warned long ago, “To preserve (the) independence (of the people), we must not let our rulers load us with perpetual debt.” (Now read that again, then one more time.)

How do we do that? We cap our spending and allow the supply-and-demand levels to lower to points commensurate with our incomes (not credit lines). We must learn to downsize and live within our means, and not borrow excessive amounts, even for investment debt like a home or business. We must cut spending, reduce our budgets, pay down our debts, and stabilize our homes and nation.

As for that clueless Congress, we must demand our representatives seek a balanced-budget amendment to the Constitution, which will keep the government living within its means. We must return to a pay-as-you-go government and nation. It’s our last resort for an out-of-control economy. Thomas Jefferson once said, “The maxim of buying nothing but what we had money in our pockets to pay for (is) a maxim which, of all others, lays the broadest foundation for happiness.”

If our country is to survive, we must elect only those who show proof of fiscal discipline, refuse under all circumstances to increase our national deficit, and commit to pass and live under a constitutional amendment for a balanced budget. And if our incumbents voted for the bailouts or bail on their fiscal frugality, then vote them out of office the next chance you get.

“Obama, Stop Killing Job Creation”

Donald Lambro

Townhall.com, Feburary 12, 2009

http://townhall.com/columnists/DonaldLambro/2009/02/12/obama,_stop_killing_job_creation

WASHINGTON -- There are two fundamentally entrenched sides in the debate over the best way to get the American economy growing again.

One is to spend nearly $1 trillion (including interest on the debt) through hundreds of federal, state and local government programs and hope the increased spending will create enough new jobs in the public and private sectors to breathe new life into the economy.

The other is to let people and businesses keep more of the money they earn through lower income tax rates to further strengthen incentives to work, spend, invest and enter risk-taking capital ventures that will produce new wealth and prosperity.

President Obama is promoting the former in the belief that nothing else can work, though he cannot point to a single instance where government spending lifted an economy out of a recession.

Republicans, supply-side tax cutters and free-enterprise economists support the latter approach, and can point to examples where it has worked every time it has been tried.

The American people, God bless them, believe the tax-cutting approach would be far more successful in turning the economy around than giving government bureaucrats hundreds of billions of dollars to spend on the agencies they work for and thus swell the size and cost of government and feather their own nest.

That’s what the Pew Research Center for the People & the Press found out in a recent poll of more than 1,300 Americans.

“In principle, more Americans say that tax cuts for individuals and businesses — rather than spending on programs and infrastructure projects — will do more right now to stimulate the economy and create jobs,” according to Pew.

“Nearly half (48 percent) say tax cuts will do more for the economy, while 39 percent views government spending as more effective,” the polling organization said. Notably, Democrats are narrowly split on the issue, with 41 percent for tax cuts and 47 percent for spending.

President Obama, take note.

As I have reported in previous columns, public support for the $800 billion stimulus-spending package has fallen. Despite the full-court press by the Obama administration, its powerful campaign apparatus and assorted special-interest groups, more Americans are now in the tax-cut camp even though the president maintains they do not work.

Here's what Obama said in last week's White House news conference:

"But as we've learned very clearly and conclusively over the last eight years, tax cuts alone can't solve all of our economic problems — especially tax cuts that are targeted to the wealthiest few Americans. We have tried that strategy time and time again, and it's only helped lead us to the crisis we face right now," he said.

President Obama is wrong. In fact, there have been three times that sweeping income tax cuts have been enacted in the past 50 years to revive the economy in the face of economic slowdowns or recessions, and they have worked every time.

"We have indeed cut taxes 'time and time again,' and economic history proves that it works," says Republican economic strategist Cesar Conda in an analysis for Politico.com.

There were the tax-rate cuts under President Kennedy in 1963 and President Reagan in 1981. In "both cases, the economy boomed, private-sector jobs were created, and the so-called 'wealthy' ended up paying a higher share of the total tax burden," Conda said.

And let's not forget the incredibly well-timed across-the-board tax cuts and the reduced rates on capital gains and dividends under President Bush in 2001. They helped the economy come out of the dot-com decline and weather the economic storm that followed the Sept. 11 terrorist attacks. They resulted in six years of modest yet uninterrupted economic growth and the creation of 8 million new private-sector jobs before the subprime-mortgage calamity triggered the current recession.

Obama's claim on nationwide television that tax cuts — "especially tax cuts that are targeted to the wealthiest few Americans" — led us into "the crisis we face right now" is preposterous on its face.

It is interesting that he has postponed raising taxes on the wealthy until the economy is out of its recession because his advisers told him that "this is no time to be raising taxes on anyone." Even the rich contribute to the economy's health and well-being.

No one is saying that tax cuts alone can put a massive $14 trillion economy back on its feet. There is a need to help the unemployed and reinforce the social safety net and strengthen other vital arteries in the nation's financial system. But we also need to unleash the market forces that have made America the most prosperous nation on Earth.

This is no time to be sucking another $1 trillion out of the economy and drying up precious investment capital that is needed for credit expansion and business rehabilitation and revival. This is also no time to be imposing wage and price controls that have never worked and that have always led to unintended consequences.

At times, it seems the administration is doing everything it can right now to prevent jobs from being created. **Last week's order to rescind plans to open up oil fields in the Gulf of Mexico for further exploration and drilling killed a lot of good-paying jobs. Is this the change they're talking about?**

"Protectionist Language Stirs Controversy"
Donald Lambro
Townhall.com, Feburary 17 2009
http://townhall.com/columnists/DonaldLambro/2009/02/17/protectionist_language_stirs_controversy?page=full

WASHINGTON — Just as the Democrats were getting ready to pass the $800 billion stimulus plan, President Obama gave the green light to water down the bill's "buy American" trade provisions.

Labor leaders were up in arms over what they saw as a betrayal of Obama's campaign promise to support tough trade restrictions. The softer language quietly added to the bill was sought by the Chamber of Commerce and other business groups as the price for their support. In the end, they got some of what they wanted.

The behind-the-scenes battle over the "buy American" language received little media attention in the fiery political warfare over the big spending bill. But the White House's late shift on the issue shook labor's trust in the new president's promises and showed that, when push came to shove, Obama can quickly turn pragmatic.

The protectionist language that Democratic leaders inserted in the original bill immediately raised red flags over at U.S. Chamber headquarters, just one block from the White House.

Section 1605 (a) of the infrastructure-spending package on the “use of American iron, steel and manufactured goods” said this: “None of the funds appropriated or otherwise made available by this act may be used for a project for the construction, alteration, maintenance or repair of a public building or public work unless all of the iron, steel and manufactured goods used in the project are produced in the United States.”

This language not only threatened to invite severe protectionist reprisals from our trading partners, triggering a trade war in the midst of a global recession — it would have violated provisions in U.S. trade agreements.

Obama began sending signals publicly and through back channels that the provisions went too far. He told Fox News that the United States “can’t send a protectionism message,” then told ABC News that the bill’s wording could be a “potential source of trade wars that we can’t afford at a time when trade is sinking all across the globe.”

The president’s language was right out of the U.S. Chamber’s playbook, shocking labor officials that Obama could turn so quickly on the issue, but thrilling big-business lobbyists.

That language remains in the bill, but waivers are also in there, saying it “shall not apply in any case or any category of cases in which the head of the Federal department or agency involved finds that applying subsection (a) would be inconsistent with the public interest.”

Other language was added to reassure our trading partners that “the administration will … comply with U.S. obligations under the World Trade Organization Agreement on government procurement under U.S. free-trade agreements.”

As the bill was working its way through a House-Senate conference, the liberal blogosphere was burning with indignation. “President Obama submitted to globalist demands as the administration quietly watered down the ‘Buy American’ provisions,” wrote Jerome Corsi, author of “The Late Great USA,” on the World Net Daily.

What this means, Corsi wrote, is “free-trade presidents, now stretching from Carter to Obama, have won. With the added language, NAFTA, CAFTA and the World Trade Organization will continue to trump ‘Buy American’ efforts to support the struggling U.S. worker.”

Arthur Stamoulis, director of the Oregon Fair Trade Campaign, told the Los Angeles Times that “Obama promised to support ‘Buy American’ legislation. The fact that he’s hedging on this is not promising,” he said.

But the trade-protectionist language in the bill, weasel words and all, remains disturbing and dangerous. Forcing U.S. contractors to buy only American steel will make infrastructure projects much more expensive and could, if carried out, still invite trade retaliation from abroad.

“If our goal is to create good-paying jobs at home by selling American-made goods and services overseas — where 95 percent of the world’s consumers live — then ‘Buy American’ requirements don't make sense,” Chamber president Tom Donohue said earlier this month as debate over the stimulus bill heated up.

“If we refuse to buy foreign-made goods, then our trading partners will refuse to buy from us. And since we are the world’s largest exporter, who will be hurt more?” he said.

Heading into last year, made-in-America exports earned a record $1.6 trillion in 2007. Foreign businesses employ more than 5 million Americans here who collectively earn more than $350 billion in wages.

But protectionist sentiment remains strong among many Americans, and it is growing stronger as a result of mounting unemployment and a deepening recession that plays into hands of demagogues who blame lost jobs on trade and the global economy.

This was the mood in 1930 when Congress passed the disastrous Smoot-Hawley tariffs, and other countries responded by shutting down their markets to our exports — turning a deep recession into the Great Depression.

This Democratic Congress appears poised to make the same mistake — again.