



THE FOUNDATION

"A people ... who are possessed of the spirit of commerce, who see and who will pursue their advantages, may achieve almost anything." --George Washington

PATRIOT PERSPECTIVE

Obama vs. Reagan

By Mark Alexander

"This is our moment, this is our time to turn the page on the policies of the past, to offer a new direction. *We are fundamentally transforming the United States of America.* And generations from now, we will be able to look back and tell our children that this was our time." --Barack Hussein Obama [emphasis added]

In July 2006, the median price of a home reached an all-time high of \$230,900 and, on 9 October 2007, the Wilshire Broad Market Indexes peaked at 15,806, the latter being the most significant indicator of investor confidence.

According to the latest data, the median home price has decreased by almost 25 percent (a \$7.5 trillion loss), and the WBMI is now down 50 percent (a \$7.9 trillion loss in capital wealth).

Coincidentally, perhaps, the dramatic downturn in the financial and housing markets corresponds to the last presidential campaign, in which one party rallied Americans around an optimistic outlook for the future, and the other rallied constituents around familiar themes of pending doom. The latter made a more compelling case than the former, which gave Barack Obama the victory, but that victory was accompanied by a colossal crisis of confidence, which is largely responsible for the current economic recession.

For sure, there were very real financial problems fueled by the Democrat congressional mandates that the world's largest lenders, Fannie Mae and Freddie Mac, and others downstream, engaged in subprime mortgage lending in order to create more home-ownership opportunities for their low-income constituents. Those mandates trace their origins to

Jimmy Carter's Community Reinvestment Act of 1977 and Bill Clinton's insistence that the Department of Housing and Urban Development enforce the CRA regulations. Banks were coerced to alter their lending practices and, by 2006, were underwriting loans to a whole spectrum of unqualified buyers.

As you recall, when Republicans, most notably Sen. John McCain, raised questions about how meddling in the housing market could backfire -- four years before the housing collapse began -- Demo Rep. Barney Frank was the most vociferous defender of market adulteration: "These two entities -- Fannie Mae and Freddie Mac -- are not facing any kind of financial crisis. The more people exaggerate a threat of safety and soundness, the more people conjure up the possibility of serious financial losses to the Treasury, which I do not see. I think we see entities that are fundamentally sound financially and withstand some of the disaster scenarios. And even if there were a problem, the federal government does not bail them out."

Apparently Frank understood the importance of market confidence, but insisted, "The federal government does not bail them out."

Demo Rep. Maxine Waters added, "We do not have a crisis at Freddie Mac and particularly Fannie Mae under the outstanding leadership of Frank Raines." (That's the same Frank Raines who directed enormous campaign contributions to Barack Obama.)

It is no small irony that Frank is now chairman of the House Financial Services Committee and Waters is Chairwoman of its Subcommittee on Housing and Community Opportunity.

If fact, economists uniformly agree that the current crisis of confidence in the market reached critical mass when the federal government stepped in to bail

out these two massive corporations -- and it's been a hard, fast ride down ever since.

There was a competing philosophy back when Republicans and Democrats were debating the wisdom of government interference in the home lending markets: Republicans insisting this was problematic and Democrats insisting this would create no problems.

Those competing philosophies are boiling over this week, as Barack Obama signed into law his federally mandated confiscation and redistribution of more than \$1.3 *trillion* dollars over the next decade and maybe as much as \$3 trillion and counting. One day after signing the so-called "Recovery Act," Obama promised another \$275 billion from the so-called "Troubled Assets Relief Program" for mortgage bailouts to his constituents -- those who enjoy more expensive houses than they can afford -- loans that Frank and Waters insisted were not a problem.

The nonpartisan Congressional Budget Office offered this summary: "In the longer run, the [Obama] legislation would result in a slight *decrease* in gross domestic product compared with CBO's baseline economic forecast." Put another way, we're going to add trillions in debt in order to obtain a slight decrease in economic growth.

Now, according to Obama, "Government has to take responsibility for setting rules of the road that are fair and fairly enforced. Banks and lenders must be held accountable for ending the practices that got us into this crisis in the first place. And each of us as individuals has to take responsibility for their own actions. That means all of us have to learn to live within our means again."

In other words, government is the solution and it was all those greedy bankers and lenders who "got us into this crisis in the first place."

In a recent debate about President Ronald Reagan's approach to economic crisis versus that of Barack Obama, columnist Charles Krauthammer argued, "Reagan had a lot more substance and he had a lot more ideas. Obama has never managed a candy store, and the way he put together his cabinet shows that he's got a long way to go."

In other words Reagan was all substance and Obama is all fragrance. However, Obama is now managing the largest candy store on the planet.

So, given that both Reagan and Obama entered office in a time of severe economic decline, let's contrast their proposed solutions and the known outcomes of those solutions: Reagan v. Obama.

In the wake of Jimmy Carter's "Great Malaise," the last colossal undermining of American confidence, Ronald Reagan entered office with inflation at almost 14 percent and unemployment soaring into double digits. It took President Reagan several years to restore free-market principles that would sustain the largest peacetime economic surge in American history.

Campaigning for the presidency, Reagan said, "This is the issue: whether we believe in our capacity for self-government or whether we abandon the American Revolution and confess that a little intellectual elite in a far distant capital can plan our lives for us better than we can plan them for ourselves. ... Somewhere a perversion has taken place. Our natural, inalienable rights are now considered to be a dispensation of government, and freedom has never been so fragile, so close to slipping from our grasp as it is at this moment."

In his 1981 inaugural address, President Reagan assured the nation: "The economic ills we suffer ... will not go away in days, weeks, or months, but they will go away. They will go away because we, as Americans, have the capacity now, as we have had in the past, to do whatever needs to be done to preserve this last and greatest bastion of freedom. In this present crisis, government is not the solution to our problem; government *is* the problem. ... Our government has no power except that granted it by the people. It is time to check and reverse the growth of government, which shows signs of having grown beyond the consent of the governed. It is my intention to curb the size and influence of the federal establishment and to demand recognition of the distinction between the powers granted to the federal government and those reserved to the states or to the people. All of us need to be reminded that the federal government did not create the states; the states created the federal government."

Reagan implemented massive tax reductions, deregulation and anti-inflation monetary policies, which brought inflation down to 3.2 percent by 1983 and unleashed a historic period of economic growth. Of course, behind all the policy implementation was the most important element of the recovery: Ronald Reagan was a man of character and

substance, as evidenced by his historic re-election in 1984. He restored American confidence.

On the other hand, Obama, now facing the worst economic decline since the Carter debacle, has promised to "fundamentally transform the United States of America. ... Everywhere we look, there is work to be done. The state of the economy calls for action, bold and swift, and we will act -- to lay a new foundation for growth."

In his inaugural speech, Obama said, "The question we ask today is not whether our government is too big or too small, but whether it works." This, of course, suggests that somehow our bloated central government is not the problem, but the solution, if it is managed correctly.

Obama's economic philosophy and solution to the current crisis is rooted in the tried and failed policies of Franklin Delano Roosevelt, who attempted unsuccessfully to end the Great Depression with massive government spending. Obama also subscribes to Roosevelt's class-warfare decree: "Here is my principle: Taxes shall be levied according to ability to pay. That is the only American principle."

If Roosevelt's "principle" sounds familiar, that's because it was no more American than Obama's. Roosevelt was paraphrasing Karl Marx, whose maxim declared, "From each according to his abilities, to each according to his needs."

History, as we know, is littered with the rubble of failed Socialist regimes. Nonetheless, Obama and his ilk press forward with their statist agendas, clearly indicative of their pathological predisposition toward fatalism.

After signing the Democrats' massive pork pie spending bill, Obama said, "I don't want to pretend that today marks the end of our economic problems. Nor does it constitute all of what we have to do to turn our economy around. But today does mark the beginning of the end."

The beginning of the end of the last chapter of liberty and free enterprise, perhaps...

In the final analysis, Obama can redistribute a lot of wealth, but he can't do what Reagan did -- restore our nation's confidence, because most Americans, Left and Right, know that he has no character, no substance.

Make no mistake: The "Recovery Act" is not about economic recovery. It's about shackling our future to a socialist agenda, which will play out in the next decade short of significant intervention -- a cyclical economic recovery, the advent of another great leader with the stature of Reagan, or another unpleasantness like that one begun in 1776, the discussion of which has now entered mainstream conversations, albeit at a whisper.

P.S. Visit Obama's Recovery Act Web site. Once there, you'll be greeted with a header proclaiming, "Your money at work." The Accountability and Transparency section claims, "This is your money. You have a right to know where it's going and how it's being spent."

Isn't that nice -- Obama is telling me who he is giving my money to because I "have a right to know"?

Now, if the money that Obama is confiscating from my family were really "my money," it would be at work paying our mortgage and my kids' tuitions, paying small contractors for improvements to our home, growing our small publishing business, funding salary increases for my employees to the benefit of their families. Heck, I might even replace my 10-year-old SUV with another GM product.

Obama's Recovery Act site also has a link to "Share your Recovery Story." I invite you to share yours today.

Quote of the week

"The fact is, we'll never build a lasting economic recovery by going deeper into debt at a faster rate than we ever have before." --Ronald Reagan

On cross-examination

"What [Obama calls] tax reductions in this bill are really transfer payments, particularly redistribution of income from the rich to the poor. The economy did very well [after the Bush] tax cuts of 2003. Obama has blamed [the Bush tax cuts] for part of the current financial collapse. There's really no linkage between the tax cuts of 2003 and the financial and housing collapse we've seen in recent months. Abolishing the corporate income tax at the federal level I think would be very positive. It's a very poor form of taxation. I would make permanent the kinds of changes that were in the 2003 tax reform, including the marginal tax rate structure." --Harvard Economist Robert Barro on Obama's "terrible piece of legislation"

Open query

"President Reagan inherited an economic situation even worse than the one President Obama has. When Reagan took office, the economy had been in recession for about a year, the unemployment rate was almost identical to today's, but the labor force participation rate was smaller, and inflation was out of control. At the time, the newspapers were filled with stories about the 'worst economy since the Great Depression' -- which, unlike today, was true, and the economic establishment seemed to be bereft of ideas of what to do. Credit markets were in a mess, and both businesses and consumers were not borrowing because they could not afford the interest rates. President Reagan, unlike his critics, had a clear plan to revive the economy, which included: monetary restraint to stop inflation; large reductions in marginal tax rates to renew the incentives to work, save and invest; and a reduction in nondefense spending as a percentage of gross domestic product (GDP). Unlike other recent presidents, Reagan actually kept and delivered on his promises, which resulted in high growth (7.2 percent in 1984 alone) and large reductions in the unemployment rate -- particularly, inflation. He stuck with Mr. Volcker and his monetary restraint because he understood inflation had to be brought under control, even though he also knew it would necessarily prolong the recession. How many of today's politicians would be willing to take the heat for the long run good?" --Richard W. Rahn, Chairman of the Institute for Global Economic Growth

The BIG lie

"If we move forward with purpose and resolve -- with a deepened appreciation for ... how fragile it can be when we fail in our *collective responsibilities* -- then I am confident we will ... secure [the American dream] for ourselves and for generations to come." --BHO [emphasis added]

From the 'Non Compos Mentis' File

"Nationalization may have a psychological impact as well, and Uncle Sam wrapping his arms around failing banks in this country might provide a big dose of confidence for the American consumer." --CBS News anchorhead Katie Couric

GOVERNMENT & POLITICS

News from the Swamp:

Obama signs 'stimulus' bill

President Barack Obama signed the \$787 billion pork-spending bill euphemistically known as the

stimulus package in a ceremony in Denver on Tuesday, far away from the swamp where the bill was crafted. Obama chose to tout the bill's environmentally friendly provisions at the Denver Museum of Nature and Science, presumably because there was nothing else in the 1,100-plus page document worth bragging about.

Obama remarked that the spending package is the first step toward reviving the economy, but, oddly enough, on the day Obama signed it, the Dow Jones Industrial Average dropped nearly 300 points, or 3.8 percent in value. Thursday, the Dow closed at 7,465, a six-year low, and as we went to press Friday morning, it had dropped below 7,400. Franklin Roosevelt's New Deal spending never increased the deficit by more than 1.5 percent of GDP in its biggest year. This package increases the deficit by 2.5 percent of GDP two years in succession, hence the market reaction.

Furthermore, The Wall Street Journal reports, "The Federal Reserve sharply downgraded its outlook for the economy this year, forecasting a deeper contraction and an unemployment rate near 9% by the end of the year." And the Labor Department announced that inflation increased by 0.8 percent in January, well above the expected 0.2 percent increase and the largest increase since July -- that's what happens when government prints money to pay for stuff. And if we have taken the first step, we can only imagine what the rest of the journey entails. No doubt another stimulus package sometime later this year will be urgently needed.

In Congress, all but three Senate Republicans (we use the word loosely) were able to withstand the spending frenzy created by the Democrats, but some Republican governors across the country are lining up for a slice of cash to close their own budget gaps. Govs. Arnold Schwarzenegger (CA), Charlie Crist (FL), Jim Douglas (VT) and M. Jodi Rell (CT) are cozying up to Obama for some of his hot-off-the-presses loot.

However, several GOP governors are at least questioning the wisdom of the stimulus -- those in Texas, Mississippi, Louisiana, Alaska, South Carolina and Idaho, in particular. Louisiana Gov. Bobby Jindal said that he would have to take a closer look at the cash (and accompanying attached strings) being offered to his state before signing on to any stimulus funds. Texas Gov. Rick Perry said, "[W]e need the

freedom to say 'No thanks.'" South Carolina Gov. Mark Sanford's initial opposition to the package earned him a special amendment in the bill, which offers state legislatures the opportunity to override their governors if they refuse stimulus money. Sanford later said he would take the money anyway because being against the plan "doesn't preclude taking the money." Has the governor been taking lessons from John Kerry?

This week's 'Braying Jackass' award

"No community or constituent should be denied recovery assistance due to their governor's political ideology or political aspirations." --Rep. James Clyburn (D-SC)

Memo to Clyburn: Conservative ideology holds that irresponsible public spending will not bring recovery assistance. Hence the opposition.

Hope 'n' Change: Democrats demand their own version of a recount

Next year, our nation will begin its once-a-decade assessment of the U.S. population, a task that is normally handled by the Census Bureau, an arm of the Commerce Department. But that, too, could change.

After being tapped by Barack Obama to head Commerce, Sen. Judd Gregg (R-NH) was the subject of complaints by minority groups and Democrats (but we repeat ourselves), as many screamed in protest about a Republican "politicizing" the census and allegedly undercounting the number of inner-city, poor and minority Americans. Gregg subsequently withdrew his nomination over disagreement with the stimulus bill and the census, making the point moot -- to a certain extent.

The push to take the census away from the Department of Commerce and place it under the auspices of the White House raises serious questions about how accurate the next census will be. In other words, politicized. With all the things the census is used for, along with \$300 billion in funding at stake, it's obvious that the count needs to be done as fairly as possible. Yet Obama's change could include a bid to use statistical sampling to make up for the supposed undercounting of affected (read: Democrat-voting) groups in the aftermath of the 2010 census.

It is obvious that Democrats want to preclude as much as possible the shift of congressional seats

away from states that traditionally have been their strongholds into those that have favored Republicans. Even so, the probability of gerrymandering to pack as many Republicans into as few districts as possible on a state level will remain as the Supreme Court decided in a 1999 case. That case said that while congressional districts couldn't be determined using sampling, the states themselves could use sampling as they saw fit to determine state legislative boundaries. And all the while one can only speculate about the furor that would have ensued if George W. Bush had turned the census over to Karl Rove...

Regulatory Commissars: EPA to regulate CO2

Barack Obama's Environmental Protection Agency is considering a plan to regulate carbon dioxide and other greenhouse gases via the Clean Air Act. EPA chief Lisa Jackson said, "If EPA is going to talk and speak in this game, the first thing it should speak about is whether carbon dioxide and other greenhouse gases endanger human health and welfare." Obviously, such a decision would have a tremendous impact on industries, from automakers to utility companies. The Obama administration could also be angling for greater clout at the United Nations climate talks coming up in December in Copenhagen. Jackson acknowledges the opposition she will encounter but says, "We are poised to be specific on what we regulate and on what schedule. We don't want people to spin that into a doomsday scenario." Funny, since it's her ilk that has turned the possibility of global warming into a doomsday scenario.

From the Left: Burriss losing his luster

Freshly appointed Illinois Democrat Sen. Roland Burriss could be facing an investigation into his dealings with disgraced former Governor Rod Blagojevich, a Democrat, and is already defending himself against calls for his resignation from Congress. It turns out that Burriss may have perjured himself during his 8 January testimony before the Illinois legislature when he unequivocally stated that he did not have any contact with Blagojevich, his family or staff about the Senate seat that was being put up for sale. Burriss stated at the time that he only spoke with an aide, Lon Monk. But an affidavit filed by Burriss on 5 February indicates that he did in fact speak with Robert Blagojevich, the former governor's brother, about raising campaign cash for the governor. Burriss ultimately refused to do so, but the

timing of the conversation clearly indicates that the campaign fundraising was a quid pro quo for a Senate appointment. There is speculation that Burriss filed the affidavit because he was uncertain whether the FBI was recording his conversations with Blagojevich.

Burriss claims he did nothing wrong and intends to fight the charges against him, claiming that he truthfully answered all the questions he was asked. But if he was asked if he had spoken with any of Blagojevich's family or staff and he said no, then he either lied during his January testimony or in his February affidavit. We expect Burriss to hold onto his seat if for no other reason than he's a Democrat, though apparently his Illinois colleague, Sen. Dick Durbin, is having second thoughts: "At this point, his future in the Senate seat is in question."

This week's 'Alpha Jackass' award

"Though this nation has proudly thought of itself as an ethnic melting pot, in things racial we have always been and I believe continue to be, in too many ways, essentially a nation of cowards." --Attorney General Eric Holder, who is black, fishing with race bait

"The question is: Is Eric Holder comfortable enough about race relations in America to open a case against [Roland Burriss,] the only Black member of the United States Senate?" --political analyst Rich Galen

NATIONAL SECURITY

Warfront with Jihadistan: Afghan surge

On Tuesday, President Obama, in a move sure to displease his weak-kneed minions, said quietly that he would order a mini-surge of 17,000 additional U.S. troops to Afghanistan by this summer. For several months, U.S. generals have been seeking an increase of about 30,000 troops to stabilize sections of the country and counter a resurgent Taliban. They have been using adjoining Pakistan as a safe haven from which to plan and launch cross-border strikes. In January, President George W. Bush sent 6,000 additional troops to Afghanistan. Those, combined with Obama's current additions, will bring the total to about 23,000, well short of the number desired, although Obama has signaled he is willing to send more troops in the future.

Unfortunately, this increase comes on the heels of news of Thursday's vote by Kyrgyzstan's parliament to close the last U.S. air base in Central Asia, a ma-

ajor blow to supplying troops in Afghanistan. The vote has Russia's fingerprints all over it. Moscow just directed \$2 billion in aid and credit to Kyrgyzstan, as it hopes to reassert its influence over former Soviet satellites such as this.

On the other hand, Obama's Bush-like tactics to keep the jihadis squarely in our crosshairs are welcome indeed, as are the continuing air strikes in Pakistan. But the lilly-livered Left is suffering a case of the vapors. Newsweek is already calling Afghanistan "Obama's Vietnam" (will the Left ever get over Vietnam?), lefty columnists are wondering why we're in Afghanistan in the first place, and some folks calling themselves Win Without War fret that "we need to avoid the slippery slope of military escalation." While we try to figure out exactly how we're supposed to win in a war without war, it's heartening to see that Obama, at least to date, is taking the jihadi threat seriously.

Around the world:

North Korea, Iran and Israel

Secretary of State Hillary Clinton, in Asia on her first official trip, met with Japanese leaders to discuss U.S.-Asian issues, among them the concentration camp known as North Korea. Apparently, Hillary hopes to get North Korea to "abandon its nuclear program and become a constructive regional actor." Clinton said that Barack Obama is prepared to move toward normalized relations as long as Pyongyang "commits to denuclearization and nonproliferation." We won't hold our breath on that one (see Carter, Jimmy: 1994 Agreed Framework, which can be found in the fiction section at Amazon.com). Further demonstrating her deep experience in diplomatic affairs, Hillary also stated that the United States was "willing to work with North Korea's government and its people." North Korea's people could not be reached for comment, but North Korea's government wasted no time responding with their plan for an upcoming Taepo-Dong 2 missile launch.

Speaking of denuclearization, Iran now has enough uranium for a nuclear bomb. The International Atomic Energy Agency said it had discovered 460 pounds of low-enriched uranium that Iran had not previously disclosed. Iran's actual production was understated by a third.

In light of this development, Israeli President Shimon Peres' choice of Likud leader Benjamin Netanyahu as the new prime minister is all the more im-

portant. Netanyahu has repeatedly stood firm against the shenanigans of nations like Iran.

Immigration front:

Mexican gang violence spreads north

The deadly Latin American gangs that run Mexico's drug trade in cities near the U.S. border are spreading north. Citizens of both San Diego and Los Angeles have suffered greatly from years of gang culture. But now law enforcement fears that these gangs and cartels are moving into major cities throughout the whole country: from Augusta to Boston to Sioux Falls to Anchorage. "The violence follows the drugs," said David Cuthbertson, agent in charge of the FBI's office in the border city of El Paso, Texas.

In Mexico the violence is little short of civil war. Gangs stop at nothing to get what they want. Rusty Payne, a Drug Enforcement Administration spokesman, explained, "When you are willing to chop heads off, put them in an ice chest and drop them off at a police precinct, or roll a head into a disco, put beheadings on YouTube as a warning," one has to ask if there is anything they won't do.

State, and to a lesser extent federal, governments have spent millions of dollars on local law enforcement along the Mexican border to help fend off spillover drug crime. But there is no serious coordinated national effort to bring down the gangs.

In other border-related news, former Border Patrol agents Ignacio Ramos and Jose Alonso Compean were released from federal prison this week after President Bush commuted their sentences in January, bringing to a close an ugly ordeal.

Also, a federal jury found that Arizona rancher Roger Barnett did not violate the rights of 16 Mexicans illegally in the U.S. when he held them at gunpoint and turned them in to the Border Patrol. We highlighted the case last week. The jury did, however, award \$78,000 in actual and punitive damages to six of the illegals to cover claims of assault and emotional distress. The plaintiffs had sought \$32 million. Still, this leads us to ask, who pays for Barnett's emotional distress over the last 10 years, not to mention all of his stolen, vandalized or destroyed property?

BUSINESS & ECONOMY

Where were you on the morning of September 18th?

Before the \$789 billion stimulus of February 2009 or the \$700 billion bailout of October 2008, there was the \$105 billion Treasury Department injection into the financial system on 18 September 2008 -- and the now-questionable events leading up to it. According to a recent C-SPAN interview with Rep. Paul Kanjorski (D-PA), on 18 September at 11:00 a.m. "the Federal Reserve noticed a tremendous drawdown of money market accounts in the United States, to the tune of \$550 billion ... in a matter of an hour or two." Given this "electronic run on the banks," Kanjorski said, inaction by the Treasury would have effectively "collapsed the entire economy of the United States and ... the world...."

Columnist Diana West writes that if this drawdown did, indeed, occur, it begs the question few have posed: "Who or what was responsible?" And why?

Was there anything unusual about President Bush's 18 September statement that the Securities and Exchange Commission (SEC) was cracking down on "illegal market manipulation" or his 19 September statement that the SEC had "launched rigorous enforcement actions to detect fraud and manipulation in the market"? Perhaps not, but given Kanjorski's account, the questions at least should be asked.

Blowing the TARP off

U.S. Bancorp CEO Richard Davis claimed this week that the Troubled Asset Relief Program didn't actually contain an A, R or P. "It's just troubled," he said. (Or as CNBC's Rick Santelli put it, "The government is promoting bad behavior.") Davis revealed that banks were not given a choice in whether to take TARP funds but were called before then-Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke and told that the federal government would be taking a stake in the banks, like it or not. U.S. Bancorp received \$6.6 billion. The program was billed as a way for banks to continue lending, but in reality, they were expected to buy weaker banks, Davis said. "We were told to take it so that we could help Darwin synthesize the weaker banks and acquire those and put them under different leadership." Survival of the subsidized, if you will.

In other banking news, UBS AG, Switzerland's largest bank, turned over the account information for about 250 account holders as part of a \$780 million settlement with U.S. prosecutors who are conducting a tax-evasion probe of wealthy Americans. U.S. authorities estimate that UBS holds \$20 billion in assets for American clients, and the Justice Department wants the information on 52,000 of them for allegedly hiding their accounts from the U.S. government. That and Obama still needs a Commerce secretary.

GM and Chrysler seek more federal money

As we predicted, soon after GM and Chrysler received \$17.3 billion under the bailout program, both automakers came back for another drink at the federal trough. Now, the companies are seeking \$21.6 billion more while acknowledging the possibility of bankruptcy still lurking in their future. The reform plans the companies submitted to Congress were long on reductions in workforce and capacity, but short on addressing the out-of-line union benefits which are driving the companies into the grave.

GM's global workforce will be reduced by 47,000 to 200,000, and the company plans to rely less on its North American operations. Chrysler's plan is to reduce production by 100,000 vehicles, or roughly four percent, in exchange for approximately \$5 billion more in public funding. In other words, the government plans to pay billions to Chrysler and GM to not produce their products. It's the same sort of swamp-think that gave us 70 years of an as-yet un-killable program, farm subsidies, which pays rich farmers not to produce in order to reduce competition.

The Gipper presciently described the government's bailout debacle decades ago when he stated, "The government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it." Ironically, the auto industry, which symbolizes movement, has stopped moving, so the government thinks it needs to be subsidized without requiring any meaningful reform.

Whoa man, not another tax

A sin tax is a tax added to products or services that government sees as vices, such as liquor, cigarettes and other non-luxury items. Theoretically, governments levy these taxes to discourage use of a par-

ticular product without making the use illegal, with the handy side effect of generating a source of revenue for the government. State governments favor sin taxes because, on top of easy revenue, they are usually an easy sell to taxpayers because they are indirect taxes, affecting only those who use the products. When states run deficits, the sin tax is typically one of the first recommended by lawmakers to help fill the budget gap.

What happens when a state government runs low on revenue sources? Legalize that which is illegal and tax it.

Take California, which just settled on this year's budget plan to close the \$42 billion budget deficit with higher taxes and deep spending cuts. The Golden State is moving toward insolvency with its deficit totaling more than one-third of its general fund. That's largely due to its dependence on income taxes, which slide during a recession. The state can't easily borrow due to the government bond-market freeze so all sorts of new and higher taxes have been enacted.

All along, though, the state has had marijuana, its largest cash crop, valued at \$14 billion annually. That's nearly twice the value of the state's grape and vegetable crops combined. Enter the sin tax. If pot is made legal, taxes on it could save California some \$1.7 billion in enforcement costs and add up to \$1 billion in revenues to state coffers. (Or they could allow drilling for oil and natural gas off the coast.)

Forget about eco-tourism; California could have "marijuana tourism." While they're at it, they could recall the Governor and replace him with Spicoli, dude!

Silver lining in the crisis

It could be said that every crisis gives birth to heroes, and the employees of City National Bancshares found theirs in Leonard Abess Jr. when the CEO took \$60 million out of his own pocket to give them bonuses. In true hero style, he didn't tell the press about it; he wasn't even there when the employees were told of the gift.

Abess sold his majority stake to Caja Madrid last November and wanted to show his appreciation to the 399 employees -- everyone from the janitor to senior management -- some of whom have been with the bank for several decades. Abess even gave

bonuses to people who had retired from the bank after years of faithful service.

This may have something to do with the fact that Abess has known many of these people since he was a boy. Abess's father started the bank in 1946, but Leonard was not given a free ride. He worked his way up the ladder like any other employee, starting out in the print shop. And he didn't inherit the bank either; he bought it in 1985 with borrowed money after the bank, through no fault of Abess Sr., ended up in bankruptcy court. And he has led it admirably, increasing the bank's worth from \$400 million to \$2.75 billion.

Abess, who gives to several charities, said he didn't feel right about reaping all the profits himself. After he made the gifts he was flooded with letters of thanks from present and past employees. "It was like a lottery, only better," Virginia Dunn, managing senior vice president, told the Miami Herald, "Because it came from someone's heart."

CULTURE & POLICY

Faith and Family:

Muslims against stereotypes

Muzzammil Hassan, a Muslim living in Orchard Park, New York, decided in 2004 that he wanted to combat stereotypes against Muslims. The television station Bridges TV was born, dedicated to portraying Muslims in a more positive light. Hassan complained, "The level of ignorance regarding Muslims and Islam is very high in the United States." Unfortunately for his wife, Hassan (allegedly?) ended up exhibiting the worst Muslim stereotype. "He came to the police station [last Thursday] and told us that [his wife] was dead," Orchard Park Police Chief Andrew Benz said. Police went to the TV station to find Aasiya Hassan murdered by beheading.

Naturally, because the Leftmedia is so sensitive to stereotypes, this story has not received much coverage. The Buffalo News didn't shy away, however, as Fred Williams writes, "Under arrest in his wife's brutal death, Muzzammil Hassan is 'almost in shock,' his attorney said Wednesday following a court appearance in Orchard Park. 'He's having difficulty coping with this,' attorney James Harrington said." Poor guy. Hassan's attorney indicated that he would plead not guilty to second-degree murder. But the murder has all the marks of an honor killing -- Mrs. Hassan recently filed for divorce and obtained an order of protection that barred her husband

from their home. Maybe the charge should be changed to first-degree murder.

The National Organization of Women, the gang of village idiots, is normally outraged at domestic violence, including a recent press release denouncing R&B star Chris Brown for reportedly assaulting singer Rihanna. Regarding this case, however, as The Wall Street Journal's James Taranto points out, "NOW's statement on Mrs. Hassan's beheading was short and to the point: ." In other words, not a peep.

2nd Amendment: Parks and parking lots

"The Obama administration is legally defending a last-minute rule enacted by President George W. Bush that allows concealed firearms in national parks," reports The Washington Post, "even as it is internally reviewing whether the measure meets environmental muster." Environmental muster? The Brady Campaign, the National Parks Conservation Association and the Coalition of National Park Service Retirees pointed to inadequate environmental review in their lawsuit to overturn the rule. The outcome remains to be seen.

Meanwhile, in a victory for the Second Amendment, a three-judge panel of the U.S. Tenth Circuit Court ruled unanimously that employees can legally keep firearms in locked vehicles while parked in employers' parking lots. The decision upholds a 2004 Oklahoma law that holds employers criminally liable for prohibiting such exercise of the right to keep and bear arms. A lower court had ruled against the law, saying that it violated private property rights.

In another parking lot case, 17-year-old Marie Morrow was expelled from her Colorado high school for having drill team practice rifles (made of wood and duct tape) in her car in the school parking lot. The school board reviewed the case and limited the expulsion to time already served since the 5 February incident. Morrow, an honors student and member of the Douglas County Young Marines, has had a good attitude about the ordeal, saying, "I'm not blaming anyone."

And last...

We confess that we often experience a bit of schadenfreude at the plight of Leftmedia rags such as Time and Newsweek, and this week is no exception. Magazine advertising generally has been a good indicator of economic conditions since most companies cut back on advertising before employees.

Media Industry Newsletter found that ad pages for the first quarter of 2009 are down 21.5 percent compared to the first quarter of 2008. Newsweek is down 37.6 percent through its 16 February issue, while Time is down 47.7 percent through the same period. Not even men's magazines are doing well. The Sports Illustrated Swimsuit Issue, for example, is down 28.8 percent from a year ago, while Motor Trend is down more than 30 percent. The one bright spot is something that we find rather predictable: Advertising in Guns & Ammo is up more than seven percent. Apparently, these future-proof items

seem to be the only thing anybody is buying these days. Our advice? Keep it up.

Veritas vos Liberabit -- Semper Vigilo, Fortis, Paratus, et Fidelis! Mark Alexander, Publisher, for *The Patriot's* editors and staff.

(Please pray for our Patriot Armed Forces standing in harm's way around the world, and for their families -- especially families of those fallen Soldiers, Sailors, Airmen, Marines and Coast Guardsmen, who granted their lives in defense of American liberty.)