

## The Five Most Wanted Rip-off Artists from Wall Street and Washington

By Jim Hightower

### What the hell's happening here?

Why is my bank in the tank? And my house and job? And my retirement money? Even my state's teetering on the brink of broke! Who did this to us?

Fair questions, but we're not getting honest answers. Last year, at the first signs of the global financial slide toward the abyss, we were told that it's just a little hiccup caused by something called subprime mortgages. Not to worry, the Powers That Be declared confidently, for we have the damage contained. And rest assured that "the fundamentals of our economy are sound." subgroup called the Commission on Domestic Violence.

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## CFR-Brookings to Dominate Obama "Strategy"

by Kurt Nimmo

It doesn't get more in your face than this. "CFR-Brookings report reveals Obama's Mideast strategy," a headline on the United Press International website declares. In other words, the CFR and the "liberal" think tank at the Brookings Institute are handing down Obama's marching orders in the form of a publicly released report.

"There are many reasons to take these recommendations seriously," reports the UPI. "First, the Brookings Institution has been for more than half a century the most influential and significant think tank to influence Democratic administrations, especially on foreign policy."

You bet these Brookings-CFR "recommendations" (actually marching orders) will be taken seriously. In fact, they will be the only recommendations on the table.

Less is said about the CFR, the Rockefeller run global government

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## The news your not supposed to know!

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The purpose of this site is to revitalize citizen participation in todays issues that threaten our constitutional rights. By developing a truly fair and balanced account of the incremental destruction of our civil liberties, Constitution, Bill of Rights, currency, middle class, national sovereignty and reputation abroad we can understand the real issues we face today, and strive to reclaim America. Through comparative analysis of recent history and current events it becomes clear that, under the guise of the "War on Terror" and similar government hoaxes, the old order is gradually being abolished to make way for the new, i.e. the integration of world financial markets, consolidation of nations into regional power blocks and the formation of international legislative, judiciary, executive and financial institutions with the ultimate aim of establishing a one-world government or New World Order.

It is our contention that these policy changes are being furtively enacted over time to avoid the resistance of our distracted populace. We hope to draw attention to the globalist agenda and empower our citizenry by providing them with the facts they need to defeat the New World Order.

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(cont – CFR-Brookings to Dominate Obama “Strategy”)

You bet these Brookings-CFR “recommendations” (actually marching orders) will be taken seriously. In fact, they will be the only recommendations on the table.

Less is said about the CFR, the Rockefeller run global government cabal that has steered American foreign policy since the early part of the last century. It was established by the same guys — J.P. Morgan, John D. Rockefeller, Paul Warburg, Otto Kahn, and Jacob Schiff — who gave us the Federal Reserve and the current economic “crisis,” in fact yet another engineered bank robbery on a global scale. Once again, we are told the Arab-Israeli “peace” issue needs to be addressed. It’s a sick joke how the globalists keep exploiting this one to put forward their “peacemaking” (making war) and “promoting democracy” (handing countries over to the banksters for looting) agenda.

In order to accomplish this, the neocons are out and neolibers such as Strobe Talbott and Dennis Ross are in. So is Kenneth Pollack, who runs the Saban Center for Middle East Policy at Brookings. If you think the Palestinians will get a fair shake with this one, think again: Haim Saban is an Israeli media-mogul and has proudly declared “I’m a one issue guy, and my issue is Israel.” Saban personally recruited Martin Indyk, a former Clinton administration official and



**President elect Barack Obama will take his marching orders from the Council on Foreign Relations and the Brookings Institute, United Press International admits.**

AIPAC’s former deputy director of research, as the center’s director.

“The small but tightly organized and exceptionally influential network of neoconservatives who kept a tight grip on U.S. policymaking in the Middle East for the entire length of the Bush administration are going to be cast into the outer darkness.”

In fact, one look at the membership list of the CFR reveals considerable neocon crossover, including notable neocons such as Elliot Abrams, Robert Kagan, Douglas Feith, Zalmay Khalilzad, Irving Kristol, Francis Fukuyama, and Max Boot, who is a senior fellow. In actuality,

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(cont – CFR-Brookings to Dominate Obama “Strategy”)

there is basically no difference. U.S. foreign policy is a tag team game between two factions spawned by the ruling elite. The basic rules and objectives are immutable.

“The power of personality also will give a boost to peacemaking diplomacy. Sources in Sen. Hillary Clinton’s inner circle have made clear she is eager, as secretary of state, to finish the job her husband, President Bill Clinton, started in his enthusiastic commitment to the seven-year Oslo Peace Process that broke down at the Camp David II summit in 2000.”

It was an engineered break down, of course. The Oslo accords increased the number of Israeli settlers — from 110,000 to 195,000 in the West Bank and Gaza — and resulted in the annexation of East Jerusalem. Under Oslo, Israeli authorities confiscated 35,000 acres of Arab land for roads and settlements. The CFR brokered “peace plan” worked marvelously for the globalists and their Israeli partners: in mid-2000, more than one out of five Palestinians had consumption levels below \$2.10 a day and at the end of 2000 unemployment stood at 40 percent.

“During the Oslo years, Washington gave Israel more than \$3 billion per year in aid and \$4 billion in FY 2000, the highest of any year except 1979,” writes Stephen R. Shalom. “Of this aid, grant military aid was \$1.8 billion a year since Oslo, and more than \$3 billion in FY 2000, two-thirds higher than ever before.”

Hillary Clinton will finish the job — maybe we should interpret that to say she will finish off the Palestinians — a job drawn up by her handlers at the CFR and Brookings.

Dennis Ross is reading the script closely, too. He joined the pro-Israel Washington Institute for Near East Policy after leaving government in 2001. WINEP is associated with the Jaffee Center for Strategic Studies at Tel Aviv University and its director was the late Maj. Gen. Aharon Yariv, former Israeli government minister and director of intelligence. WINEP, however, is a small player when compared to the American Enterprise Institute, the Brookings Institution, the Center for Security Policy, the Foreign Policy Research Institute, the Heritage Foundation, the Hudson Institute, the Institute for Foreign Policy Analysis, and the Jewish Institute for National Security Affairs, all dominating American foreign policy when it comes to the Middle East.

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“Much of the report, however, deals with Iran. Here it is consistent in following the same broad conceptual and strategic approach it applies to the Israel-Arab conflict,” the UPI continues. “The report suggests a ‘comprehensive diplomatic initiative to attempt to engage (the United States’) most enduring Middle Eastern foe.’ It also says the approach ‘should involve direct and unconditional talks’ with Iran” in an effort to get the Islamic nation to stop developing “nuclear weapons and long-range missiles to carry them.”

There is no evidence Iran is developing nuclear weapons, a fact repeatedly asserted by the International Atomic Energy Agency and various other experts. “I have not received any information that there is a concrete active nuclear-weapons program going on right now,” IAEA Director General Mohamed ElBaradei told CNN last October.

Under the terms of the Nuclear non-Proliferation Treaty, Iran is entitled to develop nuclear energy. Iran has signed the NPT and opened its nuclear facilities to international inspectors, while Israel has not. But then there are special rules for the Israeli client state that do not apply to the Arabs and the Iranians, not that any of this appears in the globalist CFR-Brookings report.

“The report’s policy recommendations on Iran also will give Obama political cover for implementing his famous campaign rhetoric — some of which he was castigated for — in favor of engaging the leaders of the Islamic Republic of Iran without preconditions.”

It also gives him political cover the bomb the daylights out of Iran after this supposed dialogue “without preconditions” fails, as it most certainly will because the Iranians are determined to develop nuclear energy and resist efforts to deny them their rights under the NPT. “The likelihood that this approach actually will get the mullahs in Tehran to change direction, in fact, appears negligible,” the CFR-Brookings report admits.

“Obama’s foreign policy team and the liberal think tank establishment serving them will take office filled with energy, confidence and good intentions. But the pattern of history is against them,” the UPI concludes. Johnson, Carter, and Clinton, we are told in standard American history fairy tale fashion, failed to establish peace in the Middle East.

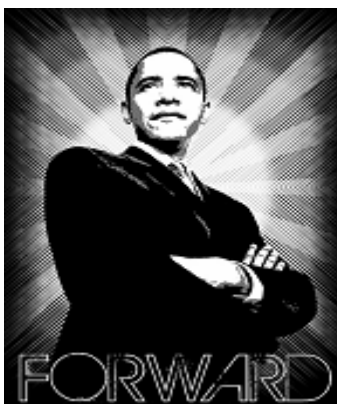
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In fact, this is simply more pablum for public consumption. The CFR plan for the Middle East is going as planned. In order to soften the region up for globalist domination — in one-worlder doublespeak, this is called spreading democracy — nations must be broken up and violently balkanized and cultures and societies destroyed by way of bunker-buster and depleted uranium diplomacy. Israel will remain a proxy outpost in this effort.

It should be obvious to even the most ardent Obamatron that there is no difference between the Bush administration and the incoming Obama administration. Once again, these childish followers are so effortlessly deceived and will pay the price after the CFR and Brookings folks are firmly installed in the White House, especially with a complaisant Democrat Congress.

Finally, it is not an exaggeration to say Obama’s “change” is indeed lipstick of a pig.



## A Ron Paul Foreign Policy Barack Obama Should Believe In

By Marc Gallagher

Ron Paul has been rightly critical of Barack Obama’s interventionist desires. It certainly seems the only foreign policy difference between our outgoing meddling President and our incoming one is the venue of destruction. Bush’s crusade was Iraq. It looks like Obama’s will be Afghanistan. Three or four years from now will Obama have plummeting approval ratings due to mismanagement of his coming interventionist crusade in Afghanistan?

The real answer depends on the level of the crusade. By level, I could mean blood level. The most morbid yet accurate indicator of failure in such an effort is the number of body bags on planes bound for home. Will the American people give Barack Obama more breathing room than Bush on this horrific statistic? I certainly hope not.

Right now it seems like the progressive global “god-in-waiting” can do no wrong. I recall similar approval for our soon to be ex-President in those dark days immediately following the September 11th attacks. The precise percentage of Bush’s “approval” rating

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now doesn't really matter. We know it's extremely low. Knowing that it was once north of 90% tells us more. The mighty can fall. They can fall hard and they can fall fast. Obama should be ever mindful of this hard truth as he embarks toward his own POTUS destiny.

Before Obama chiefly commands our troops from Iraq and into Afghanistan he should make clear the goals of such an action. By "goals" I don't mean just inanely repeating, "We must leave in victory", over and over again like neo-conservative robots. Please just level with your fellow Americans. What constitutes victory? There should be an end in sight before escalating the conflict.

An effective move Barack Obama can take to show he is truly serious about restoring

our faith in the office of the President would be to ask Congress to declare war on Afghanistan. If war is not declared by Congress our troops should not be engaging the Taliban there. In the event that Congress refuses to vote or the vote should fail, Obama should then pull all combat troops out of Afghanistan. Doing so would save lives and money in an economically unstable time. That is my hope beyond hope, but it is quite unlikely. At the very least, having a legitimate declaration of war would satisfy the U.S. Constitution, the supposed supreme law of the land.

The most effective foreign policy proposition for Obama would be one that legitimizes the praise he is receiving from U.S. citizens and the rest of the world right now. He could adopt a Ron Paul style foreign policy of non-intervention. This would tell the world that America will no longer be the bully running around playground Earth, wacking non-Americans over the head with the freedom stick. We could then lead through example, defense, and diplomacy.

Now that would be some change I could believe in. How about you?



(cont – The Five Most Wanted Rip-off Artists from Wall Street and Washington)

Then, this spring, Bear Stearns cratered, requiring an emergency federal subsidy to cover billions in bad loans. Okay, admitted those in charge, that subprime stuff actually is leveraged on up the financial system, and maybe there's been a bit of greed among a few of the big players, but we really do have the problem contained now, and, hey, "the fundamentals of our economy are sound."

But in September--Omigosh!--there went Lehman Brothers, Freddie Mac and Fannie Mae, AIG, Merrill Lynch, Goldman Sachs, Citigroup, WaMu, Wachovia, and others. Well, yes, conceded the now-frazzled financial establishment, but gollies, we're throwing hundreds of billions of your tax dollars into sandbags to contain the problem, and remember: "The fundamentals of our economy are sound."

In October, the contagion rolled through Britain, Canada, and Europe; it spread to Brazil and across to China and Japan; and--Holy Schmoly--suddenly all of Iceland was melting in bankruptcy! Stay calm, cried an openly panicked chorus of Washington officials, for we're holding some big summit meetings soon and consulting our Ouija boards, and...uh...ah...um...y'all just keep clinging to the thought that "the fundamentals of our economy are sound."

### Laissez Fairies

You don't have to be in Who's Who to know What's What, do you? The fundamentals are NOT sound.

Wall Street and Washington (excuse the redundancy there) want us commoners to believe that this viral spread of economic grief was caused by those lower-income homeowners who couldn't pay their subprime loans--merely an unforeseeable glitch in a complex and otherwise healthy financial system. Hogwash. The source of today's pain is the same as it was in America's previous financial collapses: the unbridled greed of economic elites, enabled by their political courtesans in Washington.

This unbridling has been the long-sought goal of a cabal of deregulation ideologues who dwell in laissez-fairyland. During the past two decades, they have relentlessly pushed their economic fantasies into law.

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Their theory was that (to use Ronald Reagan's simple construct) "the magic of the marketplace" would create an eternal rainbow of prosperity through financial "innovation"--if only the market was unshackled from any pesky public regulations. What the dereg theorists missed, however, is that magicians don't perform magic. They perform illusions.

Let's meet some of the illusionists who are directly responsible for hurling you, me, America, and most of the world into this dark and as-yet unplumbed economic hole.

Phil Gramm

Snide, sour, and sanctimonious, this former senator from Texas is now head lobbyist for the Swiss-based banking giant, UBS, as well as chief economic adviser for his old chum John McCain. A bathed-in-the-blood, footwashing, free-market absolutist, Gramm advocates a virulent brand of antigovernment, market-knows-best, Rambo capitalism.

In 1999, as chair of the Senate Banking Committee, he had the power to implement some of his cockamamie dogmas. First, he pushed through a bill to dissolve the 1933 Glass-Steagall Act, a New Deal reform that prohibited banks, investment houses, and insurance companies from combining into one corporation. By keeping these components of our financial system separate, Glass-Steagall made sure that the crash of one of them would not bring down the other two. But a number of Wall Street banks, led by what would become Citigroup, saw a profit windfall for themselves if only they could scuttle the old law and merge banking, investment, and insurance into huge financial conglomerates. The senator was their ideological soul mate, and he was delighted to rig the system for them.

On November 12, 1999, a gloating Gramm celebrated having sledgehammered the regulatory walls that separated the three financial functions:

"We are here today to repeal Glass-Steagall because we have learned that government is not the answer. We have learned that freedom and competition are the answers. We have learned that we promote economic growth and we promote stability by having competition and freedom. I am proud to be here because this is an important bill; it is a deregulatory bill. I

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believe that's the wave of the future, and I am awfully proud to have been a part of making it a reality."

But repealing Glass-Steagall was only step one for this free-market holy roller. In literally the dead of night, just before Congress's Christmas break in 2000, Chairman Gramm snuck a short provision into an 11,000-page appropriations bill. The item, which only a few lobbyists and lawmakers knew had been inserted, became law when the larger bill was signed by then-President Bill Clinton. Gramm's little legislative sticky note decreed that a relatively new, exotic, and inherently risky form of investments called "derivatives" were not to be regulated--or even monitored--by the government.

It should be noted here that Democrats were also butt-deep in the dereg orthodoxy. Such Wall Street sycophants as Sen. Chuck Schumer (D-NY) had drunk deeply from the holy cup of derivatives deregulation, and Clinton's top economic advisors Robert Rubin (formerly with Goldman Sachs and now with Citigroup) and Lawrence Summers (also a veteran of Wall Street) were in harness with the Republicans on this effort.

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By 2008, the freewheeling derivatives market, including derivatives based on those lowly subprime housing loans, bloated to a stunning \$531 trillion. That's 531 followed by 12 zeroes! These little-understood, essentially secret investment schemes came to dominate our entire financial system-- and when thousands of regular folks began defaulting on their subprime loans, the derivatives based on them essentially became worthless. Investment houses, which were up to their corporate keisters in these funny-money subprime derivatives, began collapsing, and the now-interlocked banks and insurance companies began tumbling down with them. Gramm's deregulatory "wave of the future" had become a financial tsunami.

Alan Greenspan

This guy's mug should be on wanted posters in every post office in America. As Federal Reserve chairman from 1987 to 2006, he held the regulatory power to prevent the irrational inflation of the huge derivatives bubble that has now burst-- yet he fought fiercely through four presidencies to prevent even the meekest oversight by the Fed or any other agency. Nicknamed "The Oracle," Chairman Greenspan was inscrutable and arrogant, but he also possessed a detailed knowledge of financial minutiae and an air of superiority that simultaneously bedazzled and intimidated presidents, lawmakers, and other public officials.

However, not everyone was sanguine about the chairman's reliance on derivatives as the pillar of Wall Street's financial strength. Many wise heads viewed these financial "products" as speculative mumbo-jumbo. Billionaire financier George Soros says his firm never invested in them "because we don't really understand how they work." Investment banker Felix Rohatyn described them as "hydrogen bombs." Back in 2003, investment guru Warren Buffett called them "financial weapons of mass destruction" that were "potentially lethal" for our economy.

But Greenspan's voice was the most powerful, and he was both a determined bureaucratic protector and an exuberant cheerleader for derivatives. Meanwhile, wealthy investors worldwide were making a killing from their investments in these bizarre pieces of paper, and few in Washington were willing even to question The Oracle.

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"I always felt that the titans of our legislature didn't want to reveal their own inability to understand some of the concepts that Mr. Greenspan was setting forth," said Arthur Levitt, a well-regarded Wall Street regulator under Clinton. "I don't recall anyone ever saying, 'What do you mean by that, Alan?'"

So the bubble kept expanding.

Why was Greenspan so insistent on no regulation? Because he is the hardest of hardcore laissez-faire ideologues, holding a blazing disdain for government. An avowed worshiper of libertarian novelist Ayn Rand, he views public oversight of business as an evil force that deters the creativity of smart elites. He is so psyched by his religious-like faith in the "free market" that he fervently believes in what he considers to be the innate good will and moral superiority of investors and bankers. He asserts that these self-interested individuals can simply be trusted to do the right thing, and that government should not second-guess their decisions.

Even the faith of snake handlers is not as devout as Greenspan's. Unfortunately, however, he was able to hitch our nation's economic well-being to his own absurdist ideological fancy. The guy who was lionized as the smartest, most-stable economic thinker in the land essentially turns out to have been a quasi-religious nut.

Chris Cox

A GOP member of Congress for 17 years, Cox was another deregulation diehard and a reliable advocate for Wall Street's pampered CEO class--a role he continued to play after Bush chose him in 2005 to succeed Donaldson as SEC chair. At the commission, he weakened the ability of the enforcement staff even to investigate securities violations by Wall Street firms, much less prosecute them. Also, in an act of pure ideological folly, he eliminated an office that had been set up specifically to watch out for future problems with such high-risk investments as derivatives.

In essence, he took the cops off the beat at the very time more cops were needed. In October, when the stuff was hitting the fan, a chagrined Cox offered this brilliant insight: "The last six months have made it abundantly clear that voluntary regulation does not work."

Thanks, Chris.

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## William Donaldson

The Securities and Exchange Commission supposedly regulates investment banks, and in 2004 it was headed by--guess who?--a Wall Street investment banker, Bill Donaldson. On April 28 of that year, he presided over a little-noticed SEC meeting held in the commission's basement to consider an obscure rule change urgently requested by the Big Five investment banks (including Goldman Sachs, then headed by Henry Paulson--yes, the same treasury secretary who just designed George W's Wall Street bailout). The bankers wanted an exemption from a sensible requirement that they keep a sizeable pool of money on hand to cover potential losses. Turn these reserve funds loose, pleaded the bankers, so we can put more of our investors' money into this opaque but lucrative area known as derivatives.

After less than an hour of discussion, Donaldson and his four SEC colleagues voted unanimously to do this favor for the bankers. As a bonus, the generous commissioners also decided to let the banks themselves monitor the level of risk they were putting on investors--and ultimately on the backs of taxpayers.

In this one meeting, which was not covered by the media, the dereg geniuses had struck another major blow for banker recklessness, and the likes of Bear Stearns, Lehman Brothers, Merrill Lynch, and others were sent further down the giddy path to their--and our--ruin. "The problem with such voluntary [regulations]," said Roderick Hills, Gerald Ford's former SEC chairman, "is that, as we've seen throughout history, they often don't work." Duh!

## Henry Paulson

As honcho of Goldman Sachs, Hank drew a \$37 million paycheck the year before Bush waved him into the Treasury Department to oversee the whole U.S. economy. At Goldman, he was considered one of Wall Street's "smart guys" who had figured out how to make billions in brokerage fees by packaging and selling these wondrous pieces of wizardry called derivatives, and he came into government as an unquestioning believer in deregulatory doctrine. Now that deregulated derivatives have turned out to be so much hokum, Hank's in charge of the bailout--and his former firm is in line to get at least \$10 billion from it.

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(cont – The Five Most Wanted Rip-off Artists from Wall Street and Washington)

The Paulson bailout plan is flawed in many awful ways, but start with this basic one: the money (some estimates now put the total taxpayer cost above \$2 trillion) is being handed to the same schemers and finaglers who caused the crash. The public gets to contribute the funds, but it gets no seat at the table to decide how the system (and who in it) will be "rescued."

With typical antigovernment extremism, Paulson's plan makes the public passive investors in the banks we're saving, leaving all the say-so to the banks' current executives and directors. Our money is being given away by the Bush ideologues with no strings attached--not even a requirement that it go into new loans so credit can quickly flow into the American economy again! Excuse me? Unclogging that credit flow was Paulson's rationale for giving \$125 billion to nine giant banks (Bank of America, Citigroup, JPMorgan Chase, Wells Fargo, Goldman Sachs, Morgan Stanley, Bank of New York, and State Street). He now says he "hopes" the banks will use the money to make loans, but he refuses to require them to do so.

Meanwhile, bankers themselves say they are more likely simply to sit on the money for awhile or--get this--use it to buy up smaller competitors! Yes, that means that our tax dollars will go toward eliminating competition in America's banking market. Not only will this leave consumers and businesses with fewer choices, but this will also increase the size of poorly managed megabanks that have already been designated by the Bush-Paulson regime as "too big to fail."

Laissez-faire follies

One positive to come from this collapse is that it exposes the bankruptcy of several core ideas that have been pushed by free-market illusionists. For example, market infallibility--the notion that Wall Street investors, analysts, and bankers know more than anyone else, and the government (aka the public) should just get the hell out of the way and behold unfettered genius at work. So, behold. (And, by the way, these are the exact same people who only months ago were insisting that Americans would be so much better off if they would move their Social Security money from government hands to the more adventuresome wizards of Wall Street.)

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(cont – The Five Most Wanted Rip-off Artists from Wall Street and Washington)

Yet, those bankers and politicians who pushed this antigovernment ethos to today's disastrous conclusion remain delusional. They cry for trillions of our tax dollars, but they insist that the profiteers must control the bailout and remain free of public supervision. George W himself still sticks with fantasy over reality, claiming that the fundamentals of the system are sound and that it is "essential" that any reforms not interfere with the "free market."

It's been a scream to hear these devout market ideologues explain how they've just become Wall Street socialists. Having big, bad government buy up the failed investments, then partially nationalize America's financial system, is an unwelcome choice for Bush. "I frankly don't want the government involved," he said. "It was necessary." Bailout chief Paulson (dubbed "King Henry" by Newsweek) said, "We regret having to take these actions"--but they're necessary.

Why necessary? Because laissez-faire ideology is a crock. It failed. Americans are not being told the blunt truth, which is that the financial mess we're in today is a direct result of the laissez-faire fraud that Wall Street and Washington willfully imposed on our nation. CEOs and banking lobbyists, presidents and treasury secretaries, regulators and lawmakers (of both parties) failed to protect America from money-grubbing bankers, hedge-fund speculators, and other big players.

As we've learned in the past few weeks, there is no "free" market. Indeed, it's quite pricey when it trips and falls over the inevitable outcroppings of greed. That's why strong, vigilant, and aggressive public regulation is essential. Don't be fooled by claims that just throwing money at the hucksters will fix the problem. The only way to make America's financial system trustworthy is to return to the sound fundamentals of public oversight--starting with the bailout itself.

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Why Is Ron Paul One Of the Very Few In Office Demanding To Shut  
Down The Federal Reserve System?



# Government bailout hits \$8.5 trillion

Kathleen Pender

The federal government committed an additional \$800 billion to two new loan programs on Tuesday, bringing its cumulative commitment to financial rescue initiatives to a staggering \$8.5 trillion, according to Bloomberg News.

That sum represents almost 60 percent of the nation's estimated gross domestic product.

Given the unprecedented size and complexity of these programs and the fact that many have never been tried before, it's impossible to predict how much they will cost taxpayers. The final cost won't be known for many years.

The money has been committed to a wide array of programs, including loans and loan guarantees, asset purchases, equity investments in financial companies, tax breaks for banks, help for struggling homeowners and a currency stabilization fund.

Most of the money, about \$5.5 trillion, comes from the Federal Reserve, which as an independent entity does not need congressional approval to lend money to banks or, in "unusual and exigent circumstances," to other financial institutions.

To stimulate lending, the Fed said on Tuesday it will purchase up to \$600 billion in mortgage debt issued or backed by Fannie Mae, Freddie Mac and government housing agencies. It also will lend up to \$200 billion to holders of securities backed by consumer and small-business loans. All but \$20 billion of that \$800 billion represents new commitments, a Fed spokeswoman said.

About \$1.1 trillion of the \$8.5 trillion is coming from the Treasury Department, including \$700 billion approved by Congress in dramatic fashion under the Troubled Asset Relief Program.

The rest of the commitments are coming from the Federal Deposit Insurance Corp. and the Federal Housing Administration.

Only about \$3.2 trillion of the \$8.5 trillion has been tapped so far, according to Bloomberg. Some of it might never be.

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## Follow the \$8.5 trillion: Breakdown of the government's rescue funds

	Maximum commitment	Tapped so far
<b>FEDERAL RESERVE PROGRAMS</b>		
<b>Commercial paper program</b> Buys short-term notes from companies, which use the proceeds to pay bills	\$1.8 trillion	\$271 billion
<b>Term auction facility</b> Provides a negotiated rate for banks to borrow from the Fed	\$900 billion	\$415 billion
<b>Other assets</b>	\$606 billion	\$606 billion
<b>Finance company debt purchases</b> Buys debt issued or backed by government-chartered housing-finance companies including Fannie Mae and Freddie Mac in an effort to reduce their debt costs and thereby lower mortgage rates	\$600 billion	\$0
<b>Money market investor funding facility</b> Buys assets from financial companies to bolster money-market mutual funds	\$540 billion	\$0
<b>Citigroup bailout</b> The Fed agreed to guarantee \$291 billion of Citigroup's toxic assets	\$291 billion	\$291 billion
<b>Term securities lending</b> Allows financial firms to borrow Treasury bonds in exchange for collateral	\$250 billion	\$190 billion
<b>Term asset-backed loan facility</b> Lends money to owners of top-rated securities that are backed by school, car, credit-card and small business loans	\$200 billion	\$0
<b>Other credit extensions</b> Loan to American International Group	\$123 billion	\$87 billion
<b>Discount window</b> Lends directly to commercial banks	\$92 billion	\$92 billion
<b>Commercial paper program 2</b> Lends to banks so they can buy commercial paper from mutual funds	\$62 billion	\$62 billion
<b>Discount window 2</b> Lends directly to all financial firms, including securities firms	\$50 billion	\$50 billion
<b>Bear Stearns assets</b> The Fed guaranteed \$29 billion of the firm's assets when JPMorgan Chase bought it	\$29 billion	\$27 billion
<b>Overnight loans</b> Makes one-day loans to banks based on collateral	\$10 billion	\$10 billion
<b>Secondary credit</b> Lends at higher interest rates when collateral is weaker	\$118 million	\$118 million
<b>Federal Reserve total</b>	<b>\$5.5 trillion</b>	<b>\$2.1 trillion</b>
<b>FEDERAL DEPOSIT INSURANCE CORP. PROGRAMS</b>		
<b>Loan guarantees</b> Takes the risk out of bank-to-bank lending	\$1.4 trillion	\$0
<b>Guarantee to GE Capital</b> Supports the lending arm of General Electric	\$139 billion	\$139 billion
<b>Citigroup bailout</b> FDIC agreed to guarantee \$10 billion of Citigroup's toxic assets	\$10 billion	\$10 billion
<b>Federal Deposit Insurance Corp. total</b>	<b>\$1.5 trillion</b>	<b>\$149 billion</b>
<b>TREASURY DEPARTMENT PROGRAMS</b>		
<b>Troubled Asset Relief Program</b> Approved by Congress	\$700 billion	\$375 billion
<b>Stimulus package</b> Checks mailed to taxpayers last spring	\$168 billion	\$168 billion
<b>Treasury Exchange Stabilization Fund</b> Buys and sells short-term notes to moderate fluctuations in foreign currency exchange rates	\$50 billion	\$50 billion
<b>Tax breaks for banks</b>	\$29 billion	\$29 billion
<b>Treasury Department total</b>	<b>\$1.1 trillion</b>	<b>\$597 billion</b>
<b>FEDERAL HOUSING ADMINISTRATION PROGRAM</b>		
<b>Hope for Homeowners</b> Provides loan guarantees for struggling mortgage borrowers	\$300 billion	\$300 billion
<b>Federal Housing Administration total</b>	<b>\$300 billion</b>	<b>\$300 billion</b>
<b>U.S. Government total</b>	<b>\$8.5 trillion</b>	<b>\$3.2 trillion</b>

Sources: Federal Reserve; Federal Deposit Insurance Corporation; Federal Housing Administration; Treasury Department

Bloomberg

(cont – Government bailout hits \$8.5 trillion)

## Where it's going

Most of the money is going into loans or loan guarantees, asset purchases or stock investments on which the government could see some return.

"If the economy were to miraculously recover, the taxpayer could make money. That's not my best guess or even a likely scenario," but it's not inconceivable, says Anil Kashyap, a professor at the University of Chicago's Booth School of Business.

The risk/reward ratio for taxpayers varies greatly from program to program.

For example, the first deal the government made when it bailed out insurance giant AIG had little risk and a lot of potential upside for taxpayers, Kashyap said. "Then it turned out the situation (at AIG) was worse than realized, and the terms were so brutal (to AIG) that we had to renegotiate. Now we have given them a lot more credit on more generous terms."

Kashyap says the worst deal for taxpayers could be the Citigroup deal announced late Sunday. The government agreed to buy an additional \$20 billion in preferred stock and absorb up to \$249 billion in losses on troubled assets owned by Citi.

Given that Citigroup's entire market value on Friday was \$20.5 billion, "instead of taking that \$20 billion in preferred shares we could have bought the company," he says.

It's hard to say how much the overall rescue attempt will add to the annual deficit or the national debt because the government accounts for each program differently.

If the Treasury borrows money to finance a program, that money adds to the federal debt and must eventually be paid off, with interest, says Diane Lim Rogers, chief economist with the Concord Coalition, a nonpartisan group that aims to eliminate federal deficits.

The federal debt held by the public has risen to \$6.4 trillion from \$5.5 trillion at the end of August. (Total debt, including that owed to Social Security and other government agencies, stands at more than \$10 trillion.)

**...continued on page 19**

(cont – Government bailout hits \$8.5 trillion)

However, a \$1 billion increase in the federal debt does not necessarily increase the annual budget deficit by \$1 billion because it is expected to be repaid over time, Rogers said.

## Annual deficit

A deficit arises when the government's expenditures exceed its revenues in a particular year. Some estimate that the federal deficit will exceed \$1 trillion this fiscal year as a result of the economic slowdown and efforts to revive it.

The Fed's activities to shore up the financial system do not show up directly on the federal budget, although they can have an impact. The Fed lends money from its own balance sheet or by essentially creating new money. It has been doing both this year.

The problem is, "if you print money all the time, the money becomes worth less," Rogers says. This usually leads to higher inflation and higher interest rates. The value of the dollar also falls because foreign investors become less willing to invest in the United States.

Today, interest rates are relatively low and the dollar has been mostly strengthening this year because U.S. Treasury securities "are still for the moment a very safe thing to be investing in because the financial market is so unstable," Rogers said. "Once we stabilize the stock market, people will not be so enamored of clutching onto Treasuries."

At that point, interest rates and inflation will rise. Increased borrowing by the Treasury will also put upward pressure on interest rates.  
Deflation a big concern

Today, however, the Fed is more worried about deflation than inflation and is willing to flood the market with money if necessary to prevent an economic collapse.

Federal Reserve Chairman Ben Bernanke "has ordered the helicopters to get ready," said Axel Merk, president of Merk Investments. "The helicopters are hovering and the first cash is making it through the seams. Soon, a door may be opened."

**...continued on page 20**

(cont – Government bailout hits \$8.5 trillion)

Rogers says her biggest fear is not hyperinflation and the social unrest it could unleash. "I'm more worried about a lot of federal dollars being committed and not having much to show for it. My worst fear is we are leaving our children with a huge debt burden and not much left to pay it back."

## Economic rescue

Key dates in the federal government's campaign to alleviate the economic crisis.

March 11: The Federal Reserve announces a rescue package to provide up to \$200 billion in loans to banks and investment houses and let them put up risky mortgage-backed securities as collateral.

March 16: The Fed provides a \$29 billion loan to JPMorgan Chase & Co. as part of its purchase of investment bank Bear Stearns.

July 30: President Bush signs a housing bill including \$300 billion in new loan authority for the government to back cheaper mortgages for troubled homeowners.

Sept. 7: The Treasury takes over mortgage giants Fannie Mae and Freddie Mac, putting them into a conservatorship and pledging up to \$200 billion to back their assets.

Sept. 16: The Fed injects \$85 billion into the failing American International Group, one of the world's largest insurance companies.

Sept. 16: The Fed pumps \$70 billion more into the nation's financial system to help ease credit stresses.

Sept. 19: The Treasury temporarily guarantees money market funds against losses up to \$50 billion.

Oct. 3: President Bush signs the \$700 billion economic bailout package. Treasury Secretary Henry Paulson says the money will be used to buy distressed mortgage-related securities from banks.

Oct. 6: The Fed increases a short-term loan program, saying it is boosting short-term lending to banks to \$150 billion.

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(cont – Government bailout hits \$8.5 trillion)

Oct. 7: The Fed says it will start buying unsecured short-term debt from companies, and says that up to \$1.3 trillion of the debt may qualify for the program.

Oct. 8: The Fed agrees to lend AIG \$37.8 billion more, bringing total to about \$123 billion.

Oct. 14: The Treasury says it will use \$250 billion of the \$700 billion bailout to inject capital into the banks, with \$125 billion provided to nine of the largest.

Oct. 14: The FDIC says it will temporarily guarantee up to a total of \$1.4 trillion in loans between banks.

Oct. 21: The Fed says it will provide up to \$540 billion in financing to provide liquidity for money market mutual funds.

Nov. 10: The Treasury and Fed replace the two loans provided to AIG with a \$150 billion aid package that includes an infusion of \$40 billion from the government's bailout fund.

Nov. 12: Paulson says the government will not buy distressed mortgage-related assets, but instead will concentrate on injecting capital into banks.

Nov. 17: Treasury says it has provided \$33.6 billion in capital to another 21 banks. So far, the government has invested \$158.6 billion in 30 banks.

Sunday: The Treasury says it will invest \$20 billion in Citigroup Inc., on top of \$25 billion provided Oct. 14. The Treasury, Fed and FDIC also pledge to backstop large losses Citigroup might absorb on \$306 billion in real estate-related assets.

Tuesday: The Fed says it will purchase up to \$600 billion more in mortgage-related assets and will lend up to \$200 billion to the holders of securities backed by various types of consumer loans.

# America Cannot Tolerate Unending Immigration

By Frosty Wooldridge

The Denver Post and Rocky Mountain News frequently publish stories on legal and illegal migrants struggling to make a new home in America. Those pieces, filled with sob stories enough to empty a box of Kleenex at a 'chick flick', provide the fodder for a never ending flood of immigrants seeking a better life.

But they never talk about the other side of the coin as those immigrants impact American citizens. The DP and RMN never talk about jobs taken from American citizens by legal and illegal immigrants. They fail to talk about the 28 million Americans living on food stamps or 14 million Americans unemployed because immigrants take millions of jobs annually. They fail to tell readers that taxpayers pay for the plane flights, resettlement costs, food, medical, education and housing for immigrants.

I've traveled in Nepal and Bhutan. Their cultures feature water buffalo for tractors and no electricity in their rural areas. They walk everywhere along with their donkeys they use for transport of goods. Melanie Asmar, RMN journalist, reported that Som Baral from Bhutan, a teacher, now bags groceries at King Soopers. His wages and taxes cannot come close to paying for the costs of his daughter's education in our schools. He and his family suffer with culture shock that few of us can understand. Let's say you found yourself thrust from Denver metro onto a farm in Bhutan. How would you like to drink out of a stream, hoe for food and use an outhouse 100 percent of the time and no more TV or electricity? You would never see another movie. You'd go nuts in a week! Think how they feel changing from a farm, culture, language and family-to Denver!

Worse, we displaced a teacher out of Bhutan that impoverishes that country far more by taking an educated man away from his culture. Thus, both brain drain and leadership skills flit away into America where Baral stands at the bottom of the intellectual and economic rung. America creates a brain drain all over the world that impoverishes all those countries-leaving them with bankrupted educational systems and economies. In other words, we steal their best and brightest.

Asmar reported Columbian Josefina Castro said, "I like it here, but I want to go back to Columbia." Her federal aid runs out next year. She's 80 so she hasn't worked or given a dime in taxes. That happens to our country by the millions of refugee immigrants-cost us untold billions of dollars.

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**(cont – America Cannot Tolerate Unending Immigration)**

Whether they come from Somalia, Burma or Ethiopia, they find themselves ripped out of their cultures, languages and family connections. They arrive in the USA without any skills that benefit America. They cost U.S. taxpayers billions of dollars in resettlement costs. They become cab drivers, grocery baggers and other jobs that require no skills other than showing up. At the same time, they take jobs away from American teens, working poor and other Americans-who now stand in unemployment lines, soup kitchens and living on welfare.

In order to save all the suffering people of the world, the U.S. would have to immigrate 18 million people annually that starve to death worldwide. That's eight million adults and 10 million children that die of starvation or related diseases annually! Can we save all of them? No! How about saving them in their own countries? How about helping them with water purification, farming techniques and family planning?

Beyond the sob stories and the human misery, those reporters never talk about the horrific impact of adding 2.4 million immigrants to the USA annually. Each one causes a 12.6 'ecological footprint' whereby 12.6 acres of land must be destroyed to support that person. The average immigrant causes an immediate 10 times more negative impact to as high as 30 times more impact on our delicate environment. Each immigrant overloads our carrying capacity. Those people represent a growing hyper-population load on the United States that cannot be tolerated as we head into the "Post Oil Era" whereby we cannot support 300 million U.S. citizens and growing toward 400 million in 30 years.

I invite the DP and RMN, and Melanie Asmar along with DP Christopher Ocher to write about what Denver faces when our "unending growth" causes our water to run out, the energy declines and what we face when Colorado adds the projected six million more people-primarily by immigration. In conjunction, we expect to add 100 million to the USA. We're not talking a tea party here folks!

Ironically, the world grows by 77 million desperately poor and starving each year. We cannot save them by bringing them to our country! We face mega planetary consequences that explode beyond most readers' comprehension. The more we bring to America, the worse it gets for all of us-faster! If you think I'm fooling, I recommend reading "The Long Emergency" By Kunstler and "Peak Everything" by Heinberg or my forthcoming book "Nation on the Brink: The Next Added 100 Million Americans".

Everything we face stems from hyper-population loading caused by legal and illegal immigration. Sixty years from now, those journalists' own kids will write stories about desperate Americans scratching out a living in a country with an added 300 million people. We can no longer afford mass immigration into America if we expect a viable and sustainable civilization.

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