

March 9, 2009

Mark Steyn thinks Obama is trying to turn us into Europe.

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But here we are 20 minutes in, and full-scale Europeanization is already under way: Europeanized health care, Europeanized daycare, Europeanized college education, Europeanized climate-change policy . . . Obama's pseudo-SOTU speech was America's first State of the European Union address, in which the president deftly yoked the language of American exceptionalism to the cause of European statism. Apparently, nothing testifies to the American virtues of self-reliance, entrepreneurial energy, and the can-do spirit like joining the vast army of robotic extras droning in unison: "The government needs to do more for me." For the moment, Washington is offering Euro-sized government with Euro-sized economic intervention, Euro-sized social programs, and Euro-sized regulation. But apparently not Euro-sized taxation.

Hmm. Even the Europeans haven't attempted that trick. But don't worry, if that pledge not to increase taxes on families earning under \$250,000 doesn't have quite the Continental sophistication you're looking for in your federal government, I doubt it will be operative very long.

Most Americans don't yet grasp the scale of the Obama project. The naysayers complain, Oh, it's another Jimmy Carter, or It's the new New Deal, or It's LBJ's Great Society applied to health care. You should be so lucky. ...

If that the case, asks **Claudia Rosett**, who is going to defend Europe, or invent stuff, or . . . Europe — sclerotic, bureaucratized and social-democratized — has for decades enjoyed the protection, inventions and security afforded by its more laissez-fair, strapping, and exuberant cousin across the Pond, the United States. America, with its free markets, its market incentives, and its relatively large private sector, has been the engine of global growth. America's system, based fundamentally on individual risk and responsibility, has been the great incubator of innovations that have become the staples of the modern age — from medical advances, to computers, to the internet and beyond. Around the world, people have benefited in ways beyond measure. ...

Director Blue, a new blog for us, has an interesting picture postcard way of explaining the sub-prime mess.

Steve Forbes faults a couple of Treasury regs for a lot of the banking troubles.

... The most disastrous Bush policy that Mr. Obama is perpetuating is mark-to-market or "fair value" accounting for banks, insurance companies and other financial institutions. The idea seems harmless: Financial institutions should adjust their balance sheets and their capital accounts when the market value of the financial assets they hold goes up or down.

That works when you have very liquid securities, such as Treasuries, or the common stock of IBM or GE. But when the credit crisis hit in 2007, there was no market for subprime securities and other suspect assets. Yet regulators and auditors kept pressing banks and other financial firms to knock down the book value of this paper, even in cases where these obligations were being fully serviced in the payment of principal and interest. Thus, under mark-to-market, even non-suspect assets are being artificially knocked down in value for regulatory capital (the amount of capital required by regulators for industries like banks and life insurance).

Banks and life insurance companies that have positive cash flows now find themselves in a death spiral. ...

Politico reports on the [president's training wheels](#) - the telepromptors. *The textbook-sized panes of glass holding the president's prepared remarks follow him wherever he speaks.*

Resting on top of a tall, narrow pole, they flank his podium during speeches in the White House's stately parlors. They stood next to him on the floor of a manufacturing plant in Indiana as he pitched his economic stimulus plan. They traveled to the Department of Transportation this week and were in the Capitol Rotunda last month when he paid tribute to Abraham Lincoln in six-minute prepared remarks.

Obama's reliance on the teleprompter is unusual — not only because he is famous for his oratory, but because no other president has used one so consistently and at so many events, large and small.

After the teleprompter malfunctioned a few times last summer and Obama delivered some less-than-soaring speeches, reports surfaced that he was training to wean himself off of the device while on vacation in Hawaii. But no such luck. ...

[Jeff Jacoby](#) suggests, since it's been so cold lately, maybe some of the global warming folks could climb down from some of their extreme rhetoric.

... But considering how much attention would have been lavished on a comparable run of hot weather or on a warming trend that was plainly accelerating, shouldn't the recent cold phenomena and the absence of any global warming during the past 10 years be getting a little more notice? Isn't it possible that the most apocalyptic voices of global-warming alarmism might not be the only ones worth listening to?

There is no shame in conceding that science still has a long way to go before it fully understands the immense complexity of the Earth's ever-changing climate(s). It would be shameful not to concede it. The climate models on which so much global-warming alarmism rests "do not begin to describe the real world that we live in," [says Freeman Dyson](#), the eminent physicist and futurist. "The real world is muddy and messy and full of things that we do not yet understand."

But for many people, the science of climate change is not nearly as important as the religion of climate change. When Al Gore insisted yet again at a conference last Thursday that there can be [no debate about global warming](#), he was speaking not with the authority of a man of science, but with the closed-minded dogmatism of a religious zealot. Dogma and zealotry have their virtues, no doubt. But if we want to understand where global warming has gone, those aren't the tools we need.

National Review

[Prime Minister Obama](#)

Will European statism supplant the American Way?

by Mark Steyn

Back during the election campaign, I was on the radio and a caller demanded to know what I made of the persistent rumor that Barack Obama was born in Kenya. "I doubt it," I said. "It's perfectly obvious he was born in Stockholm. Okay, maybe Brussels or Strasbourg." And the host gave an appreciative titter, and I made a mental note to start working up a little "Barack Obama, the first European prime minister to be elected president of the United States" shtick for maybe a year into the first term.

But here we are 20 minutes in, and full-scale Europeanization is already under way: Europeanized health care, Europeanized daycare, Europeanized college education, Europeanized climate-change policy . . . Obama's pseudo-SOTU speech was America's first State of the European Union address, in which the president deftly yoked the language of American exceptionalism to the cause of European statism.

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Hmm. Even the Europeans haven’t attempted that trick. But don’t worry, if that pledge not to increase taxes on families earning under \$250,000 doesn’t have quite the Continental sophistication you’re looking for in your federal government, I doubt it will be operative very long.

Most Americans don’t yet grasp the scale of the Obama project. The naysayers complain, *Oh, it’s another Jimmy Carter, or It’s the new New Deal, or It’s LBJ’s Great Society applied to health care.* You should be so lucky. Forget these parochial nickel’n’dime comparisons. It’s all those multiplied a gazillionfold and nuclearized — or Europeanized, which is less dramatic but ultimately more lethal. For a distressing number of American liberals, the natural condition of an advanced, progressive Western democracy is Scandinavia, and the U.S. has just been taking a wee bit longer to get there. You’ve probably heard academics talking about “the Swedish model” and carelessly assumed they were referring to the Britt Ekland retrospective on AMC. If only. And, incidentally, fond though I am of Britt, the fact that I can think of no Swedish dolly bird of the last 30 years with which to update that gag is itself a telling part of the problem. Anyway, under the Swedish model, state spending accounts for 54 percent of GDP. In the U.S., it’s about 40 percent. Ten years ago, it was 34 percent. So we’re trending Stockholmwards.

And why stop there? In Scotland, Northern Ireland, and Wales, government spending accounts for between 72 and 78 percent of the economy, which is about the best a “free” society can hope to attain this side of complete Sovietization. Fortunately for what’s left of America’s private sector, “the Welsh model” doesn’t have quite the same beguiling euphony as “the Swedish model.” Even so, if Scandinavia really is the natural condition of an advanced democracy, then we’re all doomed. And by “doomed” I’m not merely making the usual overheated rhetorical flourish in an attempt to persuade you to stick through the rather dry statistics in the next paragraph, but projecting total societal collapse and global conflagration, and all sooner than you think.

There are two basic objections to the wholesale Europeanization of America. The easy one is the economic argument. The short version of late-20th-century history is that Continental Europe entirely missed out on the Eighties boom and its Nineties echo. A couple of weeks back, the evening news shows breathlessly announced that U.S. unemployment had risen to 7 percent, the highest in a decade and a half. Yet the worst American unemployment rate is still better than the best French unemployment rate for that same period. Indeed, for much of the 1990s the EU as a whole averaged an unemployment rate twice that of the U.S. and got used to double-digit unemployment as a routine and semi-permanent feature of life.

Germany, the economic powerhouse of Europe in the Sixties and Seventies, is now a country whose annual growth rate has averaged 1.1 percent since the mid-Nineties; where every indicator — homeownership, new car registrations — is heading down; and in which government agencies have to budget for such novel expenditures as narrowing the sewer lines in economically moribund, fast-depopulating municipalities because the existing pipes are too wide to, ah, expedite the reduced flow. Even flushing yourself down the toilet of history is trickier than it looks.

Of course, if you’re one of the seemingly endless supply of Americans willing to turn up at the president’s ersatz “town meetings” to petition the seigneur to take care of your medical bills and your mortgage and the gas in your tank, the Euro-deal looks pretty sweet. When they deign to work, even the French can match the Americans in hourly productivity. Unfortunately for boring things like GDP, the Euro-week has far fewer hours. There are government-mandated maximum 35-hour workweeks, six weeks of paid vacation, more public holidays, and, in the event that, after all that, some unfortunate clerical error still shows the calendar with an occasional five-day week, you can always strike. The upshot is that, while a working American puts in an average 1,800 hours a year, a working German puts in 1,350 hours a year — or 25 percent less.

It’s tempting to assume these are deeply ingrained cultural differences. “It’s the good life, full of fun, seems

to be the ideal,” as the Gallic crooner Sacha Distel smoothly observed. But, in fact, until the Seventies Americans and Europeans put in more or less identical work hours. What happened is that the Protobamas of the Continental political class legislated sloth, and, as is the way, the citizenry got used to it.

Indeed, the proposed European Constitution enshrines leisure as a fundamental right. Article II-91: “Every worker has the right to limitation of maximum working hours, to daily and weekly rest periods and to an annual period of paid leave.” There’s no First Amendment or Second Amendment, but who needs free speech or guns when life is one gentle swing in the government hammock?

When American commentators notice these numbers, it’s usually to crank out a “Why oh why can’t we be as enlightened?” op-ed. A couple of years back Paul Krugman wrote a column asserting that, while parochial American conservatives drone on about “family values,” the Europeans live it, enacting policies that are more family-friendly. On the Continent, claims the professor, “government regulations actually allow people to make a desirable tradeoff — to modestly lower income in return for more time with friends and family.”

As befits a distinguished economist, Krugman failed to notice that, for a continent of “family friendly” policies, Europe is remarkably short of families. While America’s fertility rate is more or less at replacement level — 2.1 — seventeen European nations are at what demographers call “lowest low” fertility — 1.3 or less, a rate from which no society in human history has ever recovered. Germans, Spaniards, Italians, and Greeks have upside-down family trees: Four grandparents have two children and one grandchild. The numbers are grim, and getting grimmer. The EU began the century with four workers for every retiree. By 2050, Germany will have 1.1 workers for every retiree. At Oktoberfest a decade or three hence, that fetching young lad in the lederhosen serving you your foaming stein will be singlehandedly propping up entire old folks’ homes. Except he won’t. He’ll have scrambled and headed off to Australia in search of a livelier youth scene, or at any rate a livelier late-middle-aged scene. And the guy taking his place in the beer garden won’t be wearing lederhosen because he’ll be Muslim and they don’t like to expose their knees. And, come to think of it, he’s unlikely to be serving beer, either. The EU would need at least another 50 million immigrants — working immigrants, that is (they’re not always, especially with Euro-welfare) — to keep wrinkly old Gerhard and Jean-Claude in the social programs to which they’ve become accustomed.

To run the numbers is to render them absurd: It’s not about economic performance, public-pensions liabilities, entitlement reform. Something more profound is at work. Europe has entered a long dark Oktoberfest of the soul, drinking to oblivion in the autumn of the year, as *les feuilles mortes* pile up all around.

Let’s take the second part of Paul Krugman’s assertion: These “family friendly” policies certainly give you “more time.” For what? High-school soccer and 4-H at the county fair? No. As we’ve seen, kids not called Muhammad are thin on the ground. God? No. When you worship the state-as-church, you don’t need to bother showing up to Mass anymore.

Civic volunteerism? No. All but extinct on the Continent. So what do Europeans do with all that time? Do they paint, write, make movies? Not so’s you’d notice. Not compared with 40 years ago. Never mind Bach or even Offenbach, these days the French can’t produce a Sacha Distel or the Germans a Bert Kaempfert, the boffo Teuton bandleader who somewhat improbably managed to play a critical role in the careers of the three biggest Anglophone pop acts of the 20th century — he wrote “Strangers in the Night” for Sinatra, “Wooden Heart” for Elvis, and produced the Beatles’ first recording session. If that sounds like a Trivial Pursuit answer, it’s not. Eutopia turned out to be the trivial pursuit; to produce a Bert Kaempfert figure right now would be a major cultural accomplishment Europe can’t quite muster the energy for. “Give people plenty and security, and they will fall into spiritual torpor,” wrote Charles Murray in *In Our Hands*. “When life becomes an extended picnic, with nothing of importance to do, ideas of greatness become an irritant. Such is the nature of the Europe syndrome.”

The key word here is “give.” When the state “gives” you plenty — when it takes care of your health, takes care of your kids, takes care of your elderly parents, takes care of every primary responsibility of adulthood — it’s not surprising that the citizenry cease to function as adults: Life becomes a kind of extended

adolescence — literally so for those Germans who've mastered the knack of staying in education till they're 34 and taking early retirement at 42 (which sounds a lot like where Obama's college-for-all plans will lead).

Genteel decline can be very agreeable — initially: You still have terrific restaurants, beautiful buildings, a great opera house. And once the pressure's off it's nice to linger at the sidewalk table, have a second café au lait and a pain au chocolat, and watch the world go by. At the Munich Security Conference in February, President Sarkozy demanded of his fellow Continentals: "Does Europe want peace, or do we want to be left in peace?" To pose the question is to answer it. Alas, it works only for a generation or two, and then, as the gay-bar owners are discovering in a fast-Islamifying Amsterdam, reality reasserts itself.

In 2003, the IMF conducted a study of Eurosclerosis and examined the impact on chronic unemployment and other woes if the Eurozone labor market were to Americanize — that's to say, increase participation in the work force, reduce taxes and job-for-life security, etc. The changes would be tough, but over the long term beneficial. But it's too late for that: What's "changed" is the disposition of the people: *If it's unsustainable, who cares? As long as they can sustain it till I'm dead.* That's the second and most critical objection to Europeanization: It corrodes self-reliance very quickly, to the point where even basic survival instincts can be bred out of society in a generation or two. In *America Alone* I cited a headline that seemed almost too perfect a summation of a Continent where entitlement addiction trumps demographic reality: "Frenchman Lived with Dead Mother to Keep Pension." She was 94 when she croaked, so she'd presumably been getting the government check for a good three decades, but hey, it's 700 euros a month. He kept her corpse under a pile of newspapers in the living room for five years and put on a woman's voice whenever the benefits office called. Since my book came out, readers have sent me similar stories on a regular basis: "An Austrian woman lived with the mummified remains of her aunt for a year, Vienna police said Wednesday." In Europe, nothing is certain except death and welfare, and why let the former get in the way of the latter?

It's interesting that it never occurred to the IMF that anyone would be loopy enough to try their study the other way around — to examine the impact on America of Europeanization. For that, we had to wait for the election of Barack Obama. Which brings us to the third problem of Europeanization: What are the consequences for the world if the hyperpower embarks on the same form of assisted suicide as the rest of the West? In quite the wackiest essay *Foreign Policy* has ever published, Parag Khanna of the Brookings Institution argued that the European Union was now "the world's first metrosexual superpower." And he meant it as a compliment. Mr. Khanna's thesis is that, unlike the insecure American cowboy, Europe is secure enough in its hard power to know when to deploy a little sweet-smelling soft power. Seriously:

The EU has become more effective — and more attractive — than the United States on the catwalk of diplomatic clout. . . . Metrosexuals always know how to dress for the occasion (or mission) . . . but it's best done by donning Armani pinstripes rather than U.S. Army fatigues. . . . Even Turkey is freshening up with *eau d'Europe*. . . . Stripping off stale national sovereignty (that's so last century), Europeans now parade their "pooled power," the new look for this geopolitical season. . . . Brand Europe is taking over. . . . Europe's flashy new symbol of power, the Airbus 380, will soon strut on runways all over Asia.

But don't be deceived by the metrosexual superpower's pleatless pants — Europe hasn't lost touch with its hard assets. . . . Europe's 60,000-troop Rapid Reaction Force will soon be ready to deploy around the world. . . . Just as metrosexuals are redefining masculinity, Europe is redefining old notions of power and influence. Expect *Bend It Like Brussels* to play soon in capital cities worldwide.

And on and on, like one of those pieces an editor runs when he wants to get fired and go to Tuscany to write a novel. The Airbus 380 is a classic stillborn Eurostatist money pit, the Rapid Reaction Force can't deploy anywhere beyond a Europe Day parade down the Champs-Élysées, and given that the governing Socialist caucus on the Brussels city council already has a Muslim majority I doubt they'll be bending it themselves that much longer.

This is the logical reductio of the Robert Kagan thesis that Americans are from Mars, Europeans are from Venus. It's truer to say that Europeans are from Pluto, which was recently downgraded to "dwarf planet" status. In foreign affairs, a dwarf superpower doesn't have policies, it has attitudes — in part because that's

all it can afford. An America that attempts Euro-scale social programs would have to reel in its military expenditures. After all, Europe could introduce socialized health care and all the rest only because the despised cowboy across the ocean was picking up the tab for the continent's defense. So for America to follow the EU down the same social path would have huge strategic implications for everyone else, not least Europe. We would be joining the Continentals in prancing around in Armani pinstripes and *eau d'Europe* as the bottom dropped out of our hard assets. And Putin, Kim Jong II, the mullahs, et al. might not find the perfume as heady as Mr. Khanna does.

Even in their heyday — the Sixties and Seventies — the good times in Europe were underwritten by the American security guarantee: The only reason France could get away with being France, Belgium with being Belgium, Sweden with being Sweden is that America was America. Kagan's thesis — Americans are from Mars, Europeans are from Venus — will look like paradise lost when the last conventional "great power" of Western civilization embraces the death-cult narcissism of its transatlantic confreres in the full knowledge of where that leads. Why would you do anything so crazy? Ah, but these are crazy times: Europeans are from Pluto, Americans are from Goofy.

The Rosett Report **If Obama Turns America Into Europe...**

by Claudia Rosett

... Then who, or what, fills the resulting vacuum in world leadership?

Europe — sclerotic, bureaucratized and social-democratized — has for decades enjoyed the protection, inventions and security afforded by its more laissez-fair, strapping, and exuberant cousin across the Pond, the United States. America, with its free markets, its market incentives, and its relatively large private sector, has been the engine of global growth. America's system, based fundamentally on individual risk and responsibility, has been the great incubator of innovations that have become the staples of the modern age — from medical advances, to computers, to the internet and beyond. Around the world, people have benefited in ways beyond measure.

All that energy poured into progress is likely to fade, as America devolves into a nation of carbon-capped civil servants, tending to a much-shrunken private sector, and a growing line of people on the dole. However high-flying President Obama's rhetoric, he can't re-engineer human nature. If you tax and subsidize Americans more, they will — like anyone else — produce and create less. In many realms, there will be fewer gains from trade. In the middle of every transaction will be the taxman, or the government regulator. For the dramatic reshaping on which Obama has embarked, the cost will be paid not only in taxes, but in a pervasive souring of climate (and I am not talking about hocus-pocus with the weather).

In short, where there was America the superpower — with its almost bottomless pockets and limitless drive — there will be a shabbier America, quite likely more self-absorbed. There will be a growing vacuum on the world scene. If, a generation into the post-Soviet New World Order, that shift is already underway, we can now expect it to accelerate. Since World War II, America's capitalist system has allowed it to stand as a bulwark of democracy, provider of security and font of commerce and creativity for the world. Europe has had America at its back. There is no candidate right now to replace America in that role.

There are candidates of a somewhat different character, who may see this as a opportunity. There are despotisms, such as China, and resurgently aggressive Russia. There are the totalitarian Islamists of Iran, with their visions, shared by both rivals and collaborators within the Muslim world, of a global caliphate. There are blocs which can be glimpsed in miniature in the doings of the UN General Assembly, where some of the world's more swaggering dictatorships enjoy pride of place. We do not know how these forces might play out as America transforms itself into Europe — but there's a chilling likelihood that we will all pay for this, in ways not mentioned in the multi-trillion dollar spending plans now emanating from Washington.

Director Blue Meltdown



This is the private switching system, utilized by the Federal Reserve, that performs electronic financial transfers.



This is the vault that holds sixty billion of the taxpayers' dollars, which moved to an account owned by American International Group (AIG).



This is troubled insurance giant AIG, a company whose financial instruments undergird much of the world's financial system.



This is an eight-year stock chart of AIG, laid low by the collapse of housing giants Fannie Mae and Freddie Mac, and which requires tens of billions in taxpayer bailouts.



This is housing giant Fannie Mae, described by pundits as a "job shop for out-of-work Democrats."



This is Fannie Mae's stock price, the collapse of which devastated the capital-to-asset ratios of banks and insurance companies like AIG (which held five billion dollars in Fannie Mae and Freddie Mac equities).



These are Democratic operatives Franklin Raines, Jamie Gorelick and Jim Johnson, the executive management team of Fannie Mae, all of whom were awarded positions after loyal service in the Clinton administration.

Compensation of top Fannie Mae executives from 1998-2003, including salary, bonus, performance share plan payouts, stock options and earnings per share challenge grant awards.

CEO Franklin Raines	\$90,128,761
CFO Timothy Howard	\$30,155,029
Vice Chair Jamie Gorelick	\$26,466,834
CEO Jim Johnson	\$21,000,000 ^{1c}

These are the pay packages the Democrats awarded themselves, through undeserved bonuses, immense salaries and incentive payments, all based upon pushing huge numbers of subprime loans through Fannie Mae.

All Recipients of Fannie Mae and Freddie Mac Campaign Contributions, 1989-2008

Name	Office	State	Party	Grand Total	Total from PACs	Total from Individuals
Dodd, Christopher J.	S	CT	D	\$155,400	\$48,500	\$116,900
Obama, Barack	S	IL	D	\$126,349	\$6,000	\$120,349
Kerry, John	S	MA	D	\$111,000	\$2,000	\$109,000

All Recipients of Fannie Mae and Freddie Mac Campaign Contributions, 1989-2008

Name	Office	State	Party
Dodd, Christopher J.	S	CT	D
Obama, Barack	S	IL	D
Kerry, John	S	MA	D

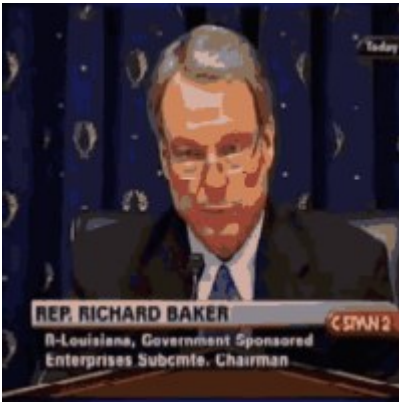
Grand Total	Total from PACs	Total from Individuals
\$185,400	\$48,500	\$116,900
\$126,349	\$6,000	\$120,349

These are the total campaign contributions ("investments") Fannie Mae executives made to Democratic Senators Chris Dodd, Barack Obama and John Kerry in order to "fix" federal regulation.



At least 18 times since 2001 Democrats blocked efforts at overhauling Fannie and Freddie even as accounting scandals and ripoffs became public.

[This is a list of the attempts made by the Bush administration starting in 2001](#) to rein in the out-of-control spending frenzy by Fannie and Freddie.



This is [one such hearing in 2004](#) ([YouTube video available](#)), wherein Republicans demanded additional oversight of Fannie Mae and Freddie Mac because of the GSEs' rampant accounting scandals, inadequate capital reserves, inappropriate bonuses and hundreds of billions in low-income, no documentation mortgages.



This is Maxine Waters (D-CA), complaining that there is no crisis at Fannie and Freddie; and that attempts to audit the GSEs simply disenfranchise the poor by preventing them from getting subprime mortgages.



This is Barney Frank (D-MA), claiming that Fannie Mae and Freddie Mac are fine and that oversight is not needed.



These are other Democratic members of Congress.



Each of whom resisted call after call after call to regulate the GSEs, falsely blaming racism, hatred of the poor and redlining -- all on a straight party line.



This is Chris Dodd (D-CT), the powerful member of the Senate Banking Committee, who threatened filibuster after filibuster over additional regulation of the mortgage market (*while accepting funds and sweetheart mortgages from the very organizations he was supposed to be regulating*).



These are the organizations that profited from subprime mortgages, sold to unqualified individuals -- even those without documentation of citizenship, income or assets -- knowing they could sell the loans to the GSEs. For example, Fannie even accepted a \$700,000 mortgage application from a migrant with an annual income of \$14,000.



This is President Clinton signing the Community Reinvestment Act (CRA), which forced banks to write low-income, zero documentation loans. These loans would then be purchased by Fannie and Freddie and securitized for sale to other financial institutions.



These are the community agitators -- primarily organized through ACORN -- who falsely accused banks of "redlining" (failing to offer mortgages to the urban poor). These groups would pack bank lobbies and harrass customers and employees in order to intimidate the institutions and force the government to strengthen the CRA.



ACORN members meet with Barack Obama, 2004. Photo published in 2004 "Sovereignty" article.

While Barack Obama's connection with the Association of Community Organizations for Reform Now (ACORN) has not gone entirely unreported, it has not been fully explained. Most media backgrounder pieces simply note Obama's involvement in a 1995 lawsuit on behalf of ACORN. Obama's own website, as well as most major media, fail to reveal the full depth and extent of his relationship with the organization.

This is the community agitator and ACORN attorney named Barack Obama, who [sued Citibank in 1994](#); one of hundreds of nuisance lawsuits filed by ACORN and its affiliates to loosen mortgage underwriting standards.



These are the Democrats who profited at every step of the mortgage meltdown while blaming George W. Bush for the crisis, and whose continued oversight of the financial system is a disgrace and a mortal danger.

WSJ

Obama Repeats Bush's Worst Market Mistakes

Bad accounting rules are the cause of the banking crisis.

by Steve Forbes

What is most astounding about President Barack Obama's radical economic recovery program isn't its breadth, but its continuation of the most destructive policies of the Bush administration. These Bush policies were in themselves repudiations of Franklin Delano Roosevelt, Mr. Obama's hero.

The most disastrous Bush policy that Mr. Obama is perpetuating is mark-to-market or "fair value" accounting for banks, insurance companies and other financial institutions. The idea seems harmless: Financial institutions should adjust their balance sheets and their capital accounts when the market value of the financial assets they hold goes up or down.

That works when you have very liquid securities, such as Treasuries, or the common stock of IBM or GE. But when the credit crisis hit in 2007, there was no market for subprime securities and other suspect assets. Yet regulators and auditors kept pressing banks and other financial firms to knock down the book value of this paper, even in cases where these obligations were being fully serviced in the payment of principal and interest. Thus, under mark-to-market, even non-suspect assets are being artificially knocked down in value for regulatory capital (the amount of capital required by regulators for industries like banks and life insurance).

Banks and life insurance companies that have positive cash flows now find themselves in a death spiral. Of the more than \$700 billion that financial institutions have written off, almost all of it has been book write-downs, not actual cash losses. When banks or insurers write down the value of their assets they have to get new capital. And the need for new capital is a signal to ratings agencies that these outfits might deserve a credit-rating reduction.

So although banks have twice the amount of cash on hand that they did a year ago, they lend only under duress, or apply onerous conditions that would warm Tony Soprano's heart. This is because they know that every time they make a loan or an investment there is a risk of a book write-down, even if the loan is unimpaired.

If this rigid mark-to-market accounting had been in effect during the banking trouble in the early 1990s, almost every major commercial bank in the U.S. would have collapsed because of shaky Latin American and commercial real estate loans. We would have had a second Great Depression.

But put aside for a moment the absurdity of trying to price assets in a disrupted or non-existent market, of not distinguishing between distress prices and "normal" prices. Regulatory capital by its definition should take the long view when it comes to valuation; day-to-day fluctuations shouldn't matter. Assets should be kept on the books at the price they were obtained, as long as the assets haven't actually been impaired.

Mark-to-market accounting does just the opposite. When times are good, it artificially boosts banks' capital, thereby encouraging more investing and lending. In a downturn it sets off a devastating deflation.

Mark-to-market accounting is the principle reason why our financial system is in a meltdown. The destructiveness of mark-to-market -- which was in force before the Great Depression -- is why FDR suspended it in 1938. It was unnecessarily destroying banks.

But bad ideas never die. Mark-to-market was resurrected by the Financial Accounting Standards Board and became effective in the fall of 2007 (FASB rule 157) to the approval of the Bush administration, its Treasury Department, and the Securities and Exchange Commission. Even as FASB 157 began to take its toll on financial institutions last year, Mr. Bush refused to kill or suspend it. When Congress voiced displeasure last

fall, the administration and regulatory authorities made some cosmetic changes, but the poisonous essence remained.

Another horrific Bush policy that Mr. Obama has left untouched concerns short selling. In 1938, the SEC, created by FDR, enacted the so-called uptick rule, which held that investors could not short a stock unless it went up in price. In July 2007, the SEC, whose commissioners were handpicked by the White House, got rid of the rule. Market volatility exploded.

Compounding this lunacy was the SEC's inexplicable failure to enforce the rule against "naked" short selling. Before an investor can short a stock, he is supposed to borrow the shares and pay a broker or stockholder a fee. What sellers soon realized was that the SEC was turning a blind eye to naked short-selling, thus adding even more pressure to beleaguered bank equities. Short sellers quickly saw how mark-to-market made seemingly invincible companies vulnerable to destruction. They picked their targets and relentlessly sold financial stocks short.

If the president really takes Roosevelt's legacy seriously, he should suspend mark-to-market accounting rules, restore the uptick rule, and enforce the prohibition against naked short selling. If he doesn't, historians will look back in utter amazement at Mr. Obama's preservation of Mr. Bush's worst economic policies.

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Politico

[President Barack Obama doesn't go anywhere without his TelePrompter](#)

by Carol E. Lee

The textbook-sized panes of glass holding the president's prepared remarks follow him wherever he speaks.

Resting on top of a tall, narrow pole, they flank his podium during speeches in the White House's stately parlors. They stood next to him on the floor of a manufacturing plant in Indiana as he pitched his economic stimulus plan. They traveled to the Department of Transportation this week and were in the Capitol Rotunda last month when he paid tribute to Abraham Lincoln in six-minute prepared remarks.



Obama's reliance on the teleprompter is unusual — not only because he is famous for his oratory, but because no other president has used one so consistently and at so many events, large and small.

After the teleprompter malfunctioned a few times last summer and Obama delivered some less-than-soaring speeches, reports surfaced that he was training to wean himself off of the device while on vacation in Hawaii. But no such luck.

His use of the teleprompter makes work tricky for the television crews and photographers trying to capture an image of the president announcing a new Cabinet secretary or housing plan without a pane of glass

blocking his face. And it is a startling sight to see such sleek, modern technology set against the mahogany doors and Bohemian crystal chandeliers in the East Room or the marble columns of the Grand Foyer.

“It’s just something presidents haven’t done,” said Martha Joynt Kumar, a presidential historian who has held court in the White House since December 1975. “It’s jarring to the eye. In a way, it stands in the middle between the audience and the president because his eye is on the teleprompter.”

Just how much of a crutch the teleprompter has become for Obama was on sharp display during his latest commerce secretary announcement. The president spoke from a teleprompter in the ornate Indian Treaty Room for a few minutes. Then Gov. Gary Locke stepped to the podium and pulled out a piece of paper for reference.

The president’s teleprompter also elicited some uncomfortable laughter after he announced Kansas Gov. Kathleen Sebelius as his choice for Health and Human Services secretary. “Kathy,” Obama said, turning the podium over to Sebelius, who waited at the microphone for an awkward few seconds while the teleprompters were lowered to the floor and the television cameras rolled.

Obama has relied on a teleprompter through even the shortest announcements and when repeating the same lines on his economic stimulus plan that he’s been saying for months — whereas past presidents have mostly worked off of notes on the podium except during major speeches, such as the State of the Union.

Ari Fleischer, a former spokesman for George W. Bush, said while it’s entirely a matter of personal style, using a teleprompter at these smaller events has its drawbacks.

“It removes you from the audience in the room,” Fleischer said. When speaking from notes, Fleischer said, the president can pick up his head and make eye contact with those in the audience, as opposed to focusing on the teleprompter to his left and right.

Bush, Fleischer added, “would use the teleprompter for his major big events, but when he would travel around the country or do events, he would almost always work off of large index cards.”

The White House says Obama’s point of reference is insignificant.

“Whether one uses note cards or a teleprompter, the American people are a lot more concerned about the plans relayed than the method of delivery. This is not always true of the media,” said Bill Burton, deputy press secretary.

Obama has never tried to hide his use of a teleprompter. It was a mainstay during the final months of his campaign. He brought it to county fairs and campaign rallies alike — and once had it set up in the ring at a rodeo.

In a break from his routine, Obama did not use a teleprompter during his pre-Inauguration speech at a factory in Bedford Heights, Ohio — and his delivery seemed to suffer. He paused too long at parts. He accentuated the wrong words. And overall he sounded hesitant and halting as he spoke from the prepared remarks on the podium.

As president, the stakes in what he says are higher. Governing is not campaigning, and, as a former first-term senator, Obama has not held a previous elected position where his words carried even close to this level of influence.

“In this kind of environment, you don’t want to make mistakes — on the economy you’re talking about doing things that affect the markets,” Kumar said.

But be it extra precaution, style or a mental crutch, Obama has shown in the past that he needs the teleprompter. And while he still has his prepared remarks placed on the podium in a leather folder, the White

House has shown no sign of trying to wean him off of it.

Before Obama entered a room in the Eisenhower Executive Office Building on Wednesday to announce his crackdown on defense contracts, a CNN reporter asked an Obama aide if the teleprompter could be moved further away from the podium or lowered. The answer was an unequivocal 'no.'

"He uses them to death," a television crewmember who also covered the White House under Presidents Bill Clinton and George W. Bush said of the teleprompter. "The problem is, he never looks at you. He's looking left, right, left, right — not at the camera. It's almost like he's not making eye contact with the American people."

Wednesday's event posed another scenario photographers and television crews have to work around. Obama had five others join him at the announcement, including Sen. John McCain. The takeaway shot was of Obama and McCain. But the teleprompter on Obama's left was almost directly in front of McCain.

"You couldn't get a good angle on him with McCain," said a White House photographer who also covered Bush. "So if there's someone else important in the frame, it's hard to get a shot without the teleprompter."

Boston Globe

Where's global warming?

by Jeff Jacoby

SUPPOSE the climate landscape in recent weeks looked something like this:

Half the country was experiencing its mildest winter in years, with no sign of snow in many Northern states. Most of the Great Lakes were ice-free. Not a single Canadian province had had a white Christmas. There was a new study discussing a mysterious surge in global temperatures - a warming trend more intense than computer models had predicted. Other scientists admitted that, because of a bug in satellite sensors, they had been vastly overestimating the extent of Arctic sea ice.

If all that were happening on the climate-change front, do you think you'd be hearing about it on the news? Seeing it on Page 1 of your daily paper? Would politicians be exclaiming that global warming was even more of a crisis than they'd thought? Would environmentalists be skewering global-warming "deniers" for clinging to their skepticism despite the growing case against it?

No doubt.

But it isn't such hints of a planetary warming trend that have been piling up in profusion lately. Just the opposite.

The United States has shivered through an unusually severe winter, with snow falling in such unlikely destinations as [New Orleans](#), [Las Vegas](#), [Alabama](#), and [Georgia](#). On Dec. 25, every Canadian province woke up to a white Christmas, something that hadn't happened in 37 years. Earlier this year, Europe was gripped by such a killing cold wave that trains were shut down in the French Riviera and chimpanzees in the Rome Zoo had to be [plied with hot tea](#). Last week, satellite data showed three of the Great Lakes - Erie, Superior, and Huron - [almost completely frozen over](#). In Washington, D.C., what was supposed to be a massive rally against global warming was upstaged by the [heaviest snowfall of the season](#), which paralyzed the capital.

Meanwhile, the National Snow and Ice Data Center has acknowledged that due to a satellite sensor malfunction, it had been [underestimating the extent of Arctic sea ice](#) by 193,000 square miles - an area the size of Spain. In [a new study](#), University of Wisconsin researchers Kyle Swanson and Anastasios Tsonis conclude that global warming could be going into a decades-long remission. The current global cooling "is

nothing like anything we've seen since 1950," [Swanson told Discovery News](#). Yes, global cooling: 2008 was the [coolest year of the past decade](#) - global temperatures have not exceeded the record high measured in 1998, notwithstanding the carbon-dioxide that human beings continue to pump into the atmosphere.

None of this proves conclusively that a period of planetary cooling is irrevocably underway, or that anthropogenic carbon dioxide emissions are not the main driver of global temperatures, or that concerns about a hotter world are overblown. Individual weather episodes, it always bears repeating, are not the same as broad climate trends.

But considering how much attention would have been lavished on a comparable run of hot weather or on a warming trend that was plainly accelerating, shouldn't the recent cold phenomena and the absence of any global warming during the past 10 years be getting a little more notice? Isn't it possible that the most apocalyptic voices of global-warming alarmism might not be the only ones worth listening to?

There is no shame in conceding that science still has a long way to go before it fully understands the immense complexity of the Earth's ever-changing climate(s). It would be shameful not to concede it. The climate models on which so much global-warming alarmism rests "do not begin to describe the real world that we live in," [says Freeman Dyson](#), the eminent physicist and futurist. "The real world is muddy and messy and full of things that we do not yet understand."

But for many people, the science of climate change is not nearly as important as the religion of climate change. When Al Gore insisted yet again at a conference last Thursday that there can be [no debate about global warming](#), he was speaking not with the authority of a man of science, but with the closed-minded dogmatism of a religious zealot. Dogma and zealotry have their virtues, no doubt. But if we want to understand where global warming has gone, those aren't the tools we need.

