

# **THE BAILOUT CULTURE WILL GROW DURING AN OBAMA PRESIDENCY**

By: Anthony Joseph Sacco, Sr.

**PINE BLUFFS** - I've been wanting to write something on the economy for several weeks. Found this by Ken Blackwell, and I really think he expresses some of the points I wanted to make even better than I could. So, here's his article of 12/11/08, reproduced, with full credit to him for a fine piece.

**"The looming retirement meltdown" By: Ken Blackwell, *former Ohio secretary of state, and a senior fellow with the Family Research Council. Special to sacco.services.com***

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The government has been reacting aggressively to America's economic woes. But these short-term measures are not addressing the root problems of our economic distress. And the current crisis will awaken Americans to the coming tsunami of entitlement insolvency, which if not resolved will make our current situation look like a walk in the park.

The bailout culture, flawed from the beginning, is now completely out of hand. The government, supported by congressional Democrats, bailed out Wall Street, saying that banks were essential to the American economy. Since then, many bank executives have shown their disdain for American taxpayers by continuing to throw lavish parties and pay themselves big bonuses for their incompetence.

Predictably, a long line of would-be welfare recipients is forming in Washington, D.C., saying that they too are "essential" to the American economy. The Big Three automakers, city mayors, and others are asking for your money. Having run lousy businesses with unworkable plans, they are asking politicians for your money with no guarantee that they will not simply default in a year or two.

Recently, a joint interview on Fox News Sunday with House leaders, Democrat Steny Hoyer and Republican John Boehner, showed two completely different outlooks on how government ought to respond to such times. The Democratic line was about hundreds of billions of dollars more in bailouts, subsidizing any industry that calls itself "essential" to the economy and taking an ownership stake in the company in return. The Democrats also support hundreds of billions of dollars more in public works projects, looking increasingly like the 1930s. The Republican line was about fostering business growth and long-term economic development. Mr. Boehner spoke of domestic energy production and new energy technologies. Republicans also promote removing the burdens on business to foster private investment, business innovation and new hiring.

The foundational difference between these two visions is the Republican understanding that government cannot create sustainable jobs; instead it can only create a favorable environment for the private sector to make jobs. Government has no money of its own; it takes your money. A stimulus package is a one-time injection of money, but it takes money away from businesses and consumers by taxes. Taking money out of the economy destroys jobs in the long term, rather than create jobs.

The bailouts thus far have, on average, shouldered every family in America with a \$15,000 debt. We will be paying it off for the rest of our lives. More debt is not the solution to our problem. Debt is the problem. Out of our \$2.6 trillion budget, \$300 billion goes to interest on our current debt every year. We need capital-friendly policies and a radical cut of federal spending to get out of this terrible mess. Right now we have a 35 percent corporate tax rate - the second-highest in the world. We have a 15 percent tax on capital gains, with pressure from the left to raise it to 28 percent. Millions of small businesses are struggling and cannot afford to give their employees health benefits. Each of these needs immediate reform. However, President-elect Barack Obama's plans on these issues are unclear.

Our current economic crisis provides Mr. Obama with a brilliant opportunity to lead. The American people are becoming increasingly aware of the dire problems with the country's long-term entitlements - Social Security, Medicare and Medicaid. The ugly truth, which everyone in Washington knows, is that all three programs are headed for bankruptcy. They are completely insolvent, and if not completely overhauled they will go bankrupt, leading to automatic massive cuts in monthly payouts. The amount of commitments currently promised by those programs, but not currently funded, exceeds \$40 trillion. That monstrous number is so large that it is essentially incomprehensible. If nothing is done, retirees will see cuts of 30 percent or more to the checks they rely upon to live. After his reelection, President Bush spent all of 2005 trying to get Congress to address this looming disaster. Some Republicans just didn't get it or lacked the courage to act - depriving the president of the votes he needed to reform the system. But the Democrats went further. Instead of proposing their own alternative and beginning negotiations, they took the extraordinarily irresponsible course of denying there was a problem. They said Mr. Bush was just trying to scare people and destroy Social Security. Thus, Americans missed a golden opportunity to tackle the largest financial problem facing our country.

Now, Democrats control all the levers of power. And the current market declines have shaken the American people awake to the point of realizing this nation faces tremendous economic troubles. It is likely that in the coming months, millions of baby-boomers are going to start asking President Obama and Congress what they are going to do about the \$40 trillion shortfall. The sleeping giant is stirring, and about to awaken.