Make no mistake, the $700-billion request from the Bush administration including Treasury Secretary Henry Paulson and Federal Reserve Chair Ben Bernanke, is very much a bailout of Wall Street first and foremost. The tactics used here are familiar ones. Create shock and fear, and amplify it by fast-tracking legislative action. Create a profound sense of urgency, coupled with vague but absolute solutions with no time for verification or alternatives. Threaten the core security of every citizen to justify, and obtain approval for, the transfer of power being sought. In this case, the request is an unprecedented transfer of power to the U.S. treasurer's office, with virtually no oversight, regulatory control, or checks and balances of any kind.

When asked dozens of times what the $700 billion would actually accomplish, Paulson and Bernanke could not supply a single answer of any substance. Nor could either guarantee, or even assure, that providing this $700-billion bailout would actually work in resolving the current financial crisis.

Why should we believe it would? We have just bailed out at least five of the top financial institutions, either with cash or guarantees, to the tune of nearly $400 billion, to no avail. Not a dent was made, according to these two experts. Why should these additional funds make the difference? If confidence is the issue, then we are in trouble, because for many of us, no amount of money will restore it. Criminal prosecution and rigorous enforcement of current laws protecting taxpayers and consumers from Wall Street's predators are the only remedies that will restore any trust or confidence for most Americans.

The merging of commercial banking (where people deposit their money and consumer loans are made) and investment banking (where investments and securities are bought and sold with funds given it) contributed to the destabilization of credit we are currently experiencing. It used to be illegal to invest commercial banks' deposits, thereby safeguarding those monies from the kind of irresponsible speculation that characterizes so much of Wall Street's activity this past decade.

It is important to note that this bailout is completely unconstitutional. As is our current monetary system, but I'll leave that for a future discussion. Suffice it to say that banks used to loan based upon their actual deposits. Now they loan based upon their reserve requirement, which for commercial banks is around 12 to 1 (meaning for every $1 they have in deposits, they are authorized to issue $12 in loans). For "investment banks" the ratio is as high as 40 to 1. So when Wall Street firms such as Lehman Brothers talk about a $100-million investment that went bad, they really only had to put up 2.5 percent of that $100 million to make the risky investment. And pretty darn close to the 0-percent-down home mortgages the media claims are the culprit to this meltdown. No one has been able to answer: What percent of the $700 billion is from nonperforming home mortgages and what percentage comes from nonperforming Wall Street investments? Ask your congressmen to answer that question before they move forward.

Once a bank makes a loan, it places the loan value on its books as an asset. For example, my bank lends me $100,000 for my home; it now has an asset of $100,000 on its books. The "mark to market" accounting rule requires that banks lower the value of the loan/asset to whatever the current market value of the property is, even though the loan value is unchanged. This has caused huge losses on many banks' books because of the drop in property values, even though most of those same loans are being paid off in a regular manner, with interest. By simply changing this accounting rule to reflect the true loan value, billions will come back to the banks, allowing for a huge release of credit because their loan/borrowing power will be restored to original levels.

The FDIC has regulatory powers to help protect and correct for banking problems that have yet to be implemented. During the 1980s, approximately 3,000 banks were failing. The FDIC resolved $100 billion in financial problems for $1.8 billion through the use of its regulatory authority without any additional tax dollars. Why are lawmakers ignoring these tools to help resolve the current crisis? Former FDIC director William M. Isaac told Congress that implementing these same measures would go a long way in addressing the credit problems facing us today, especially the problems associated with mortgages.

Perhaps for the same reason that mortgage protection was removed from this $700-billion bailout - because that is not what the money is really for. Congress freely admits that the $700 billion will be managed by some of the same Wall Street financiers who got us into this mess. Paulson has told Congress he intends to "outsource" the purchase of assets to professional private-asset managers. My guess is that means his old pals at Goldman Sachs, or its subsidiaries, from whom Paulson gained so much prior to taking his current position as Treasury secretary - $33 million upon leaving GS. Most of these firms are having liquidity issues, so the $700 billion looks really good to them. The banks, on the other hand, are having capital problems, so many alternatives exist that would resolve such problems.

In fact, Paulson, as CEO of Goldman Sachs, personally oversaw the creation of many of the highly risky financial products that resulted in millions, if not billions, of profits for a very select few, but now constitute the "toxic assets" we taxpayers are being asked to purchase at undisclosed prices for a potential future gain insured by stock warrants that have no voting rights, making them virtually worthless. Never mind that government taking an ownership position in any privately held corporation is the very definition of socialism. And if the endgame is to resell it down the road, imagine who might benefit from such a transaction, especially if it were sold below market value to "recoup taxpayers' investment." Even the mostly ill-informed pundits, as well as experts, admit that the real beneficiaries of this bailout will be Wall Street's elite, and the larger banks that are currently buying the failing ones to become "super banks," such as JP Morgan and Citigroup.

Hedge funds, short selling (which is banned until October 2, 2008), derivatives, junk bonds, and the list goes on have also contributed to the current crisis. The firms that fail as a result of participation in this financial folly deserve to go under. As for the subprime mortgages, there are viable solutions, such as resetting the loan values and payments to affordable rates and letting people stay in their homes as part of the newly negotiated terms; allowing banks to recapture actual loan values through elimination of the mark-to-market accounting rule; intervention via the power of the FDIC; reinstating the one quarter of 1 percent fee on every stock-market transaction; and raising FDIC insurance on deposits from $100,000 to $200,000. These are but a few of the alternative proposals available that in combination would significantly, but more importantly immediately, mitigate this crisis.

More than 400 of the nation's top economists cosigned a letter to Congress claiming that the $700-billion bailout is a bad plan. Such expert opinion must be considered. Congress has heard from only *two witnesses* - Paulson and Bernanke. That's it. Why isn't there a demand to hear opposing thoughts, or at least alternatives, if there is even a chance that the other two are wrong, as 400 other professionals have unequivocally avowed?

Most important of all is that the current proposal, while claiming to have oversight and regulatory provisions, does not have a single sentence of enforcement of either. The language consists of "is encouraged to" and "make recommendations" and has all the teeth of a pancake. As one congressman put it, the $700-billion bailout proposal is "full of aspirations but no requirements." It is completely inadequate as a document of reform, oversight, commitment, and consequence, let alone remedy. It authorizes $700 billion in expenditure, but only *suggests* the manner in which the expenditures *might* be controlled. All reporting requirements must occur after the fact, and all oversight is the responsibility of the secretary himself. In other words, the fox is watching the hen house, again. "The secretary is required to issue regulations or guidelines to manage or prohibit conflicts of interest in the administration of the program." It establishes a "Financial Stability Oversight Board" made up of most of the same agencies that dropped the ball in the first place.

Finally, this bill also authorizes the bailout of certain foreign banks. And there are even earmarks added to this bill at the 11th hour! It is poor legislation on every conceivable level. There are far more appropriate alternatives given the chance. Calling your legislator made a huge difference, evidenced by the House of Representatives voting 228 to 205 against the $700-billion bailout. These same legislators are under enormous pressure to reconsider their vote and pass it on Thursday, October 2. Please call your representative and your two senators at (202)224-3121 and make your wishes known. Since elections are next month, they should be more responsive than any other time.

For more information about the bailout plan, visit House.gov/apps/list/press/financialsvcs_dem/press092808.shtml. To download the House legislation, click here.