

TARP, Stimulus, Now Debt Ceiling Increase: Back in the Woodshed

Written by Kathleen McCarthy
Thursday, 04 August 2011 05:52

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Here we go again. The new philosophy of government is to never underestimate the stupidity of Americans. After all, we will swallow anything these days. There is no line Congress can draw in the sand that we will not step over in terms of complacent consent for politicians and bureaucrats, including the courts and police, to abuse their authorities.

Do Americans not understand that as long as we remain silent, doing nothing in response to these outrageous financial manipulations by Congress, they will continue to burden taxpayers with unsustainable governance? How many times do we have to be taken to the woodshed before we resist? Just as the majority of the world's economists predicted, TARP and both stimulus expenditures were eventually exposed as boondoggles. But how quickly Americans forget.

Once again Congress, with the full cooperation of the mainstream media, created a faux crisis to justify even more astronomical spending. For weeks Americans have been hammered with misinformation, half-truths, and, in some cases, outright lies relative to the debt ceiling. Broadcasters, with the sole exception of Judge Andrew Napolitano, warned in dire terms that to not raise the ceiling meant economic "Armageddon," borrowing President Obama's descriptor time and again.

Meanwhile, Congress participated in pure theater throughout this past six weeks, pretending to argue over terms of a "deal" to raise the debt ceiling that promised genuine reform in

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congressional spending. It was political posturing with one goal: to keep the coliseum mentality thriving among Americans by ensuring that we continue to blame one political party over the other. It absolves us from personal responsibility for not getting involved by giving us a place to assign blame. By supporting one party over the other, we convince ourselves that we are civically participating. And that is at the core of how the two parties guarantee their own survival. It has become a pathetic system of codependence.

The silver lining in this debt-ceiling deal is the final proof that America has just one political party with two branches – Democrats and Republicans. This carefully crafted illusion of a two-party system is finally over. The debt-ceiling fiasco has outed the political truth that characterizes both sides of the aisle: Neither Democrats nor Republicans are interested in containing spending, let alone shrinking government, regardless of how unsustainable it is, now or in the future.

Suggesting that this recent deal to raise the debt ceiling significantly cuts federal spending is complete fiction. It does no such thing. The \$900-billion reduction is from the increase in projected spending for 2012. Congress did not agree to cut a single current expenditure.

To illustrate, let's say I budgeted and spent \$1,000 in 2011. But for next year, I budgeted \$2,000. However, I made a "deal" and agreed to cut my spending by \$900 in 2012. This means that I have agreed to only spend \$1,100 next year. There is no reduction in actual spending. I am going to spend another \$1,000 plus an additional \$100! But I tell you that I'm reducing spending by \$900.

This is the kind of disingenuous manipulation that Congress considers fair play these days because Americans en masse do absolutely nothing about such deceptions – except bitch, of course. The fact is that this is the largest federal debt-ceiling increase in history – \$2.4 trillion!

Be clear: Congress will *increase* spending in 2012 by \$1.6 trillion, and even more every year after that. Another dirty little secret is that "baseline budgeting" builds automatic, future spending increases into Congress' budgetary forecasts ([RCReader.com /y/baseline](http://RCReader.com/y/baseline)).

Furthermore, any credit-rating reduction is also political theater. First, any organization that needs to raise its debt ceiling to borrow 40 cents on the dollar to pay its bills deserves a

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demotion in its credit rating, especially where no credible plan for reducing its current spending is in play.

But whether the rating agencies act is irrelevant, because these nefarious agencies have irrevocably demonstrated their ratings are not to be trusted. It is ludicrous on its surface. Their past bad acts have rendered them just short of organized crime – only because they were not prosecuted. Not lowering the rating would only confirm the point, so they have little choice lest they lose all hope of redemption. Consequently, these agencies are instead considering creating a new rating category exclusively for governments. It is a scheme to potentially avert reducing the rating that would trigger increases in interest rates on borrowing, which in turn results in inflationary pressure on the dollar, eroding more of Main Street's net worth than Wall Street's. It is a horror of a predicament attributable to gross incompetence by our leaders.

To add insult to injury is any pretense of credibility given to Treasury Secretary Tim Geithner, whose financial wisdom amounts to the latest Goldman Sachs dictum. If we have learned anything, it is to do the opposite of whatever that scoundrel advises.

The debt-ceiling deal also establishes a "Super Congress" of handpicked legislators – six chosen each by Senators Harry Reid (D-Nevada) and Mitch McConnell (R-Kentucky), both of whom are establishment congressmen and among the worst offenders of overspending in congressional history.

More importantly, this gives unprecedented control to a mere 12 members of Congress, who decide spending priorities for approximately \$2 trillion over the next decade. The rest of Congress can only vote their picks up or down. However, the deal provides that only about \$25 billion needs cutting between now and 2013 – which represents about a week's worth of federal spending. And nearly 70 percent of the cuts will not occur until 2016 and beyond!

Once again, Congress was duped by the threat of default constituting economic collapse if they didn't raise the debt ceiling. But similar to the TARP and stimulus bills, once the debt ceiling increase was approved, and amidst legislators' lamenting the bill, we're learning that the legislation is full of deferments/loopholes, reducing it to nothing more than another performance orchestrated by both parties to push the issue beyond the next election in hopes that voters will forget their disgraceful abdication. How supporters of the Tea Party can equate this with a political victory will forever be a mystery to this editor.

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The mainstream media has also proven beyond question it cannot be relied on for the whole truth on any subject, and the debt ceiling deal is no exception. If you remember nothing else, remember this: The government is projected to collect \$2.2 trillion in tax revenues in 2012 but is projected to spend \$3.7 trillion, leaving it short \$1.5 trillion. Congress' deal raised the debt ceiling by \$2.4 trillion, giving Obama an extra \$900 billion to spend as he sees fit! The federal debt will now increase to \$16.7 trillion in Obama's first term, an unprecedented increase that has no close rival.

Consider this: Because we have no spending reform, we must pay the interest on our debt, Social Security, Medicare, Medicaid, and military personnel. If we do this, and wish not to increase spending beyond this point by borrowing the difference, then we must cut approximately 85 percent of every other federal department.

So ask yourself: Is this country better off after three decades of increased spending by government on countless programs affecting education, defense, transportation, food and drugs, environmental protection, commerce, health care, and energy, to name only a handful of numerous categories for which a governmental agency has been created?

In other words, is education substantially better in America today as compared with 20 years ago, when the majority of urban schools are failing under both Bush's No Child Left Behind and Obama's Race to the Top? Is our environment cleaner/safer when chemtrails are abundant across the nation's skies, dispersing contaminants into the atmosphere that corrupt the pH balance in soil, all under the guise of protecting the Earth from global warming?

Of the wars we have engaged in over the past three decades, how many have we actually won, including those on drugs, poverty, and terrorism? Where is the science behind the official claims that genetically altered seeds and hormone-injected meat and poultry are safe to consume? Has the condition of our roads, bridges, and infrastructure systematically improved, and how much of it have we already sold to foreign countries?

How viable is the country's energy policy, considering we've had an entire department devoted to energy for 30-plus years now but still have no official energy policy? The fundamental purpose of this agency is to manage the distribution of huge subsidies to the most profitable multinational energy companies while dictating what light bulbs the rest of us must use.

And exactly how many jobs have been created, other than those within government itself, including the myriad “agencies”? What economic model accurately supports the notion that government “creates” jobs in an economy, other than those required for its own functioning, when it produces nothing on its own and therefore strictly depends on taxation of the private sector for its support?

Enough time has passed to conclude that, by every conceivable measurement, all the relevant government agencies responsible for the oversight and continued improvement of their respective categories are unparalleled failures, especially considering the massive amounts of money and resources each absorbs.

Evidence of the disincentive created by the overabundance of government agencies lies in the patterns of over-regulation implemented. Nine times out of 10, government regulations benefit industries’ largest producers while providing deterrents to their competitors, especially the medium-sized to smaller ones.

The intended consequence of most regulations is not prevention but punishment. Put another way, the purpose of most regulations is to generate revenue from violations in the form of punitive fees and fines. However, when evaluated by standard economic measurements, such as cost-benefit ratios or opportunity costs, many regulations fall far short of the requirements that would justify their continuation.

The harsh reality is that American government is nothing more than a bureaucracy made up of corporate insiders and politicians in league with industry leaders, union bosses, large foundations, and the courts, all of whom are financed largely at the expense of American taxpayers.

Together these forces conspire to curtail or eliminate competition, which is the antithesis of a free-market economy, as well as a pox on a republic under the rule of law. Such conduct will inevitably transform a free-market republic into a fascist-styled tyranny peddled to us as a democracy.

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Unless, of course, Americans decide to put a stop to it. We still have considerable tools at our disposal: the power of the purse, the U.S. Constitution, our individual votes, state and jury nullification, local civic participation, and grand juries, to name a few options still available.

Whether political or economic, corruption thrives far better under commerce law and/or administrative procedure, which has liability without an injured party at its core. It would not prevail under common law, because most liability must be accompanied by harm. The first has no attachment to the U.S. Constitution, or justice for that matter, while the latter is firmly rooted in individual rights protected by the Constitution, making it all about justice.