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DIGEST

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THE FOUNDATION

“The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create whatever the form of government, a real despotism. A just estimate of that love of power, and proneness to abuse it, which predominates in the human heart is sufficient to satisfy us of the truth of this position.” --George Washington

GOVERNMENT & POLITICS

Democrats and Crony Capitalism

Democrats in Washington, fresh from their conquest of the health industry, are now greedily eyeing another power grab on Wall Street. After all, why should they stop with just 17 percent of the economy?

At issue is legislation crafted by Rep. Barney Frank (D-Fannie Mae) and Sen. Chris Dodd (D-Countrywide) that would ramp up regulations of financial firms in an effort -- so Democrats claim -- to avoid a recurrence of the collapse and ensuing bailouts of 2008. The bill is scheduled for a first test vote Monday.

As The Wall Street Journal reports, “The legislation would grant the federal government the power to seize teetering financial giants and dismantle them the same way the Federal Deposit Insurance Corporation now can seize failing banks. It would create a new financial consumer regulator, would boost the strength and budget of the Securities and Exchange Commission [SEC] and would impose new transparency rules on the trading of derivatives, the complex financial instruments that helped bankrupt Lehman Brothers and nearly wipe out American International Group and Merrill Lynch.”

On Thursday, Barack Obama, who has never held a real job, declared, “Now, there is a legitimate debate taking place about how best to ensure taxpayers are held harmless in this process. But what is not legitimate is to suggest that we’re enabling or encouraging future taxpayer bailouts, as some have claimed. That may make for a good sound bite, but it’s not factually accurate. In fact, the system as it stands is what led to a series of massive, costly taxpayer bailouts. Only with reform can we avoid a similar outcome in the future. A vote for reform is a vote to put a stop to taxpayer-funded bailouts. That’s the truth.”

On the contrary, Investor’s Business Daily notes, “[T]he bill institutionalizes the doctrine of ‘too big to fail,’ a major reason why American taxpayers will be paying off the \$700 billion TARP bailout fund for decades to come. Under Dodd’s bill, every financial institution that might have a ‘systemic’ impact if it failed would be given the too-big-to-fail treatment. This is an invitation to bailouts without end.”

The bailout trough would be filled with money from a new bank tax, which, in the end, would be paid by consumers.

In light of this regulatory effort, it’s almost too obvious to point out the convenient timing of the SEC’s mortgage-related fraud charges against financial giant Goldman Sachs -- charges leveled just as the Frank-n-Dodd monster bill was set to take the spotlight. Never let a crisis go to waste...

“The timing was perfect,” said Sen. Dick Durbin (D-IL). “We’re about to take up the financial regulatory reform bill. The banks are saying, ‘Oh, this is totally unnecessary. We have everything worked out.’ Now we find out the Securities and Exchange Commission has stepped up and charged Goldman Sachs, one of the biggest, with involvement in some trading that really turns out to be very suspicious.” Barney Frank, chairman of the House Financial Services Committee, added that the fraud charge “reinforces the need for much of what we were doing.”

Naturally, the White House and the SEC deny collusion, but the SEC commissioners brought the lawsuit on a 3-2 partisan vote, signaling that evidence may be thin.

None of this is to say that Wall Street is opposed to Democrat regulation. In fact, these crony “capitalists” are lobbying (and paying) to get the field tilted in their favor. As one candid financial services lobbyist put it, “Obtaining a carve-out isn’t rocket science. Just give Chairman Dodd and Chuck Schumer a s---load of money.”

Obama took \$994,795 from Goldman for his 2008 campaign, as well as \$701,290 from Citigroup, \$695,132 from JP Morgan Chase, and \$514,881 from Morgan Stanley. (John McCain’s biggest donor among this Big Four was

Citigroup, which gave him \$322,051.) Obama has numerous other ties with Goldman. Also, while Goldman lawyers negotiated with the SEC, its Chief Executive, Lloyd Blankfein, visited the White House four times.

Thus, this financial “reform” bill is like every other big government power grab in the last two years. The goal is to further the Left’s agenda, and to reward Democrat constituents, who, these days, include the very Wall Street “fat cats” that Obama has been cynically denouncing. Besides, the root of all these problems was, and is, government itself, starting with the subprime mortgage mess, and the subsequent collapse of Fannie Mae and Freddie Mac. Why are they not covered by this so-called reform?

This Week’s ‘Alpha Jackass’ Award

“Good bill, tough bill with teeth. It constrains risk taking so these guys can’t take on this huge risk which [would] imperil the system again. But if they do, we get to put them out of their misery, unwind them, you know, organize the elegant funeral for them.” --Treasury Secretary Timothy “Tax Cheat” Geithner on the “elegant funeral” for free-market capitalism

News From the Swamp: Climate Bill on the Burner

The Project on Climate Science, a coalition of environmental zealots, released a report just in time for Earth Day claiming that “global warming is unequivocal and primarily human induced.” The release of the report was timed to influence the upcoming Senate debate over legislation being introduced by Sens. John Kerry (D-MA), Lindsey Graham (R-SC) and Joe Lieberman (I-CT) and, formerly, John McCain.

The bill seeks to curb supposed planet-heating emissions by introducing crippling new taxes on energy producers and manufacturers, fees that will ultimately be passed on to consumers. The report offers clear support for the bill, claiming that human activity has led to a steady rise in global temperatures, rising sea levels and vanishing glaciers. The disgraced UN climate scientists reached these conclusions in 2007, though their own research fell into disrepute after it was discovered that they hid, altered and destroyed evidence in order to achieve outcomes favorable to the global warming contingent.

This latest fictional account only reintroduces a question asked when the UN scandal first broke. If the data supporting global warming is so “unequivocal,” then why is it necessary to manipulate the evidence achieved from the research?

New & Notable Legislation

The District of Columbia once again missed its opportunity to have full-fledged voting representation in the House of Representatives. The Associated (with the Left) Press reported the development with a bitter note: “The House has abandoned plans to take up legislation giving residents of the District of Columbia a vote in Congress that has been denied them for over two centuries.”

The only reason the House “abandoned” the legislation is that it contained a rider that would have further loosened draconian gun restrictions the District modified slightly after the Supreme Court ruled them unconstitutional last term. House Democrats thus refused to allow the District’s 600,000 residents congressional representation since that would have meant recognizing their Second Amendment rights. Priorities, anyone?

The Senate passed a bill by unanimous voice vote to deny members of Congress a pay raise next year. The House will most likely follow suit in this election year. Members of Congress earn (in the loosest sense of the word) \$174,000 a year. Leaders make even more. We wonder if they know they can freeze the budget, too.

Around the Nation: GOP Primaries

Florida Gov. Charlie Crist is entertaining the possibility of dropping out of the August 24 Republican primary against former state House Speaker Marco Rubio and running as an independent in this year’s Senate race. Read more [here](#).

Another Round of Criticism

Many guys, when faced with a Sunday suddenly opened up due to a change of plans, find it a convenient excuse to head to the golf course. So when the volcanic ash cloud enveloped Europe and forced the cancellation of thousands of air flights over the continent, including Barack Obama’s plan to attend the funeral of Polish President Lech Kaczynski, Obama grabbed his clubs and his caddy and hit the links. It was his 32nd round since taking office. (Yes, someone counts these things.)

This is not to criticize Obama for something that was beyond his control. Several other world leaders were either forced to send their regrets or drive to the service. However, it’s worth noting that the press hounded Obama’s predecessor for taking too many vacations when there was important work to do. Bush played 24 times before giving up the game in 2003, remarking, “I think playing golf during a war just sends the wrong signal.”

At a time when there are all sorts of items needing

Obama's attention, his signal may also be the wrong one. Then again, when he's on the golf course, he's not enacting more disastrous policies for the nation, and that's definitely in America's best interest.

NATIONAL SECURITY

Iran -- The Ongoing Problem

Hope 'n' Change is not a plan. So said Defense Secretary Robert Gates in a recent secret memo regarding long-term U.S. policy toward Iran's nuclear program. According to officials who have seen the memo, Gates worries that the Obama administration has no viable options for preventing Iran from going nuclear, or dealing with them after they go nuclear. After wasting a year attempting to change Iran's behavior with nothing but his irresistible charm, and with Russia and China as recalcitrant as ever when it comes to sanctions, Obama and his party must decide -- soon -- whether they have the stomach for taking military action.

Iran is openly bragging about enriching uranium to 20 percent; it is probably even now equipping its new underground enrichment facility at Qom with centrifuges; it has mastered multi-stage solid-fuel ballistic missiles; it still has not answered IAEA questions dating from 2004; it has threatened to withdraw from the Nuclear Non-Proliferation Treaty ... and *still* Obama and his team prefer talk over action.

A nuclear Iran presents all the headaches of nuclear North Korea, with one enormous difference. While North Korea is not positioned to interfere with much beyond its border with South Korea, Iran sits astride the single most important piece of water in the world -- the Strait of Hormuz. Roughly 35 percent of the world's oil passes through this waterway every day, with no backup options to get the oil out if the Strait is closed.

Just to reiterate its ability to inflict economic pain, on Thursday Iran launched a large Revolutionary Guard Corps Navy exercise in the Strait. Imagine a future crisis in which Iran applies a limited blockade in the Strait while holding nuclear weapons in its arsenal should the U.S. attempt to re-open the Strait by force. Would any of our regional allies provide basing or logistical support in such a situation? Would the Europeans allow us to move troops or materiel through their nations under a nuclear threat and without missile defense? Would \$9-per-gallon gas force America to accept Iran's demands? The United States simply must not allow Iran to go nuclear, and it falls to the president to deal with that problem.

Warfront With Jihadistan:

Three al-Qa'ida Leaders Killed in Iraq

Add three more notches to the U.S. military's gun belt. On Monday, Iraqi and U.S. officials announced that al-Qa'ida's top two leaders in Iraq had been killed. Abu Ayyub al-Masri, al-Qa'ida's leader in Iraq, and Abu Omar al-Baghdadi, the head of the Islamic State of Iraq group, were found dead in a hole inside a house after having an adverse reaction to a U.S. air strike. The top U.S. commander in Iraq, General Ray Odierno, said the bull's-eye was "potentially the most significant blow to al-Qa'ida in Iraq since the beginning of the insurgency." We certainly hope so. The third notch comes from al-Qa'ida leader Ahmed al-Obeidi, commander of operations in Iraq's northern provinces, who was killed in a second U.S. and Iraqi strike on Tuesday morning.

One would think the commander in chief would enjoy announcing this kind of success, but Obama remained strangely silent. Instead, Little Chief Joe Biden did the regime's talking, parroting Gen. Odierno by calling the strikes "potentially devastating blows" to al-Qa'ida. Maybe Obama was too busy planning his next Middle East Obeisance Tour -- or playing another round of golf.

DHS Ponders Federalizing More Security Contractors

The federalization of all of America continues apace. This week, it came to light that the Department of Homeland Security (DHS) is considering federalizing the 15,000 private contractor security guards who currently protect federal buildings. Federal Protective Service (FPS) Director Gary Schenkel said a final decision would be made after DHS completes a review of the FPS, which protects over 9,000 federal buildings across the country.

The FPS contractors have come under scrutiny due to the repeated ability of undercover investigators to sneak fake bombs, guns and knives into high-security federal office buildings. In a Government Accountability Office (GAO) report issued April 14, FPS contract guards allegedly failed to detect two-thirds of the illegal items smuggled into federal agency buildings during covert tests conducted last year by the GAO. This new report comes on the heels of other GAO investigations conducted in the past year that revealed alarming security lapses by contractor guards, including a July report that said undercover investigators easily smuggled bomb-making components into 10 supposedly high-security federal buildings.

While the GAO investigations and reports are alarming

and steps need to be taken to tighten up security in and around federal buildings, what makes the DHS think that federalization of the security guards would solve the problem? Last we heard, federal TSA guards at airports weren't any better at detecting the same sorts of illegal items when investigators performed the same smuggling tests. Why is it assumed that "federal" automatically equals "better"?

One SEAL Cleared in Jihadi 'Abuse' Case

A military jury acquitted a Navy SEAL Thursday in a case involving a terrorist getting roughed up in September. The Associated Press reports, "Petty Officer 1st Class Julio Huertas, 28 years old, of Blue Island, Ill., was found not guilty by a six-man jury of charges of dereliction of duty and attempting to influence the testimony of another service member. The jury spent two hours deliberating the verdict."

Huertas was the first of three SEALs to face court-martial for the incident -- a trial held in Iraq so the three could face their accuser. The second trial began Thursday and the third is scheduled for May 3. The three could have received a disciplinary reprimand, but they insisted on a full trial to clear their names and preserve their Navy careers. In 2004, the jihadi, Ahmed Hashim Abed, was the mastermind of the gruesome murder, burning and mutilation of four Blackwater security contractors, two of whom were former SEALs. Their burned bodies were dragged through the streets and hung from a bridge while a crowd cheered. Abed followed the al-Qa'ida training manual and alleged abuse, but if he got nothing more than a punch in the gut and a fat lip, we're in awe of the SEALs' restraint.

BUSINESS & ECONOMY

Income Redistribution: To VAT or Not to VAT

Playing the part of a modern-day Know-Nothing, the White House is sending mixed signals on any plans to impose a value-added tax (VAT) on Americans. White House Press Secretary Robert Gibbs stated, "This is not something the president has proposed, nor is it under consideration," but his boss later noted that it's "something that has worked for some countries" and that it "would be novel for the United States."

The VAT trial balloon was first floated by White House Adviser Paul Volcker just two weeks ago, and we don't doubt that it will surface when the president's deficit-reduction commission submits its report on December 1, a date that just happens to be after the mid-term election.

To halt the sneaky VAT -- which taxes consumer goods at every stage of production and which, in Europe, has jumped from about 8 percent to nearly 20 percent in four decades -- Sen. John McCain (R-AZ) introduced a resolution asserting the VAT would "cripple families on fixed incomes and only further push back America's economic recovery." Americans overwhelmingly oppose the VAT, and on Tax Day, the Senate passed the anti-VAT resolution by an 85-13 vote.

Wanting further assurance from Washington that the VAT is off the table, Americans for Tax Reform is advocating an anti-VAT pledge and has asked all members of Congress to join the Anti-VAT Caucus. It remains to be seen if the president will reject -- yet again -- the clear voice of the American people.

Regulatory Commissars: New York Insurance

Leftists love to rob Peter to pay Paul, but what happens when Peter wises up? The system collapses faster than a house of cards, and everyone suffers. That's what's already happening in New York, which features insurance regulations similar to ObamaCare.

In the early 1990s, in response to the AIDS crisis, New York State placed stringent government controls on health care. State lawmakers mandated that insurance companies cover people with pre-existing conditions, and also required statewide uniform insurance rates regardless of age, gender and lifestyle choices, such as smoking. The result: The "adverse selection death spiral." This happens when healthy folks catch on that they're paying not so much for their own coverage as for those who are ill or likely to become so, and they fly the coop. Without their money, premiums skyrocket and the whole system falls apart.

The failings of the New York State health care system were such that even The New York Times noticed. The article led with the heart-rending story of a New York woman who, while not precluded from coverage because of her cancer, cannot afford to pay the outrageous costs. Of course, the Leftmedia buried similar stories while the health care war was being waged in Washington. These outlets were too busy playing, ad nauseam, clips of Obama's sales pitch and his mendacious rhetoric on how conservatives were happy with the status quo. Now that ObamaCare has passed, however, the downside of the health care overhaul has suddenly appeared in print, as if it were just uncovered.

Similar “exposés” have surfaced about Massachusetts, but apparently New York Gov. David Paterson hasn’t read them. Despite the market being somewhat deregulated in the late ‘90s to convince insurance companies to cover those with pre-existing conditions, Paterson plans to reinstate those regulations as a “solution.” This is a wake up call. It’s what will happen to *all* the states if ObamaCare isn’t thrown out with the rest of the trash.

Take That Without a Grain of Salt

“Unprecedented” -- is anyone else becoming alarmed by the frequency with which that word has been used to describe a federal initiative in the past, oh, 16 months? The Food and Drug Administration is about to unveil its latest unprecedented attempt to regulate our lives -- limitations on sodium in processed foods. Several industry leaders, including Kraft and PepsiCo, are already taking steps to lower the salt content in their products.

This “initiative,” which the FDA calls “a long-term plan to adjust the American palate,” comes on the heels of a similar scheme to limit the salt used in New York City restaurants. It’s not just the “American” palate. Humans have not only an innate craving for salt, but also a biological need for it. In addition, salt affects both the taste and the texture of foods, which may explain why low-sodium products sell poorly.

The FDA claims the plan will save thousands of lives each year, but other experts say that the science is not exact. “If you consume a lot of salt, you also get rid of a lot of salt,” stated Mortin Satin of the Salt Institute. “It doesn’t mean it’s an excess. I want to make sure they’re basing this on everything that is in the scientific literature so we don’t end up being guinea pigs because someone thinks they’re doing something good.” But, Mortin, that’s the Leftist way.

Government Motors Pays Back Some Loans

General Motors announced this week that it has repaid \$8.1 billion in loans it received from the U.S. and Canadian governments. Of course, this is a small part of the total bailout the bankrupt auto giant received from TARP funds, which were authorized for banks, not automakers. GM received \$52 billion from the U.S., \$6.7 billion of which was considered as a loan, and \$9.5 billion from Canada, \$1.4 billion of which was a loan.

According to the Associated Press, “GM still owes \$45.3 billion to the U.S. and \$8.1 billion to Canada, money it received in exchange for large stakes in the company. The

U.S. government now owns 61 percent of the company and Canada owns roughly 12 percent. GM plans to repay both with a public stock offering, perhaps later this year.” What, selling stock instead of selling cars? Also little noticed, of course, is the fact that GM was able to repay part of what it owes because it has cut 65,000 jobs and the pensions that go with them. Some stimulus.

CULTURE & POLICY

Judicial Benchmarks: CLS v Martinez

On Monday, the U.S. Supreme Court heard oral arguments in *Christian Legal Society v. Martinez*. The background: To become a member of the Christian Legal Society, students must sign statements of faith in which they agree, among other things, to abstain from sex outside of marriage and from homosexual relations. The local chapter at the University of California, Hastings School of Law was denied recognition as a student group because Hastings claimed that the chapter’s statement of faith violated the University’s non-discrimination policy. The chapter sued, claiming that its members’ 1st Amendment freedom of religion and association had been violated, while critics claim that CLS seeks a “license to discriminate.”

If Hastings gets it way, the CLS chapter will be required, as a condition of recognition and support by the University, to accept non-Christians into its membership and leadership. The implications are frightening, as Hastings’ policy would require CLS potentially to cede control over its organization to people who don’t share its faith or values. Considering the scorn and rank hatred that is heaped upon orthodox Christians on many college campuses, it’s likely that anti-Christian “activists” could take over a CLS chapter and pervert it into something that would be unrecognizable.

On another level, *CLS v. Martinez* shows the problems that result when the government becomes too involved in supporting private associations and clubs. On its face, Hastings’ policy would seem to violate the doctrine of “unconstitutional conditions,” which prevents the government from conditioning receipt of benefits on a deprivation of the recipient’s constitutional rights. But a CLS victory surely would be used to open the door for extremist groups -- including radical Muslim organizations -- to demand support and recognition. In other words, Pandora’s Box.

Second Circuit Reinstates ACORN Funding Ban

The U.S. Court of Appeals for the Second Circuit issued a stay on a December ruling that the congressional ban on

federal funding for ACORN was unconstitutional. District Judge Nina Gershon, a Clinton appointee, had ruled that the funding ban violated the Constitution's prohibition on bills of attainder, or laws declaring a person or group guilty of a crime. The Second Circuit issued a stay on that ruling while it reviews the case, meaning the congressional ban goes back into effect. "Today's action immediately restores the congressionally mandated ban on funding ACORN and its affiliates as a result of their criminal conduct and wasting of taxpayer dollars," said Rep. Darrell Issa (R-CA). "Congress does have the constitutional right to deny an organization the benefit of taxpayer dollars." ACORN has appealed to the U.S. Supreme Court.

From the 'Non Compos Mentis' File: Blame Game Stays the Same

"We shouldn't demonize the government or its public employees or its elected officials. We can disagree with them. We can harshly criticize them. But when we turn them into an object of demonization, you know, you ... increase the number of threats."

So said Bill Clinton, warning that Tea Partiers and radio talk-show hosts fuel things like the Oklahoma City bombing. Read more [here](#).

To Keep and Bear Arms

Christopher Hampton approached Brian Blevins, his girlfriend and a friend they were helping move into an apartment in Indianapolis. The 38-year-old Hampton asked if they had change for \$5 and one of them replied that there was some in the apartment room on the 3rd floor. After following them up to the room, Hampton pulled out a gun and instructed the group to go into the back room of the apartment. As they were heading toward the room, Blevins pulled out his own gun and opened fire, hitting Hampton at least four times, killing him. Hampton had previous trouble with the law and was under GPS surveillance for invasion of privacy and violation of a protective order arrest just two weeks before. Chalk one up for the good guys.

Climate Change This Week: Nonsensical Ninnies

The volcanic eruption under Iceland's Eyjafjallajökull Glacier has triggered a corresponding eruption of leftist hand wringing. Leftist dogma holds that all natural events are somehow related to man-made global climate change; therefore Eyjafjallajökull is in some way connected. However, the question of how a volcano could possibly be related to global climate change has caused considerable consternation among the elite cognoscenti. Was the

volcano caused by global climate change, or does it cause a change in the global climate?

While this chicken-and-the-egg conundrum poses no theoretical difficulties to thinking Americans, leftist deep-thinkers are not so sure that the planet's latest expectoration of lava, fumes and ash indiscriminately blotting out sunlight and air travel may somehow effect some sort of climate change. Despite earth's history of volcanic eruptions emanating from the center of the planet (where, we note, no climate exists), some liberal scientists now theorize that the presence of a glacier on the surface has something to do with lava rising from the planet's core. Comically, other climate geniuses also declare that sunlight and clear skies cause global warming. So does summer.

And Last...

Someday, the Chicken Littles of the world may finally realize that their ridiculous proclamations of man-made disasters bring only well-deserved mockery. But not today. An Iranian imam waded into the fray when he educated a gathering of Muslims about the real cause of earthquakes and other global calamities. Ayatollah Kazem Sedighi declared, "Many women who dress inappropriately ... cause youths to go astray, taint their chastity and incite extra-marital sex in society, which increases earthquakes."

Does the ayatollah really think that the stampede of males toward Iran to find such women is causing the planet to tilt off its axis, thereby resulting in severe continental shifts? Then again, given the success of U.S. fighting forces at liquidating our nation's enemies, maybe the tectonic shifts are caused by the enormous buildup of virgins awaiting their jihadi martyrs.

Veritas vos Liberabit -- Semper Vigilo, Fortis, Paratus, et Fidelis! Mark Alexander, Publisher, for *The Patriot Post*'s editors and staff. Read online at <http://patriotpost.us>

(Please pray for our Armed Forces standing in harm's way around the world, and for their families -- especially families of those fallen Soldiers, Sailors, Airmen, Marines and Coast Guardsmen, who granted their lives in defense of American liberty.)