OBAMA: Problems still abound for the US

Continued from page 7

burdened judicial system. Subjecting enemy combatants captured on the distant battlefields of Iraq and Afghanistan to a "beyond a reasonable doubt" type of criminal court is sheer lunacy. This is a military matter and it should be treated like one. Unfortunately, the threat of jeopardizing Obama's cult popularity to an international community already enamored with the untainted one sadly supersedes the real threat of Islamic terror.

Obama went on to say suggest that America's greatness was the end result of some sort of collectivist effort by early immigrants toiling in sweatshops to advance the greatness of the nation as a whole. Contrary to Obama's adolescent views consistent with class warfare, those who immigrated to America at the turn-of-the-century came to better their own lives through diligence and individualistic opportunity. There was not some sort of subconscious socialism ingrained within the masses to advance a utopian society void of failure and desperate circumstances.

This misguided notion is prevalently evident, as Obama continues to force another massive stimulus package down the throats of taxpayers. To the tune of $800 billion, Obama's supposed stimulus would repair infrastructure, expand funding for green projects, subsidize health care, and double-down on the porkbarrel spending that he promised to eliminate. Akin to the massive increase in government implemented under FDR's New Deal, Obama's proposal will prolong our recession, as did the New Deal during the 1930s, only adding to a national debt already out of control.

These make work projects have little if any simulative effect on the nation's economy. The best way to stimulate GDP and to foster healthy job creation is to create an environment that does not punish the success of businesses through heavy taxation. Turning the government into a job fair mostly comprised of busy work is not sustainable for long term growth nor does it make much sense. Recessions are cyclical and are indicative of the business cycle. This myopic suggestion that we can avoid them at all cost by saturating the market with unprecedented amounts of taxpayer dollars only staves off the inevitable and makes the eventual come down even more unbearable.

Throwing more and more newly printed money from the Federal Reserve at this problem, is tantamount to nothing more than an effort in futility. We are enabling the prolonged inflation of the financial bubble that was due to pop a long time ago. It's time we as Americans stand up to this never-ending story of bailouts and demand that unprofitable businesses and financial institutions bite the bullet and take accountability for their poor decision-making. If that means collapse, then so be it. Yes, liberal policies meddling in free markets are the primary factors for our current economic predicament. However, giving the same elected officials who caused this mess credence to do whatever they want in the name of fairness and economic stability is not the solution.

Obama has already undermined our national security. He signed an executive order to lift the ban on federal funds sent internationally to fund abortions. His sights are now set on the economy. This is just a taste of his leftist dogma to come.

US bets execs can save banks, this time

By MATT APUZZO and DANIEL WAGNER
Associated Press Writers

It's one of the ironies of the U.S. financial bailout: The banking executives now managing billions in taxpayer money are the same ones who oversaw the industry's near collapse.

At banks receiving federal bailout money, nearly nine of every 10 of the most senior executives from 2006 are still on the job, according to an Associated Press analysis of regulatory and company documents.

Even executives whose banks made such risky loans they imperiled the economy have been largely spared any threat to their jobs. Less fortunate are more than 100,000 bank employees laid off during a two-year stretch when industry unemployment nearly tripled, bank stocks plummeted and credit dried up.

"The same people at the top are still there, the same people who made the decisions causing a lot of our financial crisis," said Rebecca Trevino of Louisville, Ky., a mother of three who was laid off from her job as a Bank of America training coordinator in October. "But that's what tends to happen in leadership. The people at the top, there's always some other place to lay blame."

It's hardly a surprise that workers and managers experience a recession differently. What's new is that taxpayers are now shareholders in the nation's bailed-out banks, yet they lack the usual shareholder power to question management decisions or demand house-cleaning in the executive suites.

Wells Fargo & Co., for example, once was among the top lenders for subprime mortgages, loans to buyers with low credit scores. The company received $25 billion in bailout money and plans layoffs in the coming months. But longtime CEO Richard Kovacevich remains the company's chairman, and the board recently waived its mandatory retirement age for him.

"Our senior leadership team of our CEO and his direct reports have an average tenure of almost a quarter-century with our company," Wells Fargo spokeswoman Julia Tunis Bernard said in a statement that also highlighted the company's "unchanging vision."

Under the government's bailout plan, taxpayers must take it on faith that bank executives will make better decisions this time around, said Jamie Court, president of the California-based group Consumer Watchdog.

"When you deal with the same dogs, you're going to end up with the same fleas," said Court.

The bailout list includes banks ranging from Wall Street giants to community banks. Some led the rush into subprime mortgages. Others followed.

Many executives on the list are small-town executives who earn a fraction of Wall Street salaries and who lately have suffered alongside their communities. The trouble with the bailout is that nobody ever stopped to figure out who caused the avalanche and who simply got buried, said University of Maryland business professor Peter Morici.

"If they got involved in questionable loans and contributed to the speculative bubble, they should be out," Morici said. "These people should be removed and banned from banking, unless we wanted to make them all janitors. But the question then is, Can they be trusted wandering around the offices at night?"

The president of the American Bankers Association, Ed Yingling, said he understands people are frustrated. But most banks had nothing to do with the subprime crisis, he said. As for whether taxpayers should demand management changes, he said that was never a condition of the bailout plan the government crafted.

"Are we going to have the American people saying, 'We're invested in you, so now we should look at your margins, look at every loan you make, look at your lending policies?' No. That was never discussed," Yingling said. "You can't micromanage banks."

In some cases, the market held executives accountable for the mortgage crisis. When Washington Mutual, Merrill Lynch and Lehman Brothers were bought up, many executives lost their jobs. When the government took over mortgage giants Fannie Mae and Freddie Mac, executives were fired.

But the financial bailout has forced no such consequences. AP's review of the more than 200 publicly traded banks that received bailout money found that about 87 percent of the top three executives in 2006 — typically the chief executive, operating and financial officers — are still on the job.

And that number is deceptively low, since those few executives who left their jobs often did so because they retired — or died. Several stayed on as directors or in consulting positions.

Even banks that were involved in risky lending saw little turnover:

JPMorgan Chase & Co., which invested billions in subprime mortgages, has the same leadership team, led by CEO James Dimon. Dimon made about $28 million in 2007. The company is shedding about 10 percent of its investment bank staff.

Cleveland-based KeyCorp, which ran subprime lending subsidiary Champion Mortgage until late 2006, received $2.5 billion in bailout money. Its chairman and CEO, Henry Meyer, has been in charge since 2001. Jeffrey Weeden, the company's chief financial officer, and Thomas Stevens, the administrative officer who oversaw the risk review group, have been on the job for years.

KeyCorp has been cutting jobs, including 200 announced this month at a Tacoma, Wash., call center. A company spokesman said the bank was too busy preparing its earnings report to answer questions about whether taxpayers should have confidence in the company's management.

"The on-the-record comment I would make is that we declined to comment even though we'd like to, because we don't have time," spokesman Bill Murschel said.

Capital One Financial Corp., one of the nation's biggest credit-card providers, dove into the risky mortgage business when it bought GreenPoint Mortgage in 2006. GreenPoint made loans to borrowers without verifying income or credit scores, then sold those loans to investors.

A year later, Capital One shuttered GreenPoint, cutting 1,900 jobs. Capital One CEO Richard Fairbank and his top executives were not among them. The company received about $3.5 billion in bailout money.

In Louisville, Trevino and her family are living mostly off credit cards and savings while she interviews for jobs. Her husband is in commercial real estate, which has slowed significantly. After what she described as a bare-bones Christmas, she said she reviewed her finances and realized they might lose their home.

"That's when I was just, 'Lord, I know you have a plan. Can you just show me? I'd really like to know,'" she said.

Trevino isn't angry that her old boss, Bank of America CEO Ken Lewis, remains on the job. And she agrees the government needed to rescue banks. But some bank executives did contribute to the crisis, she said, and there should have been some oversight.

"It is surprising that leadership can make decisions that lead to financial ruin for so many," she said, "and then get bailed out for it."