

Yankee Steve's Column
for the week of April 1, 2010

Math Phobia

Where is Arnold Schwarzenegger? I am told that he is in the South Pacific on vacation. That seems undeserved since we now know that California, the state over which he presides as governor, for all intents and purposes is insolvent, or to use the more common term "bankrupt." Thank you Arnold; it wouldn't have crashed without you.

History could have been written differently. In 2003 former governor Gray Davis [D] was forced out of office by a procedure, the recall vote, dating back to ancient Athens. That was a historic moment for California, a once sought after destination. They voted in "Arnold the Terminator" who has lived up to his name; California is done for! People are leaving the state in droves, and even illegal aliens molly-coddled by Arnold and his wife Maria Shriver are heading for the border.

And to think Arnold wanted President Bill Clinton to challenge the U.S. Constitution so that foreign-born citizens like him could run for president. It is ironic that Schwarzenegger was born in Austria which gave us the Austrian School of Economics from which he learned absolutely nothing.

What will Arnold do next now that he has ruined California? I guess he will return to a Hollywood back lot where the film action is just like his economics, more pretend than reality.

One hundred candidates signed up for the governor's job, but the electorate chose Arnold. An everyday worker, a cab driver for example, who knows how to balance his checkbook, could have done a better job. He or she would have realized that entitlement programs, even cloaked as they are in good intentions, lead to excesses.

"Virtue is more to be feared than vice, because its excesses are not subject to the regulation of conscience." [Adam Smith 1723-90]

Every nation bitten by the welfare mosquito will bleed red ink. But why do I mention any of this?

I am bringing this up because Schwarzenegger presented himself to the voters as a fiscal conservative when he was nothing of the kind. Had he been a conservative California would be on the mend and the man with a past as garish as Tiger Woods would leave office having saved the state. Instead he departs in the same way as President George W. Bush, another example of someone who tricked voters into believing that he was a fiscal conservative and who like Arnold brought a government to the brink of ruin, and whose successor Barack Obama has dragged us even closer to the precipice.

I am making a point of this because in the next presidential election many “conservatives” will bid for the presidency of the United States. I think we should look closely before we vote in 2012 because America will go the way of California, if look-alikes once more prove that the American voter has for a long time been electing politicians who are fiscal liberals. If they handled their own money as they do our national accounts, these fiscally reckless would file for chapter seven bankruptcies.

Bankruptcy

For America to go bankrupt only two things must happen.

1. Our creditors call in their loans. (i.e., bonds are cashed in, i.e., a run on their loans is created)
2. We put in place permanent programs which can never be paid for, no matter how healthy the economy becomes. These programs must be paid for by over-taxing the public, which in turn will prevent the flow of cash to investors who could use that money to start businesses to employ more people. More money will need to be borrowed in order to keep these programs, deemed indispensable, afloat.

What is a permanent program? A permanent program is one that liberal economists [Socialists] have convinced voters that we cannot do without; for to do so would mean that our nation has not kept pace with European nations. Those “enlightened” nations are more fair than America, which means that they are determined to see to that everyone has what everyone else has.

Because Socialism obviously cannot be recommended to voters on the basis of how well it has performed throughout history, we all know that its rate of failure stands at one hundred percent, so it is put forth as a basis of a just society. Permanent programs are implemented when politicians decide that you or I must have something, whatever that something is.

If the voter does not agree, then another program will be substituted, one that aimed directly at the reasoning of the voter, so that every Tom, Dick, and Harry begins to consider these issues in the same way the politicians do. Of course, the taxpayer will pay for that program, too.

Fiscal Suicide and Presumption

The health care bill Obama just signed into law will, if it remains on the books, become a permanent program and it will assuredly bankrupt our country. It was sold to Congress on the basis that if America is just it will have to approve Obama-care. How can we live with ourselves if there are people who do not have or even want medical insurance?

Do the math; crunch the numbers! Pull out your calculator, and you will see that Obama-care is tantamount to fiscal lunacy. Like in ancient Rome; he has asked America to open a vein. This is

why the Democrats crafted the bill in such a way that its most detrimental features, the ones that cannot be paid for by any stretch of the imagination, do not kick in immediately.

Do you see what I am driving at? The Democrats are banking on a bumper crop. Our economic future must surpass that of any time in history if Obama-care is going to work. Things will have to be so superior that we will be able both to handle the national debt, which now reaches to outer space, and pay for Obama-care with money we will never have, not if 2 plus 2 still equals 4.

Fiscal lunacy is what a theologian would label as the sin of presumption. Satan told Jesus that if He really trusted in God He could prove to the world just how reliable God is by leaping from the pinnacle of the ancient temple. In other words the tempter made it look as if we will have to take foolish steps if we are ever going to prove God, who did in fact say that "He will give His angels charge over thee lest thou dash thy foot against a stone." Faulty logic has an appeal but when reason prevails the faithful will reply, "Thou shalt not tempt the Lord thy God."

So far reason has not prevailed among the liberal left who are found in such large numbers in the Congress. I would go so far as to say that reason has finally and irrevocably deserted the Left.

The Obama administration has convinced itself that if America leaps from the pinnacle of the White House, angels of the National Treasury will catch us. The money we need to pay for Obama-care will somehow materialize. When the bills begin to mount to the ceiling all we will have to do is reach into the federal coffers which by that time will be overflowing with money, right?

Conclusion

Let us follow the money lead delineated by U.S. Representative Paul Ryan [R-WI]. Unlike most Americans, Ryan is not afraid of mathematics.

Mr. President, you said health care reform is budget reform. You're right. We agree with that. Medicare, right now, has a \$38 trillion unfunded liability. That's \$38 trillion in empty promises to my parents' generation, our generation, our kids' generation. Medicaid's growing at 21 percent each year. It's suffocating states' budgets. It's adding trillions in obligations that we have no means to pay for it . . . If you take a look at the CBO analysis, analysis from your chief actuary . . . this bill does not control costs. This bill does not reduce deficits. Instead, this bill adds a new health care entitlement at a time when we have no idea how to pay for the entitlements we already have. What has been placed in front of [the CBO] is a bill that is full of gimmicks and smoke-and-mirrors.

Now, what do I mean when I say that? Well, first off, the bill has ten years of tax increases, about half a trillion dollars, with ten years of Medicare cuts, about half a trillion dollars, to pay for six years of spending. Now, what's the true ten-year cost of this bill in ten years? That's \$2.3 trillion. It does couple of other things. It takes \$52 billion in higher Social Security tax revenues and counts them as offsets. But that's really

reserved for Social Security. So either we're double-counting them or we don't intend on paying those Social Security benefits.

It takes \$72 billion and claims money from the CLASS Act. That's the long-term care insurance program. It takes the money from premiums that are designed for that benefit and instead counts them as offsets. The Senate Budget Committee chairman said that this is a Ponzi scheme that would make Bernie Madoff proud . . . You can't say that you're using this money to either extend Medicare solvency and also offset the cost of this new program. That's double counting.

Ever yours,

Yankee Steve Cakouros

oldlineconservative.com