

cuts U.S. imports by 2.8%. The economy is on life support and the consumer will not come to the rescue this time.

All the money the Fed is pumping into the economy is propping the economy and the stock market up but it is not restoring the economy to previous artificial levels. And those artificial levels were not so great to begin with. For example, GDP growth for the decade just ended was slightly less than 2.0%. Core inflation for the decade just ended was about 2.4%.

Thus, real economic growth was slightly negative for the first decade of the new millennium. Let's call it zero to account for rounding errors. Not surprisingly, stock market growth for decade just ended was also zero.

This is why banks are not lending and borrowers are not borrowing. Banks are using Fed money and low interest rates to restore their balance sheets and to reduce their risk exposure. Repaying debt in 2010 will continue to be attractive to borrowers and reducing risk exposure will continue to be attractive to lenders.

With consumer spending and lending remaining well below recent levels and unemployment remaining at historic levels, there is no chance of a roaring economic recovery. This also raises serious doubts over conventional concerns about inflation.

Inflation is a function of velocity not money supply growth.

THE MONETARY EQUATION IS: $MV = PT$

Velocity increases when economic growth is very strong. Velocity declines when the economy contracts. There is no chance of velocity increasing anytime soon under current conditions.

Deflation remains a greater concern, which is why the Fed will not increase interest rates before the end of the year. Excess capacity in the U.S. and worldwide along with velocity continuing to fall will keep inflation low.

Real Estate Outlook

Excess inventories of houses for sale, the mortal enemy of prices, remain huge. And inventories may rise. A quarter of homeowners with mortgages are under water and 40% of homeowners who took out mortgages in 2006 are under water.

Since building costs don't change much over time, the volatility in house prices is really fluctuating land values. The collapse in land values the past two years will probably persist. The 30% decline in house prices nationwide has put the 5 percenters way under water. It took three decades for the financial sector to expand its leverage to the levels reached in 2007. Deleveraging will take at least 10 years.

Due to bad commercial as well as residential real estate loans, small banks are dropping like flies. Since small banks are the primary lenders to small business and since small business is the engine of job growth, it seems likely unemployment will remain high and slow economic growth will continue.

Excess capacity in commercial real estate and big refinancing requirements in coming years beginning in 2010 will continue to plague hotels, malls, warehouses and office buildings. Moody's/REAL Commercial Property Price Index fell 44% last October from 2007. Retailers closed 8,300 stores last year exceeding the previous peak of 6,900 (2001).

Most of the really bad loans in residential and commercial real estate were made in 2005-2006. Those loans will have to be refinanced in 2010-2012. It is estimated that as much as 50% of these commercial real estate loans will not roll over in 2010.

Economic Summary

Thus, the economic weather report for 2010 is for slow economic growth, high unemployment,

falling real estate prices, continued deleveraging, more small bank failures and a huge supply of bad residential and commercial real estate loans needing to be refinanced. This is not a clear skies ahead or a return to business as usual forecast, as the stock market seems to have been forecasting.

Financial Outlook

The economy will eventually adjust to this lower economic trajectory but it will take time. The only thing that could speed up this process would be to identify the cause of the financial crisis (The Greatest Securities Fraud in History) and fix it.

Unfortunately, the Obama and Bush Administrations have covered up the cause of the financial crisis in order to protect those responsible. Perhaps the Financial Crisis Commission, which is investigating the cause of the crisis will identify the real cause of the crisis and recommend positive corrective actions. Absent that, we are looking at a sustained period of slow economic growth.

Throughout this crisis, President Obama, a gifted public speaker, has consistently spoken on behalf of "Main Street" but acted on behalf of "Wall Street". This strategy is based on the belief held by politicians and the investment banking cartel, which caused the financial crisis and is in complete control of the Administration, that you can fool "all the people all the time". It will come as no surprise that all of the President's key financial advisors work for or are surrogates for the investment banking cartel.

President Obama proposed prohibiting Big Banks from engaging in Proprietary Trading and Proprietary Hedge Funds.

"Main Street" was not impressed and "Wall Street" laughed

The reason "Wall Street" laughed is that proprietary trading and proprietary hedge funds had absolutely nothing to do with cause of the financial crisis and taking it away does nothing to help "Main Street" or curtail "Wall Street's" subsidized risk taking. While it is true that investment banks benefit from access to the Fed's discount window and bank deposits for trading purposes. This is the result of the repeal (1999) of Glass-Steagall, which was the ultimate cause of the financial crisis, along with the economic structure of the financial industry (cartels, oligopolies and duopolies). In other words, the President learned nothing from Massachusetts. Tinkering with symptoms of the financial crisis rather than its causes is just not good enough.

Moreover, it is not the size of banks that is the problem; it is their configuration and lack of regulation. That is the mixing of unregulated investment banks (gambling casinos) with regulated commercial banks is the problem. It is the combination of investment banks and commercial banks that makes banks "too big to fail" not their size.

There is no systemic risk from the failure of a stand-alone investment bank. The repeal of Glass-Steagall, which ushered in a decade of unparalleled risk taking and fraud by permitting investment banks and commercial banks to combine for the first time in 70 years created the "too big to fail" problem.

In the process of tinkering and ignoring the real problem the President managed to embarrass Paul Volcker, a great public servant, by making him take credit for this foolishness. This was not Volcker's Proposal. Volcker's Proposal was to bring back the Glass-Steagall Act, which was repealed by the Financial Destruction Act of 1999.

While it is true that Glass-Steagall would prohibit commercial banks from engaging in proprietary trading and hedge funds, it would prohibit a lot more than that. It would prohibit commercial banks from engaging in

all investment banking activities. Proprietary trading and hedge funds are crumbs on the floor by comparison.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. MORAN) is recognized for 5 minutes.

(Mr. MORAN of Kansas addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

HONORING THE U.S. COAST GUARD CUTTER "INGHAM"

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Florida (Ms. ROS-LEHTINEN) is recognized for 5 minutes.

Ms. ROS-LEHTINEN. Mr. Speaker, I rise today to honor one of the most decorated ships of the United States, the U.S. Coast Guard Cutter *Ingham*. For 52 years, the *Ingham* protected our shoreline. Entering service in 1935, the *Ingham* delivered critical assistance to the United States in World War II, Korea, and Vietnam.

The *Ingham* protected Allied ships that were ferrying supplies to Great Britain during the Second World War. With the American flag flying high on her mast, the *Ingham* battled stormy weather, dodged German U-boats, sank an enemy submarine, and eluded enemy aircraft. The *Ingham* also served in the Pacific, acting as the amphibious flagship for four of the Philippine Islands invasions. It was from aboard the *Ingham* that General MacArthur planned and oversaw the critical capture of Corregidor.

More recently and closer to home, in 1980 over 125,000 Cubans fled north from the oppressive Castro dictatorship in battered rafts and stormy weather. The *Ingham* was instrumental in rescuing many refugees adrift in these makeshift rafts and bringing seven refugee vessels to safety, saving 122 lives.

She is the only ship in our history to receive two Presidential citations and has been awarded an astounding 14 Battle Stars and 19 ribbons. The *Ingham* and the many crew members who have served both on and below her decks are a testament to our great Nation. A total of 912 casualties are honored on a memorial plaque on her quarterdeck. Having paid the ultimate price for our freedom, these men and women earned our respect.

When the *Ingham* was decommissioned in 1988, she was the second oldest American warship afloat. Now a floating museum, it is through the exhibits and memorials within the *Ingham* that we can honor and remember all of those 912 service men and women and all that they have done in the service of our Nation.

The *Ingham* is a national historic landmark and serves as a national memorial to all Coast Guard men and women killed in action. It is through the leadership of former Key West Commissioner Bill Verge, a retired U.S.

Coast Guard Reserve member and a Vietnam veteran who serves as the executive director of the U.S. Coast Guard Cutter *Ingham* Memorial Museum, as well as Beth Nowell, development director for the museum, that the residents of Key West and I were able to welcome the *Ingham* to our maritime family with open arms. Towed in to stand tall alongside the active USS *Mohawk*, the *Ingham* will be open to the public as a living and breathing museum.

This historic ship has saved so many lives and helped shape the course of American history. She and her crews have performed every mission in the best tradition of the United States Coast Guard. I give thanks to the unwavering dedication and work of the crew of the *Ingham* for over half a century of service. The *Ingham* is a demonstration of what it means to be an American and why we should always be proud to say so.

So please come to Key West and see for yourself this beautiful museum, a testament to the brave men and women of the U.S. Coast Guard.

SETTING THE RECORD STRAIGHT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. FRANK) is recognized for 5 minutes.

Mr. FRANK of Massachusetts. Mr. Speaker, I recently got some first-hand experience with the way in which the right-wing propaganda machine operates. The pattern appears to be to begin with a lie and then have that lie multiplied through an echo chamber that repeats it and repeats it.

In this case, a man named John Fund, who is an editorial writer at the Wall Street Journal, one of the most right-wing of our publications these days, on the editorial page just told a lie about me in November of last year. He gave a speech at Restoration Week-end. I don't know what they were restoring, but it certainly wasn't respect for the truth. And he said, "Democrats were very rattled by the November 3 election results. What do liberals do when they lose elections? They change the rules. In January, CHUCK SCHUMER and BARNEY FRANK will propose universal voter registration." "There'll be felon reenfranchisement too." "The Feds will tell the States, 'Take everyone on every list of welfare recipients you have, take everyone on every list of unemployed you have.'"

It's a lie. He made it up. It's not even a misinterpretation. It's not a quote taken out of context. It is a total myth. There is no such bill. There wasn't in November. Then right-wing echo chamber picks it up. The Washington Times, the voice of the Reverend Moon, says, SCHUMER and FRANK "have plans to ram through legislation that will produce universal voter registration." And they say it will be on the floor of the House in 2 weeks. It's the lie repeated. Glenn Beck joined in. Rush Limbaugh joined in.

This begins with a totally fictional accusation by John Fund with no basis whatsoever. It is then repeated by Glenn Beck and repeated by the Washington Times and repeated by Rush Limbaugh. None of them have checked what we were talking about, none of them seeing if it was accurate.

I was asked by a constituent why I had done that. My response was, Done what? I didn't do it. So I checked into it, and I found that the source of this was Mr. Fund's totally irresponsible myth in November. So I wrote to Mr. Fund—and I put this letter in there—and said, I was puzzled to hear you say this. I checked. I now write to tell you that you are entirely wrong in your assertion about me, and in the absence of your being able to show any basis on which you made such a statement, to ask you to acknowledge that fact.

He is not only a liar; he is a coward. He wouldn't do it. My staff member, Mr. Gural, asked him, called him up and said, Well, what was this based on? He said, Oh, I made a mistake. Well, have you issued a retraction? Mr. Gural asked him. Oh, yeah, he said. Can we see a copy? Mr. Gural reasonably asked. Oh, I told a couple of people.

So here we are. Mr. Fund makes it up. It's a lie. It's a myth. There was nothing there. And it's to discredit all Democrats. His right-wing cohorts then echo it and echo it. The next thing you know, it's going to be coming on the floor in the House in 2 weeks. People hear it, and it's all over the blogs. This is the Democrats' disregard for the electoral process. And when we call Mr. Fund's attention to the fact that this was a lie, what does he say? Whoops. But he's not going to tell anybody about it.

Mr. Speaker, this is not the only case of this. And I know this has happened before; but because I was directly involved here, I am in a position to document this. It begins with a lie from this editorial writer from the Wall Street Journal. It is then a lie repeated by all of his right-wing colleagues. And then when he is nailed in the lie, he simply blithely refuses to do anything about it.

I hope people will take from this the lesson to be very skeptical when these right-wing propagandas—Limbaugh or Beck or the Washington Times or the Wall Street Journal editorial board—propagate these vicious smears.

PARTIAL TEXT OF JOHN FUND'S SPEECH AT RESTORATION WEEKEND NOVEMBER 21, 2009

Democrats were very rattled by the November 3rd election results. What do liberals do when they lose elections? They change the rules. In January, Chuck Schumer and Barney Frank will propose universal voter registration.

What is universal voter registration? It means all of the state laws on elections will be overridden by a federal mandate. The feds will tell the states, "Take everyone on every list of welfare recipients you have, take everyone on every list of unemployed you have, take everyone on every list of property owners, take everyone on every list of driver's license holders, and register them to vote regardless of whether they want to be."

By the way, there'll be felon re-enfranchisement too. At that point, you have destroyed the integrity of the registration process.

Now they will sell this very cleverly. They will say, "Well, OK, ACORN did have some problems with voter registration. We shouldn't have these third party rogue groups out there. So let's put ACORN out of business. Let's register everybody."

Now the problem, of course, is there are a lot of duplicates. And there are a lot of people on those rolls who are illegal aliens. It's not a clean list. They don't care. So, this is the issue you haven't heard about. There's a reason you haven't heard about it. They don't want you to hear about it.

The path between the day this bill is introduced and the day it hits the House floor will probably be less than two weeks. Get ready for it. You can stop it. Don't get me wrong. But this is their stealth bill that is even more sneaky than the health care bill.

[From the Washington Times, Jan. 7, 2010]

EDITORIAL: LETTING CROOKS & ILLEGALS VOTE

Democrats have a political death wish. At least that's how it looks. There's no other explanation for their feverish push to take over the health care system when a huge majority of Americans are opposed to the plan. But facing an angry public, Democrats are scheming to find ways to manipulate the electoral process so they can cling to power even when voters want to kick the bums out.

Sen. Charles E. Schumer, New York Democrat, and Rep. Barney Frank, Massachusetts Democrat, have plans to ram through legislation that will produce universal voter registration. No matter what they claim, the rule changes will make it possible for illegal aliens to register to vote and for others to register multiple times.

The proposal is to register everyone on every welfare list, everyone getting unemployment insurance, everyone with a driver's license, everyone who has had run-ins with the legal system, everyone owning any property—basically everyone on every list the government keeps. People will be registered to vote whether or not they want to be registered. If individuals are on any public record, they will be automatically registered.

Obviously a lot of illegal aliens have driver's licenses, and many get other government benefits. Quite a few have rap sheets. People's names and other identification information are frequently recorded differently across these different lists, which means that one could be registered a separate time for every slight variation in how their personal information is kept on file.

The legislation is also expected to give felons the right to vote. Why Democrats insist on letting someone who has raped multiple women vote on social policy is beyond us. According to Democrats, robbers who have preyed on helpless victims—and even murderers—have the judgment to tell us how law enforcement should be run in this country.

In May 2005, Public Opinion Strategies surveyed felons who had their voting rights restored and nonfelons who voted in Washington state. Even after accounting for the voters' race, gender, education level, religious habits, employment, age and county of residence, the book *Freedomomics* found that "felons were 36 percent more likely than nonfelons with the same characteristics to have voted for [John] Kerry [a Democrat] over [George W.] Bush [a Republican] and 37 percent more likely to be registered Democratic."

For years, Democrats have fought against requiring photo IDs at polling places. The