

Please join us for complimentary luncheon and discussion about current economic problems and solutions by

**Mr. Terry Rand**

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**THE RAND REPORT #214**

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Which, is still under construction, but no longer requires passwords.

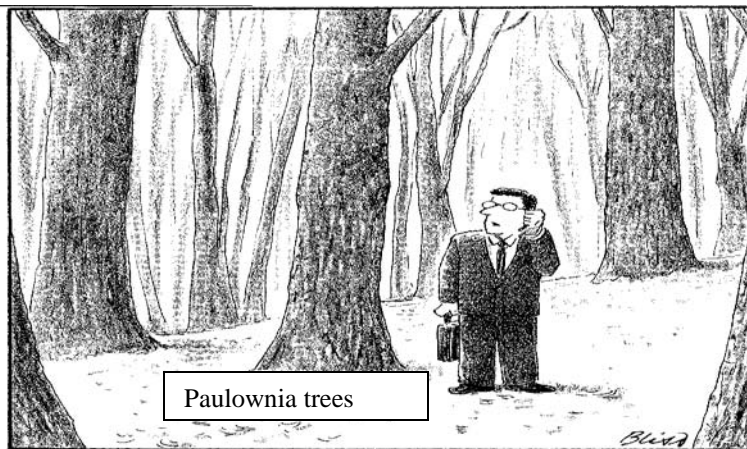
You may find our new community services section interesting as we advance our efforts to promote good health through harmonicas, and note our environmental projects promoting Paulownia trees to save our environment.

**I seem to be criticized more for being opinionated. Duh?**

OK, I'll tell you what, in this issue I will copy and footnote some facts and try not to report those facts in a biased manner. My theory is simple. I believe the news media is so biased reporting on economics, politics and now religion that it adversely affects our lives. I began writing the Rand Reports 20 years ago and only stating that the bias affects economics or more specifically, your personal finances. ***I believe I have made a pretty convincing case.***

I am a conservative Republican economist and financial advisor with 52 years experience licensed and bonded with no regulatory violations. I believe the Federal government is too big and is intrusive upon our liberties. I believe the Federal government wastes taxpayer dollars and favors giving benefits to their partisans. I think most politicians are basically corrupt because of the way the political system works. Politicians negotiate that if you want their cooperation or vote, you have to give them something for their constituents or for their personal benefit, rather than promoting the general good. I think Democrats are the most powerful political party and by far the most corrupt. ***I believe Democrats are leading us down a path of socialism.*** Their basic ideology is that corporate America is corrupt and abusive to the public, a false generalization. ***My business deals with corporate America and I see the false generalizations.*** Too many Democrats believe that wealthy or successful people are greedy. Democrats believe that the rich and powerful oppress the lower income earners, yet the vast majority of people begin in lower income brackets and soon rise into the middle class. I believe too many Democrats think they are on some sort of team, an underdog if you will, that roots for their team not having any idea of what they stand for, ***or any understanding of reality other than their failed ideology.*** Democrats think their ideology is so humanitarian that they become elitists and assume that anybody who disagrees with them are either stupid, bigots, greedy, inconsiderate, or racists. I strongly oppose these liberal assumptions and I have the facts to support my opinion. The problem is that the news media can promote propaganda on a bumper sticker and the facts take more space, and require more reading time.

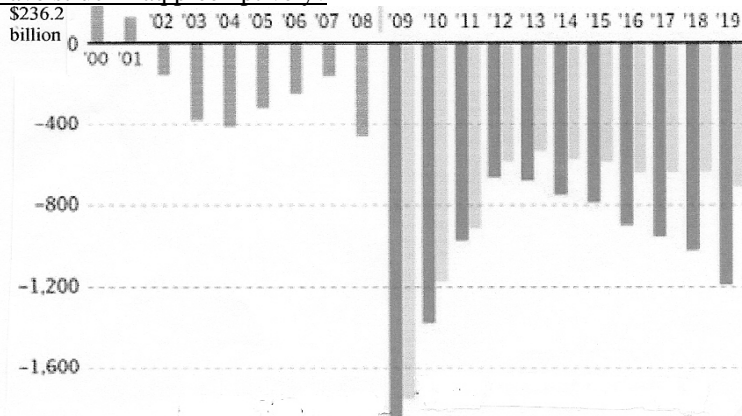
Yet the majority of Americans oppose liberal socialistic policies and believe in the constitution, they work hard and are productive, pay their taxes, send their kids to college, go to church on Sundays and pursue freedom, success, and happiness. Their sole adversary is their own Federal government. Democrats have demonized this conservative majority and now the ***Obama administration has brought us to the worst possible conditions by fostering and promoting elitist propaganda with the cooperation of the mainstream news media.*** I have been reading and studying the Wall Street Journal for 50 years and I believe this publication has been accurate and fair and balanced in their reporting of economics and politics. There is no evidence to the contrary, none, never, no where in print! The Wall Street Journal has merged with FOX news and now has the largest research department of any organization in the world including the Federal government. FOX and the WSJ have the most accurate computerized collection of facts and statistics. There is now a huge scheme to demonize FOX and the WSJ because they expose too many problems with the Obama administration. They ask questions that



"Carol, check my appointment book—something's not right."

Democrats do not and cannot answer. Reporting these corrupt activities is an impossible job because there are so many of them that we poor investors are now classified as the greedy enemy of the State.

Propaganda is repeated so often so that many will accept the falsehoods as fact. The most prevalent example today is blaming the Bush administration for all of our problems. The fact is that our problems began as soon as the Democrats took control of Congress in 2007. In 2006 we had 4.5% unemployment, unbelievable prosperity, federal revenues increasing, and the annual Federal deficit was declining. The following bar chart reflects on the annual federal deficit. These are facts! The Bush spending is attributable to the war against terrorism. Should we have struck Iraq preemptively?



The Republican Congress beginning in 1994 ran a surplus until the 9-11 attack

Was Saddam building a nuclear bomb or was he bluffing? We liberated 30 million people from this evil dictator to establish some control in the Muslim world to contain their constant threats. Every big time Democrat voted for attacking Saddam, and every major politician agreed to the policy. They all had access to the same intelligence; but now Bush is accused of telling lies when the war assumptions came from the CIA and all world intelligence organizations, not President Bush. Muslim terrorists continue to attack the USA and now the war has refocused on Afghanistan, where most of the world's poisonous drugs are harvested and sold illegally or to finance killing infidels, which pretty much means you and me. ***We need to stop the flow of illegal drugs!***

Today we have Iran replacing Iraq with the same nuclear threats, and add that threat to Pakistan, Afghanistan, Yemen, Somalia and many other Islamic nations determined to control the world with their submissive religion that destroys all human rights, especially to women. I think women the world over have a horrible fear of Islam. Have you ever heard anything to the contrary? ***I have a simple question;*** what did ***Jesus Christ*** say or do that so offends Muslims? We are truly at war with Islam. Why do we keep rationalizing that Islam is not trying to subjugate the rest of the world when all evidence points in that direction? ***Does this mean that "good Muslims" do not believe in the teachings of the Koran? If they believe in the Koran, then those Muslims are our enemy. That is what the Koran plainly says.*** Are we turning the other cheek or just plain naïve?

We buy oil from the Middle-East and too many of those revenues are used to kill more infidels and support terrorism mainly aimed at Christians and Jews. Yet, the USA has more hydrocarbons than we need to survive for hundreds of years. *Environmentalists have joined the propaganda plan with Democrats to curtail the prosperity of the USA by disallowing the development of our own natural resources.* We are to believe that in short order, millions of Americans will sacrifice fast luxury automobiles and air travel and power boating to save the environment when US technology will solve all problems if given a chance. We are the greatest nation in history because of free enterprise and the resulting technology. Capitalism has saved millions of people with our medical advances. The USA leads the fight against AIDS and has rid the world of Small Pox and many other diseases. We have saved millions of people from poverty. We are forgotten for our humanitarian works and world propaganda ignores how we have liberated millions of people from evil dictators and from socialism and communism. Remember we help needy people with food, medicine and commerce. *Muslims pillage, rape and kill innocent people who don't submit to their religion. Imagine how many Muslim women would be further mistreated without our interference.*

The United States was the odd man out at this year's G-20 summit meeting. We were the only country that called for more government spending to promote prosperity. Every other country opposed us because their recent socialist activities brought ruin upon them. Why does Obama think he can be successful using debt spending to his favored groups and promoting bigger government when the rest of the world now opposes that failed ideology? The Federal bailouts ran roughshod over the bailouts of the Auto industry and Wall Street banks. Shareholders and people's retirement plans were stripped of all investments in GM and Chrysler and they were "awarded" to the unions, which caused the stress on those companies in the first place. *"With Democrats controlling both Congress and the White House, they had no problem passing the stimulus bill for \$787 Billion, now \$1.2 trillion, in 2009. The US economy has shed an additional 2.35 million jobs since then."* (2) 74% of Americans believe the stimulus bill had no effect on the economy. (2). There are 154 million Americans in the civilian work force. (Not counting the Military). (3) Today, there are 14.6 million workers unemployed. In 2006, prior to the Democrat's taking over Congress the unemployment was at 4.5% and more jobs were created than any time in our economic history. Those jobs were created by small businesses that benefited by the Republican tax reductions. It is also forgotten that Federal revenues rose because of the tax cuts. Today the Democrats now propagandize that the taxes not paid by the top tax class is increasing the national debt. How stupid is that idea? History reflects that this top 1% of taxpayers will pay fewer taxes, stop hiring people, and stop spending or investing excess capital. These are facts!

*"Americans tend to support jobless benefits on compassion grounds, but at some point such a policy becomes the false compassion of welfare by keeping people out of the job market and thus not learning new skills."* (4)

*"President Obama and Nancy Pelosi think they can play their usual class war card to justify raising taxes on the rich, but that's risky political business with unemployment at 9.5%. Who do they think will create new jobs...people making less than \$200,000 a year?"* (5) Here is a comment by renowned economist, Arthur Laffer.

*"As a result of higher taxes on the highest bracket, there will be less employment, lower industrial output, lower sales, fewer profits and capital gains...all leading to lower payrolls and lower tax receipts. There will be higher unemployment, more poverty and lower incomes, all of which require more government spending. Higher taxes on the rich create the very poverty and unemployment that is used to justify their presence. It is a vicious cycle that well trained economists should know how to avoid."* (6)

*"Senator John Kerry buys a \$7 million yacht in Rhode Island instead of his home State of Massachusetts avoiding \$437,500 in taxes and an annual excise tax of \$70,000."* (6) Do I sense some bigotry here? Try this next foreign anonymous quote:

*"Mr. Obama is a mere symptom of what ails America. Blaming the "Prince of Fools" should not blind anyone to the vast confederacy of fools who made him their Prince. The Republic can survive a Barack Obama, who is, after all, merely a fool. America is less likely to survive a multitude of fools such as those who made him their President."* That quote was from Czech Republic.

I'm sorry, I could not resist showing you this item from "The Morning Sentinel," a small town newspaper in Bar Harbor, Maine taking the Obama's vacation there in stride. Among the exciting details of the Obama's visit to Acadia National Park in Bar Harbor was this tidbit. *"Arriving in a small jet before the Obama's arrived was the "First Dog," Bo, a Portuguese water dog given as a present by the late US Senator Ted Kennedy, D. Mass."*

As Americans toil in unemployment lines, their retirement plans dwindling, their work hours cut and their pay scale trimmed, King Barack and Queen Michelle are flying their little doggie, Bo, on

his own special jet for his own little vacation venture. That includes the First Dog's entourage, handler and pooper-scooper. Is this an abuse of power or what? Perhaps, arrogance is more appropriate than power.

**The Democrats just don't get it!** Virtually all small businesses that are not corporations must gross more revenues than \$200,000 annually to survive. A proprietor of a small business can deduct employee wages and taxes from the gross income. But here is the negative kicker; the owner must match FICA contributions for each employee including the owner's wages. That puts the small business owner in a tax bracket over 50% whether he makes money or not. If small businesses are profitable, the first thing they do is expand by hiring more workers. They grow and create jobs, but now Obama wants to raise taxes on successful businesses thinking he is taxing wealthy individuals. **This is a major problem.** This misunderstanding of our tax system is behind the Democrat's thinking they will tax successful people to gain more revenues thus reducing the national debt. However, what really happens is that Federal debt financing is not reduced and instead is increased and paid to unions and friends of Obama to keep those votes. The national deficit will continue to rise until Obama stops giving away money to other Democrats. This is disgusting! **Investor beware!**

**By the way, New Yorkers beware! If the Bush tax cuts are repealed, New Yorker's top bracket counting State taxes will be 54%. I wonder how those liberal New Yorkers will feel then? Don't forget the new 2,319 page bill regulating Wall Street was passed without anybody else reading it. Republicans are not allowed to comment or criticize. Investor beware!**

In my opinion, the Obama administration has withheld about \$480 Billion of the stimulus package that is now under control by executive order, to be used in the 2012 election to "buy votes." When Congress voted to increase the national debt to extend financing of the unemployed, Democrats voted to increase the debt rather than use the readily available stimulus money. When Republicans demanded that Democrats use the already approved stimulus package they were demonized as not caring for the unemployed. How ridiculous is this when the news media makes bigots out of Republicans who are never allowed an opinion or contribution to any Congressional act. We are called obstructionists, yet we now represent the majority. What a crazy world.

The most ridiculous bill I read about this past month was the Black Caucus proposed a bill to reduce prison sentences for drug dealers. The fact is that 80% of all drug dealers in prison are black. That is not propaganda, but fact, yet:

*"President Obama signed legislation that narrows the sentencing disparity between certain drug offenses that have disproportionately filled our prisons with young black and Hispanic users of drugs."* (1) The rationale is that these blacks and Hispanic criminals are missed in their communities thus destabilizing those communities. That is the dumbest rationale I have ever read. In my opinion, President Obama is widening the racial prejudices in this country. *Many people who were not racists are either becoming racists or are being demonized as racists for disagreeing with Obama policies or favoritism toward black constituents.* Is this affirmative action for criminals?

I want to make a few comments about the oil industry. Oil companies earn about a 4% profit on every gallon of gasoline. The Federal government, not counting State taxes on Gas, adds 15% to the gallon price. There are 4,515 shallow-water wells in the Gulf of Mexico. There are 591 deep-water wells. Combined these wells produce about a third of our consumer needs. 80% of the Gulf's oil production comes from the deep wells, more than 1000 feet deep. Each rig employees about 250 workers, not to mention the on-shore business generated in Louisiana. What also goes unrecognized is the Bakken Formation in North Dakota and Montana that has an estimated \$5.3 trillion of reserves. There are many such reserves in the continental USA that could make us completely independent of foreign oil imports. Why isn't this happening when we now have the technology to produce these reserves with no impact on the environment? *The Democrats seem to think that the oil industry is like strip mining. Do people really think we can drive Autos, fly planes and run boats on wind and batteries?*

Fortunately, in spite of excessive regulations on my business, new products are made available every month. **I call them anti-Obama investment contracts.** Guarantees made by the insurance industry are backed by legally enforced reserve funds. The Federal government has no such funds supporting Federal guarantees. In my opinion, tax deferred investment contracts that are securities offered by the insurance industry are the best investments available for any investment objectives. I wish I could give you my opinion on your investments. My 52 years experience may surprise even the most sophisticated investor. My record supports that statement even though you cannot assume results based on past performance. Investors should investigate these new investment contracts. Call me and let's talk.

**Footnotes:** (1) "Race and Drug Laws," WSJ, 8-5-10. (2) "Last Hired, First Fired," The Weekly Standard, 8-2-10. (3) Department of Labor. (4) "Stimulating Unemployment," WSJ, 7-20-10. (5) "The Liberal Tax Revolt," WSJ, 7-23-10. (6) "The Soak the Rich Catch-22," by Arthur Laffer, WSJ, 8-2-10