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opinion

from our viewpoint...

Candidates spar, no clear knockout

When the two principle candidates for president took the stage Friday night in Mississippi, some people expected it to be a definitive show and produce a clear winner.

Just getting to the debate produced some pressure, with Sen. John McCain saying earlier he wanted the event delayed because of the country's financial crisis. He had vowed to suspend his campaign to return to Washington to work on a solution.

Sen. Barack Obama scored some points when he said he did not see a reason to delay the debate, as neither he nor McCain were central figures in the negotiations. In a jibe at McCain, he said as a president he would have to be able to handle more than one thing at a time.

Both men flew down to Mississippi on Friday, and put Oxford on the presidential history map with the first debate of this campaign.

Many had expected this to be McCain's debate from the start, as it was supposed to be on foreign policy, which is not considered Obama's forte. However, with the financial crisis on everyone's mind, moderator Jim Lehrer gave both men an opportunity to talk about what they would do as president if faced with such a situation.

The first 40 minutes were spent on the economy, with Obama making some points, but McCain kept hammering away at wasteful spending in Washington.

In the second half, which turned more to the foreign arena, McCain appeared to be more comfortable, but Obama was able to make some major points on Iraq and Afghanistan.

At the end, both men appeared with their wives and shook hands with many of the people who attended.

Neither scored any kind of major knockout, and as you would expect, both later claimed they'd won. McCain's staff put out a press release saying he had won almost before the debate was over.

It was something of a setback for the Arizona senator, who has fallen off the pace and is back to trailing Obama in most of the national polls by 2 to 9 points.

This week, the two vice presidential candidates will face off in St. Louis, and a lot of people will be interested to see how well Alaska Gov. Sara Palin has been prepared for the meeting with Sen. Joe Biden. Palin's entry a month ago as McCain's partner gave the Republicans a big bounce coming out of the convention in St. Paul, but questions have apparently softened that effect.

Thursday's debate, starting at 7 p.m. at Washington University in St. Louis, and will be moderated by Public Broadcasting's Gwen Ifill.

There will be two more debates between McCain and Obama before the election, and some experts think a lot of the undecided voters may wait until the last debate to decide who to support when they vote on Tuesday, Nov. 4. The second debate will be at 7 p.m. on Tuesday, Oct. 7, at Belmont University in Nashville, moderated by NBC's Tom Brokaw. The final event will be at 7 p.m. on Wednesday, Oct. 15, at Hofstra University in Hempstead, N.Y., moderated by CBS's Bob Schieffer.

Friday, many experts and many of the national polls give Obama the win. Being on top in the polls, the Illinois senator has to be careful not to give McCain a big opening, and being behind McCain wants to be more aggressive and find a way to get Obama to give him that.

The debates are not really high drama, but as a part of the American political process, they are an interesting exercise to watch. — *Tom Betz*

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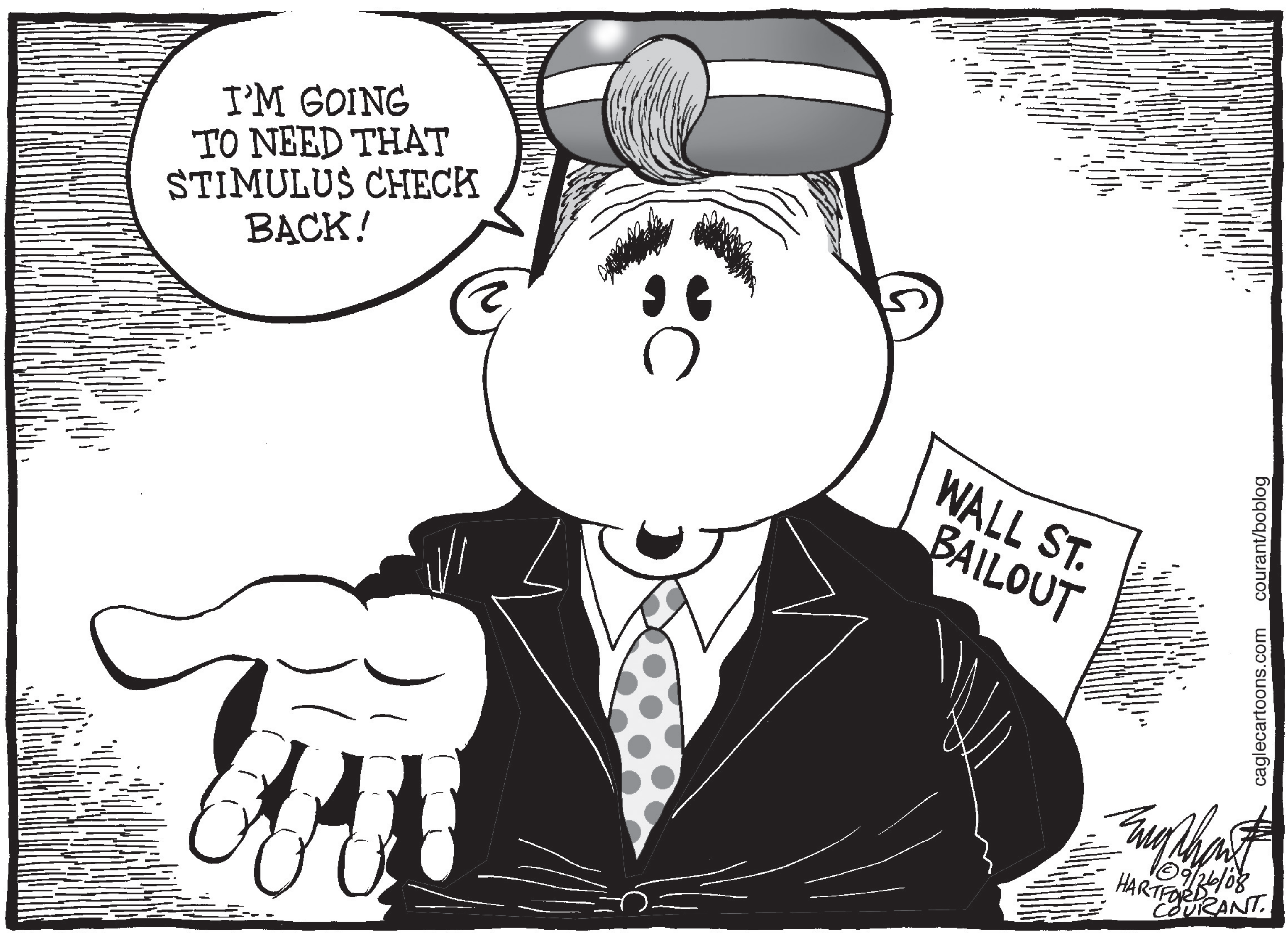

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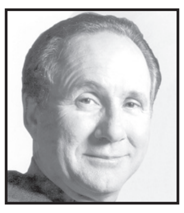

michael reagan
• making sense

Congress is running around in circles trying to figure out how to handle the hot potato the Bush Administration has handed them with its $700 billion bailout proposal, and how they can load it up with their own list of taxpayer-financed handouts.

If left to their own devices they'll turn it into a giant cookie jar instead of taking the trouble to enact the measures that will boost the economy when it is in deep trouble.

The bailout is a panic remedy designed to prop up the crumbling mortgage market by buying up mountains of near-worthless paper currently poisoning America's credit system while ignoring the root causes of the nation's economic malaise.

No matter how it's described, it is a socialistic answer to a capitalist problem. It does nothing to foster the system of free enterprise upon which America's prosperity depends.

Put simply, that system is shackled around the ankles with chains fashioned by a series of Congresses, many of whose members either don't understand the principles of free enterprise or simply despise it as a mortal enemy of the Marxist dogma many of them embrace with near-religious fervor.

The clear and simple answer to our current economic dilemma is to take those shackles off and allow our free enterprise system to function unimpaired with unnecessary bureaucratic meddling.

Turn America's economic engine loose and all by itself it will create the kind of prosperity that saw a rustic combination of 13 British colonies transformed into the wealthiest and most powerful nation in world history.

"We did it before," as the World War II song boasted, "and we can do it again."

If allowed to, that is.

American businesses and America's small businessmen and women who make $250,000 a year — the people who create most of the jobs in the marketplace — are groaning under the burden of corporate and personal taxation. At a corporate tax rate of 35 percent we have the second-highest in the world.

There aren't enough people making $250,000 a year to finance Barack Obama's extravagant spending plans, let alone the ability to pay for the $700 billion bailout. He has to look elsewhere — in this case the only place he can look — to the middle class.

Like Willie Sutton, who said he robbed banks because that's where the money is, Obama is going to have go after the middle class because that's where the real tax money is.

Eliminate capital-gains taxes, cut individual and corporate tax rates to the bone, and watch the economy soar and unemployment shrink.

Don't allow boneheaded ideas like Barack Obama's plan to increase taxes at a time of economic crisis become a reality. He tells us that his tax plan would reduce the taxes of 95 percent of the American people, but doesn't say how he can give a tax break to the 40 percent of them who don't pay any income taxes at all. Since they can't get a tax refund for taxes they don't pay, he wants the people who pay taxes to send them a check.

Obama also wants to throw a monkey wrench into the economy by allowing the Bush tax cuts, which set off an economic boom, to expire. That would be a massive tax increase and it would have a deadly effect on the incomes of the very middle class Obama professes to champion.

Congress should waste no time at all in repealing the ill-conceived Sarbanes-Oxley Act, which was allegedly designed to reform American business practices but instead drove scores of American firms abroad to foreign nations.

Let Congress get out of the way and let the American people and American businesses do what they have always done best — put their shoulders to the wheel, their ingenuity to work, and perform economic miracles.

Mike Reagan, the elder son of the late President Ronald Reagan, is heard on talk radio stations nationally. E-mail comments to Reagan@caglecartoons.com.

Kansas banks: Safe, serving their towns

from other pens
• commentary

Headlines can be misleading, and in a time of financial crisis, that can make matters worse.

Pick up a paper, or listen to the quick bursts of news on television or radio, and what you get are a "banking" crisis and market turmoil. That's only intensified on the rare occasion that a bank fails.

Let's set the record straight: The banking industry – traditional federally insured, federally regulated depository institutions – your local commercial bank – is safe and sound. And your money in a commercial bank carries Federal Deposit Insurance Corporation insurance. That means your money in a federally insured bank is protected to at least a minimum of $100,000, with additional coverage available for funds held in other types of legal ownership, such as joint ownership or payable on death. Up to $250,000 insurance is available for a retirement account.

The Federal Deposit Insurance Corporation guarantees your accounts with more than $45 billion in assets to protect depositors like you.

In addition, banks in Kansas had historic levels of capital at the end of June. Capital in Kansas banks, which acts as a buffer against any losses, totals over $5 billion, up from past years. In addition to that capital, over 93 percent of Kansas banks are profitable at mid-year. Individual banks must meet capital requirements set by federal regulations. Capital represents ownership investment and is used as a buffer against losses.

The challenge we are facing is that words matter. And when one word is used to mean several different things, it inevitably creates confusion. For example, we know what a bank is — or at least we think we do. Sometimes a business that wants to add status to its name will call itself a bank even though it is not an insured depository institution.

Bear Stearns, Lehman Brothers and Merrill Lynch are not commercial banks. They are not insured depository institutions. They are investment "banks." In fact, commercial banks are being asked to purchase these companies.

The word bank is applied to mortgage firms. Their function, their purpose and their regulation differ from federally insured depository institutions.

You have read recently that a private insurance company that had a product to insure deposits in excess of federal insurance coverage has exited that market. This was a decision made by one insurance company. Other companies are still offering this product. Based on the financial condition of Kansas banks, that decision seems to be based on something other than the condition of the banking industry.

Having a safe and sound banking system to rely on shows the importance of the role banks play in our local communities and in our nation's economy. They are the source of stability and of growth. That is true regardless of their asset size, their charter or their business plan. And the vast majority of banks today hold more capital than the law requires.

Yes, there are challenges in today's market economy. And yes, banks will fail. When that happens, a well-qualified resolutions team is put in place that employs a well-established process that protects depositors with as little disruption to the financial system as possible.

Recent events underscore the fact there are two ways financial institutions can fail. They can fail due to capital insolvency or because they are liquidity insolvent. What we are experiencing now is a lack of liquidity, not a lack of capital. Capital remains strong for commercial banks.

The liquidity crisis that we have seen comes from a crisis of confidence. In the 1930s, before deposit insurance, banks failed because of a crisis of confidence that led to liquidity insolvency. That can happen to an investment bank such as Bear Stearns. When there is a crisis of confidence, lending lines are pulled, liquidity evaporates and insolvency is inevitable.

We all know our financial system is being tested. But let's remember the system is showing its resiliency.

The Federal Reserve Board has acted to help restore liquidity by assuring everyone that they are responding to the problems in a measured way. The Fed opened up its lending facility known as the discount window to Wall Street firms and is taking steps to restore liquidity to the markets.

Meanwhile, those headlines and news reports that keep repeating the word "crisis" overlook the fact the sub-prime lending crisis was caused by unregulated brokers and Wall Street institutions themselves, and not by regulated, insured banks.

Federally regulated banks employ underwriting practices to avoid losses and to promote safe and sound operations. And when they do not operate appropriately, their regulators, who visit them annually, will take exception to such practices and require corrective action. That's why President Franklin Delano Roosevelt's observation half a century ago is still relevant: "The only thing we have to fear is fear itself."

Our banking system is strong. This time will pass, as have all the others, and the result will be a stronger financial system with fewer unregulated players and a reminder that liquidity and capital are both important to solvency.

Chuck Stones
President
Kansas Bankers Association
Topeka

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