

The following is a sound economic plan, however sharky, from Dave Ramsey.

How We Can Clean Up A Lot of the Economic Problems

Remember Enron, WorldCom, Adelphia, and other companies had artificially put assets on the books? They'd say something was worth \$10M when they bought it, but eventually it decreased in value, and **they never updated the value in the books**. That was part of the fraud. Under current laws at that time, they were all convicted and put in jail for fraud.

Then we got all mad and made all these new laws that are coming out the wazoo called *Sarbanes-Oxley*. It's a huge, massive law but the idea is that we were going to mandate ethics to corporate America because apparently they didn't have any, according to the Enron failure. It's now a total pain in the butt to execute it in a publicly traded company.

It didn't work because you can't cause ethics to happen. However, it does make each company each day restate what their assets are worth if sold on the market. This accounting procedure is *mark to market accounting*--you need to remember that. It's a good concept and **keeps companies from having loaded balance sheets.**

How This Affects Us Today

However, it's part of what's caused this in the news now. Merrill Lynch was sitting with \$30 billion tied up in sub-prime loans with houses. Stupid! They get what they deserve for doing that, and I'm with you on that. Those houses didn't become worthless all of a sudden because those people couldn't sell their bonds. Since they couldn't sell them, they basically gave them away for 22 cents on the dollar. Now do you think all those houses lost 80% of their value underneath that deal? No, they didn't, so they gave them away for 22 cents on the dollar (about \$6 billion total) because there was no market for them. **Nobody wants to buy sub-prime bonds because they suck.** They're junk bonds. But at 22 cents on the dollar, it's a bargain because even if you foreclosed on every one of the houses in there, you'd probably get \$20 billion back out of \$30 billion, and so the company that bought those for \$6 billion got a deal! But there's no market for them. **That's where these companies are stuck. They can't sell this stuff, but accounting-wise, they've had to mark it down to market and it's frozen the marketplace.**

Economist Wesbury is saying that if we **change that one rule** and don't force them to mark down to market value and just let them hold on to all the stuff, and say just on sub-primes for this period of time you can change that rule -- a temporary change -- that'll **free the market up**. It's seized right now; it's frozen. This will thaw it out and get it going again. He says that'll solve 60% of the problem ... and I think he's right.

That one accounting rule is what made Merrill Lynch sell out. That one accounting rule is what's driving other ones into the dirt. **Would you rather let them change their accounting rule or loan them \$700 billion for us to buyout their bad paper?**

I'd rather them work their own crap out than change the accounting rule.

I don't like giving them any money or any help with my tax dollars. But I'd rather see that than see the whole thing turn completely upside down in a fruit basket turnover than have a whole meltdown or something and freak out here in the middle of the election season. Why don't we just take the FHA insurance program and extend it across these sub-primes? What that means is that you and I are guaranteeing the lender that they're not going to lose as much or any money on those mortgages. **Now I don't like guaranteeing them, but I like it better than buying them.** In other words, instead of \$700 billion in tax-payer debt going out there to bail out these companies, just extend the insurance out. You could probably do that for less than \$40 billion. It's like a 95% savings!

If the government insured those mortgages, they would then be marketable. And could sell them. And the companies would stay afloat. And we, the people, don't have to get into the mortgage business. Now we're going to get in there a little bit because of the insurance on those getting foreclosed on. But foreclosures aren't causing this. This is being caused because these companies are frozen and seized up. We've got to let some of the steam come off and put some oil in there to get this thing moving again. **We can do that without going into debt \$700 billion.**

Here's Your Plan

Call your Congressman. Call your Senator. Tell them to change the mark-to-market accounting law and to extend insurance but extend no loans. If they extend loans - if they borrow the money on the national debt in order for us to all go into the mortgage business a trillion dollars - you're going to fire their butts and send them home.

I've talked with several people today, and it's on the tables in Washington, but it's not something you're going to see on TV. If you'll let your Congressmen know you know about this and that you'll vote against them if they don't vote to change the mark-to-market law and you'll contribute your money to make sure they never serve in office again. That's what you need to [tell them early and often](#).

If you're pissed, this is the time to step up and do something about it, America! You can stop this! It's being railroaded down your throat, but **you can stop them if you call them in mass starting now. READY ... SET ... GO!**