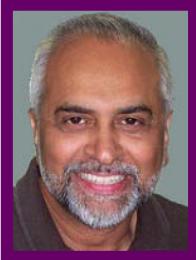


WRITTEN BY: ASHOK DHILLON



Ashok Dhillon has 40 years of front-line business experience in Canada and International markets. Mr. Dhillon's extensive experience in securing and negotiating multi-hundred million and billion dollar mandates in power project development, gives him in-depth knowledge and intuitive insights into macro and micro, national and international, geo-political and economic realities and trends. He has been invited to speak on international business at various forums, including as an expert witness for the Standing Senate Committee, Government of Canada, on "The Rise of Russia, China and India".

Extremism Doesn't Pay – Not Even in America



The current crop of the American Republican Party leadership have reveled in their extremism, indulged in irresponsible and irrational behavior, ignored public opinion and the good of the Country, and recently partially closed government operations for 22 days. In that time they did a lot of damage to America's credibility, hurt government workers who were forced to go off work while they played chicken with the incumbent government, inconvenienced the public at large, and induced incredulity in the rest of the World.

Happily they did most damage to themselves.

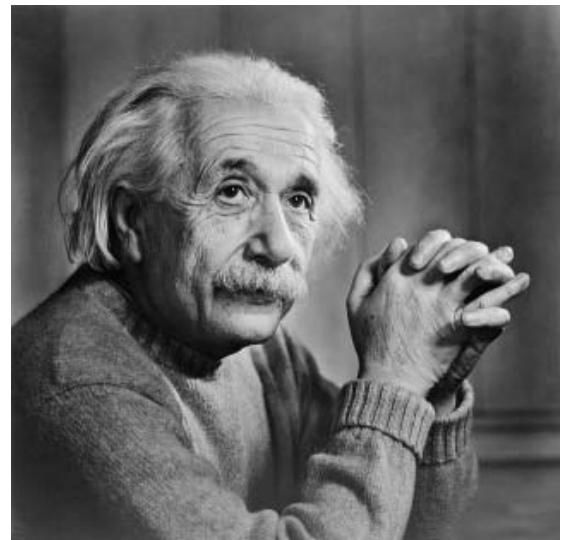
The Republican Party once again self-destructed as they have so often done in the recent past, after giving rein to the scarily stupid in their midst, on whom they now pin the blame for the humiliating defeat in the showdown with Barack Obama over Obamacare. Well what did they expect, when they put their most simple-minded, ideologically extreme, and seriously intelligence-challenged upfront?

Not contributing anything remotely useful, and only interested in a political fight at a time of grave economic concerns, they gave President Obama no choice but to call their bluff - and they lost.



The Republicans are ideologically petrified. In a complex global economic environment, and having recent experience and proof in the folly of unbalanced economic policies they preach, they have learned nothing from recent history and their consistent irrational stance, and are preparing for 'Round - 2', on the same obstructionist issues they have been fighting since Obama came to power in 2008.

To paraphrase Albert Einstein, 'the height of madness: to keep doing the same thing over and over while expecting different results.'



Everyone, not only the Republicans, is keenly aware that extraordinary and growing debt load, carried by an individual, family, institution or country, is not sustainable over the long-term. But, in these extraordinarily difficult times when the American economy can barely register a pulse after years of stimulus, and demand continues to be weak locally and globally, Obama and his advisors have little option but to keep printing and pumping money, and try to pull the economy up, and eventually try and inflate their way out of the massive debt dilemma. The Republicans can see the economic quicksand the current Administration is in, but rather than help through sincere bi-partisan co-operative leadership, they choose instead to push it under, just to achieve their avowed goal to 'stop Obama' no-matter-what, thereby further jeopardizing the American and the global economy.

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The animal is incapable of changing its nature and stripes. Constantly repeating from the same tedious songbook of prudent financial management, but not practicing one whit of what they preach when they are in power, they care not to remember the recent history of their policies, but most others do. Nor do they acknowledge the direct hand they had in the creation of the ongoing financial crisis that the incumbent administration and the global governments face today. Instead they come across as a 'Party of Zombies' incapable of rational thinking, mindlessly clamoring for the blood of the President and his 'socialist agenda'. They obviously have not lived in a real socialist country otherwise they would know how ludicrous their labeling really is. But what really drives them insane is that a black Democrat is the President, and that he has the nerve to try and bring about fairer foreign, economic and social policies, tighten financial and banking regulations, bring to account financial misdemeanors, raise taxes on the rich, and generally try to level the playing field. So they shamefacedly keep blaming him for an economic and financial mess that the previous Republican administrations created.



Since the Republicans are still trying to portray themselves as fiscally responsible, while casting the current President and his administration as wildly irresponsible spending maniacs that are jeopardizing the American way of life for the current and future generations, let's look at a few key facts from the past decades that were responsible in a large part, for creating the current financial/economic situation.

1. It was the Republican President Richard Nixon that took away the need for governments to exercise spending restraint by abolishing the 'Gold Standard'. Additionally, his administration convinced the Saudis to accept payment for oil in U.S. dollars only,



thus creating the 'Petro Dollar', which in turn made the U.S. currency the 'Reserve Currency' to the World. The Nixon administration, spending beyond its means **and running deficits** unshackled itself from the pesky problem of having to back its money with real value by creating the means for printing an inexhaustible supply of paper money. The printing presses have not stopped since then. So it was a Republican administration that took away the underpinnings of real value from modern day currencies, and gave all governments the means to spend without having to worry much about limitations on supply of money. It was not the Democrats.



2. Then, it was the Republican President Ronald Reagan and his administration that implemented 'Reaganomics', and appointed Alan Greenspan as the Federal Reserve Chair

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in August 1987. Thus started the era of 'easy money', accelerating deregulation, lower taxes, and higher budget deficits. While the Reagan Administration gutted regulations, Alan Greenspan happily listened to his master's voice and continued easing money supply till a few months before the start of the sub-prime crisis in 2007.



During those and subsequent years the Republicans thought that Greenspan walked on water. Today, they would rather not talk about his, and their own, horrendous policy failings that led America and the rest of the World into the current intractable economic and financial quagmire.



3. After Republican President Reagan, a Democrat came to power for the next two terms, President Clinton, who balanced the budget, created budgetary surpluses, and was more financially prudent and economically successful than the Republican Presidents before or after him.



4. Unfortunately, the Republicans came back to power after Clinton, with the two terms of the frighteningly incompetent President George W. Bush, with the-by-then famed Alan Greenspan still at the helm of the Federal Reserve.



It was George W. that took a budget surplus from a Democrat President (Clinton), ran up record deficits, launched incredibly expensive and wasteful wars, and gutted regulations so that the money boys could have an unfettered field day in the financial markets. Which they did, and had such good times making silly money, without any thought to regulations or ethics, that they ran the whole system off the edge, and took the rest of the global financial system with it. So much for responsible custodial behavior and financial prudence!

5. The financial collapse happened on President George W. Bush's watch, and the first bailout package using public funds, called 'Troubled Asset Relief Program' (TARP), to rescue collapsing financial institutions, was authorized by the Republican Administration. At that time all thoughts of free market theory (*allowing market forces to take care of the crisis*) went out the window as the Republican bankers and businessmen shamelessly lined up to get bail-out money by the Republican incumbents with tax payer funds! (*All capitalist ideology is set aside when public funds are coming their way!*).



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- 6. So, Barack Obama and his policies did not destroy the value backing paper money, by abolishing the Gold Standard, nor create the biggest financial crisis since the Great Depression, nor start and not finish incredibly wasteful wars in terms of money and human lives, his Republican predecessors did. Obama has been stuck, vainly fighting to restore an economy that was gutted over a number of decades, **by previous Republican policies.**
- 7. The 2008 financial crash and the great global recession that was triggered by misguided and at times downright irresponsible governing policies of the previous Republican administrations, wiped out global wealth in multiples of trillions of dollars around the World, destroyed economies, and millions of livelihoods in America and around the World.

The economic and financial crisis created by previous Republican monetary and fiscal policy is so structurally deep that no amount of stimulus spending is going to fix it, as we have been consistently saying since last September (2012) at the start of Q3 in our 'Geo-political Economic Trend Reports', and as is becoming amply clear after six years of unprecedented stimulus, and a still faint and swooning economy.

Sustainable economic recovery will require

dramatic realignment of the U.S. and global economies by each becoming more self-sufficient while opening up trade, years of paring back debt and balancing budgets, job creation through better education and innovation, the rebuilding of middle class - the real engine of growth in all economies, truly bi-partisan and farsighted governance, not only in America but globally, and fundamental restructuring of economies for a changed global reality, as China is now being forced to do, and Obama is trying to do. And yes, eventually every government and their Central Bank will have to stop spending like drunken sailors and learn to live within their means. But the drug of 'easy money' will now have to be reduced slowly as the addicts, American and other major global economies, will have a cardiac arrest if it is withdrawn too suddenly.

Through this last 'government shutdown' the Republicans accomplished nothing positive and elicited an unprecedented 72%¹ disapproval rating from the American people for their irrational and irresponsible behavior. Everyone seems to understand, except the Republicans, co-operative long-term bipartisan responsible governance is going to be required regardless of differences in opinion to restore the American economy to health. And what everyone can do without is the constant partisan bickering, political attacks and committed tyrannical subversion.

1. CBS News poll released on Oct 3rd, 2013 reveals that a large majority of Americans disapprove of the shutdown and more are blaming Republicans than President Obama and the Democrats. Fully 72% of Americans disapprove of shutting down the federal government over differences on the Affordable Care Act.

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But it is doubtful the Republicans will learn anything from this fiasco, because the other problem with ideological extremism is that its adherents everywhere, by their very nature, are narrow-minded, tunnel-visioned, inflexible, willfully-selective about relevant facts, ignorant of their failings and therefore incapable of learning from their mistakes. Having a closed mind, ideological extremists never realize the flawed nature of their mission and will not deviate from their path no matter how destructive the outcome of their actions for themselves and others.

Thankfully nature and the general public abhor extreme imbalance, and ideological extremism usually dies a timely death in a democracy, and an eventual death in all autocracies, as even the autocrats are eventually forced to veer towards some form of moderation to retain power, as in the Middle East, China, Burma etc., or face a public backlash or worse, a revolution.

In the case of the American Republican Party, it is entrenched in its dogma that the Obama administration must be stopped, regardless of cost to the Country. And it willfully ignores the fact that the American people recently voted for President Obama and his policies over theirs. In a self proclaimed 'model democratic society', subverting the will and the wellbeing of the American people for personal and ideological gain seems to be the single minded agenda followed by the Republican Party and its extremists.



In a reversal to the ouster of Egypt's President Morsi and his administration, where a democratically elected President became increasingly extremist and got ousted by the people (with the help of the Army) - in America a democratically elected President is trying to bring greater democracy and fairness to its people, and



the extremists (*Republicans*) are trying to oust him.

In that quest the extremists failed, again.