January 6, 2011

It all started with the Clinton administration's socialistic liberal agenda, fueled by a phony global "dot-com" market. Let me spend a minute on this: I am always amused by Democratic strategists, consultants, media people and leaders' statement of: *"During the Clinton administration, the US had $500B surplus and if we come to power, we will restore that".*

Let me break a few facts to you as gently as I can. While I enjoyed Bill Clinton's presidency for a variety of reasons and I think he is an intellectual superstar, he was "the" luckiest president in US history. Those of you, who are interested in facts, look back. Clinton's presidency stood on two main pillars: Newt Gingrich's revolution, and Wall Street's phony, bordering on criminal activities. The Speaker's revolution has been well written; let me examine the Wall Street part.

Up until 1995, if a company wanted to complete an Initial Public Offering (IPO - being listed on the stock market), they needed 6-10 consecutive quarters with increasing revenue in each, clean books, and audits by respected auditors. Based upon these achievements, the company had a chance to complete an IPO with an underwriter such as Arthur Andersen, Merrill Lynch or others. In essence an IPO was strictly based upon **"historical data"** (remember this phrase, because what happened between 1995 and 2000 was "the" biggest con in US history; the size that made the S&L scandal look like a Sunday brunch). From 1995, scores (I mean: thousands) of companies went public by this flowchart: let's assume I opened a shoe store in January. If I knew someone inside Wall Street, I buffed up the company, signed distribution agreements with a few brand names by April, purchased a sizable server, designed a slick web site, and then submitted a business plan to a medium-to-large-size IPO underwriting financial firm. The business plan explained that "there are 260 million people in the US; they purchase (e.g.) three pairs per year. That results in 780 million pairs of shoes purchased in the US. I guarantee that 2.6% of that market will be served by my on-line shoe store, selling 20.28 million pairs of shoes annually. My profit will be $2.25 a transaction, resulting in $45.63M profit a year. Remember: at this point I have not sold a single pair. None. Not one. And I was listed on public stock market by August. I know it reads like a page out of a comic book, or more like when mental patients are running the asylum but I invite you to look (and more importantly, read) back. We had on-line ("dot-com") companies on the stock market up to our eyebrows from shoes to furniture, dog food, bird food, condoms, you name it. All (let me repeat: A-L-L) public listings were based upon **"future performance"**. Now isn't that convenient? The only problem with the concept is this: the entire 1995-2000 Wall Street performance amounted to something between "organized looting" and "financially gang-raping" the public. In short, all historically proven financial standards, flow-charts and systems were thrown out of the window and replaced by this Cosa Nostra mentality, resulting in the "dot-com-crash".

Another interesting (but all forgotten) fact is this: contrary to popular belief by the brainwashed public, the Clinton presidency ended in a financial disaster. If someone wishes to argue with me, bring it on. In those days I had a software consulting company working for many "internet-providers" participating in the "dot-com" business (remember, the ones who sold the servers, the software, etc. to the "Internet shoe stores"). As a result of the "dot-com crash" my company lost

$6.3M out of $7.1M worth of contracts (all targeting 2001) between late October and mid December 2000. The $6.3M worth of contracts were cancelled by 14 Clients; every single one of them a "dot-com" industry provider. Clients, like Alcatel USA and Samsung America. Just a reminder: George W. Bush was not even sworn in at that time.

To prove my point, let me share this information with you: *"...in November, 2000 CNNfn.com asked the market data and research firm Birinyi Associates of Westport, Conn., to calculate the market value of the 280 stocks in the Bloomberg US Internet Index at their respective 52-week highs and their current market value. The combined market values of the* ***280 stocks*** *had fallen to $1.193 trillion from $2.948 trillion at their peak, a* ***loss of $1.755 trillion****, most of which occurred between March and September of 2000… The collapse of the Internet bubble, perhaps one of the largest financial fiascoes in U.S. history, came after a three-year period, starting in January 1997, when investors would buy almost anything even vaguely associated with the Internet, regardless of valuation. Investors ignored huge current losses and were willing to pay 100 times expected earnings…. They were goaded by bullish reports from sell-side securities analysts and market forecasts from IT research firms, such as IDC, Gartner and Forrester Research…."*

The dot-com crash caused market loss included hardware, software developers, manufacturers and services; the combined loss of server and switch manufacturers (the Nortel, Alcatel, Lucent, Ericsson and Siemens of the world) was higher than $250 billion. It also included commercial real estate, financing, stock market losses and third to sixth tier companies servicing the dot-com industry. Austin, TX, the "dot-com capital" of the US became the "unemployment capital" of the US. North Dallas, TX, where Nortel had tens of thousands of employees (now 85% of their buildings have been sold to other companies), where Alcatel once occupied both sides of a mile long street with office buildings and manufacturing facilities; 90% of them are now closed down or sold, and where Ericsson had to give up its 14 story development building, became a "ghost town" (Wall Street Journal). The total market loss was measured at **7.133 Trillion dollars.**

By December 31, 2000, the "successful" Clinton presidency ended up with $7.133 trillion loss. This was handed over to George W. Bush. Just for those who came out of the Outcome Based Education: George W. Bush was inaugurated in January, 2001. So, the bad news to my liberal friends is that Clinton was a lucky presidency and not a successful one. Praying to get those days back will take a pretty thick rug, and if you wait for the 1995-2000 "good times", you might as well expect the Eastern Bunny.