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September 25, 2008

Headlines for September 25, 2008

Bush Urges Support for Wall Street Bailout

The White House is scrambling to push through its \$700 billion Wall Street bailout by the end of the week. On Wednesday, President Bush made a national appeal for Americans to support the plan. In a prime-time address, Bush said the package is needed to save what he called an "economy in danger" and avoid "a long and painful recession."

President Bush: "Financial assets related to home mortgages have lost value during the housing decline, and the banks holding these assets have restricted credit. As a result, our entire economy is in danger. So I propose that the federal government reduce the risk posed by these troubled assets and supply urgently needed money so banks and other financial institutions can avoid collapse and resume lending."

Admin Agrees to Limit Bailout CEO Bonuses

Bush is set to hold meetings today with top congressional leaders, as well as presidential candidates John McCain and Barack Obama. On Wednesday, Treasury Secretary Henry Paulson said the administration had agreed to a Democratic

proposal to limit executive compensation at government-rescued firms. Paulson announced the concession during a second consecutive day of congressional testimony. Federal Reserve Chair Ben Bernanke told lawmakers the bailout would help stave off economic chaos.

Federal Reserve Chair Ben Bernanke: "I urge the Congress to act quickly to address the grave threats to financial stability that we currently face. Stresses in financial markets have been high and have recently intensified significantly. If financial conditions fail to improve for a protracted period, the implications for the broader economy could be quite adverse."

CBO Chief: Bailout Could Worsen Economy

Other congressional testimony painted a skeptical picture of the Wall Street bailout. Speaking before the House Budget Committee, Congressional Budget Office director Peter Orszag said the bailout could actually worsen the financial crisis. Orszag testified the bailout could trigger broader economic collapse because the assets of struggling financial firms could have even less value than currently believed. In an interview with the *Washington Post*, Orszag said, "The key question is: What are we buying, and what are we paying for it?"

FBI Probing 24 Firms

Meanwhile, the FBI has confirmed it's launched a fraud investigation against twenty-four Wall Street firms. The probe is said to focus on whether corporate executives helped give a misleading picture on their companies' financial woes.

Pentagon Would Get Record \$448B in Gov. Spending Bill

As the bailout talks continue, congressional leaders are also quietly negotiating a more than \$600 billion government budget bill. Earlier this week, Democrats caved to Republicans on allowing a twenty-five-year oil drilling ban to expire. The measure also includes a new record in funding for the Pentagon—\$488 billion.

Debate in Limbo as Obama Rejects McCain Call for Delay

Meanwhile, tomorrow's first presidential debate is up in the air after McCain said he would suspend his campaign to focus on the economic crisis. In what Democrats are calling a transparent political stunt, McCain said the first debate should be delayed.

Sen. John McCain: "It's time for both parties to come together to solve this problem. We must meet as Americans, not as Democrats or Republicans, and we must meet until this crisis is resolved. I am directing my campaign to work with the Obama campaign and the Commission on Presidential Debates to delay Friday night's debate until we have taken action to address this crisis."

Campaigning in Florida, Obama said he would reject McCain's plea to delay the debate.

Sen. Barack Obama: "It is going to be part of the President's job to

deal with more than one thing at once. I think there's no reason why we can't be constructive in helping to solve this problem and also tell the American people what we believe and where we stand and where we want to take the country."

McCain Campaign Manager Got Monthly Payments from Freddie Mac

McCain's delaying attempt comes as his ties to the financial industry are under increased scrutiny. Reports have emerged showing the lobbying firm of McCain's campaign manager, Rick Davis, continued to receive monthly \$15,000 payments from the troubled mortgage giant Freddie Mac until last month. The *New York Times* reports the firm, Davis Manafort, appeared to do little work for the company but was kept on the payroll because of Davis's close ties to McCain. McCain has previously denied Davis's links to Freddie Mac. The disclosure follows revelations Davis was paid nearly \$2 million to serve as president of an advocacy group set up by Fannie Mae and Freddie Mac. As president of the Homeownership Alliance, Davis earned more than \$30,000 a month for five years to beat back regulatory challenges as they began buying riskier mortgages with implicit federal backing.

Gitmo Prosecutor Resigns in Protest of Withheld Evidence

A military prosecutor has resigned his position at Guantanamo Bay in protest of a decision to withhold evidence from an accused prisoner. Army Lt. Col. Darrel Vandeveld says his office failed to provide discovery to defense attorneys for an Afghan prisoner set to go on trial in December. Vandeveld wrote, "I am highly concerned, to the point that I believe I can no longer serve as a prosecutor at the Commissions, about the slipshod, uncertain 'procedure' for affording defense counsel discovery."

Rice, Aide Confirm White House Torture Discussions

Secretary of State Condoleezza Rice has provided new testimony affirming the White House was actively involved in talks over the CIA's use of torture in the interrogation of prisoners. Signed testimony from Rice and her top legal adviser says administration officials discussed the program over a two-year period beginning in early 2002. In a letter to the Senate Armed Services Committee, the legal adviser, John Bellinger, said he expressed concern the proposed interrogation techniques complied with international law.

35 Killed in Iraq Shootings

In Iraq, at least thirty-five people were killed in a shooting attack on a group of police and US-backed Sunni militia northeast of Baghdad. At least twenty police officers were among the dead.

Iraq Parliament OKs Election Law

Meanwhile, Iraq's parliament has passed a long-awaited provincial election law. Lawmakers say the measure will pave the way for elections in fourteen of Iraq's eighteen provinces by the end of January. The parliament decided to postpone debate on another key national issue, the status of the oil-rich city of Kirkuk. Iraqi

Arabs, Kurds and Turkmens have all laid claims to control of Kirkuk.

Cuba Rep. Chides US Embargo in UN Speech

Here in New York, the United Nations General Assembly continued with addresses from several Latin American leaders. Cuban minister Jose Ramon Machado criticized the US for its crippling embargo on Cuba in light of the recent devastating hurricanes.

Cuban minister Jose Ramon Machado: "Allow me to take the opportunity, in name of the Cuban government and people, to thank all those countries, organizations and people who, in one way or another, have contributed honestly and sincerely with resources, or with moral support, to the efforts of reconstruction undertaken by my country. This contrasts with the position taken by the United States government that continues to apply the blockade."

Cuba says the total damage from back-to-back hurricanes Gustav and Ike will top \$5 billion. The Bush administration has offered a small amount of aid but refused to lift the embargo.

Latin American Leaders Meet on Bolivia Crisis

Meanwhile, Latin American leaders met on the side of the General Assembly over the ongoing political crisis in Bolivia. Dozens of people have been killed this month in unrest over attempts by oil-rich provinces to declare autonomy. Provincial leaders have rejected Bolivian President Evo Morales's popular mandate to redistribute Bolivia's oil wealth. Morales said he has received broad support, with the exception of the Bush White House.

Bolivian President Evo Morales: "There is much support among the presidents of South America, of Europe. We are waiting for President Bush of the United States to condemn these terrorist acts, these coup-like acts."

Study: Job-Based Healthcare Premiums Double

In healthcare news, a new study says job-based health insurance premiums have doubled in the last decade. The Kaiser Family Foundation says the increase far out-paces the accompanying rise in inflation over the same period.

Muslim Group Calls for FEC Probe on DVD Distribution

A leading American Muslim group is calling for a Federal Elections Commission probe into a controversial DVD they say denigrates Islam. The video is called "Obsession: Radical Islam's War Against the West." It's been distributed to some 28 million homes, mostly in battleground election states. The Council for American-Islamic Relations wants the FEC to probe whether the DVD's distributor, the Clarion Fund, is really a front for a right-wing group based in Israel seeking to back Republican candidate John McCain.

Former Muslim Charity in Terror Financing Retrial

Meanwhile, in Texas, the retrial of a former Muslim charity accused of terrorism financing has begun. The now-defunct Holy Land Foundation for Relief and Development is accused of being a front to raise funds for Hamas. A mistrial was declared last year after jurors failed to reach a unanimous verdict. The Holy Land Foundation was once the largest Muslim charity in the United States. It collected donations for local committees providing humanitarian aid in the West Bank and Gaza. The case relied on Israeli intelligence and disputed documents and electronic surveillance gathered by the FBI over a span of fifteen years.

St. Paul City Council Takes Up RNC Protest Crackdown

And in Minnesota, more than 200 people gathered for a St. Paul City Council hearing on the police crackdown on protesters during the Republican National Convention. Council members heard testimony from protesters who recounted their experiences of pepper spray and abuse at the hands of police. Bruce Nestor of the National Lawyers Guild called for an independent probe into police conduct.

Bruce Nestor: "What happened in St. Paul, Minnesota from—really going back to the infiltration and surveillance two years, but from September 1 to September 4, 2008—had happened in any other country, that's the type of coverage and description of it we would have read. And I think that you can either be for or against that politic suppression, depending where you fall on the political spectrum, but that is an objective description of what happened and of the political content of why people were in the streets, why people were demonstrating, and the political nature of the response that was organized by the \$50 million gift by the federal government. It was a targeted abuse of force and of security forces to suppress political activity, to scare people from coming out into the streets."

More than 800 people were arrested during the four-day convention.



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