

OPINION

EDITORIAL



Federal bailout didn't change that culture of greed at AIG

You remember AIG. The American International Group, after the insurance giant was bailed out by the federal government last October, sent some 70 top executives on a junket to the swanky St. Regis resort on the California coast. They spent \$440,000 (of our money) on spa time, massages, pedicures and five-star brandy.

Six months later and AIG's culture of greed without peer remains firmly in place. It was reported Saturday that the firm — which has received more than \$170 billion in a federal rescue money — will pay out \$450 million in bonus payments. Some \$165 million in bonus payments were made this past weekend. Much of the bonus money is going to the unit that sold risky financial contracts that caused huge losses for AIG, which posted a record \$62 billion loss in the fourth quarter of 2008, and helped to create what has become a worldwide financial meltdown.

Of AIG's decision to pay out million-dollar bonuses, President Barack Obama said Monday that "it's hard to understand how derivative traders at AIG warranted any bonuses, much less \$165 million in extra pay. How do they justify this outrage to the American taxpayers who are keeping the company afloat?" Obama asked Treasury Secretary Timothy Geithner to use whatever leverage he has to force AIG to roll back the bonuses.

The outrage in Congress was reflected on both sides of the aisle. Rep. Barney Frank, the Massachusetts Democrat who is chairman of the House Financial Services Committee, said AIG's decision amounts to rewarding incompetence. "These bonuses are going to people who screwed this thing up enormously." On ABC's "Good Morning America," Sen. Richard Shelby, R-Ala., said "these people brought this on themselves. Now you're rewarding failure. A lot of these people should be fired, not awarded bonuses. This is horrible. It's outrageous."

In an interview on CBS' "60 Minutes" Sunday, Federal Reserve Chairman Ben Bernanke did not address the AIG bonuses but he did express his frustration with the AIG intervention. "It makes me angry. I slammed down the phone more than a few times

on discussing AIG," Bernanke said. "I understand why the American people are angry."

Treasury Secretary Geithner pressed the president's case with AIG's chairman, Edward Liddy, last week, before the \$165 million in bonuses were paid. Liddy, in a response to Geithner, said outside lawyers informed him that AIG had contractual obligations to make the bonus payments and could face lawsuits if it did not. And he added this absurd rationale: "We cannot attract and retain the best and brightest talent to lead and staff the AIG businesses."

Let's see. Aren't these the same "best and brightest" talent that lost \$62 billion in the fourth quarter and helped to send the economy into a tailspin? To actually get performance-based bonuses after this debacle, well, maybe they really are the smartest guys and gals in the room. Since we taxpayers are giving them the money, we know that we are not.

We know now that the government could have done a much better job of overseeing large investment firms like AIG. We know now that it was a terrible idea when Congress and the previous administration thought it would be a good idea to let Wall Street's financial institutions regulate themselves, that they're own self-interest would govern their behavior. We know now that the \$700 billion bailout package passed in such a rush last October had very weak protection for the taxpayers' money. AIG and other bailout firms received a blank check to spend those billions of dollars. We should not be surprised that they were guided by their own greedy hearts.

No wonder the mild-mannered Bernanke was so angry he slammed down the phone. The American people are themselves increasingly angry that the companies most to blame for this crisis are squandering millions of taxpayer dollars on executive compensation, with no sense of restraint, and the government apparently powerless to stop it. If they have any shame left, on their way to the bank they should be blushing like boiled beets. AIG's "best and brightest" deserve something — we hesitate to say what — but it is not a bonus.



LETTERS

Small homes best

The Associated Press reported on March 10 that seven employees at the Corpus Christi State School had been reported for "running their own fight club using clients." I have been working in the worst state, Texas (50th regarding number of persons in developmental centers), to place persons with developmental disabilities into small homes.

History has dictated that living in large, congregate facilities is not germane to development, nor is it meaningful regarding living in general. Institutions were the answer during the end of the 19th Century and over the last 20 years the number of people residing in these large facilities has dropped from more than 100,000 to about half.

The funny thing is that it is less expensive and better to live in the community. It is less costly to the taxpayer and better for the families. The question is, what will it take to get the government to reduce the number of persons in institutions? Hopefully not something as catastrophic as the alleged "fight club" of Texas.

ROBERT STACK
(President and CEO,
Community Options, Inc.)
(Princeton, N.J.)

Reform schools

The "fight club" abuse of residents at the Corpus Christi State School is, sadly, only the latest tale of abuse in state institutions for people with intellectual disabilities, coming on the heels of the Department of Justice report of systemic abuse, neglect and 53 preventable deaths in Texas state schools.

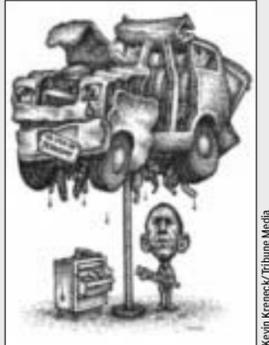
The focus now moves to the state's response. It's time to phase out dangerous institutions and strengthen community services. An excellent approach would be the socially and fiscally responsible legislation filed by Sen. Rodney Ellis (SB 1060) and state Rep. Patrick Rose (HB 1589). The Ellis-Rose bills take a cautious, measured approach to responsible reform, calling for an 10-year plan involving a wide group of stakeholders, including state school families, to rebalance Texas' long-term services and supports.

Many Texans react in disbelief on learning the state claims immunity to its violations of the Americans with Disabilities Act. The Texas

Not the problem

My car won't start in wet weather, so I drive it in to the mechanic to diagnose the problem. After two minutes the mechanic tells me that I've been using the wrong type of brake fluid, my antifreeze is low, and the windshield is dirty. He estimates it will cost \$1,500 to replace the brake system, \$700 to replace the radiator, and \$600 to replace the windshield. OK, there's an outside chance that one or more of those repairs will be needed, but precious little chance any of them will fix the original problem.

When the Obama administration announces that it plans to address the economic crisis by reforming



Kevin Keneck/Tribune Media

health care and restricting carbon dioxide emissions, I have to scratch my head. I thought we had a problem with mortgage lending.

CRAIG McCARRON
(Robstown)

Legislature should move quickly to pass legislation sponsored by Sen. Juan Hinojosa (SB 1150) and state Rep. Mark Strama (HB 849) and forever end this disgraceful practice.

I urge all Texans to contact their representatives and ask them to support state school reform and restoration of the civil rights of all people with disabilities.

CRYSTAL LYONS
(President, Coalition of Texans
with Disabilities)

Hit by fuel prices

ExxonMobil reported a profit of \$45.2 billion in 2008. The previous record for annual profit was upwards of \$40 billion, which was set in 2007. Even though oil prices are relatively low compared to 2008, gas prices don't seem to be affected. Prices on gas keep going up, regardless.

They will only get higher right with spring break. This seems to be the case every time we get a holiday in which traveling is almost expected. It's bad enough we have to deal with hearing of the record profits, but when the consumers realize that we are helping this by using the gas we need is like adding insult to injury.

When will the government help the taxpayers by regulating the industry fairly? I'm a working single mom who happens to be a student. I don't want to keep working for gas money.

KIM SILVA

Unfair to oil

Immediately upon President Barack Obama's announcement of his intention to place excise taxes and eliminate deductions for companies drilling in the Gulf of Mexico, we were rewarded with a 12 percent increase in gasoline.

The increased costs to those companies will result in many jobs being lost not only in the Coastal Bend but all over Texas and the other Gulf states. I thought the administration was attempting to diminish the dependence on foreign oil but has instead made Middle Eastern oil more desirable.

This appears to no more than punishment to those states that voted Republican. Now we will have to watch our local representatives and senators to see what their response is to this.

WOLFGANG BUSCHANG

Second thoughts on Guantanamo

The Western European nations who denounced the Guantanamo prison as a gross abuse of human rights under the Bush administration are dragging their feet at helping the Obama administration close it down.

Some of this reluctance stems from legitimate concerns but some of it seems to be that it was OK to be high-minded about the detainees when they were locked up in Guantanamo, less so when the freed detainees might be walking the streets of European cities.

The Obama administration would like the Europeans to take off its hands the 60 detainees who cannot be returned to their home countries. The Bush White House complicated this task by its description of the detainees as "the worst of the worst."

The U.S. plans to try 21 detainees, who arguably really are bad guys, on criminal charges in U.S. civilian courts. But as for the 60, the Europeans want to see the intelligence on them to reassure themselves they would not be taking a risk by accepting them.

As a top German official put it, if these detainees pose no security risk, there is no reason the U.S. should not

take them.

It's a fair point and one the U.S. could go part way to meeting by releasing 17 Uighurs, Chinese Muslims, who have been found to be harmless, into the Uighur-American communities.

There are other problems as well. Should the released detainees be given full travel rights, meaning it's anybody's guess where they'll turn up, or must the Europeans monitor their movements? Another worry is that the freed detainees will tie up the courts trying to sue U.S. officials.

Talks on resolving these questions began in Washington this week. Here's a chance for the Europeans to make good on their lofty words.

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GEORGE F. WILL

As the drugs come north, the weapons go south

PHOENIX — X-Caliber, a gun store in this city's northern section, has become embroiled in Mexico's turmoil. The chaos there is the result of the Mexican government's decision to wage war against rampant drug cartels that are fighting mostly against each other but also against the portions of Mexican law enforcement they have not corrupted. Operating in that nation's north, they are serving this nation's appetite for illegal narcotics and illegal immigrants.

George Iknadosian, the gun shop's proprietor, the name of whose shop might indicate familiarity with Arthurian legend, is on trial, accused of selling at least 650 weapons, including AK-47 rifles, to "straw buyers" — persons who illegally pass the weapons on to the cartels, thereby fueling the violence that killed more

than 6,000 Mexicans last year. That was more than 2,000 above the 2007 toll and fewer than will die if the rate of killing so far this year continues. Fortunately, most of the fatalities are members of the warring cartels.

The prosecution of the proprietor is part of the U.S. attempt to stop the southward flow of weapons and bulk currency while Mexico combats the northward flow of drugs, and of human beings brought by "coyotes." But although almost all the cartels' weapons come from the United States, the cartels are generating upward of \$15 billion annually from drugs, human trafficking and extortion. So they will find ways to get guns — and grenades and other military weapons — for their interconnects disputes about control over routes for smuggling drugs and people.

When Gen. Michael Hayden

stepped down as CIA director, he listed Mexico among America's biggest national security concerns. But even allowing for the stresses arising from the global economic downturn, speculation that Mexico, with the world's 13th-largest economy, is sinking toward the status of a "failed state" is far-fetched, as is the idea that the cartels can withstand a determined drive by the Mexican military, assisted by U.S. military technologies.

The turmoil is, however, taking a toll on Arizona, which has a 370-mile border with Mexico. Terry Goddard, Arizona's attorney general, says this is a "transit state" not a "destination state." Phoenix is a distribution center for smuggled drugs destined for more than 230 American cities, and for people. Each commodity is stashed in different "drop houses." The people are kept in what Goddard calls "cattle-car conditions."

He says that although a million people a year are moving north through Arizona, it is still a seller's market for traffickers in human beings.

Extrapolating from wire transfers of hundreds of millions of dollars from customers in dozens of U.S. states to smugglers operating in Arizona, Goddard believes that the "coyotes" who bring in the human contraband are extremely violent extensions of the cartels. One gang will swoop down on a "drop house" holding smuggled persons, or on a truck carrying such persons on the interstate from Tucson, and then "negotiate" their own deals with people who thought they had already paid for the smuggling. Some who object are shot in the head, which is, Goddard says, "a pretty good technique" for encouraging payments from the others. He estimates that half of Phoenix's 169 murders last year were related to human and drug smuggling.

Mexico, he says, is no longer importing up to four times more pseudoephedrine than its pharmaceutical industry requires. This ingredient was used to make methamphetamine destined for the U.S. market. Today, measured by volume (millions of pounds) and profit (up

to 70 percent of the cartels' earnings), the biggest business is still marijuana. It is shipped in two-ton lots, in trucks that cross over the border fence without touching it, using "bridges" that can be assembled in 90 seconds at places identified by spotters who are equipped to live in the desert for weeks at a time. They can report where U.S. border patrols are at any moment.

All this has rekindled the debate — a hardy perennial — about crimping the cartels' marijuana market by legalizing their product in the United States. Whatever the merits of legalization — and there are certain to be costs — it will not happen in the foreseeable future, which is where Arizonans must live.

There are more than 6,000 licensed American gun dealers on the 2,000-mile border with Mexico. They should obey the law, even though most of the victims of the cartels' violence deserve to be.

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Letters should be 200 words or fewer. They must be signed and include name, address and phone numbers for day and evening. Letters will be edited. Inquiries about individual letters cannot be answered.

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