



## Thugocracy: America's New Gangster Government

The essence of Gangster Government was summed by a comment President Barack Hussein Obama made in October, 2010: We're gonna punish our enemies and we're gonna reward our friends who stand with us on issues that are important to us.

That in essence is what government corruption is all about, and that is what we have had in Washington since Obama took his oath of office. We now have a government of men, not laws. That was how the Democrat Congress forced the enactment of Obama's socialized healthcare program despite strong opposition from the American people.



His contempt for the Republican opposition was summed up when the Democrat-in-Chief said: "They can come for the ride, but they have to sit in the back." So now, Jim Crow has also become a philosophical tenet of the Obama regime.

All of this and much more is revealed in David Freddoso's new book, *Gangster Government*, a primer on the Obama government's corrupt practices, revealing the details of some of the worst forms of federal corruption ever visited on the American people.

Published by Regnery in 2011, the book leaves no doubt that what we are dealing with in the White House is unprecedented corruption on a scale that can only be characterized as criminal in its violations of the U.S. Constitution, violations that have all of the earmarks of gangster activity.

Well-schooled in the corrupt practices of Chicago's Democrat political machine, Obama and his cronies have brought to Washington everything that is repugnant about the way politicians manipulate political power in the Windy City. Case in point is how the Obama administration handled the bailouts of General Motors and Chrysler, a story of such blatant gangsterism that it boggles the mind.

For years, General Motors had been so badly managed by its top brass that it had become deeply in debt and was headed toward bankruptcy. If allowed to be liquidated, the UAW, the United Auto Workers union, would have been the big loser. The secured creditors would have been first in line to receive whatever monies the sale of GM's assets would have made. That's when Obama decided to step in and bail out the company.

His union friends and their pension funds were in jeopardy. The UAW had contributed greatly to Obama's campaign for the presidency. So they had to be saved. The solution was a bailout for the company as a reward for the union's good deeds. Freddoso writes:

"If anyone wonders whether the automotive bailout was all about saving a union, the answer is yes. There is no other reason why two domestic automotive manufacturers — both historically significant, but neither remotely indispensable to the economy — would get the bailout they did when nearly 90,000 businesses failed in the financial crisis and received no government help."



Written by [Sam Blumenfeld](#) on May 19, 2011

The method the Obama government used to bailout GM was quite creative. Most Americans believe that GM was given a bailout loan of \$50 billion. However, that was not the case. The company was given a loan of \$6.7 billion at 7 percent interest. The Canadian government also gave GM a loan of \$1.4 billion. The bulk of the bailout money was transferred to GM through the purchase of 60.8 percent of the company's equity. The Canadian government paid GM \$8.1 billion for 11.7 percent of equity. Thus, the U.S. and Canadian governments owned 72.5 percent of the company at the time of the bailout.

The Obama administration also decided to save Chrysler, which was even closer to liquidation than GM. But the case for saving Chrysler was based more on political and social realities than on its economic factors

The UAW had everything at stake in the survival of GM and Chrysler. Freddoso writes:

“By the time of their bankruptcies, GM and Chrysler together employed 77,600 UAW members.... With so many union jobs at stake, the government rigged the companies' bankruptcies so that the UAW would emerge stronger than any of the other stakeholders, including taxpayers.”

In other words, if the Obama administration had permitted the two auto companies to go out of business, the UAW would have lost a third of its membership.

While there are many older Americans who believe that these two great American auto companies should continue to exist, it is more for sentimental reasons than economic ones. Who can forget the cars of one's youth made by GM and Chrysler? And that is why older Americans did not rise up against the bailouts. But we tend to forget that during the Great Depression many great auto companies went out of business and there was never any talk of bailouts. But when government and workers begin taking over the means of production as advocated by the Communist Party, USA, one begins to understand how far we've come from free-market capitalism.

Daniel Gross of Slate recognized the significance of the GM and Chrysler takeovers by the government and union workers. He wrote on June 2, 2009:

It's been a long time since American devotees of Marx (Karl, not Groucho) have had much to cheer about. But with the bankruptcy filings of General Motors and Chrysler, and the transfer of stock ownership from the firms' long-suffering shareholders to the government and unions, communists of the world can rejoice. The workers are now, finally, significant owners of the means of production. The United Auto Workers control about 65 percent of Chrysler and 17.5 percent of General Motors.

Socialist Obama probably told his fellow socialists: “Mission accomplished. We've done what no other socialists have ever been able to do: turn two capitalist entities into two socialist companies.”

It will be up to the next Republican administration to get the government completely out of the automobile business.

But the most thuggish part of the story is how the secured creditors were treated by Obama's gang. Freddoso writes:

In the case of the Chrysler bailout, there were many hidden victims, but there were also very visible ones: particularly the company's secured creditors. The theft they suffered was the most egregious irregularity in the automotive bailout and it gave rise to the cry of “Gangster Government” in the first place. Secured creditors, whose rights in bankruptcy the law considers sacred, were manhandled by the Obama administration so that a UAW benefits fund could take 55 percent of the



new Chrysler's equity.

The secured creditors were owed \$6.9 billion in all. But the Obama team decided that workers were more important than lenders. One thuggish member of the team had written: "In the real world, he who makes the rules of the game, rules the game."

The game was played out to Obama's advantage in the bankruptcy court. One of the secured creditors was Indiana's state pension and highway funds. When Chrysler's financial advisor told the government that the company could come up with the funds to pay the secured creditors more than Obama wanted, he was told in blunt thuggish terms, "You went where you shouldn't."

Indiana State Treasurer Richard Mourdock told David Freddoso: "This wasn't about 'Hope and Change.' This was about 'Stop us if you can.' "

Indeed, Tom Lauria, attorney for the secured creditors, revealed on a radio interview the method used by the Obama thugs to get one of his clients, the investment firm of Perella Weinberg, to accept the government's deal:

One of my clients was directly threatened by the White House and in essence compelled to withdraw its opposition to the deal under threat that the full force of the White House press corps would destroy its reputation if it continued to fight....That was Perella Weinberg.

Obama also forced GM and Chrysler to close down thousands of dealerships, thereby destroying tens of thousands of private sector jobs at these dealerships. There was no economic reason for the closures. Just the arbitrary decision by Obama to throw a monkey-wrench into America's free enterprise system.

There is much more to this story, which if known by the American people, would help them understand the great damage that the Obama administration is inflicting on the American capitalist economy and our Constitutional form of government. Yet, his sweet talk still manages to fool most of the semi-literate members of the Democrat party. And in 2012 they will vote for him, no matter what.



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