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**Transcripts of Q&A Session from the Thinking  
Outside the Boxe 2009 Symposium**

**Myrtle Beach, SC, Orlando, FL and Washington, D.C. (PRWEB)  
December 30, 2009**—Thinking Outside the Boxe released the transcripts of a question and answer session from its Annual Symposium held in Orlando recently. Robert M. Clinger III, co-founder of Thinking Outside the Boxe, participated in the symposium question and answer session. Sebastian Perey, co-founder, also participated via telephone. The symposium focused on topics such as recent economic conditions and the outlook for the coming year, geopolitical events, domestic politics, global warming, etc. The questions were selected from questions and/or comments submitted to Thinking Outside the Boxe via mail, e-mail, etc.

The opening statements by Messrs Clinger and Perey were not included as part of the official transcripts released. Following completion of the Q&A session, both members of the panel took questions in person and via teleconference. The transcript of the questions and Thinking Outside the Boxe's responses are as follows:

**1) What are your thoughts on the Congress and the job it is doing?**

This Congress, much like the last Congress, is an abject failure. I think most Americans were willing to give the Democrats the benefit of the doubt that they would hold to their campaign pledge that this would be the most ethical Congress and that this Congress would clean up corruption and do business in a different manner. (Personally, I didn't believe a word of that.) So far, it has been nothing but empty rhetoric. In the 2008 campaign cycle, the Democrats criticized the then Republican controlled Congress for profligate spending, but since taking power, they have increased the national debt by over 15% and they are going to continue to increase it with their health care bills, etc. This Congress is passing dangerously

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destabilizing legislation that is further indebting future generations of Americans, creating economic instability and uncertainty, and guaranteeing higher taxes in the short and long-term. They continue to serve only their own short-term elitist interests, play petty partisan politics, ram through legislation that the majority of American oppose, even according to the most liberal polls out there, and disregard what Americans are saying.

This Congress is an even bigger disappointment than the last Congress. And the polls show that Americans are disgusted with this Congress. What upsets me the most is the sheer hypocrisy of the leaders of the Democrats in the Congress. When they were in opposition during the presidency of George W. Bush, they supported peaceful demonstrations against the war in Iraq. But when the T.E.A party movement started earlier this year, Nancy Pelosi and other Democrats made disgustingly disparaging remarks about this movement and the people participating in the tea parties across the country. She has disgraced herself, her party, and her position as Speaker of the House. I attended some of those tea parties, and let me tell you this, my friends, that was the real America at those gatherings and they represent what America has always been about.

**2) What is your assessment of the economy and general business conditions?**

The economy is certainly in very poor condition. The unemployment rate is the highest it has been in decades, businesses are not hiring, consumer confidence is weak, the banks are not loaning out any money (not as if they have any money right now anyway), the government is spending money like there's no tomorrow, small businesses are suffering, and consumer purchasing power is dwindling fast. It paints a pretty bleak picture, but the reality is the economy is in the tank and it's not coming back anytime soon.

The general business environment is characterized, in my opinion, by a great deal of fear and apprehension and uncertainty not just about today but about the coming



months and years. If you're a small business owner in your town and you see people getting laid off or not being able to find a job, you're watching your customer base lose the purchasing power for your products, whether it's sandwiches, cars, clothes, whatever the case may be. So naturally if your outlook for sales is down you're probably not going to be hiring additional workers or expanding production or output. And you will probably reign in your spending quite a bit. Now, couple this with what you see happening in Washington with health care reform, cap and trade, and wanton spending on massive bailouts and other programmes, and your probably thinking that your taxes are going to go up to pay for this spending. Remember, there's no such thing as a free lunch; someone has to pay for this spending, and it is ultimately the taxpayer. And, you know that if health care goes through your expenses are going to increase dramatically to provide coverage for your workers. So right now there doesn't seem to be any incentive to grow the business or hire workers or invest additional funds in the business, even though there is a great deal of funding being guaranteed by the SBA right now.

Overall, there's not much to be positive about when it comes to the economy.

**3) What is your outlook for the economy and interest rates and what risk does the federal deficit and federal debt have in the outlook for the economy and business long-term?**

I think we have to look at this in the short-term and the long-term. The immediate outlook is much the same as what has characterized the economy over the last six months to a year—continued high unemployment, weak consumer confidence and spending, and uncertainty amongst the business community. We will likely see more massive government spending on a variety of projects. And there is a high probability that the Administration will try to get another economic stimulus package through the Congress. But here's what it boils down to, if I may borrow from Bill Clinton, "it's the job market, stupid." What are all of these people who have been laid off going to do? If you're a construction worker who has lost his job, you're not going to be able to go work as a nurse or something like that

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without significant retraining. And the same goes for a lot of professionals in banking, etc. that have lost their jobs. They are able to go work building roads with the infrastructure projects. So, the job market has an abundance of workers looking for gainful employment, but businesses just aren't hiring right now. However, when they do start to hire, we'll likely see wage deflation as there are too many people unemployed who will take a job for lower wages just to put food on their plate.

Is there a short-term fix? Probably not. Any economy must go through a period of readjustment. This is a natural occurrence. It is painful. It is not easy, but it is necessary. The government throwing more money at the problem with costly projects isn't going to help, particularly when those stimulus funds aren't going to be fully spent for many years. Rather than spend money that we don't have, the government should give tax cuts to small businesses and individuals and in the process reign in spending. Something has to be done to get more money in the pockets of businesses and individuals alike and provide incentives for small businesses to begin hiring and expand production.

Now, the long-term prospects are in some ways equally grim but you have to ask yourself if you believe in America. If you do believe in America, then the long-term outlook for the economy is good. We have a resilient workforce and business community that will adapt to fundamental shifts in the economy. Long-term our capitalist economy is the only good bet in the world. We will overcome these challenges and this too shall come to pass. But it will not be easy. However, there are some dark clouds on the horizon for the economy in the long-term. The government over the last year and a half has embarked on an unprecedented spending binge that has doubled the national debt. We are spending money that we don't have and financing the massive fiscal deficits with borrowing from overseas investors, namely the Chinese. We can't do this forever. Individually we cannot borrow beyond our means. As a nation, we cannot do this either. Ultimately, we have to pay the piper. How are we going to do this? The government will be forced to raise taxes or else cut spending or default on its debt. Seeing

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as how a default would ruin our creditworthiness and create massive economic turmoil, that doesn't seem a likely option. And since the federal government hasn't actually reduced the size of federal government spending since the early 1960s, massive cuts in spending that would be required to cut the deficit and the debt probably won't happen either. So, we're left with the prospect of higher taxes. Remember, the money that the Congress and the Administration are spending is our money, the taxpayers money. Ultimately, the obligation to repay that money falls upon the taxpayers, you and me, my friends. When it comes down to it, we will have to pay for this with higher taxes, and so will our children and our grandchildren and our great grandchildren. It is just that big.

So, what will higher taxes do to the economy? There is a very clear relationship that when taxes are cut the economy produces more than ever before and that when taxes are raised the incentive to produce dwindles and economic output contracts. This isn't me saying this to advocate any specific position. This isn't an original theory of mine. This is just simple fact. More taxes equals less output. Less taxes equals more output. It's just that simple.

Can higher taxes be avoided? It will be very difficult unless the government stops spending, cuts the budget, and returns to a balanced budget or the paygo system such as the Congress successfully formulated in the latter part of the 1990s. This will require major political sacrifice and cooperation of both parties and the Administration to achieve. Unfortunately, it doesn't look like they have the inclination to do this. But even so, there are massive unfunded liabilities, in the trillions of dollars, associated with the entitlement programmes of Social Security and Medicare. Here again, no one in Washington seems inclined to tackle this problem, and the longer it is left to fester the more difficult and painful it will be to address this down the road. Hesitation, apathy, and complacency aimed at political self preservation will only compound this already massive problem.

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Having said all of this, what does this mean for interest rates? Short-term it looks like the Federal Reserve is going to try to keep rates artificially low. This won't be sustainable long-term. As government deficits grow necessitating increased borrowing, interest rates will have to increase to attract lenders to buy our Treasuries. Rates can't go any lower, so the next move by the Fed is going to be an increase in interest rates. Typically, this tends to suppress economic activity, so we find ourselves backed into a corner whereby higher interest rates in an already fragile economy only serve to further depress economic activity and any potential recovery.

**4) Do you feel the stock market is overvalued, undervalued, or fairly valued?**

The value of anything is the sum of the present value of the cash flows associated with that asset. The stock market as an indicator is forward looking. It doesn't necessarily reflect where we are right now but rather the expectations of investors for the future. The market is up from its lower earlier in the year but recently hasn't really gone anywhere, trading in a relatively tight range.

In my assessment, I think the market is probably overvalued right now, but it's a dangerous game trying to predict where the market is going. The economic prospects just don't look very good for the broader market to increase substantially. The trend may well be lower for the next six months, unless we start to see some improvement in the jobs markets on a sustainable basis of two or three months. But one good thing for the markets is that I believe there is a great deal of liquidity sitting on the side lines right now waiting to see what direction the economy takes and how things play out in Washington in the next year. At some point, when investors think things are turning around, that money is going to flow back into the stock markets. That's when we'll see noticeable gains in the broader markets.

**5) Iran and North Korea continue their pursuit of nuclear programmes. Is it time to give up on diplomacy?**



We have long advocated a hard line policy against North Korea and Iran. North Korea is more about blackmail so that the regime of Kim Jong-Il can continue to maintain its hold on power and oppress its people. Iran, however, is a theocracy that has a fundamental difference with the West that is rooted in Islamic extremism. Their pursuit of nuclear weapons is more frightening in that they have an avowed hatred towards Israel, the West, and Christian infidels. Would North Korea really use a nuclear weapon on the United States? Probably not, as they know they would easily be annihilated by us in retaliation. Iran doesn't really care. They are religious fanatics. They see it as their holy mission to destroy us, so their nuclear ambitions pose a far graver danger.

The internal strife in Iran over the last year hasn't produced much hope of overthrowing the regime. They seem to squash the rioting and demonstrating quite effectively then execute some of those involved in hopes of deterring future unrest.

It seems likely that we will continue to beat around the bush until it is too late to stop the Iranians from getting nuclear weapons. The talks with the Europeans produced nothing. Now, the current administration wants to have more high level talks with the Iranians. If the Europeans couldn't get them to talk, and these are the folks who appeased Hitler with such great success, what makes us think we will be any more successful in talking with them? Perhaps the Obama Administration will have a beer garden summit at the White House to work out the differences between Iran and the West.

We have said for quite some time that diplomacy won't work with Iran. We maintain that position now. Preemptive action is probably going to be necessary to stop Iran's nuclear programme. How long do we have to play this game of cat and mouse? They are going to continue to work on their programme regardless of what we say. Only firm, swift, resolute action to eliminate their nuclear facilities will produce any tangible results. It is more likely, however, that Israel will take matters into their



own hands and unilaterally launch targeted strikes against the nuclear facilities in Iran.

This Administration has neither the resolve or the backbone to take this type of action, so they will continue to talk about having talks and in the meantime Iran will continue with its nuclear programme and potentially developed nuclear capabilities that it can use against our allies or give to terrorists to use here in America. President Obama will likely be known as the president who allowed Iran to get the bomb on his watch and in the process change the balance of power in the Middle East.

**6) What is your assessment of the Obama Administration?**

It seems like the popular thing to do lately has been to give the president a letter grade, like in school. I would have to give the Obama Administration an F in just about every regard. The Administration has proven itself a socialist ideologue at every opportunity.

Economically, the Administration has been behind the eight ball. It's all about jobs, but no one in the White House is talking about jobs creation. They have been more concerned about healthcare, which may be a noble ambition, than anything else. From an economic perspective, the healthcare plan from the Administration will do more to bankrupt America more quickly than anything else. We can't afford socialized medicine for everyone, but damn the torpedoes and full steam ahead, Obama wants it done! The Senate has debauched itself with the Louisiana purchase and the Nebraska windfall to get enough votes to pass the healthcare bill with little regard for the long-term economic consequences.

The Administration wants to close the facility at Guantanamo Bay and move the prisoners here to America to give them a public trial in New York. Giving terrorists rights in a court of law is wrong and most Americans object to this. The Supreme Court upheld the creation of military tribunals to try the terrorists, but the Administration wants to give them a public forum to spout their anti-American rhetoric and hatred. And less than a week ago,



the underpants bomber who tried to down a commercial jetliner in Detroit was read his Miranda rights as if he were a common criminal. Terrorists have the same rights as American citizens? Ridiculous!

The President goes to a number of conferences thinking that the rest of the world's leaders are going to bow down to him only to find out that he has no respect from other leaders. He sits and lets Hugo Chavez chastise him and America and speak ill of all that we do and all that we stand for then accepts a book from the Venezuelan leader. He didn't have the guts to get up and walk out of the meeting. He let them disrespect him to his face and in the process demean America.

The only thing that the Administration has been good at is talking. They like to talk even if it is about the wrong things. Unfortunately, rather than accept responsibility for themselves, they continue to talk and blame the Bush Administration for all the evils of the world. They are nearly a year into their presidency and they are blaming the previous administration for all that is bad. How petty and pathetic! Obama likes to say that the buck stops with him but he doesn't want to take responsibility for anything. Let's just blame everything bad on President Bush. It is weak and cowardly.

**7) What do you perceive to be the biggest threat to the U.S. economy---inflation, interest rates, oil prices, etc.?**

It's very difficult to pinpoint which factor is the biggest threat to the U.S. economy. The Federal Reserve has kept interest rates low for a good while now at virtually 0%. Thus, the next likely move is an increase in interest rates. This is going to be necessary to keep in check the inflationary effects of the additional money put into the system over the last two years. The magnitude of the increase in interest rates will largely be a function of how quickly inflation rises, when it does. Oil prices are largely trading in the \$70 range despite the soft economy. There's really no support at this level and with demand subdued stockpiles may start to increase, which could ease



prices lower. We'll probably see oil prices remain in this same area for a while.

I think the bigger problem than all of these factors is the runaway government spending that is putting America deeper and deeper in debt and saddling future generations with massive debts that will mandate higher taxes to satisfy. We cannot continue to spend uncontrollably. There is always a day of reckoning. At some point, the Chinese are going to say they're tired of financing our deficits, and then we'll have to offer them more attractive interest rates to entice them. Thus, higher interest rates, which are coming anyway, in a time of subpar economic growth spells more strain on an already fragile economy. Without some controls on the limits of government spending, the train is heading over the cliff. We're already broke; we're borrowing money we don't have and can't get without taxing our citizens to death. Either we restore paygo or a balanced budget and cut spending massively or we go bankrupt.

**8) What are your thoughts on the T.E.A. parties?**

The T.E.A. parties represent what America is really all about. Here you have everyday Americans from all walks of life standing up against what they believe is wrong. The taxed enough already philosophy is deeply engrained in the American spirit, extending back to a day in Boston Harbor over two centuries ago. It is inspiring to see such a grass roots movement rise up and speak out peacefully against perceived injustices and destructive policies by the government and our elected leaders.

This administration is all about tax and spend. They said they were going to do this in their campaign, and apparently the people who voted for them didn't believe it. This administration has dangerously destabilizing socialist tendencies that go against everything that America stands for, everything that our forefathers fought for, and everything that makes America a great and free land where any man, woman, or child of any walk of life can work hard, prosper, and have the bounties of a good, full life. This administration wants to do away with incentives for work

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and take from those who have worked hard to build a life for themselves and give to those who do nothing but take from the system. The T.E.A. party movement has stood up and spoken out against these priorities of the Administration.

Unfortunately, the liberal media has demonized these Americans for peaceful protest. Indeed, the Speaker of the House has done the same thing. But this is the famous Democrat double standard. You can't do this; you're unpatriotic if you're protesting the policies of the Obama Administration. BUT, we felt it was patriotic to protest the Iraq war, and we advocated protesting the Iraq war and President Bush's administration. It has been sickening to see the media's treatment of the T.E.A. party movement, and they have discredited themselves in the eyes of much of the public for this criticism. A lot of the people who watch the six o'clock news are the same ones who are participating in the T.E.A. party movement and their rallies. It doesn't sit well with these good Americans to be demonized.

As a party, I think you'll find the folks in the T.E.A. party movement will likely caucus with the Republicans. After all, they share a common commitment to lower taxes, less intrusive government, less government spending, etc. It would be ideal if the T.E.A. party movement could establish itself as a viable third party in the U.S., but I'm not sure that is going to happen. If it were to do so, it could fundamentally change the political landscape in America by removing such bitter partisanship and promoting working together with all three parties to get things done for the common good of American people. Too idealistic.

**9) What is your outlook for the 2010 mid-term elections?**

It doesn't look good for Democrats. I believe there's a high probability that the Republicans will retake one, if not both, houses of the Congress in the mid-terms. This is like the Gingrich revolution in the 1990s. The Congress, which has been controlled by the Democrats for the last couple years, has the lowest approval rating in modern history. When the Speaker promised the most ethical

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Congress, she set a high standard. Unfortunately, she has failed to deliver on that and everything else. She has attacked the peaceful protest of the T.E.A. party movement after supporting protests of the Iraq war. The everyday American doesn't like that. The Democrats in the Congress have ignored the wants of the people who are growing disenfranchised with out of control spending, an unpopular health care bill, tax and trade, need I go on? They just believe that they know better than the American people. It's the liberal elitist coming out in them for all to see, and the American people (with the exception it seems of some parts of New England and the West Coast) don't like it.

The Republicans have long been known for fiscal conservatism, despite what happened in the waning months of the Bush Administration when the House was controlled by the Democrats. Consequently, Democrats have long been know as tax and spend in nature.

**10) In the aftermath of the loss of the Congress in 2008, what is your outlook for the Republican party?**

The Republican party, no doubt, lost its way in the 2008 elections. However, I wouldn't say that there has been a fundamental shift in America towards more liberal views. I think the results of the 2008 election were not necessarily a vote for the Democrats but more a vote against the Bush Administration, which had grown unpopular even amongst some Republicans.

Seriously, by all rights, can anyone really say that John McCain wouldn't have been a good president? There is no one in politics right now that can hold a candle to what he's done and been through. He's a decorated war hero, he has served his country with distinction both in the military and in the Senate, he is a known bipartisan who is respected by politicians in both parties, he has an excellent understanding of foreign affairs and America's role in the world. The major criticism of Senator McCain was his age and his association with an unpopular administration. I'm not saying he was the best candidate that the Republicans could have selected, but he was a good



candidate who ran a clean campaign and he took the high road. All of this leads one to believe that the loss in 2008 was a vote against the policies of President Bush.

The liberal media has certainly relished in reporting of divisions in the Republican party and has been a big part in trying to make Rush Limbaugh the face of the Republican party. There are many fine Republican prospects out there at all levels—local, state, national. Right now you've got a few people with wide name recognition and appeal—Sarah Palin, Mitt Romney, Newt Gingrich, Mike Huckabee, Charlie Crist, Rick Santorum, Tim Pawlenty. And who knows who else might come out of the woodwork onto a national scene? Considering that Republicans won both the Virginia and New Jersey gubernatorial races in recent months, both states which supported Obama heavily in the 2008 election, should reinforce that the 2008 vote wasn't as much a vote for the Democrats and their policies but more a vote against President Bush and a vote for change.

I think the outlook for the Republican party is very good. If they retake the Congress in 2010 and stick to their principle of fiscal conservatism, they probably have a very good chance of retaking the White House in 2012. But one thing is sure, the Republican party today is as united, if not more so, as any other time in recent history and they are well positioned to capitalized on the unpopularity of the Democrats in the Congress, the Democrats' policies, and the perceived inept handling of the economy and everything else by the Obama Administration.

**11) Is more economic stimulus needed and what form must it take to get the economy back on track?**

The economic stimulus that we have already had hasn't done much good yet. I think that money was just thrown down a hole. I, of course, have vehemently opposed all the economic stimulus plans over the last couple of years going back to the stimulus checks sent out a few summers ago. Throwing good money after bad isn't a wise decision. In the situation we're in, giving cash to banks or auto makers or infrastructure projects isn't going to help a lot of folks, particularly the fourteen million people who are



unemployed and looking for work. I guess what I'm saying is that more government spending isn't the solution; it's the problem. The better stimulus would be to give businesses tax cuts or credits for new jobs created. Make the Bush tax cuts permanent so that it removes a degree of uncertainty in the business environment. One good thing that has happened in the last year or so, however, has been the additional funding provided to the SBA to guarantee small business loans. A lot of small businesses throughout America have really been impacted by the downturn in the economy and the credit crisis. These funds for loans should open up the credit markets for small businesses again, though spending priorities of businesses may have changed given the weakness in the economy.

**12) Recent reports that data may have been fudged have left many people wondering about the validity of global warming. What are your thoughts on global warming?**

I have long believed that global warming has been a grand hoax on the public, and a lot of people are using it as an opportunity to make vast fortunes. Look at Al Gore. I think he's almost a billionaire now after he took up the cause and made his movie and has his car deal going. It's been downright cold here in Orlando. The last few days the temperature hasn't really gotten over fifty and the forecast is more of the same cold weather with freezing conditions. Where's the global warming in this? It's even been cold all the way down in Miami.

Mother Nature will long do us in before we do Her in. The reports on global warming are a joke if you ask me and so are the people who are trying to cram it down our throats. I think the people who are fanatics about global warming are just hate mongers with a bone to pick with the evil oil companies. They don't want us to use oil and gas for our cars but they're the ones driving gas guzzling SUVs and Hummers and jetting around the world on private planes. It's sheer hypocrisy.

I've said this before in articles and in forums: We need to set aside this global warming issue and just focus on being good stewards of the environment. There are plenty



of good organizations out there to help with this like the Arbor Day Foundation. Let's concentrate our energies not on debating about global warming but rather on initiatives that promote good stewardship: cutting our waste, protecting natural resources *within reason*, reducing our dependence on foreign oil sources, and conservation projects.

Additional questions submitted by those in attendance followed the panelists' discussions. The transcripts of the interaction with the audience were not released.

**About Thinking Outside the Boxe**—Thinking Outside the Boxe is a private, nonpartisan think tank that is dedicated to providing a wide variety of perspectives on issues that are of interest to the general public. The views that are expressed in Thinking Outside the Boxe's commentaries and research are often times uncommon, provocative, and controversial. Thinking Outside the Boxe's mission is to formulate and promote positions and to provide research, independently, that would otherwise be deprived of an outlet in the mainstream media. Thinking Outside the Boxe's commentators and researchers seek to broaden the parameters of public knowledge by addressing issues in such a fashion as to provoke thought and debate on some of the most pressing issues of our day.

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