

If enough people talk about it, it must be important, right ? Well the Bailout is important. It can provide needed liquidity into financial markets.

Unfortunately, it is now more important than it ever should have been because THE BAILOUT has passed from being a financial response by the Treasury, which it would have been had it been passed and played in 2 days to a completely different level. THE BAILOUT has now become THE BAILOUT: THE MYTH, THE LEGEND, THE BESTSELLER.

When The Most Powerful Man in the World Hank Paulson requested 700B to quickly reflate our banking system, it was merely a news story that Wall Street was following closely but Main Street had not begun to focus on. Way back then, Wall Street was willing to recognize that although they didn't fully understand the scope of the problem, they could suspend belief and let the Fed do its thing. Wall Street trusted The Most Powerful Man in the World, and understood that this was the only chance that their business had to get back to normal.

Then politics happened. Regardless of why politics happened, the deal has not gotten done. The delay gave MainStreet, now known as every taxpayer in America, the opportunity to realize that 700B was coming out of their pockets, again. That recognition caused all of us taxpayers to actually pay attention and read about or watch highlights of the hearings, at which point it became painfully clear that more than a few of our esteemed politicians were fundamentally financial illiterate and had absolutely no idea what was going on. Some of the questions were as painful for anyone with a mortgage or outstanding loan to listen to or read as it was for the Most Powerful Man in the World to respond to.

That led to the blowing up of the phones, inboxes and fax machines of every member of Congress. Instead of this being done quickly and turned over to the spindoctors, the Bailout became the number one story in the country. I have no doubt everyone in this country with a bank account asked someone whether or not their money was safe, including me. It was at this point the BailOut went from being a financial issue to being The Myth, The Legend, The BestSeller, The Bailout.

That is not good news. Forget the timing aspect of the Bailout and whatever fiscal costs may result from delays. The Bailout: The Myth, The Legend, The BestSeller has now become part of each us.

EVERY SINGLE AMERICAN with a bank account, savings account and/or retirement account has become fundamentally more conservative about their finances. We all inherently trust the entire system less today than we did last week. Our own individual Volatility Indexes have hit 51pct, and could go much higher. There is a growing amount of uncertainty among businesses and individuals and that is a very bad thing.

When uncertainty levels get this high, businesses and individuals do the same thing: We hoard. Like the approaching bad storm, our survival instincts take over. Instead of bread and water, we hoard our savings. Our propensity to take chances declines dramatically. We don't spend. We save. We also try to gather as much cash as we can. That might be through selling assets. It might also be through asking for money from whatever sources of cash we can find, including banks.

None of which are good for the economy.

The BIGGEST PROBLEM is that now that the Bailout has become the Myth, The Legend, The BestSeller, even when the Bailout is passed and the money introduced into the system, it will be too little too late to get us back to "normal" anytime soon.

The people who run Banks will treat their banking assets much like they treat their personal assets. They will hoard. Yes, they will make some loans where they need to make their best customers happy and to keep their biggest customers afloat, but I doubt that much of that money will be loaned to MainStreet.

Why ? Because of uncertainty. The bankers who got us into this mess, those that still have jobs and those who used to work at Investment Banking Companies and took over or became banks, will be afraid to loan out much money for fear of running into liquidity problems again. They don't want to go through this again anymore than you or I do.

On the flipside, once the Bailout happens, every John and Sally on MainStreet is going to run to the bank to first make sure their money is there and 2nd, to see if they can get a loan. After all, their taxmoney paid for the Bailout, they should be able fix their problems or improve their situation. **From each according to their ability, to each according to their ability to ask for something.** That is becoming the new American way , isnt it ?

The combination of lack of lending and an increase in asking will lead to a lot of disappointment and further uncertainty. Which probably means that it wont be a good Christmas season for retailers and who knows what will happen in the financial markets.

Then the phones, inboxes and fax machines will blow up again as we hopefully are only in a slightly extended recession as the new President takes over and the discussion begins about the next Bailout.

The BailOut could have worked well if it had happened quickly. Now, because its taken on mythological proportions, when it does happen, it probably won't be big enough. And thats before we take into consideration the possibility of Oil prices running up again.

You never want to ask how hot dogs or Bailouts are made.

The good news is that we Americans are resilient. We have an entrepreneurial spirit that has overcome worse, and we will take on this challenge and beat it

What happens when the

and what happens re Oil, that problem has not gone away. if oil prices hit 140 again or higher ?