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The Sunday Californian



FIND SKI PACKAGE DEALS, D9

FELIX ADAMO / THE CALIFORNIAN

What does the Senate majority leader do?

- Speaks for his members' positions** on issues and for the Senate as an institution.
- Spends much time on the Senate floor**, opening the day's proceedings, keeping legislation moving, calling the order bills are debated.
- Has "right of first recognition" on the floor**, enabling him to offer amendments, substitutes and motions to reconsider before other senators.
- Ensures the caucus is raising campaign money**, doing the right things legislatively to win upcoming elections.
- Helps the Senate leader direct policy.**
- Works with the state Assembly on bills.**

CALIFORNIAN EXCLUSIVE

Meet Senate's new go-to guy

Shafter Democrat Dean Florez wins second most coveted job

BY CHRISTINE BEDELL
Californian staff writer
cbedell@bakersfield.com

Dean Florez has been tapped the next state Senate majority leader, overseeing policy and procedure in California's top house, keeping swing districts in Democratic hands and serving as an ambassador to the Assembly. It's a plum post for the politically ambitious Florez, D-Shafter, and bodes well for

his district as legislative leaders stand a better chance of getting bills approved and calling attention to their constituents' plights.

A formal announcement by the incoming Senate leader, President Pro Tempore-elect Darrell Steinberg of Sacramento, is scheduled for Monday. Steinberg selected Florez; the two are longtime friends and colleagues.

"He's an outstanding leader," Steinberg said in an exclusive interview. "He understands the intricacies of solving different problems and making deals happen on the

Please see **FLOREZ / A6**

MORE POLITICS



AP FILE PHOTO

Do Obama, Clinton have to be pals?

President-elect Barack Obama and Hillary Clinton don't necessarily need to be close friends in order to work together.

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Also inside

Obama picks longtime spokesman for press secretary, **Page A5**
Democrats ready to send new bills in 2009, **Page A6**

SPACE STATION

Astronauts near end of repairs

Spacewalking astronauts almost finished all of their repairs on a gummed-up joint at the international space station on Saturday, leaving just a few chores behind for another day. As spacewalk No. 3 was getting under way 225 miles up, a new recycling system for converting urine into drinking water broke down again.

Page A10

GO & DO

Black culture events kick off

Kern County is planning a months-long celebration of black culture and history starting today with a "Big Read" of Zora Neale Hurston's 1937 novel "Their Eyes Were Watching God" and continuing with concerts, lectures, art shows and other events through Feb. 15. Get a complete calendar and learn more about the events in today's Eye Street section.

Page D1



Economy | Analysis

New faces could help end vacuum, calm markets

BY TOM RAUM
The Associated Press

WASHINGTON — Why aren't the government bailouts working?

The presidential transition may be adding to the uncertainty roiling the financial markets. In fact, knowing the names on President-elect Barack Obama's economic team may prove more helpful in calming those stormy markets in the short term than bailout packages that so far haven't had much payoff.

INSIDE

Obama team drafts plan to create jobs, **Page A4**

After two days of steep declines, stocks rallied strongly on Friday — with the Dow Jones industrials surging nearly 500 points — on news that Obama planned to name New York Federal Reserve chief Timothy Geithner to be treasury secretary.

But that came at the end of another very tough week for the economy.

While Obama likes to say there can be but one president at a time, Americans need to know one is fully on the job. While many different things have contributed to the economic panic spreading worldwide, it doesn't help that the crisis is being played out in the muddled political wilderness of a lame-duck Congress, a departing president and an incoming administration that hasn't yet been formed.

Please see **ECONOMY / A3**



ILLUSTRATION: KENT KUEHL / THE CALIFORNIAN

Think you have the right answer?

As leaders try to solve the economic crisis, locals have their say

BY JENNY SHEARER
Californian staff writer
jshearer@bakersfield.com

The teetering economy and its seesaw riders, fear and uncertainty, have made for interesting times, and it's hard to know what will happen next.

Pumping money into banks hasn't yet had the desired effect. Congressional leaders shot down — for now — a bailout for the U.S.

auto industry, but the Big Three will visit Congress in December.

While bureaucrats have their say in Washington, D.C., Kern County folks have ideas to share. We asked businesspeople and readers for their ideas on how to help the economy.

Find their responses, ranging from pragmatic to tongue-in-cheek suggestions, on Page A3.

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COMING MONDAY

While many Americans are sticking closer to home, some 41 million people are still expected to travel 50 miles or more from their home this Thanksgiving weekend. Despite the decline in passengers, airports will be busy and flights will be full, said James C. May, chief executive of the Air Transport Association. **Find tips for safe holiday travel in Monday's Californian.**

OUTSIDE TODAY

HIGH 67 **AIR QUALITY 110** **TIME TO SUNBURN 40 mins.**
LOW 49 **unhealthy**
Complete weather, **B10**

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Businesspeople, consumers have tips to fire up market

Readers submit their two cents on what should be done to fix the economy

I'm no politician, and I feel sorry for anyone who is. What a mess they got us into. We just finished voting for CHANGE. No one, not even the automakers, have heard. The stock market has. We will never go back to the "way it was."

Americans want to buy American autos. We understand it's American workers doing what we do best. The Big Three automakers have known since the VW that fuel efficiency is a saleable item. Instead of "retooling," in order to compete with Toyota, etc., we get a Humvee. Hello! So, will "we" bail them out, to continue business as usual?

The American worker is the economy. We work, we earn money, we take care of our families and we pay taxes. We also love new technology. I can type this from my phone? What a country.

Maybe the Big Three can give us what I want. A midsize SUV for the family. It should be electric a minimum of 50 percent of the time, with an engine powered by a blend of fuels to reduce emissions. That's a start. If we bail them out, we put people back to work. We also reduce our oil consumption and air pollution by 50 percent. Imagine the change. Green is my favorite color.

— **Pam Kaspar**, owner of Outback Nursery

\$290 billion, gone, no oversight, no accountability. What's going on? Where is Congress? Let's look at what was required of the banking industry to secure this money:

1. A seat on the board of directors? No.
2. Voting rights at the bank? No.
3. 12 percent dividends to taxpayers? No.
4. Got it in writing that the banks would use the money to lend? No.
5. No dividends to shareholders? No.
6. Restrictions on executive pay bonuses? No.

(A note of interest: All of the above restrictions were instituted in Britain under Prime Minister Gordon Brown's plan.)

Are the banks using the money as was explicitly stated in the legislation to loan money and free up credit? No. *The Washington Post* writes, "U.S. banks are on pace to spend more than half of their bailout money on rewarding their shareholders," and Citibank has talked about using the money to buy other banks.

According to Congressman Barney Frank, loaning money and easing credit was its main purpose. If that is true, isn't not doing so, in fact, a violation of the law? Where is Congress? If they can give a bailout, can't they take it away if it's not being used properly?

Thankfully, the fourth estate, the free press, is watching out for us. I wish the third branch of government, Congress, was watching out for us as well.

— **Patsy Ouellette**, eighth-grade teacher

Ideally, the best thing to do for the economy is to get more money to the people that spend it the most, the middle class.

On average, 97 percent of Americans are making their payments to their mortgage company on time. Which in itself is a great thing, but it leaves little or no wiggle room for discretionary spending. Car repairs, home repairs, new clothes and dinners out with friends all get cut because you are putting all your money into one basket every month.

What really needs to happen is relief to the customer of banks, and not just for customers that are behind in payments, but good customers. I have been a proponent of either an interest reduction or principle write-down for mortgage holders in good standing, with protection for banks that homeowners benefiting from this cannot sell their homes for two to five years.

It is a win/win situation. Banks don't have to sell foreclosed properties, and homeowners have more money to spend. Also, banks are protected with guaranteed interest income for two to five years to buff up their balance sheets

again. I think if a lot of homeowners who bought in the last three to four years were given the option of reducing their payment and the only real contingent was they had to stay put for a few years, a lot of people would jump on that.

More needs to be done for the average Joe and Jane. And it isn't really an option now.

— **Stewart M. Cockrell**, insurance administrator

Here is my proposal for what the government should do that would benefit the most people, cost the least and be a long-term investment strategy. It's called the MCAT.

Mortgages: Cut home loan rates for those in need to 5 to 5.5 percent for 5 years AND extend their mortgage to 40 years. A \$200,000, 30-year home loan, 6.5 percent interest costs \$1,264.16/month. A 40-year loan, 5 percent interest on a \$200,000 loan is \$827.37/month for the five years. This saves the homeowner \$436.79/month to put toward debt. This halts the majority of the foreclosures and stabilizes the housing market. The banks still get their money.

Credit market: Cap all banks to 20 percent interest on all credit cards. Make it so a person's credit doesn't get ruined by lowered limits and rate hikes. This allows people to not fall victim to credit card manipulation, decreases debt and maintains your credit score.

Autos: Cut Chrysler. Get Ford and GM to mix three of their least profitable cars. Set all bonuses to 5 percent and get rid of unions. Give them tax breaks on fuel-efficient cars and \$10B each. This allows the two best American car companies to decrease operating margins, increase profits and stay in business.

Tuition: Stop the 15 to 20 percent increases in tuition EVERYYEAR!!! The government is cutting back on financial aid, parents are losing home value, jobs and their retirement. The average 22-year-old graduate has more than \$12,000 in credit card debt at 15 percent, \$20,000 in student loans and won't be able to afford a house. This is exactly what has happened since 2001. Halt tuition increases for three years in public institutions!

— **Matthew Bunce**, product technologist at Dreyer's Grand Ice Cream

What happened to laissez faire and the free enterprise system? The labor unions and the owners of the U.S. auto industry got themselves into this mess, so let them get themselves out of it. Consider:

10 percent of the price of a new car is accounted for by labor costs.

A U.S. auto assembly line worker is paid an hourly wage and benefit package of about \$65.

A university professor with a Ph.D. is paid about \$44 per hour.

An auto assembly line worker in Mexico or China is paid about \$2 to \$6 per hour in U.S. dollars.

Foreign cars are at least as reliable as American cars.

Do the math! Why would someone pay at least an extra \$2,500 on a \$30,000 American car which isn't any better than a foreign one? Charging these prices for these products for these reasons sounds like a formula for bankruptcy to me, so why shouldn't they go bankrupt?

President-elect Barack Obama wants to "spread the wealth" to everyone and it sounds like the entire U.S. Congress wants to spread the indebtedness to everyone. Why should the U.S. taxpayers pay for the consequences of financial mismanagement in the U.S. auto industry? What will motivate them to change if they don't suffer from the consequences of their bad decisions?

Chrysler was bailed out once before. Apparently they haven't learned and now Congress is considering bailing them out again. If I wanted to live in a country that finances the auto industry, I would move to China or some socialistic country.

— **Lowell Lueck**, marriage and family counselor

ADVICE TO LAWMAKERS

Debbie Moreno

President and chief executive, Greater Bakersfield Chamber of Commerce

On the state side, Gov. Arnold Schwarzenegger's proposal includes new taxes and tax increases, but Moreno and her chamber colleagues believe the opposite approach is necessary.

A sales and capital gains tax holiday would encourage businesses to purchase equipment, make improvements and invest in research and development.

Mike Walters

Owner of Dagny's Coffee Co. and Dagny's at the Dream Center

Instead of giving the automakers a \$25 billion bailout, "Why not give every American a certificate worth \$5,000 toward the purchase of a new car?" he suggested.

That would motivate customers on the fence about buying a new vehicle to take the leap.

"Your dealership, the people building the cars, the union, everyone's going to get a piece of that pie," he said.

The proposed auto bailout frustrates him.

"Why cut these guys a check when they're not doing a job right?"

Jim Cowles

Retired high school history teacher

"The Big Three want \$25 billion. Exxon made \$33 billion in profits in the second quarter. Let's just arrange lunch between their CEOs and let them work something out," he said.

In addition, why not give Big Three CEOs cars instead of bonuses?

"They would be using more gas, and then Exxon Mobil would be happy," Cowles said.

He brainstormed a "national day of spending" proposal, too. Everyone with disposable income would spend as much money as they possibly could get rid of in one day.

Cowles also drew inspiration from an idea promoted by Dr. Francis Townsend, a Californian, in the early 1930s.

Under the Townsend Plan, everybody 60 and older would retire, thus creating more jobs. Furthermore, retirees would have received a \$200 monthly pension, which they were required to spend.

"That was his idea of getting more money into the system, and it eventually got rewritten into Social Security," Cowles said.

Brian Dawson

President, American Financial Services, a residential mortgage company

As a capitalist, he doesn't like bailouts, and he's worried they send the wrong signal and create unintended consequences. He favors a proactive approach.

"Instead of spending billions of dollars doing whatever they're doing — they change it every day, and now they're talking about giving timeouts to people — let's use billions of dollars of tax credit to qualified buyers to go out and buy houses," he said.

In conjunction, lowering interest rates for all homeowners, regardless of whether they are first-timers or not, would help.

Abdel Salem

City manager, Delano

The government should inject money into the economy, he said, and it should be directed toward public infrastructure projects that are more productive in creating jobs immediately.

Work needs to be done on bridges, roads, water facilities and government buildings.

"If they inject that money, correcting what's wrong with our infrastructure nationwide, that would stimulate the economy," he said. "That would create the jobs that will again steady the economy and the spending habits of people, that's the bottom line."



Father appalled by audience to son's death

BY SARAH LARIMER
The Associated Press

MIAMI — The father of a college student whose suicide was broadcast live over a webcam said Saturday he was appalled by the virtual audience that egged on his son, and he called for tougher regulation of Internet sites.

Abraham Biggs Sr. said those who watched and the Web site operators share some blame in his 19-year-old son's death.

"I think they are all equally wrong," he said. "It's a person's life that we're talking about."

Police found Abraham Biggs Jr. dead in his father's bed Wednesday, 12 hours after he first declared on the Web site for bodybuilders that he planned to take his own life. He took a fatal drug overdose in front of an Internet audience. Although some viewers contacted the Web site to notify police, authorities did not reach his house in time.

Biggs, who has said he was at work during the episode, said he had not known about his son's online presence.

"I think after this incident and probably other incidents that have occurred in the past, they all point to some kind of regulation is necessary," Biggs said.

A person who claimed to have watched said that after swallowing some pills, Biggs went to sleep and appeared to be breathing for a few hours while others cracked jokes. Some users told investigators they did not take him seriously because he had threatened suicide before.

Biggs Sr. said he believes the webcast was a cry for help.

"But rather than get help, he was ignored," Biggs said. "I would not want to see anything like that on the Internet and not try and get help for that young man. ... I'm really appalled."

Sunday news shows

CALIFORNIAN WIRE SERVICES

Guests scheduled for today's major TV news shows:

"Fox News Sunday"

8 a.m. on KBFX/Channel 58
Reps. Steny Hoyer, D-Md., and John Boehner, R-Ohio; Axelrod.

CNN's "Late Edition"

8 a.m. on CNN/Cable 46
Sens. Carl Levin, D-Mich., and Kay Bailey Hutchison, R-Texas; Gov. Jennifer Granholm, D-Mich.; former Gov. Mitt Romney, R-Mass.; Forbes Inc. CEO Steve Forbes; former Labor Secretary Robert Reich.

CBS' "Face the Nation"

8:30 a.m. on KBKAC/Channel 29
House Speaker Nancy Pelosi, D-Calif.; Austan Goolsbee, economic adviser to Obama.

ABC's "This Week"

8 a.m. on KERO/Channel 23
David Axelrod, senior adviser to President-elect Barack Obama; Sens. Chuck Schumer, D-N.Y., and Richard Shelby, R-Ala.

NBC's "Meet the Press"

9 a.m. on KGET/Channel 17
Former Secretary of State James Baker; former Commerce Secretary William Daley; Sen. Joe Lieberman, I-Conn.

Iraq deaths

THE ASSOCIATED PRESS

As of Saturday, at least 4,203 members of the U.S. military have died in the Iraq war since it began in March 2003, according to an Associated Press count.

The figure includes eight military civilians killed in action. At least 3,393 military personnel died as a result of hostile action, according to the military's numbers.

The AP count is the same as the Defense Department's tally, last updated Friday morning.

The British military has reported 176 deaths; Italy, 33; Ukraine, 18; Poland, 21; Bulgaria, 13; Spain, 11; Denmark, seven; El Salvador, five; Slovakia, four; Latvia and Georgia, three each; Estonia, Netherlands, Thailand and Romania, two each; and Australia, Hungary, Kazakhstan and South Korea, one death each.

No new deaths reported by the military.

The latest identifications reported by the military:

Army Pvt. Charles Yi Barnett, 19, Bel Air, Md.; died Thursday in a noncombat-related incident in Tallil, Iraq; assigned to the 2nd Battalion, 12th Cavalry Regiment, 4th Brigade Combat Team, 1st Cavalry Division, Fort Hood, Texas.

Bakersfield.com Read all of the responses submitted by readers at Bakersfield.com

ECONOMY: Obama's picks may cut through uncertainty

CONTINUED FROM A1

William Galston, who was a White House domestic policy assistant in President Bill Clinton's first term, said Obama is likely to "name the economic team together as a package, so people can see how the pieces fit together and how people are likely to work together."

That could come this week. It may help bring clarity to the economic strategy picture, and alleviate what markets hate most: uncertainty.

Geithner has been a top player in the current economic crisis — helping Treasury Secretary Henry Paulson and his team manage the Wall Street bailout.

"Having a new administration come in with new faces and new ideas and with a Congress which is

firmly behind it could restore confidence as quickly as it has evaporated," said Mark Zandi, chief economist at Moody's Economy.com

"The Bush administration is winding things down and the Obama administration is trying to gear things up. And in the middle of all this, we've got this complete collapse of confidence. And there is a vacuum," Zandi said.

Even with the late-day rally, stock market gains of the past decade have been essentially erased. Credit markets that had thawed briefly have frozen again.

Congress, the administration and the Federal Reserve have hurled well more than a trillion dollars at the problem. But while Paulson told Congress recently that the U.S.

had "turned the corner" in averting a financial collapse, there is little evidence that the economy's downward spiral has been broken.

Among the reasons cited by economists and financial analysts for why bold steps haven't had much apparent impact so far:

Initial market satisfaction with the \$700 billion financial bailout passed in October soured after Paulson abandoned his original plan to buy troubled assets from financial institutions.

The steps taken so far have provided little in the way of direct aid to homeowners facing foreclosure or who have lost their homes.

Even though the Fed on Oct. 29 slashed its key interest rate to 1 percent — a level seen only once before in the past half-century — and is believed to be pondering a further cut next month, there is always a lag time between rate cuts and economic improvements.

The collapse of a \$25 billion congressional effort to rescue automakers further rattled markets.

Many economists fault the administration for allowing Lehman Brothers to fail, after helping to rescue Bear Stearns and taking over mortgage giants Fannie Mae and Freddie Mac.

Rising unemployment and a sharp pullback in consumer spending have overwhelmed multibillion-dollar government efforts.

Tumbling financial stocks have been further driven down by a Wall Street strategy known as short-selling in which investors wager that stocks will fall.

Obama's camp doesn't seem to have taken a direct role in either the auto-rescue talks or details of a new stimulus package.

That could change with the announcement of his economic team.