

**GLENN BECK**

Vallejo, California, Facing Financial Crisis; Obamanomics; Liberalism & Fascism; McCain Responds to NYT Article; Will Hillary Play Hardball?; U.S. Embassy Attacked in Serbia

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(BEGIN VIDEOTAPE)

GLENN BECK, HOST (voice-over): Tonight, McCain fires back against the New York Times.

SEN. JOHN MCCAIN (R-AZ), PRESIDENTIAL CANDIDATE: Obviously, I'm very disappointed in the article, and it's not true.

BECK: Why would the "Times" first endorse John McCain and then slam him? Could the smear campaign actually unite the conservatives behind McCain?

Plus, with the clock ticking, how long before Hillary goes negative in her battle with Obama? And what does that mean to the Democrats?

And Vallejo, California, the brink of bankruptcy. What this town's troubles say about the state of our union.

All this and more tonight.

(END VIDEOTAPE)

BECK: Hello, America. We were preparing for the program today. Violence in the streets of Belgrade directed at a U.S. embassy broke out. We are keeping an eye on the situation as it develops, and we will have more details later on in the program.

But first I want to talk to you about what was on the front page of the "New York Times" today. They had a story that suggests -- doesn't say, it just suggests -- that the very married presidential candidate, John McCain, had an inappropriate, unethical and romantic relationship with a female lobbyist. So here is "The Point" tonight.

I believe the "New York Times" thinks it controls the outcome of the presidential election and not you. And here's how I got there.

Before I get into this, I think it's only fair that we hear how John McCain responded to these shameful, unsubstantiated allegations. He gave a press conference earlier today.

(BEGIN VIDEO CLIP)

MCCAIN: At no time have I ever done anything that would betray the public trust, nor make a decision which, in any way, would not be in the public interest and would favor anyone or any organization. I'm very disappointed in the article, and it's not true.

(END VIDEO CLIP)

BECK: OK. "New York Times" says, you know, "We're not part of this tabloid media." But today's attempted smear of a man like John McCain shows it is actually worse than most rags. This is a scandal rag. Period.

If John McCain is guilty as accused, his career should be over. But there's absolutely no evidence of this. This isn't a whisper campaign by the "Times." It's a scream campaign. It was on the front page. It's not journalism. It's yellow journalism.

In cases regarding sexual indiscretion, an accusation is just as damaging sometimes as a conviction. McCain has served this country with -- what was it again? -- dignity, honor and valor. I believe I read that in the "Times" endorsement of McCain. Doesn't the "Times" give him the benefit of the doubt. I believe that man deserves the benefit of the doubt.

So tonight here's what you need to know. The "New York Times" has been working on this story for over a year. Did you read the story? There's -- this is the best you've got in a year? A lot of this, they're acting like it's some sort of a smoking gun. They were writing this story at the same time they were writing the endorsement for John McCain. They were trying to push our buttons and act like a puppet master for this presidential election, and it is downright wrong and un-American.

However, the "New York Times" may have done something John McCain couldn't. And that is, unite conservatives and Republicans and all Americans around him. Americans will not tolerate spreading rumors as truth. We don't stand for that kind of nonsense. It's wrong. If it walks like a smear, it talks like a smear and it's printed in the "New York Times," it probably is a smear.

I have strong opinions on this program. But I'm very clear, or at least I try to be very clear, about one thing. What I tell you is my opinion. I am not a journalist. I speak for myself alone. But if I had gone on record with

these kinds of accusations against John McCain or Barack Obama, what do you think the "New York Times" would have come down on my head with? A load of bricks or balloons? Give me a break. I would have deserved the bricks.

Unless you have the facts to back up your headlines, "New York Times," we don't allow America's "paper of record" to get away with discrediting any man.

Presidential candidate or average Joe, wrong is wrong. I say do the right thing tomorrow. Read something else. Maybe a publication that doesn't sell their soul to sell a few papers and an agenda.

Rich Galen is a former senior adviser for Fred Thompson.

Rich, I got to tell you, I -- I mean, first of all, there's no evidence. The affair thing, there's absolutely no evidence. One of his friends, according to the "New York Times," told this woman, "You should stay your distance because appearances count, and it might look like you guys are having an affair." There's it.

RICH GALEN, FORMER SENIOR ADVISOR TO FRED THOMPSON: Yes, I know. I read it last night, as most people did. And for those of us who were in Iowa back in mid-December when the rumors of this coming out were really kind of bubbling around.

But, you know, I have been -- I've been press secretary and aid to senior people on Capitol Hill, and lobbyists have a job to do. And their job is to get next to the principal players on Capitol Hill. Doesn't mean they're doing anything wrong. The Constitution, in fact, protects their right. It gives citizens the right to petition for redress of grievances, and lobbyists are -- are professional redressers, I guess.

But the notion -- the same thing happens to male lobbyists. They kind of get a little too close. They get comfortable hanging around the staff, and somebody like me has to go and you say, "You know, Harry, you've been around a little too much. Why don't you just back off and we'll talk to you later?"

BECK: Rich, I have to tell you, Jody, our camerawoman when I came, first, down on the set today, she said, "I heard this. This is outrageous." She said, "But I heard that he admitted that he was having an affair."

This is why this kind of journalism is so insidious, because I said, "Where did you hear that? That's not true. Where did you hear that?"

And she said, "I don't know. Somebody told me that he admitted it." And now the guy had an affair to a lot of Americans.

GALEN: You know, this -- what this struck me as last night, Glenn, was that this is no different from a blogger sitting in his other her basement on a dial-up line just filing rumors, and then everybody picking it up and saying is this true? Is it true?

BECK: Do you remember what the "New York Times" said about Matt Drudge? When Matt Drudge broke the story about Monica Lewinsky, oh, my gosh, these journalists went crazy. And here they are doing the same exact thing.

First of all, the Keating Five, that's 20 years old. That's not a story. That's history. And if it played a role, shouldn't that have been taken into consideration before they endorsed him?

GALEN: Right. And this part of the -- I think you used the word insidiousness of the piece, that they laid that down like a bed of lettuce under the big salmon to demonstrate that this was a longstanding, or at least to intimate that this is a longstanding pattern of behavior, which is not so. That was fully vetted, as you say, 20 years ago.

And this business about airplane rides, you know when that ended? That ended -- you have to go back eight years. All you have to go back is five months. The rule didn't change on using corporate aircraft until September 1 last year. Everybody did.

BECK: You've been in Washington. Are you telling me that Barack Obama's never been on a private airplane paid -- paid for by some company? Are you telling me that Hillary Clinton and Bill Clinton have never taken a ride on somebody else's jet at their expense? Come on.

GALEN: Well, the rule was you have to pay first class airfare, but you know, a private plane, first-class airfare is peanuts.

BECK: Right.

GALEN: But you're exactly right. If the "New York Times" wanted to go back and list every member of Congress and every member of the Senate who's ever taken a trip on a corporate aircraft, they'd have to put out -- it would be the size of the Library of Congress.

BECK: Right. This is just a smear campaign.

So let me ask you this. People called me today on my radio program and said, "Glenn, you're missing the point. This isn't anti-McCain. This is pro-Hillary. They're trying to bury the Hillary story, because she's doing so poorly. They're trying to get that off of the front page and lead off of shows like yours."

True or false, do you buy into that at all?

GALEN: Well, I think that there is a bias of the "New York Times" toward Hillary. She's the hometown senator. But to be fair to the "Times," they did put a fairly negative piece on the front page.

BECK: Right next to this story.

GALEN: Right next to this one. But I think that there is something to the fact that there is no -- there is no way the "New York Times" is going to endorse John McCain in the general election. They want to endorse Hillary. If she's not there, they'll settle for Barack, and it ain't going to be Senator McCain.

BECK: All right, Rich. Thanks a lot.

Now, I watched this speech that he gave today. And I don't know. He looked nervous. But wouldn't you be nervous? You're on national television, standing next to your wife, and you're having to face these accusations. You're darn right I'd be nervous. I'd be pissed, too.

I watched his body language. I didn't pick up anything. I don't know if you can. We asked an expert. She's here with us. Her name is Patti Ann Wood. She is a language -- body language expert.

Patti Ann, we're going to show a couple of things. First of all, the first scene is where he talks about violation of the public trust. What should we be watching for here?

PATTI ANN WOOD, BODY LANGUAGE EXPERT: Well, there's only subtle nervousness cues. Watch for how he emphasizes particular words like "decision" and "public," and then we'll talk about what that means.

BECK: OK. Here it is.

(BEGIN VIDEO CLIP)

MCCAIN: At no time have I ever done anything that would betray the public trust, nor make a decision which, in any way, would not be in the public interest and would favor anyone or any organization.

(END VIDEO CLIP)

BECK: OK. What's it mean?

WOOD: In deception detection, word choice is critical. He's choosing words like public trust, rather than private betrayal or private trust. And leaving himself open to perhaps have had a private betrayal. But it's very subtle.

He also...

BECK: OK. Hang on just a second. Hang on just a second. Somebody who is from his generation, you don't talk about these things, and you also come from a generation where it's an -- I mean, my generation, it's an insult. I'm not even going to dignify that.

You make an accusation like that, which wasn't even really made. It was just subtly, you know, slipped into the article that there was an appearance of this.

WOOD: And unlike Roger Clemens, who I read last week, who had clear deception cues, tongue thrust, lip sucking, it was only subtle nervousness cues throughout this presentation.

BECK: OK. So let me give you -- let me give you the second one. This is where he says it's not true. Watch this. Or what are we looking for on this?

WOOD: You're looking for he's going to blink on the word "true." And also gulp.

BECK: OK.

(BEGIN VIDEO CLIP)

MCCAIN: Obviously, I'm very disappointed in the article, and it's not true.

(END VIDEO CLIP)

WOOD: Very, very subtle. Could be deception. Probably goes more towards just nervousness. He's closing his eyes on the word "true," and it's not going down well, so he's...

BECK: He's blinking on "disappointed," too.

WOOD: Well, it's interesting. He's a frequent blinker. In fact, he blinks more frequently than any other candidate.

BECK: You've got a weird job.

WOOD: It's not -- it's not an easy sell for him.

BECK: Right.

WOOD: I'm only reading nervousness.

BECK: OK. But wouldn't that be expected if you were in this situation?

WOOD: Absolutely. And he's not giving all of the other cues which are clearly on deception.

BECK: OK, OK. Thank you very much, Patti Ann. And I appreciate it.

I've got to tell you, John McCain, if you had an affair, you better come out with it now, you know. Otherwise, it's always the lie. America will be done with you. God bless you, man. I hope you didn't. And I can't believe this country.

Coming up, we're going to take a look at a California city -- this is one of them -- first ever in the state to declare bankruptcy. Congratulations. Why their problems now could become your problem in "The Real Story" tonight.

And Hillary's spin has been spun dry. Is it time for her to go negative? Or whether she bring out the dirt and it will tarnish her future, not to mention her husband's legacy?

Plus, shocking images of violence and protests directed at the U.S. embassy in Belgrade. What this means to you, coming up.

(COMMERCIAL BREAK)

BECK: Well, Democrats are traditionally considered the tax-and-spend party. In tonight's "Real Story," I'll tell you, yes, that's actually totally accurate. A closer look at Barack Obama's tax plans coming up in just a bit.

Now, "New York Times" today. Very busy getting negative about John McCain. They also ran a story about Hillary Clinton's campaign and if anybody expects her go negative and launch an attack on rival Barack Obama.

Well, during my radio program earlier this morning, a bunch of callers had an interesting perspective on the story. It said John McCain -- here it is -- above that endorsement of John McCain in the "New York Times" a couple of -- what was it, a couple of weeks ago, the "Times" endorsed Hillary Clinton.

My callers felt that the "New York Times" is trying to get Hillary out of the bad news business by running the McCain story to take the heat off of her. Granted, they ran the stories today side by side. But I can't ever say that, you know, logic ever plays a role where the "New York Times" is concerned. So it's up to you.

Here it is, the 11th hour, and if Hillary is going to come out guns-a-blazing against Obama, she better do it soon.

Ken Silverstein is the Washington editor of "Harper's" magazine.

Hey, Ken. How are you?

KEN SILVERSTEIN, WASHINGTON EDITOR, "HARPER'S": Very well, thanks.

BECK: Did you say that you believe that Hillary Clinton should play hardball in the typical Clinton fashion?

SILVERSTEIN: Well, I think she doesn't really have much choice at this point. I mean, she's lost ten straight primaries. If she can't stop Obama in Texas and Ohio, the race is definitely over.

BECK: OK. I agree with you on that. But I mean, don't you think that that's why Barack Obama is winning? Because people just look at Hillary Clinton and Bill Clinton and just see them as a machine and just they're tired of that dirty politics, just crush everybody underneath them.

It's like I see -- I see the Clintons, I think of that scene in "The Ten Commandments," where they're like keep the stone moving and the old lady's crushed between the rocks just to get her elected. That's why Hillary Clinton -- or I mean, Barack Obama is winning, don't you think?

SILVERSTEIN: Well, I mean, I don't think he's winning because Hillary Clinton's been playing hardball. I mean, she really hadn't been playing hardball yet. I think nothing's worked. She's got a very difficult job, because Obama seems to be untouchable. I mean...

BECK: So if you were -- if you were advising her on hardball, what would it be?

SILVERSTEIN: Well, that's the problem. There's not a lot to go after. But, you know, clearly McCain is going to try to emphasize the difference in experience and the whole idea that, you know, Obama's not ready to be president. And I would think that Hillary might want to emphasize those points.

You know, it's interesting. There is this Rezko scandal, you know, where Obama had a relationship with a guy who raised a lot of money for him and they bought this house together as a package deal. I mean, I don't know how hard I'd go on that, but it's funny, because if that was Hillary Clinton involved in that story, it would be

already Rezko-gate...

BECK: Right.

SILVERSTEIN: ... and Obama has been sort of untouchable. So it's tough for Hillary, because she doesn't have a lot to play with.

BECK: Ken, here's the thing. You never mentioned his policies. I mean, I think -- maybe it's just because I'm a conservative. The place to attack Barack Obama, not scandals or anything else. Just hold up his tax plan: "Hey, guys, look at this. The largest tax increase in American history is coming your way."

I mean, why doesn't she go after his policies? Or is it just that her policies are just as spooky?

SILVERSTEIN: Well, I mean, in terms of their policy differences, they're pretty minor. I mean, certainly on domestic issues, there aren't big differences. On foreign policy, there aren't enormous differences, although there, there are sharper distinctions, I suppose. But it's hard for her to go after him on policy, in some ways, because they're very, very similar.

BECK: Yes, OK. Do you think -- and we've kind of had a running bet on this one in the office lately -- do you think she gets out gracefully at all? I mean, these people do not know how to lose. They don't lose. They -- they, you know, keep moving that stone! Does she ever get out and say, "Hey, it's been great"?

SILVERSTEIN: It's hard to say, but you know, she's extremely competitive. She's -- you know, she's been planning this run for a long time. She obviously has got to be extremely unhappy about the situation she finds herself in.

But, you know, it's going to be tough for her to get out, but if she loses Texas and Ohio, I mean, at a certain point, it becomes sort of humiliating. So if she can't stop him on March 4, then she has to think about, you know, do I just start looking really stupid? And that's even worse than losing. I mean, and that's when her choice will have to be made.

BECK: Imagine -- imagine how much romance is happening, you know, around her right now. She has just got to be -- God help us. I mean, poor Bill. It has got to be a tough situation just to even be in the same room with her because I got to believe she's not a happy person.

SILVERSTEIN: I don't think she ever expected to be in this situation. And...

BECK: She thought she was going to be -- she thought she was going to be crowned. Thought she was going to be crowned. Ken, thanks a lot.

SILVERSTEIN: Thank you.

BECK: Coming up, rioters in Serbia attack the U.S. embassy in Belgrade. Violence coming after a massive hard-line rally to protest the independence of Kosovo. We'll check out the fallout for America coming up.

And if you've been craving a progressive tax plan, oh, have I got one for you. What's it going to take for about me to put in you this Barack Obama presidential plan? Coming up next.

(COMMERCIAL BREAK)

BECK: America's decision to recognize independent Kosovo apparently sparking violence overseas. Earlier today rioters burst into the U.S. embassy in Belgrade, Serbia, and set fire to the front of the building. Oh, I always love it when people attack our embassies.

You see the masked attackers trying to break first-floor windows at the embassy right before the riot police finally got there. Luckily, the American ambassador was not in the building at the time of the attack. It's my understanding nobody was hurt inside of our embassy.

Our recognition of Kosovo has been condemned by nationalist Serbs, as well as Russia and China. Oh, my. What's at stake here?

Charles Kupchan is a senior fellow at the Council for Foreign Relations.

Charles, in a nutshell, why is everybody pissed at us? I mean, what have we done now?

CHARLES KUPCHAN, COUNCIL FOR FOREIGN RELATIONS: Basically, the Serbs see Kosovo as their ancestral homeland. There are a lot of monasteries, orthodox monasteries, there. So it's a little bit like ripping Jerusalem away from the Israelis or the Palestinians. That's what this attack was about. They think the U.S. was the leader in pushing for the independence of Kosovo.

BECK: Help me out here, Charles. I think this was a French plan, I'm so happy to say. Wasn't it?

KUPCHAN: No, in fact, you know, the U.S. was the one that led the NATO bombing campaign in '99 pushing for the independence of Kosovo. It's the right thing to do, but we're paying the price for it now in Belgrade.

BECK: Right. But wasn't this -- wasn't the actual independence plan, the design of what happened this weekend,

actually a French plan?

KUPCHAN: No. I think it was really a joint U.S./European effort. Once they realized the Russians were going to veto it, they came together and said, "We've got to move with unilateral independence, because we can't get a Security Council resolution."

BECK: OK. Can I be just really shallow? Kind of.

KUPCHAN: Sure. Go ahead.

BECK: All right. I mean, you wouldn't expect more from me, would you?

KUPCHAN: No, I would not.

BECK: Good. Nobody really cares about Kosovo. This is -- this is Russia not wanting any kind of independence from any break-off state. This is Spain saying, "No, no, you can't do that," because they've got independence-minded people in Spain. This is us saying to Europe, "We'll protect you. You stick with us." Right?

I mean, this is -- Kosovo, in a way, is almost a pawn. It's bigger than Kosovo is, I guess, what I'm trying to say.

KUPCHAN: Actually, that wasn't so shallow, Glenn. It's just about right.

BECK: You wouldn't expect less from me, would you, Charles?

KUPCHAN: The Russians really don't have that much at stake in Kosovo. They were simply standing up to the west and saying, "You want A. We want B."

The Spaniards, they're more scared about the Catalans and the Basques breaking away from them. And the Americans, I think, really had a dog in this fight inasmuch as we were afraid that war would spread throughout the Balkans, and that's why we wanted -- and that's why we wanted to get independence.

BECK: How bad do you think this thing is going to get?

KUPCHAN: The thing to watch is fighting going to spread from Serbia down into Kosovo proper? If it does and you see sporadic violence among these little communities leaving cheek by jowl, Serbs and Albanians, then it's going to get very, very ugly and dangerous.

BECK: Are you guys at the Council of Foreign Relations really this spooky, one-world-government people?

KUPCHAN: Absolutely not. We're just good Samaritans.

BECK: All right. Good. Charles, thanks a lot.

Coming up, the city of Vallejo, California, is on the brink of bankruptcy, expecting to run out of money as early as March. We have the details in tonight's "Real Story."

(COMMERCIAL BREAK)

BECK: Coming up, part four of my series about fascism with "Liberal Fascism" author Jonah Goldberg. Today we're going to look at...

BECK: Coming up, part four of my series about fascism with "Liberal Fascism" author Jonah Goldberg. Today we're going to look at the principles of fascism, how they affect the politics of the present.

Tomorrow, a full hour with Jonah. You do not want to miss it. Please tell a friend.

But first, welcome to the "Real Story."

People ask me all the time, "Oh, Glenn, how can you be so negative about the economy?" You know, they'll see certain things like a jobs report number, for instance. "Oh, look at this, it's positive. It's great."

Yes, it is. But what you have to understand is my perfect storm theory. I like to call this one my perfect pie theory.

Our economy is sliced up into a bunch of different parts just like a pie. There's a slice of the state economies, the county economies, the city economies. Even your own household is a mini economy.

They're all connected and they're all a mess. We can withstand trouble in one slice, even a few slices. But the "Real Story" is, we cannot withstand trouble in all of them. And I believe that's the perfect storm situation that we're in.

One of the areas of the economy pie that -- I'm hungry halfway through this story. One of the areas of the economic pie that seems to be immune from trouble so far has been our cities. But now that is changing.

Vallejo, California, facing a major financial crisis, a crisis that could make them the first California city to ever declare bankruptcy. Vallejo got into trouble the same way Washington did. They overspent. They ignored all of

the warning signs.

Trouble ahead. No, no, no. Nothing. They tried to fix it with Scotch Tape and, you know, just ignoring it, hoping it would go away. And the politicians knew what they were doing when they were doing it.

Now, unless drastic cuts are made quickly, the town is expected to run out of money by the end of April. They face a \$6 million deficit and they also owe a crippling \$135 million in retiree benefits. The problem probably sounds familiar if you know anything about our country's Social Security debt.

Vallejo is really a microcosm for everything that we're facing on a national level. And recovery in both cases is going to require tough decisions and sacrifices that previously would have been unthinkable. Sacrifices like laying off city employee, closing firehouses on a rotating schedule, restructuring union contracts for police and firefighters, some of whom make over \$200,000 a year because of overtime.

All of these contracts eat up 80 percent of Vallejo's general fund. And now they have the housing market collapse. That results in less property tax revenue.

The city, just like our country, is in way over its head. But are they alone?

You know, if there's one thing that we've learned from the credit crisis so far, it should be that what seems like an isolated problem in one small area never is an isolated problem in one small area. It always spreads.

Our economy is tied together like a spider web. So while Vallejo may be the first city to go public with their problems, I can almost guarantee you it's not going to be the last. And who do you think is going to end up being responsible for all of that debt?

Alistair Barr is a finance reporter for MarketWatch.

The home prices in Vallejo, California, down 21 percent. Property taxes down. City spending was up. Inflation is up.

This is a disaster.

ALISTAIR BARR, FINANCE REPORTER, MARKETWATCH: Yes, it is. And Vallejo is going to have to take some very drastic steps, as you pointed out. Very simple choice here -- raise taxes or cut spending, or do a combination of both. Both are going to be very painful and very hard to do.

BECK: Let's talk a little bit broader. I'm going to go back to Vallejo here in a second, but let's go a little bit broader.

You say cut pensions. They have firefighters -- they have 10 firefighters. Those 10 firefighters making over \$2 million a year. It's not being run like a business by any stretch of the imagination. At some point somebody had to say, come on, 10 firefighters, \$2 million for the budget, we can't afford that.

You've got somebody up in -- where is it -- San Francisco that is -- what is he, a bus washer? He washes buses. Right? And he makes 200 grand.

BARR: Well, the problem here is the union contracts and the overtime that they're paid. And the firefighters union, in particular in Vallejo, is saying that they work overtime because it's very lowly staffed, which is kind of a vicious circle, really. You don't pay -- you pay people too much, you don't have enough money to hire other people. Therefore, staffing is low so people have lots of overtime.

And the crucial point here is that Vallejo has to find some way to renegotiate those contracts. And the reason -- part of the reason they're considering bankruptcy is actually that going into bankruptcy will maybe give them the right to actually override those contracts and change some of that compensation structure without agreeing to the unions.

BECK: Alistair, here's why I'm so concerned about the economy. And tell me where I'm wrong.

You might have these union contracts and say, OK, that's one thing, or the spending or the property taxes are down, et cetera, et cetera, et cetera. But you also have municipal bonds, you have auction rate securities, you have hospitals in -- the University of Pittsburgh, their interest rate on their loans last week went from 4 percent to 15 percent. The port authority here in New York, their interest rate on their loans went from 4 percent to 20 percent.

These -- this is a storm that crosses all of it. How do you get out when you've already thrown like your public schools, like Vallejo did? They threw them to the state. So now the state's paying for that.

It all ends up at the federal budget eventually, doesn't it?

BARR: Well, I was talking to another California city treasurer, and she was saying that she'd be very surprised if the state of California actually stepped into pay some of the essential things that Vallejo has to pay for. I think it comes down to a very simple point, Glenn, which is that you get what you pay for.

And so there are going to have to be big cuts in Vallejo and other city budgets, and there are going to have to be some increases in taxes. And the problem is there with your point about how all these things feed into one

another, if you have a lot of states around the country and cities around the country cutting budgets, that`s not going to help with an economic recovery at all.

BECK: Got it. Alistair, thank you very much.

Now, this has got to be one of my favorite campaign chants of all time. I love this.

Do we have it?

(BEGIN VIDEO CLIP)

SEN. BARACK OBAMA (D-IL), PRESIDENTIAL CANDIDATE: Yes, we can!

AUDIENCE: Yes, we can!

OBAMA: Yes, we can!

(END VIDEO CLIP)

BECK: Yes, we can. Yes, we can. I love that.

Yes, we can. We can. We can. We can.

We can do what? I don`t even no he`s talking about. But we can do it.

You know, shooting down a satellite? Yes, we can. Keeping our borders wide open? Yes, we can.

Yesterday, people actually applauded when he blew his nose on stage. I am not kidding you.

Yes, we can do that, too.

As it turns out, Obama`s actually not talking about any of those things. The "Real Story" is that if you actually read his detailed economic plan that Obama finally released, I believe what he`s actually saying is, yes, we can move this country towards a Soviet-style redistribution of wealth.

That`s exactly the kind of change I was hoping for.

For example, yes, we can let the Bush tax cuts expire, resulting in a tax increase for millions of Americans, including the middle class. Yes, we can raise the top tax rate to near 40 percent so Americans who create the most jobs will have to cut back with their expansion. Yes, we can raise tax rates on capital gains, dividends, debts (ph) and Social Security so Americans can be restored to the glory of being some of the most highly- taxed people in the world.

Critics of Obama love to say that he`s all style and no substance. I think that is absolutely untrue. He`s got tons of substance. It`s just those pesky things like classic big tax liberal policies that are getting in the way of the illusion that`s being created.

Stephen Moore is an editorial board writer that covers economic issues for "The Wall Street Journal."

Stephen, you`ve written an article. When does it come out, tomorrow?

STEPHEN MOORE, "WALL STREET JOURNAL": Right.

BECK: OK. It`s absolutely fantastic.

Quickly take me through what Obama`s tax plan is and what it`s going to cost.

MOORE: Well, Glenn, I don`t know if you remember the 1970s, that wonderful era of bell bottom jeans and disco and gasoline lines, but it looks to me as I read through Barack Obama`s plan, he`s talking about taking us back to the 1970s on economic policy.

BECK: Stephen, do you remember the -- do you remember the first time we met? We met back stage at an event. And I said I think we`re headed towards the 1930s, and you said we`re headed towards the 1970s.

MOORE: Yes.

BECK: In your own paper today, on the cover, stagflation.

MOORE: Stagflation, right. And people will remember, stagflation is the combination of high unemployment and high inflation. And it looks like -- I don`t want to be apocalyptic, but t looks like right now we`re headed that way.

And Barack Obama would make things worse, because what he`s talking about, as you pointed out, is almost every important tax rate would go up to the highest rates they`ve been since the 1970s.

BECK: OK, but...

MOORE: One thing, Glenn. If you put in place his whole program, the highest tax rate in the United states would go up to 52 percent. If you live in a state like New York or New Jersey, you're talking about 60 percent tax rate.

BECK: Right. Or California.

MOORE: You just can't do that.

BECK: Or California.

MOORE: California, too.

BECK: Look at what we just talked about with California a second ago. These cities are crumbling.

MOORE: You know, and I was listening to your conversation, which was right on the mark. And you asked the question, is California going to bail out the city of Vallejo? It can't. You know why, Glenn? Because California is \$16 billion in debt.

BECK: Stephen...

MOORE: They don't have the money to do it either.

BECK: ... you and I both know all of this stuff is going to be dumped on to the federal government. And Barack Obama is an FDR kind of guy. He's going to say bring it on.

MOORE: There again, where is that money going to come from? We're already \$400 billion in debt at the federal level.

Now, the thing that Barack talks about, you know, when he talks about, "Yes, we can," is he keeps talking about it saying, we're going to bring jobs back to America, we're going to punish those Benedict Arnold corporations who are moving their facilities overseas. But if we're raising taxes over here and other countries are cutting taxes, how is that going to bring jobs to our shores?

BECK: No. And don't talk to me also about, you know, wrapping yourself in the American flag. These Republicans, he's calling them patriotic companies. This is the plan, that's what it's called.

Real quick, could the Social Security caps coming off be the largest single tax increase in the history of our country?

MOORE: It could be, because you're talking about every dollar over \$100,000 being taxed at this 12 percent rate. So you're talking about -- you know, those firemen that you were talking about in Vallejo, they're going to have to pay a big Social Security tax on top of the money that they're already paying.

BECK: Yes, an extra 10 percent tax right off the top.

MOORE: yes.

BECK: Stephen, thanks a lot.

MOORE: So much for helping the middle class.

BECK: Yes, I know. Is that -- \$200,000 isn't middle class.

You, sir, you're -- he's an elitist.

That's the "Real Story" tonight.

For links to our video, to "Real Story" segments and other exclusive content, from both the radio show and the television show, sign up right now for my free e-mail newsletter. You can do it right now at [glennbeck.com](http://glennbeck.com). Unlike Obama's economic plan, this one's free.

Coming up, part four of our weeklong series with the author of "Liberal Fascism." His name is Jonah Goldberg, and it's coming up next.

(COMMERCIAL BREAK)

BECK: When you see the word "fascist," most people's minds go right back to the Nazis, jack-booted storm troopers, World War II. But the true history of the word and the entire fascist movement is a little more complicated than that, and it'll blow your mind when you actually know history.

It is outlined in a great new book I think everybody should read. It is called "Liberal Fascism."

I'm joined again by its author, Jonah Goldberg.

Jonah, my trail started on this with just a few things. I was reading another book that was printed in the 1950s and it was from -- it had a quote from George Bernard Shaw, who was a Fabian socialist. I put the book down

and I thought this writer no longer has any credibility with me because this cannot be true.

I went and I started second sourcing. I couldn't believe some of the history.

Let's start with George Bernard Shaw. He said the state has a right to kill you, right?

JONAH GOLDBERG, AUTHOR, "LIBERAL FASCISM: Oh, yes. Yes, yes, yes.

I mean, George Bernard Shaw was a eugenicist who believed in wiping out vast swathes of the darker, duskier races that didn't deserve to be living. He was an open fan of Adolph Hitler, Mussolini, Stalin, all of these guys. You know, talked glowingly about gas chambers as this wonderful solution to all sorts of social problems.

BECK: I mean, I can't believe I didn't -- I didn't know any of this.

(CROSSTALK)

GOLDBERG: ... intellectual of the 20th century in a lot of ways.

BECK: And he and H.G. Wells were part of something called Fabian Socialists.

GOLDBERG: Right, the Fabian Socialists -- Fabian Society still exists today. You can go to their Web site.

They were the cutting-edge intellectual socialists of Great Britain. Huge influence on American progressives. And the title of the book, "Liberal Fascism," comes from a speech by H.G. Wells where -- and he was enormously influential in the United States. It cannot be exaggerated how influential.

And when he's asked to describe his philosophy and where liberalism needs to go, he says what we need is liberal fascism or enlightened Nazism. And he says this in 1932, and he meant it seriously. He thought fascism really was a good idea.

BECK: Basically Nazism without the gas chambers.

GOLDBERG: Right. In 1932, there were no gas chambers.

BECK: Right. OK.

Now, Woodrow Wilson, I was talking to my teenage daughters, and I said, "Tell me about Woodrow Wilson." And we started looking at the history of Woodrow Wilson.

Never really talked. You know, Woodrow Wilson and you're like, oh, League of Nations and First World War. And he was kind of a good guy.

Not what they say about Dick Cheney. This guy actually did and was.

GOLDBERG: Right. Now, Woodrow Wilson is the first Ph.D. to get in the White House, and I think the only one, thank God. And he -- if you just go by a layman's definition of a dictator, some guy who throws political prisoners in jail, sends goon squads out to beat people up in the street, creates the first propaganda ministry in western civilization, the first modern one, sends propaganda agents out throughout the United States in secret to foment, you know, pro-government, anti-immigrant and all these kinds of ideas, Woodrow Wilson in every way comes across as a fascist.

He's the first president of the United States to openly disparage the U.S. Constitution, saying it's no longer relevant, we need to evolve past it and have a living Constitution, a phrase you hear a lot these days.

BECK: And he's also the guy who also -- the Fed came from Woodrow Wilson.

GOLDBERG: That's right.

BECK: So all of these giant insidious things. He was -- basically, it was the beginning seeds of the United Nations. And when you look back at Woodrow Wilson, you're just kind of like, OK, he's just a president.

FDR, you look back at FDR and I remember thinking, well, I mean, they changed it because he -- you know, he was just in office too long. I don't even know why he was in office too long.

Why would they change the Constitution and say a president couldn't be president for four terms?

GOLDBERG: Right.

BECK: Because he wasn't a good guy. The things that he did were wildly out of control.

GOLDBERG: Right. Well, he was president for life, essentially, you know, which we never had in the United States before then.

BECK: Right.

GOLDBERG: And what needs to be remembered is what FDR was explicitly trying to do. This is not my theory,

he said he was trying to do this, was to recreate the war socialism of Woodrow Wilson. That what they did during the war by bringing corporations into government and having government and corporations run society with propaganda ministries and political prisoners and all these kinds of things, they wanted to recreate that to fight the Depression.

And FDR said so explicitly. And basically FDR was a Wilson retreat.

He was the assistant secretary of the Navy under Wilson. Had no problem with the propaganda and the political prisoners and all that kind of stuff. And they want to recreate that spirit, that moral equivalent of war in peace time to fight the Depression. And that's what the New Deal was about.

BECK: Yes. And he had the corps for forestry, where they would go out and it was basically an army, which was frightening to me to read because I have read Barack Obama's plan, where he wants to create a green corps, pretty much the same thing that we had in the New Deal with FDR.

GOLDBERG: Right.

BECK: OK.

Please, America, I'm begging you, read the book "Liberal Fascism" by Jonah Goldberg.

Back in a minute.

(COMMERCIAL BREAK)

BECK: So how do you explain Obama winning 10 states in a row over Hillary? Well, I think all you have to do is look at their YouTube campaign songs.

Here's one of Obama's. It's got Scarlett Johansson in it. It's got a bunch of other, you know, pseudo celebrities, the kind of -- you know, I think I might have seen that one someplace somewhere. You know what I mean? Those kind of celebrities.

When you're trying to lead the free world by manufacturing excitement on a free video-sharing site, you've got to have celebrities.

Now I want you to see one of Hillary's on YouTube, and take a quick listen to this one.

(MUSIC)

BECK: Quite frankly, this might be one of the greatest songs ever recorded. Or something the exact opposite. I'm not sure which, but, you know, I just don't think that "Hillary for You and Me" is going to cut it.

And then they make another key mistake.

(BEGIN VIDEO CLIP)

UNIDENTIFIED FEMALE (singing): Hillary will fight...

UNIDENTIFIED MALE (singing): ... for what we all know is right.

UNIDENTIFIED FEMALE (singing): Experience is great...

UNIDENTIFIED MALE (singing): Instead of war we can negotiate.

(END VIDEO CLIP)

BECK: Woah. Way too much information. "Instead of war we can negotiate."

She almost tells you where she stands on something. That's not how you get people to faint in your presence or applaud when you blow your knaws.

What are you doing?

Obama supporters know how to do it the right way. Never say anything of any value ever. You know what I mean?

(MUSIC)

BECK: See? I mean, it's hope, change. And then hoping for a change and a hopeful change.

I'm sorry. I've got to admit it, I think I need another burst of "Hillary for You and Me." I do.

(BEGIN VIDEO CLIP)

UNIDENTIFIED FEMALE (singing): Hillary for you and me, bring back our democracy. Vote from sea to shining sea, everyone for Hillary

(END VIDEO CLIP)

BECK: That's good stuff. Of course the legendary Bill Hopkins Rockin' Orchestra, with the unmistakable writing and production of the one and only Gene Wang.

I can't tell you. I don't have any idea why she might be losing.

I couldn't get Gene Wang to write for my e-mail newsletter, but I did get Jonah Goldberg for you and me.

Get the exclusive "Liberal Fascism" updates for free by signing up right now at [glennbeck.com](http://glennbeck.com). We should even throw in a link of that Hillary song, because that's good stuff.

From New York -- full hour with Jonah Goldberg tomorrow -- goodnight, America.

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