Listen and read the commentary on the crisis and the themes of stimulus, bank crisis and the looming debt crisis of the U.S. budget and debt levels continually emerge. One side fears and frets the high U.S. debt level as it approaches 4 times Gross Domestic Product. The other side says we must continue to borrow and spend to stimulate GDP (see Lou Dobbs and Paul Krugman 11/7/2008). Some creative finance and sound accounting will go a long way to get us through the first part of the crisis. So let us clarify some things a bit.

The first thing to understand is the U.S. budget is cash basis and all borrow and spend is cash basis accounting. But significant Enterprises have always been around. Hospitals, Airports and the original government GSEs(Fannie and Freddie before Nixon began privatizing them). Enterprises have self balancing sets of accounts - balance sheets. To clean up part of the bank mess we start by creating the Finance Enterprise.

Federal Bank Enterprise
11/30/2008
(Pro Forma)

Assets:	(Billions)	
Preferred Shares U.S. Banks, Insurance		$417
Loans to U.S. Banks & Insurance Co.		123
Commercial Paper Holdings		45
U.S Treasuries		15
Demand Deposits of Banks		5
Total Assets	$ 605	
Liabilities and Reserves:		
Issued U.S.Treasuries		570
Treasury Float		5
Reserves for Market Adjustment		20
Total Liabilities		595
Equity(Paid-in-Capital& Earnings)		10
Liabilities, Reserves & Equity	$ 605	

Income Statement Billions 11/30/2008

Revenues:

Income from Preferred Shares	$ 15
Interest on Loans to Banks & Insurance	4
Total Revenue	$ 19

Expenses:

Interest Paid on Treasuries	3
Bank Operating Expenses	6
Total Expense	9
Net Total Earnings	10

It may be that this has been done somewhere in the depths of Treasury or the Fed. But it was never readily published or disseminated the public.The point of this exercise is to demonstrate that the resources are held and paid and none of the bailout transactions are unrelated even if the fools did no real accounting. The second point is where we need to go with infrastructure. Remember that Federal Budget is cash basis by default. That so needs to change.

United States Enterprise Fund

We set up the fund by using full faith and credit U.S. Treasury backed securities we call Enterprise Bonds:

Description:	Dr	Cr
Proceeds from Issue of Enterprise Bonds	585	
Issue of 4% 10 Year Enterprise Bonds		585

At the same time, the Fund sells subscriptions to U.S. investors, Banks Brokers and Insurance Companies.

Description:	Dr	Cr
Proceeds from Issue to Retail Investors	100	
Equity in Enterprise Fund		100

This same transaction may be repeated for wholesale investors like banks, solvent brokers, and solvent insurance companies. If banks do not want to lend their excess liquidity to each other, then some persuasion to buy into the Enterprise Fund would be
in order.

The Enterprise Fund now has Cash of $685 Billion and Liabilities for the Bond Issue. The Fund has Equity equal to what investors have put up. I chose $585 Billion because that is what the Chinese are able to afford for infrastructure. - 16 Percent of PRC GDP vs 5 Percent ($700Billion) of U.S GDP. If you believe that the U.S. is without private capital, you have been deceived. Why would investors buy the Bonds? Enterprise Bonds have the same rights as Treasuries.

Next, the Fund selectively buys Bonds of Industrial Companies who have bond covenants against hard assets: shop floor robots, Power Lines, natural gas wells, hospital medical diagnostic equipment, airport control towers and runways, power plants, wind turbines. Because of the bond covenants, if any private issuer goes bust, hard assets are seized and another industrial player takes over. Think of GM and possibility of bankruptcy. To be exta careful, there has to be severe percentage thresholds on what can be placed into boderline assets of the GM's. In all cases, the fund buys paying debt securities with covenants. The asset has to have a income stream.

U.S Enterprise Fund
11/30/2008
(Pro Forma)

Assets:		(Billions)
GM Equipment Trust Cerficate - 8% 2012		$ 42
Chesapeake Energy Pipeline Bonds - 6.5% 2015		15
General Electric Wind Turbine Certificates 7.2% 2013		45
\Berkey Wind Turbine Trust Certificates8.2% 2012		29
H'Hare International Control Bonds		25
Demand Deposits of Banks		5
U.S Treasury 10 Year 3.72% Notes Due 2018		424
Total Assets	$ 585	
Liabilities and Reserves:		
Issued Enterprise Bonds		470
Reserves for Market Adjustment		0
Total Liabilities		470
Equity:		
(Equity and Investor Capital		100
Retained Surplus		11
Total Liabilities, Reserves & Equity	$ 585	

Income Statement Billions 11/30/2008

Revenues:		
Income from Investments	$	15
Interest on Loans to Banks & Insurance		4
Total Revenue	$	19
Expense:		
Interest		5
Ongoing Operations & Commissions		3
Net Income	$	11