

# Government by Bureaucrats Or Congress Is Irrelevant

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## Introduction

“Government is not eloquence, it is not reason. Government is force. Like fire, it is a dangerous servant and a fearful master.”

George Washington

The Declaration of Independence declares, “We hold these Truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness – that to secure these Rights, Governments are instituted among Men, deriving their just Powers from the Consent of the Governed,...

It is told that originally Thomas Jefferson had written the word “property” in place of “pursuit of happiness” but since slaves were considered property at that time the word property would have been inappropriate. However, since we no longer have slaves the word property should be a part of that declaration and thus the unalienable rights should be Life, Liberty and Property which will enable us to pursue happiness. If the government will not protect our property then there is little reason to work more than what is required to sustain life. The right to own and have control of your property is as much a right as the right to life and liberty for we are entitled to the fruits of our labor.

As James Madison stated, “in a word, as a man is said to have a right to his property, he may be equally said to have a property in his rights. Where an excess of power prevails, property of no sort is duly respected. No man is safe in his opinions, his person, his faculties, or his possessions.”

It is also important to note that governments derive their just powers from the consent of the governed. Up to that time governments were instituted to enable kings and rulers to control their subjects. Democracy had been tried in ancient Greece but was unstable and led to a dictatorship. Representative democracy had been tried in Rome but Caesar had turned it into a dictatorship. Probably the best government had been a tribal government where a family ruled and had been somewhat fair and

benevolent. There are still some tribal governments today in Africa and parts of Asia but they are limited in scope and in authority and subject to violent overthrow and instability.

The most common form of government was that of a strong king or ruler who governed through the use of force. His armies were supported by granting lands to his army leaders which enabled them to support their soldiers by taxing the peasants who tilled that land. The king was aware that his wealth and strength would be increased by adding to that land and so it was common for those kings to wage war and attempt to increase their power and authority.

History seems to be primarily reciting the wars and conflicts that took place throughout the world. Governments were formed mainly to support the kings and rulers and their main function was to protect themselves through building castles and some infrastructures that enabled them to transport their war equipment and by having large armies. While they employed some servants there was no attempt to provide services to their minions other than protection so those governments were fairly simple.

The Magna Charta in 1215 was one of the first attempts to obtain rights for the people but the kings still controlled the army and had the power to rule. Even though there began to be legislatures to enact laws to protect people the kings were still in charge. It wasn't until late in the 17th century that kings tried to keep the loyalty of their subjects and to provide some services to their citizens and even to gain their approval. That even extended to having legislatures elected to pass laws and to have judges to provide justice.

Our founding fathers were aware of the past governments and also of past theories and visions of ideal governments. From their viewpoint governments had been instruments of oppression, slavery and had deprived millions of freedom. In the past century governments have been the most murderous ever even killing their own citizens. Stalin killed over 10 million, Mao somewhere around 60 million and Hitler about 6 million. That doesn't count what took place in Vietnam, Laos, Cambodia, Cuba and North Korea among those communist governments.

Our government was one that was limited in its powers and constrained by checks and balances within that government. States retained great powers and within the federal government the functions of legislating, judging, and executing were separated with each of those functions being further restrained by checks given to each function permitting it to restrain the other functions.

Therefore, that government was able to protect life, liberty and property and in the next 150 years we became the strongest, wealthiest, and freest country in the world. However, the last 70 years has seen that government take upon itself many powers that were not in our constitution and the effect has been detrimental to our wealth, strength and freedom. The latest Index of Economic Freedom (2010) rates the United States in the eighth position considering freedom. The largest reason for the drop was due to losses in financial and monetary freedom (due to our Federal Reserve) and worsening of property rights.

With FD Roosevelt the government was increased to include functions never anticipated by our founding fathers. LB Johnson did his part in adding to the government as well and the last ten years has been especially bad for us. At the turn of the century the USA was producing 32 percent of the world's gross domestic product and had a relatively low debt in relation to our output with one of the lowest rates of unemployment in the world. At the end of this decade we produced 24 percent of the world's GDP (which still is nearly three times that of anyone else), had a deficit of 10 percent of GDP, an unemployment rate of 10 percent and our dollar had lost half of its value against the euro. In spite of our wealth of natural resources we are dependent upon foreign countries for our energy and our situation is worsening.

Something is very, very wrong. We are still the same people, capable of great actions but it is our government that is holding us back. It needs to be changed and we need to return to the system that brought greatness to us and that system was built around our constitution. We must overturn the socialism we have adopted and return to the constitution.

Article 1, section 1 of the constitution reads, "All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives." That is the way our constitution starts and it somehow seems important that this is the very first statement of the constitution. Article 1, Section 8 of the Constitution states, "Congress shall have the Power... To make all laws..."

For many years those two statements were considered to be a limitation upon any other departments or agencies and prevented any one else from passing laws. The reason that all of the agencies and departments that have been created by our Congress can function as independent governments exercising the functions of the executive, legislative and judicial is because of the *Whitman v. American Trucking Assoc. Inc* ruling from the Supreme Court. That ruling empowered agencies within our federal government to issue rules that had the effect of laws and then determine if the laws are being met (judging) and then assessing fines or judgments.

Now all that these agencies need to do is to write rules and have them published in the Federal Register (which grows by around 77,000 pages each year) and with that legislative power they also can judge and exercise the functions of the executive branch of government.

Our presidents have also assumed legislative powers through the use of Executive Orders and "signing statements" and so our Congress has given up much of its powers and turned those powers over to others.

Now our unelected bureaucrats can exercise the legislative power that was originally given to the Congress. Those unelected bureaucrats can not be removed for incompetence by the electorate and so we now have a different government than was given to us by our constitution.

One of our founding fathers, James Madison, in *The Federalist No. 47*, states,

"The accumulation of all powers, legislative, executive, and judiciary, in the same hands, whether of one, a few, or many, and whether hereditary, self appointed, or elective, may justly be pronounced the very definition of tyranny."

And indeed there are many instances which will be cited hereafter where that is the case. Our bureaucrats now make more laws than our Congress and are not responsible to our citizens for their actions. They also exercise judicial and executive responsibilities as well. We are being governed by those bureaucrats and that is much of the reason for our problems.

We have several departments and over 300 agencies that write laws. . Congress does not review them, discuss or debate them nor vote on them. We have laws written by bureaucrats which are as "legal" as any laws passed by Congress. In addition, those bureaucrats can judge whether their rules are being followed and assess fines and penalties to those they believe are not in compliance. Those fined are permitted to sue to reverse the rulings. Thus, our citizens and businesses are forced to fight against the government rules issued by these bureaucrats.

During the Bush Administration the Federal Register has climbed by more than 10,000 pages bringing the total to over 78,000 pages. The number of regulatory personnel has increased by 66,000 and that total number is now 241,000. Much to our sorrow they are working and writing laws that interfere with our lives and freedoms. A recent report on the pay of the government employees would lead us to calculate that those additional bureaucrats added around \$66 billion to the government's payroll and there would naturally be additional offices, desks, phones and insurance for each of them. Do you really believe that the value they added to our country is worth that? In fact, they probably do more harm than good.

They add tremendous amounts to our government expenses and also huge amounts to the costs of our businesses. In many cases their removal would be appropriate and in other cases the functions they perform and regulate should be done by the states for each state is somewhat different from the others.

In most cases those departments and agencies are unconstitutional for they are not in the constitution and according to the 10th amendment should be under state jurisdiction. The 10th amendment reads, "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

Thus, the solution to many of our bureaucratic problems could be solved by following the constitution and removing them from the federal government and letting the states adopt them if they wished. That is the main purpose of this book – to return to the constitution and especially follow the statement in article 1, section 1 of the constitution which reads, "All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives." Unlike our bureaucrats that Congress is responsible to the electorate and can be removed by them when appropriate.

If those bureaucratic groups are performing functions that are deemed proper and are not listed in our Constitution then the state governments can elect to adopt the functions performed and they can be removed from the federal government at a tremendous saving to our country and an increase in our freedoms.

## Chapter 1

### The Start of Socialism

The two enemies of the people are criminals and government

Thomas Jefferson

In a letter to Elbridge Gerry on Jan, 26, 1799, Thomas Jefferson wrote, "I am for a government rigorously frugal & simple, applying all the possible savings of the public revenue to the discharge of the national debt; and not for a multiplication of officers & salaries merely to make partisans & for increasing, by every device, the public debt, on the principle of its being a public blessing."

The first attempt to change the constitution was in the forming of a national

bank. In 1816 Congress had granted The Bank of the United States a 20 year charter. It was a private bank but had authority over the currency system of the United States. In 1832 the Congress passed a bill rechartering the bank. President Andrew Jackson believed the bank was detrimental to the country as well as being unconstitutional. He vetoed the bill and his veto was upheld and the national bank was dissolved. (Later, in 1913 another unconstitutional national bank was formed called the Federal Reserve).

During the Civil War, President Lincoln instituted an income tax as well as many other taxes. He also was able to have our Congress participate when in 1862 he promoted and signed a tax bill that contained 119 different sections, imposing hundreds of excise taxes, inheritance taxes, stamp taxes, gross receipt taxes and license taxes on virtually every occupation, service and commodity in the entire economy. Lincoln was a big-government liberal which probably explains why he has been treated so favorably by our liberal historians.

There was also a tax on income with a top rate of 10% on incomes over \$10,000. Many of the other taxes imposed were probably unconstitutional but there is no question about the income tax. That tax was unconstitutional and was finally repealed by President Grover Cleveland.

With those taxes the government was expanded to include bureaucrats that were performing functions that were not in the constitution and thus added costs to our government and functions that were not anticipated by our founders. Lincoln was not a conservative.

We had a recession in 1921 that was pretty bad – in fact worse than the one that hit in 1928. Our government did absolutely nothing and the economy recovered and we had a real expansion in our economy during the 20's as our Federal Reserve increased the money supply which helped bring on the “great depression.” Then, with the stock market crash of 1928 another recession hit us and this time President Hoover tried to use the government to fix it.

First came the public works programs. The Federal Buildings program was funded for \$400 million and the Department of Commerce established a Division of Public Construction. Hoover granted subsidies to ship construction and asked Congress for another \$175 million for public works. Corporations were persuaded to keep wages high but with declining sales that meant they would employ less. Farm organizations were formed to control prices and production and assign subsidies and the result was chaos as these organizations tried to reduce production to raise prices and to generally take over the farm industry.

By 1930 the unemployment rate was at 9% and the federal reserve increased the money supply and lowered the discount rate. The Smoot -Hawley tariff was passed and really hurt imports and exports. Hoover issued an executive order and stopped all immigration into the country.

With unemployment increasing and production of capital goods declining the Congress passed the Revenue Act of 1932, one of the largest tax increases in our history and the Great Depression was on. It is hard to believe that someone thought that a tax increase would help the economy but President Hoover proposed it and the Congress enacted it,

Franklin Delano Roosevelt campaigned as a conservative and was elected to take the government out of the depression. Instead, he continued Hoover's policies and in fact, added to them and increased the problems. Bank moratoriums and bank holidays led to people not trusting banks and thus not depositing money into them and that meant that money was not available to help start or continue businesses. Public works added some employment but caused businesses not to hire for they would have to compete with lower wages. The Congress passed Roosevelt's programs – the Agricultural Adjustment Act (declared unconstitutional by the Supreme Court), the Tennessee Valley Authority, and the National Industrial Recovery Act (declared unconstitutional by the Supreme court). The Civil Works Administration was organized as well as the Works Progress Administration and the Civilian Conservation Corps came into existence. The Social Security Act was passed in 1935 and the National Labor Relations Act empowered unions.

By 1938 the depression reached its lowest point with 25% unemployed and the government causing much of the problem. The more they did the more that businesses were scared away and thus no new jobs were created and existing companies were afraid to expand. During the first two terms for President Roosevelt the average unemployment rate for that eight years was 18%. The government managed everything and produced unemployment.

Roosevelt's actions frightened small businesses that employed over two thirds of our work force and their reaction was to “hunker down” and not take risks and not hire people. (We are seeing much the same reaction today to President Obama and the Democrat Congress). Roosevelt added bureaucrats and costs to our government at a time when the reverse should have been done. He really opened the door to the huge government we have now as well as prolonging the depression.

While Lincoln and Roosevelt acted in unconstitutional manners the real start of socialism was hardly noticed when it started. In 1913 the Progressives ushered in a new era for our government with the passage of the income tax amendment.

In addition, the Federal Reserve Act was passed in 1913 creating a national bank similar to the one President Jackson had vetoed. The title would lead one to conclude that the bank is a government organization. It is not. It is owned privately by the twelve Federal Reserve banks in the system. The governors of the system and the head of the “Fed” is appointed by the President and approved by the Senate. The Fed controls the amount a bank must have in its reserve (banks can loan much more than the

money they actually hold); it establishes the discount rate at which banks can borrow from the Fed; it can reduce or increase overall bank reserves by selling government securities; it can set margin requirements for securities transactions and in general is in control of our economy. It has taken on itself the issuance of money which always leads to inflation.

It has not always been right in its actions. After the depression of 1921 which ended quickly without any government action the Fed increased the supply of money leading to rapid inflation setting the stage for the Great Depression. Their action in 1937 which reduced the money supply led to the deepest part of the depression in 1938. The increase in the interest rate during President Jimmy Carters' presidency led to the following recession and the election of President Ronald Reagan. During the 70's and 80's they took those actions that set the stage for the downturn in 2000.

Here in 2008 we are seeing the effects of the inflation caused by the Fed which has been reflected primarily in the price of oil. They have also been a major contributor to the collapse of our banking system by establishing and keeping an interest rate at a ridiculously low rate from 2003 to 2007. It is a little scary to think that our economy is under the control of one private company and that our economy is dependent upon one person rather than a free market system.

The issuance by the "Fed" of money was the primary cause of the downturn in 2008 but the Congress was also responsible for the economic collapse we are now involved in with their requiring banks to make bad loans. (That same government is now trying to place the blame on the banks who they forced to act stupidly). The establishment of Fannie Mae and Freddie Mac (privately held but government controlled) and the requirement that they purchase sub-prime mortgages helped that collapse substantially. However, that would not have been as possible without the low interest rate the "Feds" instituted. Now, in 2008-2009 the increase in the money supply and the bailouts issued by the "Feds" will lead to significant inflation which will soon appear. According to Reuters news service there are liabilities of \$8.3 trillion which the "Fed" has funded. Congress has asked for information about this dispersal but the Fed has refused to provide details about their actions and commitments. They obviously consider themselves above the control of the Congress and with their actions it is time to consider if we should get rid of the Federal Reserve System.

Congressman Ron Paul has written a bill which would require an audit of the "Fed" and there are many who support that. Speaker Nancy Pelosi refused to allow the bill to be voted on but now with the new Congress we may be able to see all they have done. The Fed does not want to reveal what it has done with the money and what it intends to do. In 2009 the Fed produced a profit of over \$52 billion and while most of that money will be turned over to the Treasury it would be nice to know how they made that profit, what bonuses they paid to their employees and what their expenses were. It would also be nice to know who they issued money to as they bailed out the world. They are resisting providing that knowledge to us.

Now, we turn to the income tax. The sixteenth amendment made an income tax legal for it was specifically prevented under our Constitution. The amendment did not place any restrictions on the amount of the tax nor on its application. In addition to providing our politicians with a source of funds to use for whatever purpose they see fit it has also spawned a huge industry.

In addition to the government bureaucrats involved with this we also have all of the companies involved in calculating the taxes. We also have departments in universities involved in teaching students the tax laws and all of these groups like our tax system and laws and rules and regulations and will resist any attempt to remove this system. Passing any significant change will be difficult for there are many people that benefit from the system. However, we must do it.

The following information comes from the book, Flat Tax Revolution by Steve Forbes. Our present tax system has evolved since 1913 to an unmanageable, unknown mess. The Bible contains 773,000 words and the tax code and rules and regulations have over 9 million words. There are 66,000 pages of special-interest rules, regulations, loopholes, credits, and carve-outs in our tax rules today. It is so complex that H& R Block, the income tax company, under-reported its own tax liability by \$32 million. It is

estimated that around 8 % of the private sector employees in Washington DC are tax lobbyists. They are big contributors to our Congressmen and heavily influence the tax codes. A Roman historian, Tacitus, stated, "The more numerous the laws, the more corrupt the government" .

There are many companies such as H & R Block involved with helping fill out personal tax forms and many firms that calculate personal and corporate taxes. This whole industry produces nothing of value to anyone. Their efforts are wasted as far as adding to our country's growth and wealth. The Congressional Office of Management and Budget estimates that over \$200 billion is spent each year in calculating and determining taxes and the Tax foundation estimates the cost at \$250 billion per year. About 60% of tax payers now use professional help ( if you want to call it that) to determine their taxes. The tax codes and rules are so complex that no one really understands them. In 2004 it was found that IRS bureaucrats gave the wrong answers over 25% of the time to people trying to calculate their taxes and companies involved with calculating taxes have the same problems.

All of the above organizations are dependent upon the tax rules and codes for their livelihood and so do not really want to scrap the system. Our politicians also receive large campaign contributions from the lobbyists and companies in the industry and so they too are not inclined to fix the tax codes and rules. For every tax rule there is a paid accountant, a paid lobbyist, and a campaign contribution to some Congressman.

The IRS writes the rules (laws), judges who violate or who adheres to those rules and assesses fines and penalties as they see fit. The Congress does not review those laws and rulings but allows them to operate freely. There is very little hope of improving the rules and regulations or of improving the competence of the bureaucrats so the only hope is to completely discard the system.

The Income tax is bureaucracy at its best (or worse).

The Flat Tax would put many of them out of business and we have a tax system which is inconsistent, misunderstood and not fair which provides benefits to those in the tax industry and to some of our politicians and that means it will be difficult to fix. Since 1986 when the tax code was last revised the tax code has been amended 15,000 times and it is probable that each amendment was accompanied by a campaign contribution. This system is a drain on our economy and will leave us less able to compete with those countries who have a flat tax such as Russia, Hong Kong, Romania, Lithuania, and Slovakia and it appears that China is also going to adopt a flat tax.

We should adopt a Flat Tax as proposed by Steve Forbes and then delete all the rules, regulations, exceptions, loopholes and guidelines that the IRS has issued and no one understands. A family of four would pay no taxes on income under \$46,000 and the rate for personal taxes would be 17% on the income above the untaxed base. Businesses would also pay 17% on profits. There would be no capital gains tax, no taxes on social security, no Alternative Minimum tax and no more death tax. Forbes's book details this proposal and could be used to write this simple tax.

Fiscal Associates of Alexandria, VA an economic consulting firm, did an analysis of the Flat Tax and concluded that between 2005 and 2015, the Forbes Flat Tax plan would generate \$56 billion more in new government revenue than the current income tax. Our best bet here is to throw out everything the IRS has written and start over and adopt the Flat Tax as proposed by Steve Forbes.

The FairTax may be an even better solution than the Flat Tax but does require a constitutional amendment to make it effective and that would involve securing the approval of two thirds of our states and many years to accomplish. It also has a big sales job to accomplish. It has some advantages over the Flat Tax for it removes all of the incentives that enable Congress to obtain campaign contributions and support their elections. It should also attract many businesses to our country and help our economy.

So, even though we have a Department of Treasury which is responsible for writing laws and collecting taxes it is not responsible for our banks and banking system.

## Chapter 2

### Bureaucratic Departments

In a letter to William Johnson on June 12, 1823 Jefferson wrote, "I believe the States can best govern our home concerns, and the General Government our foreign ones. I wish, therefore, to see maintained that wholesome distribution of powers established by the Constitution for the limitation of both; and never to see all offices transferred to Washington, where further withdrawn from the eyes of the people, they may more secretly be bought and sold as at market."

We now have many departments and some were not conceived of at the time the Constitution was adopted. In discussing these departments they will be separated into three categories – Departments that perform functions, departments that legislate, and departments that distribute money. (The last two are unconstitutional and unnecessary).

One of the main bulwarks of our form of government was the division of power between the branches of the federal government – the presidency, the judiciary and the legislative – and with great power left with the states. The tenth amendment to the Constitution reads, "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

That would lead to the conclusion that the departments of Education, Energy, Health and Human Services, Housing and Urban Development, The Environmental Protection Agency, Transportation and Agriculture and many agencies should not be a part of our federal government. The states might have those functions but they are not in the Constitution and thus are reserved to the states or to the people.

So, let us consider some of these departments and agencies. The Housing and Urban Development Department is huge. There is no mention of any department or function like that in the Constitution but we have one. It makes its own rules and operates independently. It manages the largest realty operation in our country. It does not perform that function very well. Let me restate that. It is lousy.

The Department of Housing and Urban Development has become a giant realtor. It builds housing developments, owns houses, loans money and holds mortgages. One of its most famous developments was the Pruitt-Igoe apartments in St. Louis. It consisted of 2879 units in 33 high-rise buildings in downtown St. Louis and was the HUD answer to providing housing to the poor. Within the next 20 years it had become a center for vandalism and several murders and by 1972 only 600 of its apartments were occupied because the rest had been trashed. Even with federal subsidies St. Louis could not afford to keep it going and finally tore it down.

The Robert Taylor Homes was another project in Chicago that was originated in 1962. Forty four years later the 16 story towers consisting of 4300 apartments stretching for two miles is being torn down. Nearly 186,000 public housing units have been approved for demolition in Detroit, Atlanta, and Philadelphia according to HUD.

.Those kinds of complexes have been tried in other big cities and resulted in the same failures. The latest approach is now to build smaller operations and scatter them throughout the big cities in the hopes of spreading the crime instead of concentrating it in one place. We need to expand that concept even further. The best place for having this operation performed would be to totally remove the HUD department from our federal government and have this function performed at the state and local level. There might even be some thought about whether this function of providing massive structures for the homeless and poor is necessary at all but if it is then we know the federal government is not capable of doing it and we should leave this function up to the states. HUD could transfer their mortgages, land, buildings and property to the states and let the states take over this function if they wished to continue it.



HUD was also used to exert pressure on banks to make loans to minorities and the poor which led to the bank meltdown that occurred in 2008. These agencies have bureaucrats that are not elected and are removed from the people and are independent and are not controlled by our Congress.

The next department to be considered is the Department of the Interior.

Many of the functions it performs will be discussed later since it is a department involved in distributing money but it also controls the national parks and all federally owned or controlled land. Our federal government owns 29% of our land and owns 55% of the land in our eleven western states. That seems somewhat surprising since our Constitution does not provide for the federal government to own and manage parks or to own and control land other than what is needed for the operation of the federal government.

Article 3, Section 8 of the Constitution provides for the Congress to legislate and control a district (not exceeding ten miles square) which will become "the Seat of the Government of the United States" and "to exercise like Authority over all Places purchased by the Consent of the Legislature of the State in which the Same shall be for the Erection of Forts, Magazines, Arsenals, dock-Yards and other needful Buildings: From this it would appear that the states own and control our land. The legislatures of the states have to consent to the purchase of land and the federal government only has land necessary for it to fulfill its function.

The Department of the Interior has done an excellent job in our national parks and has been zealous in protecting wetlands, in stopping road construction in our national forests, in preventing mining and stopping exploring for oil and gas in federal owned lands and generally interfering in anything of a commercial nature taking place on the federal government lands. From the number of fires we have every year in our national forests it is logical to conclude that they do not know how to protect our forests.

The control by Interior of the drilling and mining for oil offshore has resulted in reducing our oil production. The Gulf oil spill has provided an excuse for placing a moratorium on offshore drilling and that moratorium has applied to all offshore water including Alaska and thus significantly reduced our oil production. Ken Salazar, Secretary of Interior, has indicated they have cancelled five potential leases in the Outer Continental Shelf which could hold up to 77 billion barrels of oil.

There were 33 wells operating in the Gulf prior to the spill but only 6 of those wells are now operating due to the moratorium. The Interior Department has refused to obey Judge Martin Feldman's order to issue permits and has been cited for contempt of court as a result.

A permit for drilling has also been denied for the National Petroleum – Alaska project and that has led to concern that there will not be enough oil to be obtained from the North Slope of Alaska to continue that production. The pipeline transferring the North Slope Oil was originally completely full and the temperature of the oil was sufficient to make it possible to transfer it through the arctic cold. However, the present volume is only filling about half of the pipeline and there is great concern that very soon the volume will not be enough to overcome the cold temperature and that the pipeline will no longer be capable of moving any oil. We need that oil from Alaska.

The Dept. of Interior has cancelled oil and gas leases on 77 parcels of federal land in Utah and has also stopped eight parcels from a lease sale in Wyoming.

To stay in line with our Constitution we should transfer ownership of the federal property to the states wherein it is located and grant them full rights of ownership of that land and property. The states could then determine whether mining, or logging or drilling or exploring or construction could take place and we might even be able to solve our energy problems. Our government has nearly stopped the logging in our national forests which has contributed to the forest fires that now are common.

It has also deprived our states and businesses of income. In 1991, 8.5 billion board feet of commercial timber was harvested from national forests. That generated \$5.5 billion in local income, another \$325.5

million in shared harvest receipts and \$831 million in federal income taxes. Thus, we have harmed our national forests and reduced income to business, local governments and the federal government as well. Our federal government and their laws and rules and restrictions are the reason we have energy problems and if the states controlled their own land we might have different rules than at the present.

## Chapter 3

### The Environmental Protection Agency

. A Roman historian, Tacitus, stated, “The more numerous the laws, the more corrupt the government.”

The first legislating department to examine is the Environmental Protection Agency. The Environmental Protection Agency was established under President Nixon (another reason to dislike President Nixon) and made a department under Bush 41. The Environmental Protection Agency has become a nightmare. It was started to implement the Clean Air Act but it has mushroomed into a monster. There have been improvements to our air quality, to our water quality and to other environmental areas. However, in the process of improving our environment the EPA has caused massive expenses and has made many mistakes.

Our original constitution was to protect our citizens from the government and this is an excellent example of how a government can oppress its people. A small group of radical, crazy, environmental activists have been able to influence enough of our legislators to pass laws and ignore our constitution as we become more like a democracy and less a republic.

The burden placed on our businesses is huge. In 1995, Carol Browner, then head of the EPA, announced that the EPA had streamlined its regulatory procedures to save businesses and state and local governments 23 million hours of unnecessary paperwork each year. That means that prior to that time there was 23 million hours of wasted time spent each year and there was no mention of how many hours of time was still required.

The Super Fund which was started in 1980 to clean up toxic waste sites is a good example. The EPA and Congress had started to assess the polluter for the clean up but in many cases no one knew who had polluted. The government came up with the concept of “joint and several liability” to try to get anyone to pay for the cleanup on land they were occupying even if they were not responsible for it. It seems crazy but that was their solution.

Naturally, that led to massive law suits as those who were innocent fought those charges in courts. At one time it was estimated that 60% of clean up costs were legal costs. Finally the EPA recognized that the system would not work and so a special tax was assessed on chemical and oil companies and that generated billions of dollars in tax revenue and huge costs to those companies. The clean ups were performed and in 1995 the tax was allowed to lapse with \$3.8 billion left in the EPA to pay for the remaining sites. In 2002 there were still 33 toxic sites in 18 states that were still in the process of being cleaned and the EPA estimated that \$450 million would clean them up.

At that point the administration had allocated \$228 million for that purpose. The costs were much larger than they should have been (over \$50 billion) but the cleanups have been or are in the process of being done.

Not all of the clean ups were necessary. In 1996 the Lawrence Livermore National Laboratory said that maybe all the hundreds of millions of dollars spent on excavation, removal of tanks treatment of soil and etc was misguided and misspent effort. Cleanup efforts were examined in California and tank cleanup costs are estimated to be \$2.5 billion and much of that was not necessary. The Alexis de Tocqueville institution reports that “EPA consistently assumes that future sites will include children, who will live

there for 70 years, ingesting less than one teaspoon of local dirt every day, and rely exclusively on contaminated local ground water for bathing and drinking.” Insane?

The EPA has been a lawyers’ dream. The toxic waste clean up was handled in a manner that generated many law suits but there have been many others due to the EPA’s practices of issuing rules that are overly stringent and that have little scientific base. Congress passed the New Source Review Act which permitted older facilities to improve parts of plants without revising the whole facility to new standards. The EPA did not agree and hauled TVA, Detroit Edison and Alabama Power into court to make them update their complete facilities as they tried to improve them. A district court overruled the EPA.

In 1987 the EPA fixed levels for six pollutants and was sued. The DC district court ruled that their action “was an unconstitutional allegation of legislative power” and that the EPA was not authorized to legislate. Air quality has been one of the EPA’s major areas to regulate but EPA administrator Carol Browner stated, “...existing emissions inventories and air quality modeling to date... simply do not provide a sufficient analytical foundations from which to draw accurate results.” That has not stopped the EPA from issuing rules and in some cases they have admitted that rules have been issued on “policy judgments” rather than facts.

In 1993 the EPA announced that second hand smoke (environmental tobacco smoke) causes 3000 deaths each year. (the EPA then assigns costs based on their estimate that a human life is worth \$4.8 million) . A US district judge stated that, “EPA publicly committed to a conclusion before research had begun” and “ established procedure and scientific norms to validate the agency’s public conclusion.” “EPA cannot show a statistically significant association between environmental tobacco smoke and lung cancer.” Of course by the time the decision was rendered in 1995 the EPA’s position was well publicized and accepted.

When the Safe Drinking Water Act was implemented by the EPA they decreed that a safe chemical level was zero. The Court of Appeals in DC overruled them. The EPA is now considering complying with a United Nations edict that would eliminate the use of inhalers for asthma sufferers. Inhalers are primarily used by children but the EPA has announced they will eliminate inhalers to “help” children.

In 1997 the EPA issued a ruling requiring 23 states to lower their omissions by 85% and estimated the costs would be around \$17 billion. Many of the states sued and questioned the accuracy of the percentage established as well as to whether each state was identical.

In 1999 the EPA issued new guidelines to “protect people and children with respiratory problems” and estimated the costs would be around \$18 billion per year. George Mason University estimated the costs at \$380 billion but it didn’t matter when a US district court judge overthrew the ruling and slapped the EPA for its “arbitrary and capricious” behavior in their guidelines.

General Electric was ordered to clean up the Hudson River at an estimated cost of \$490 million because GE had dumped PCB’s in the river in the past. The Institute of Evaluating Health Risks “found no association between actual exposure to PCB’s and death from cancer or any other disease.” The National Cancer Institute stated, ”the NCI has no evidence that eating fish from the Hudson River posed a human cancer risk.” The EPA refused to rescind its order. There was much publicity about this and there were 19 different organizations supporting the EPA in wanting the river dredged. Thirteen of those groups received financial contributions from the EPA to help them in their legal battle with General Electric.

As a side note a federal judge ordered the EPA to release its records concerning contributions. From 1993 to 2001 the EPA contributed over \$2 billion to various organizations. The EPA erased hard drives and back –up emails were destroyed and so the EPA never complied with that order.

The EPA has an Environmental Education Division which is responsible for educating our youth in environmental matters and in a five year period spent \$34.9 million in producing material to “brain-wash” our children. If you wonder why our children are so concerned over pollution and the environment it is because they are being taught that way. The EPA has incorrectly identified toxic substances. Second hand smoke was one and so was PCB’s.

The EPA issued rules concerning dioxin and published a three volume report on dioxin emissions. They then selected 39 scientists to review the report. That panel of scientists then reported that, "...the agency had overstated the risks of dioxins and that its conclusions were not scientifically defensible and that it would not endorse its report."

That has not stopped the EPA from issuing regulations concerning dioxin omissions. The streets in Times Beach, MO had been covered with dioxin and so the EPA ordered the whole community evacuated. After the expenditure of \$ 32 million Times Beach became a ghost town. After that was done and the truth became known the EPA admitted the action had been unnecessary.

The EPA established a danger level for Radon but Science Magazine stated, "the EPA has no solid evidence that exposures around 4 picocuries per liter of Radon cause any lung cancer, or indeed that any of the levels common in houses in American have killed anyone." Acid rain was going to be a big problem until someone found that putting inexpensive lime into the "poisoned" lakes and rivers would cure the problem.

Uniroyal was forced to halt production of Alar because it contained damanozide. The EPA later changed its position when the World Health Organization approved its use. Formaldehyde suffered the same fate.

Then we have asbestos. On September 11 when the World Trade Center was destroyed the EPA was asked to estimate the danger of asbestos in the air at the site. EPA officials admitted that, "asbestos was harmful only if breathed at high levels and over sustained periods of time." That wasn't the story we had heard previously. It was because of the EPA that schools throughout the nation had spent millions on removing asbestos and it was the reports from the EPA that had led to the law suits that caused 40 companies to file for bankruptcy because they had been involved with the manufacture or installation of asbestos.

The New American issue of July 23, 2007 states, " In June of 2007 the EPA has announced its new rule for a reduction in federally acceptable ozone levels from 84 parts per billion to 70 or 75 parts per billion. Hundreds of cities and towns will not be in compliance. Scientists, economists, and health professionals critical of the proposed regulations point out that the costs of complying will be enormous, but the promised benefits are highly dubious.

'At best it can be argued that the benefits of the new restrictions are unknown' says Dr Elizabeth Whelan, president of the American Council on Science and Health. 'But the costs of the draconian proposal are quite clear. EPA estimates, for example, range between \$6.5 billion and \$8.5 billion each year....The president's Council of Economic Advisers estimates that full attainment costs of the proposed new standard would range from \$12 billion to \$60 billion. Another study concluded that the new standard would cost the city of Chicago alone from \$2.5 billion to \$7 billion annually'. According to Dr. Whelan, 'The new standards will cost so much that they could actually worsen public health by lowering living standards and reducing access to health care. Among the known risk factors for asthma are several factors associated with poverty: exposure to cockroaches and other indoor allergens, limited access to health care and prematurity'.

Of course, we know the reaction we can expect from the EPA. They will expect each state or city to file law suits objecting to the rule and allow the courts to decide the issue. It will be another boon for the lawyers and expense for the country.

The latest edict is to issue restrictions on gas powered lawn mowers. The rule will require a 35% reduction in emissions by 2011. That same edict will require reductions for speedboats and other recreational watercraft. While that will certainly increase the cost of those items is it really going to help reduce pollution?

The EPA has also vetoed a federal flood- control project to build a huge water pump intended to reduce flooding in the Mississippi Delta. It is hard to understand how a bunch of unelected bureaucrats has the authority to stop a program authorized by the Congress. It is probable that this veto will be challenged in the courts which will add to the costs.

In mid 2008 the EPA produced a 1000 page document to reduce the U.S. output of global warming gases. The reactions to that are not surprising. The Bush administration stated, "... it relied on untested legal theories and would impose crippling costs on the U.S. economy." The administration attached a letter from the secretaries of transportation, agriculture, commerce and energy, asserting the EPA's work "does not recognize the enormous – and, we believe, insurmountable - burdens, difficulties and costs and likely limited benefits" of using the Clean Air Act to regulate greenhouse gases. The Bush administration has long opposed economy – wide regulation of greenhouse gas emissions, and argued that allowing the EPA to regulate greenhouse gas emissions would turn it into a massive planning and zoning board, with the power to block construction of schools, hospitals, apartment buildings and a range of other facilities whose emissions have previously not been subject to regulation. The U.S. Chamber of Commerce stated, "This is a classic example of EPA staff saying we can better manage the economy of the United States better than the president."

EPA's regulations and reporting requirements have led to the expenditure of billions of dollars according to the National League of Cities. They stated, "EPA's regulations are written in Latin with Greek footnotes"

The EPA has stifled Alan Carlin, a senior research analyst at the EPA who questioned the outdated research on the health effects of greenhouse gases. Dr. Carlin produced a report complete with graphs using data from satellites which showed that the actual global temperature has FALLEN by 0.3 degrees C in the last three years. The EPA's answer to actual data is to tell him to "shut up."

Al McGartland, his boss, forbade him from "any direct communication" outside of his office with regard to his analysis. Recently, they sought to yank a YouTube Video of created by EPA lawyers Allan Zabel and Laurie Williams that is critical of Cap-and-Trade.

When all of this is considered it seems that the EPA has about served its purpose and should be abolished. We have clean air and water and it would help our financial situation to remove 18,000 employees and not spend \$10 billion. There would be an even greater savings by stopping them from writing more rules and regulations.

We now have an even greater reason for abolishing the EPA for since the election of Barack Obama the EPA has "run amok." It is logical to conclude that Obama understood the background and beliefs of Lisa Jackson who he appointed as head of the EPA and it is also logical to conclude that he approves of what she is doing.

On October 8, 2010 the Washington Times had an article about Lisa Jackson, the Obama appointee as head of the EPA. During the first 18 months of Bush's (43) first term the EPA issued 16 "significant" regulations. The government defines regulations as "significant" if they have an impact on the economy of \$100 million or interfere with other agencies' actions. During the last 18 months the EPA has issued 42 "significant" regulations.

The new rules seek to reduce ozone pollution from factories and cars; coal ash waste from power plants; storm-water runoff from construction sites; greenhouse gas emissions from cars and mercury emissions from industrial boilers. Here are some specific items.

Since 2004, Toll Bros. has worked on a plan to revitalize Brooklyn's Gowanus Canal and has a sensible plan for cleaning the 1.8 mile long channel and then transforming the area with 450 housing units and 2000 square feet of retail space. In January of 2010 the EPA declared the canal a Superfund site which means the EPA will now be responsible for the cleanup and will "go after the polluters" and with the usual law suits that process will take around 12 years or more. Toll Bros. has announced that they are dropping their plan to develop the area and cleanup the canal.

The San Joaquin Valley of California has long been known as the most productive agricultural area of the U.S. That was until three years ago when the EPA's regulations designed to protect the three-inch Delta smelt were enforced. Tens of billions of gallons of water from mountains east and north of Sacramento have been channeled away from farmers into the ocean leaving hundreds of thousands of

acres of arable land fallow or scorched. Mendota – in the middle of the valley – now has an unemployment rate of 40% leaving more than 10,000 unemployed and hundreds of farms destroyed. How could a three inch fish be more important than those people? The EPA must be staffed by a bunch of nuts. This action was reviewed by the Jackson EPA and after considering the terrible results on the farms and people in the valley they decided that the fish were more important than the people. Insane?

Atrazine is the nation's second most common herbicide. The weed killer is used in the production of 60% of corn, 75% of sorghum and 90% of sugarcane. In 2006 the EPA completed a 12 year review involving 6,000 studies and 80,000 public comments. The agency concluded the risks “posed no harm that would result to the general U.S. population...” In October of 2009 the EPA announced it would begin a re-evaluation of atrazine. Tort lawyer Stephen Tillery has filed a class action lawsuit against atrazine manufacturers and the EPA is helping .

On April 2, 2010 the EPA tightened water quality standards that could severely limit future coal mining operations throughout Appalachia, while mining industry officials said the change was unfair and endangers jobs. The new guidance issued under the Clean Water Act could put at risk many of the 27,000 people employed at surface coal mines. A previously approved water permit has been vetoed by the EPA and that is the first time in its 40 year history that the agency has vetoed a permit after it was issued.

The EPA has announced it plans to block a proposal by Arch Coal Inc. to dig the largest mountain top coal mine in Central Appalaicha, the first time in 37 years the agency has moved to veto such a project. Arch Coal already had a permit to dig. On 10/1/2009 the EPA said it had held up 79 permits to extract coal and the industry stated that thousands of jobs are now threatened. The agency cited the Clean Water Act as the reason. About 180 permits await approval. “If they are not intending to damage the coal industry, then they have made an enormous miscalculation,” said Luke Popovich an NMA spokesman.

Why would he think they are not intending to damage the coal industry? All of their actions seem to indicate that they are going to damage that industry.

Ian Murray, VP of the Competitive Enterprise Institute, reports on April 12, 2010 that the EPA has decided it has the power to: “License California and other states to adopt nonfederal fuel economy standards within their border; to act as co-equal partner with the National Highway Traffic Safety Administration in setting fuel-economy standards for the auto industry; to establish climate and energy policy for the nation and “tailor” the Clean Air Act as desired.”

On January 8, 2010 the EPA proposed tougher standards for reducing smog and business groups said the change would inflict new costs on employers and consumers. Power plants, refineries, gas stations and other businesses would be compelled to take steps to reduce emissions of chemicals that help form smog. The EPA estimates the cost could range between \$19 billion and \$90 billion annually . The EPA would set acceptable ozone levels between 0.06 and 0.07 per million, stricter than the current 0.075 ppm.

It was reported on August 10, 2009 that he EPA's Office of Research Development is pushing hard to redefine the level at which arsenic would be considered toxic. The “toxicity slope” for inorganic arsenic would be increased 20 times. To meet that standard would put enormous pressure on municipalities to spend additional billions of dollars.

Never let a good crisis (like the Gulf oil disaster) go to waste. EPA Administrator Lisa Jackson is lobbying to reinstate the Superfund tax which was placed into effect in 1980. The tax was applied to oil, gas, chemical companies or any company with revenues over \$2 million when the EPA was unable to identify those who had polluted sites in the past. Today, 70% of all areas the EPA has designated as contaminated are already being cleaned up but the EPA would just like to have more money available and has thought that \$19 billion over 10 years would be a good number.

With the conclusion that the Congress could not pass Cap and Trade, Lisa Jackson, EPA administrator, has ruled that greenhouse gases are dangerous pollutants and that under the clean- air laws the EPA is

authorized to regulate them. In 2007 five liberals on the Supreme Court ordered the EPA to determine if carbon dioxide qualified as a “pollutant.”

On April 24, 2009 the EPA ruled that carbon dioxide is a dangerous pollutant. Ms. Jackson did not refer to any studies or examinations that had taken place nor to any scientists that had identified carbon dioxide as a pollutant. This is “cap and trade” without the trade but the EPA will probably incorporate that too. Ms. Jackson has previously announced a “tailoring rule” to the Clean Air Act that any new rules would apply to those sources that emit more than 25,000 tons a year like coal fired plants and heavy manufacturing. She has announced that originally her agency will only target cars and trucks. Of course , the environmentalists will soon sue to have all carbon dioxide emitters regulated and who knows where this will stop. However, the House Energy and Commerce and the Senate Environment and Public Works committees have released draft legislation (Feb. 2,2011) that would take away the EPA authority to regulate greenhouse gases.

On 9/17/2010 the state of Texas sued the EPA in a federal appeals court in Washington, DC claiming that four new regulations imposed by the EPA are based on thoroughly discredited findings of the Intergovernmental Panel on Climate Change (U.N.) and are factually flawed. One of the suits claims that the “tailoring rule” applied by the EPA is not legal.

On October 4, 2010 Human Events reported that the EPA was considering lowering ozone standards again to levels that are at or below what occurs naturally in the air. It is estimated that there would be around 600 counties that could be in “non-attainment.” Unions for Jobs and the Environment, an organization of 12 national and international unions thinks the ozone revision “would lead to significant job losses across the country... due to the significant increase in the number of counties classified as “nonattainment.” EPA’s new cement kiln regulation could shut down 18 plants threatening 1,800 direct jobs and 9,000 indirect jobs and could send 28 million tons of U.S. cement production offshore, mainly to China.

Senator James Inhofe has issued a new report, ”EPA’s Anti-industrial Policy: Threatening Jobs and America’s Manufacturing Base.” The report covers new regulations concerning industrial boilers, greenhouse gas emitters and ozone levels issued in June of 2010 has been examined by industry and the Congress. The EPA has admitted that tough new greenhouse gas regulations will “ slow construction nationwide for years” while only reducing global temperatures by 0.0015 of a degree Celsius. A GOP minority report issued on September 30, 2010 stated that these regulations will put over 800,000 jobs at risk with little environmental benefit. Here is the statement from Senator Inhofe

As Prepared for Delivery

By Senator James Inhofe (R-OK)

“Today, I am releasing a Minority staff report from the Senate Committee on Environment and Public Works, where I serve as Ranking Member. The report examines the impacts on jobs and the economy from four significant EPA rules, including EPA's greenhouse gas proposals. This report outlines how these rules threaten the economic viability of America's manufacturing base and hundreds of thousands of well-paying jobs. It focuses on the following:

the pending Boiler MACT regulations; the revised National Ambient Air Quality Standards for ozone; the new Cement MACT regulations; and EPA's endangerment finding and tailoring rule. And these 4 rules are by no means all that the EPA has planned. In the coming months, EPA is expected to propose (and, in some cases, finalize), among many others: standards for cooling water intake structures at power plants; national ambient air quality standards for dust and particulate matter; maximum achievable control technology standards for coal-fired power plants; new source performance standards for coal-fired power plants and refineries; and rules governing disposal of coal combustion waste.

“So what does all this mean? The American Forest and Paper Association estimates that: "about two dozen new regulations being considered by the Administration under the Clean Air Act, if all are

promulgated, potentially could impose on the order of \$17 billion in new capital costs on papermakers and wood products manufacturers in the next five to eight years alone."

"And this is just for one industry. Many others will be similarly affected.

"Unfortunately, the Obama EPA favors bureaucracy and heavy-handed intervention more than jobs and growth. In many cases, the Clean Air Act is no longer about clean air; instead, it has become a blunt instrument for EPA to punish American's manufacturers and small businesses. If America wants to compete economically with China, India, and other developing economies, this cannot continue.

"Boiler MACT

"The first rule covered in the report is the Boiler MACT. The Boiler MACT (MACT stands for maximum achievable control technology) would impose stringent emission limits and monitoring requirements for eleven subcategories of boilers and process heaters. This proposed rule covers industrial boilers used in manufacturing, processing, mining, refining, as well as commercial boilers used in malls, laundries, apartments, restaurants, and hotels.

The Industrial Energy Consumers of America (IECA), which represents companies with 750,000 employees, said that they are "enormously concerned that the high costs" of the Boiler MACT "will leave companies no recourse but to shut down the entire facility, not just the boiler."

"This is what the econometrics firm IHS-Global Insight found in its analysis of EPA's proposal. IHS-Global Insight concluded that the proposal could put up to 798,250 jobs at risk. Moreover, they said every \$1 billion spent on upgrade and compliance costs will put 16,000 jobs at risk and reduce US GDP by as much as \$1.2 billion.

"EPA's pending Boiler MACT regulations also threaten my home state of Oklahoma. Covanta Energy, which in 2008 reopened the Walter B. Hall Resource Recovery Facility, a waste-to-energy plant that can process up to 1,125 tons of municipal solid waste per day and generate 240,000 pounds of steam per hour, would be forced to install costly controls. From what I understand, the Boiler MACT proposal threatens its economic viability.

"These concerns are shared by 40 of my colleagues, including 18 Democrats, who wrote to Lisa Jackson on the Boiler MACT regulation yesterday. Quote-

"As our nation struggles to recover from the current recession, we are deeply concerned that the pending Clean Air Act boiler MACT regulations could impose onerous burdens on U.S. manufacturers, leading to the loss of potentially thousands of high-paying jobs this sector provides. As the national unemployment rate hovers around 10 percent, and federal, state, and municipal finances continue to be in dire straits, our country should not jeopardize thousands of manufacturing jobs."

"Ozone

"On January 6, 2010, for the second time in less than two years, EPA proposed to tighten the national ambient air quality standards (NAAQS) for ground-level ozone. Specifically, EPA is proposing to strengthen the 8-hour "primary" ozone standard.

"EPA estimates that setting the primary standard within its proposed range will cost \$19 to \$90 billion.

"This proposal comes on the heels of the revised 2008 ozone standard, which was lowered significantly. The CAA only requires a NAAQS revision "at least" every five years, so EPA is not required to revise the status quo. Meanwhile, states are in the midst of planning to meet the 2008 ozone standard, while some communities are not yet in compliance with the 1997 standard.

"EPA recently announced that it is delaying the announcement of the new ozone standards until "late October." My guess is that they will be delayed until after the election. It's not hard to see why. Whatever level EPA ultimately picks, it will dramatically increase the number of so-called "non-attainment" areas nationwide.



“Based on 2008 air quality data, we could see as many as 608 new non-attainment areas, with many of them highly concentrated in manufacturing regions and states relying on coal for electricity.

“So what does Non-attainment mean? Well, for local communities, it can mean the following: loss of industry and economic development, including plant closures; loss of federal highway and transit funding; increased EPA regulation and control over permitting decisions; increased costs for industrial facilities to implement more stringent controls; and increased fuel and energy costs

“In my State of Oklahoma, at least fifteen counties--Adair, Caddo, Canadian, Cherokee, Cleveland, Creek, Dewey, Kay, Mayes, McClain, Oklahoma, Ottawa, Pittsburg, Sequoyah, and Tulsa--would face new restrictions on economic growth and development, depending on what EPA decides.

“We all support cleaner air, but here's where the Obama EPA and I disagree: it shouldn't come at the expense of people's jobs or the economy. Apparently I'm not alone in thinking this way.

“On August 6, 2010 a bipartisan letter was sent to EPA Administrator Lisa Jackson on the agency's ozone reconsideration. It was signed by Senators Voinovich, Bayh, Lugar, Landrieu, Vitter, McCaskill, and Bond. Quote:

"While we believe we can and should continue to improve our environment, we have become increasingly concerned that the Agency's environmental policies are being advanced to the detriment of the people they are intended to protect. That is, these policies are impacting our standard of living by drastically increasing energy costs and decreasing the ability of our states to create jobs, foster entrepreneurship, and give manufacturers the ability to compete in the global marketplace."

“Portland Cement MACT

“The third rule discussed is the Portland Cement MACT. According to EPA, "A projected 181 Portland cement kilns will be operating at approximately 100 facilities in the United States in the year 2013." EPA's new emissions standards under Section 112 of the Clean Air Act will apply to 158 of those kilns. About seven kilns will be subject to EPA's new source performance standards under Section 111 of the CAA.

“The cement industry is essential to America's economy. According to a study by the Maguire Energy Institute at Southern Methodist University (SMU), the cement manufacturing industry in 2008:

“Produced \$27.5 billion in GDP; \$931 million in indirect tax revenue for state and local governments; and Sustained 15,000 high-paying jobs.

In addition to those 15,000 direct jobs, the industry has an "induced employment" effect, which helps create and sustain an additional 153,000 jobs. "Importantly," the Maguire Energy Institute noted, "these are primarily high-wage jobs generating about \$7.5 billion annually in wages and benefits."

“According to the Portland Cement Association, EPA's rule puts up to 18 cement plants at risk of shutting down, threatening nearly 1,800 direct jobs and 9,000 indirect jobs.

“These jobs and cement production will go to China. Here's what a professor from King's College in London (UK) said about EPA's rule:

"So rather than importing 20 million tons of cement per year, the proposed [rule] will lead to cement imports of more than 48 million tons per year. In other words, by tightening the regulations on U.S. cement kilns, there will be a risk transfer of some 28 million tons of cement offshore, mostly to China."

“Senators Voinovich and Lincoln wrote a bipartisan letter to Administrator Jackson sharing these concerns back in February. Quote- "In a very real sense, if a reasonable standard is not adopted in this matter, we anticipate that substantial cement capacity may move overseas to the detriment of industrial employment, environmental protection, and infrastructure needs in the United States."

“Endangerment Finding/Tailoring Rule

“The final rule discussed in the Report is the Endangerment finding. As I have documented on the Senate floor before, EPA promulgated its endangerment finding for greenhouse gases in December 2009, which I said could lead to “the greatest bureaucratic intrusion into the lives of the American people.” It will trigger costly, time-consuming permitting requirements for new and modified stationary sources of GHGs, such as power plants, factories, and refineries.

“But those are not the only sources potentially covered by EPA's regulatory net: schools, hospitals, churches, restaurants, farms, and many others may need to obtain Clean Air Act permits.

“We are talking about 6.1 million sources subject to EPA control and regulation. That's not mean saying this; it comes directly from EPA.

Based on these numbers, the US Chamber of Commerce found that these 6 million sources could include: 260,000 office buildings; 150,000 warehouses;

92,000 health care facilities; 71,000 hotels and motels; 51,000 food service facilities; 37,000 churches and other places of worship; and 17,000 farms

“GHG regulation will mean higher energy costs for consumers, especially for minorities, the poor, and the elderly. Remember they have to spend proportionately more of their incomes on energy, and rising energy costs inflict greater harm on these groups.

“In an attempt to stem the impending economic harm facing thousands of small businesses, EPA has developed the so-called “tailoring rule,” which phases in the largest sources first, those that emit 75,000 tons and 100,000 tons. However this rule violates the plain language of the Act and is currently being litigated. If this Rule is thrown out by the Court, millions of sources, and the economic uncertainty that it brings, will be subject to EPA and citizen suit enforcement actions.

“That is why on Feb 19th Senator Rockefeller, joined by seven of his Democratic colleagues, wrote to Administrator Jackson on their concern with the tailoring rule and the endangerment finding. Quote: “We write with serious economic and energy security concerns relating to the potential regulation of greenhouse gases (GHGs) from stationary sources under the Clean Air Act...[W]e remain concerned about the possible impacts on American workers and businesses in a number of industrial sectors, along with the farmers, miners, and small business owners, who could be affected as your agency moves beyond regulations for vehicle greenhouse gas emissions...” Those eight senators have now introduced legislation that would postpone this act of the EPA by two years. (Feb., 2011)

“In some cases, these rules would have no meaningful environmental benefits. Consider EPA's rules to regulate greenhouse gases: they would reduce global temperatures by 0.0015 C by 2100, an amount so small it can't be measured on a ground-based thermometer.

“In the case of EPA's rules to regulate cement plants, we are at risk transferring 28 million tons of cement offshore, mostly to China, which uses less efficient, and therefore higher polluting, production technology.

“All of these rules have sparked bipartisan opposition. Just yesterday, 41 Senators wrote to EPA Administrator Lisa Jackson about their opposition to EPA's Boiler MACT rule. Here's what they wrote:

“As our nation struggles to recover from the current recession, we are deeply concerned that the pending Clean Air Act boiler MACT regulations could impose onerous burdens on U.S. manufacturers, leading to the loss of potentially thousands of high-paying jobs this sector provides. As the national unemployment rate hovers around 10 percent, and federal, state, and municipal finances continue to be in dire straits, our country should not jeopardize thousands of manufacturing jobs.”

“While we support efforts to address serious health threats from air emissions, we also believe that regulations can be crafted in a balanced way that sustains both the environment jobs.”

“These rules are out of balance, and EPA needs to change course.

“Our task ahead, which I believe is shared by some of my Democratic colleagues who have expressed their opposition to these rules, is to bring balance back to federal clean air policy, so that economic growth, job creation, and environmental progress can coexist, rather than be in conflict with each other.

End of statement

On October 27, 2010 the Wall Street Journal published the following: Yesterday the North American Electric Reliability Corporation, a highly regarded federal energy advisory body, released an exhaustive “special assessment” program. NERC estimates that the Environmental Protection Agency’s pending electric utility regulations will subtract between 46 and 76 giga-watts of generating capacity by 2015.... That would amount to about 7.2 % of national power generation, and almost all of it will hit coal-fired plants, the workhorse that supplies a little over half of U.S. electricity.

“NERC notes that the “pace and aggressiveness” of issuing so many rules at once is unprecedented. These don’t even include the REPA’s looming “carbon endangerment” rules.... As much as a fifth of the perfectly functioning coal-fired fleet will be forced into early retirement.” IN a recent research note, Credit Suisse estimated that compliance will cost as much as \$150 billion in capital investment by the end of the decade.”

In February, 2011, President Obama issued an executive order to review our regulations with the intent to clean them up. However, that executive order includes a proviso that instructs the agencies making those reviews to consider,

“values that are difficult or impossible to quantify, including equity, human dignity, fairness and distributive impacts.” In other words, find any excuse you wish to not change anything.

A recently issued regulation, (January, 2010) By the EPA subjects dairy producers to the Spill Prevention, Control and Countermeasure program which was created in 1970 to prevent oil discharges and applies to oil and natural gas.

To apply this to milk producers is asinine and hard to believe. They are out to regulate anything and everything in our country.

On February 7, 2011, the Wall Street Journal reported that the EPA was the worst agency as far as businesses were concerned when considering regulations they considered to be burdensome. “The EPA’s rules to curb emissions of carbon dioxide and other greenhouse gases were cited as impediment to growth by at least 30 organizations.” The businesses included representatives of the agriculture, business, chemicals, energy, paper and manufacturing and steel and iron sectors. Other groups complained about “dozens of other proposed and existing regulations including the agency’s plans to tighten limits on emissions of some pollutants from industrial boilers, ground-level ozone, mountain – top mining cooling water intake structures , the level of pollutants in Florida waters, and pollutants in the Chesapeake Bay.”

In March, 2011 Texas regulators said that extensive testing showed that flammable water wells west of Ft worth were not contaminated by nearby gas drilling , as the EPA has maintained and has instructed Range Resources to continue to operate the wells as they continue to fight the EPA in federal court to overturn their ruling.

The Obama administration has just issued 946 pages of new rules requiring power plants using coal or fuel oil to reduce emissions of mercury and certain other hazardous pollutants by 91% . The EPA estimates the annual cost will be about \$11 billion annually and will add three or four dollars per month to consumer’s electric bill. On March, 19, 2011 influential unions objected to this and other new rules which could put thousands of jobs in jeopardy.

According to the Centers of Disease Control's National Health and Nutrition Examination Survey blood Mercury exposure has been decreasing steadily from 1999 to 2008. The World Health Organization set standards that are two to three times less restrictive than the EPA's.

The EPA is a good example of what happens when bureaucrats are turned loose. Since Congress gave these government organizations the power to write their own rules the EPA has become a legislator, an executor and a judge over their own actions. They did clean up many toxic dumps (and cleaned up some that were not toxic) but at a cost that was double what it should have been. They have been a real blessing to lawyers who were hired to protect businesses from the EPA and who were able to use EPA rulings to get money from businesses and then the lawyers also benefited from representing businesses in bankruptcy.

The EPA actually forced the destruction of a whole community (Times Beach, MO). Their errors in determining toxic substances are amazing and the expenditures caused by that were huge.

The real problem with these regulations is that the EPA exists. As long as the unelected bureaucrats exist with this power they will write new rules and regulation (laws ). Congress has given them the authority to do so and they will continue their activities. They can not be curbed and so the only solution is to eliminate the EPA.

In the House H.R. 199, Protect America's Energy and Manufacturing Jobs Act was introduced to actually strip the EPA of taking any action under the Clean Air Act for two years concerning the regulation of new carbon dioxide requirements and certain reporting requirements. H.R. 96, The Free industry Act, currently has 113 cosponsors and was introduced to "(1) exclude from the definition of the term 'pollutant' carbon dioxide, water vapor, methane, nitrous oxide, hydro fluorocarbons, perfluorocarbons, or sulfur hexafluoride and (2) declare that nothing in the Act shall be treated as authorizing or requiring the regulation of climate change or global warming."

Rep. Bill Flores has introduced the Lease Extension and Secure Energy Act which will extend offshore leases affected by the Department of Interior's drilling moratorium for an additional twelve months. He also introduced the Expedited Offshore Permitting Act to streamline the offshore drilling permit process.

It is obvious that the Congress is trying to curb the EPA but an even better solution is to abolish it completely.

Our air quality is now good and toxic waste dumps are mostly eliminated. It is time we called this project to clean up our environment generally complete and abolish the EPA and turn over the maintenance of the environment to the individual states. Each state has an environmental protection agency and,, if desired, could use all the material generated by the EPA to protect the environment in their state. They could even hire some of the 18,000 bureaucrats employed by the EPA and we should then see a substantial reduction in the cost of running the EPA. Their 2009 budget was \$10 billion. On the national level any unfinished business could be turned over to the Department of the Interior. Let's abolish the EPA.

One of the laws enacted by our Congress was the Endangered Species Act.

The law was enacted in the 1960's by authorizing the identification of fish and wildlife threatened with extinction and the purchase of habitat for their protection. The act is administered by the EPA and was amended in 1973 to "require that species be listed 'without reference to possible economic or other impacts' "and was going to preserve species that would be lost due to various factors – mostly people who did not care about the costs of such things. The result has been disastrous to land owners and businesses but has not done much for the critters it was supposed to help preserve. The environmentalists have seized on this act and have used it for their purposes. Supported by liberal judges they have effectively prevented the logging of timber, the clearing of forests, the irrigation of farm land, and mining and exploring for oil and minerals

In 2002, Arizona Gov. Jane Dee Hull flatly blamed “greenies” for obstructing work to clean up national forests which led to burning half a million acres of Arizona forests. The Sierra Club and the Wilderness Society blasted her statement claiming that reports showed that their legal actions had not interfered with clearing and led to only 1% of the destruction. However, the National Forest Service corrected them and indicated that, in Arizona, nearly half of the Services plans for getting rid of hazardous fuels had been legally opposed by those groups. In other areas the legal actions of those clubs were even greater.

In California, the ESA prevented private landowners from clearing firebreaks on their own land because they might disturb the habitat of the Stephens’ kangaroo rat. In the fire that resulted since the land had not been cleared, several homes burned as well as the habitat of the kangaroo rat. A Taiwanese immigrant farmer was arrested for running over a kangaroo rat while tilling his own land and fined \$200,000.

In December of 1995 a storm destroyed much of the forest in the Six Rivers National Forest in California leaving dead trees across 35,000 acres. Environmental groups opposed the cleaning up by the Forest Service and in 1995 the fires roared over that forest as well as 90,000 more acres. Then there was the 135,000 acres fire close to Denver. The Fish and Wildlife Service has over 18 million privately owned acres covered by “habitat conservation plans” that restrict what an owner can do on his land.

The Obama administration will be taking this environmental regulation to a new level. In October of 2009 the EPA announced that it was holding up 79 permit applications for hilltop mining in the states of West Virginia, Kentucky, Ohio and Tennessee. Mining companies estimate that thousands of jobs will be eliminated because of this. (Isn’t that one of our countries problems right now?) The environmental groups coupled with liberal judges using the Endangered Species Act have prevented the cleanup of our forest land which has led to the destruction of much of our forests by fire.

There are over 1300 endangered species on the list to be protected by the ESA and less than 47 have been protected to the point where they can be removed from the list which leads to the conclusion that the act is not effective in protecting those species. And now, an environmental group has identified 681 new items to be included on the list of endangered species. The EPA will certainly evaluate those requests and we may soon not be able to even enter our national forests for fear that we might endanger something.

There have been numerous mistakes made such as one identifying the snail darter which interfered with the construction of the Tellico Dam. Later there were numerous numbers of the little creatures found far away from the Dam. The ESA bureaucrats identified gnatcatchers who occupy some 54,000 acres which must be protected but the ESA did not identify the areas where they reside. Estimates are that the cost for protecting them will be around \$6 billion.

The costs for preserving the Sacramento Delta smelt are estimated at \$12 billion. On August 31, 2007 a federal judge ruled that giant pumps supplying water to much of southern California were killing the smelt. Those pumps will now have to shut down for much of the year, reducing water output by up to a third. Earlier in the year the EPA determined that the delta smelt was endangered and the U.S. fish and Wildlife Service issued a “biological opinion” imposing water reductions on the San Joaquin Valley in California. Tens of billions of gallons of water have been diverted away from farmers and the water is now flowing to the Pacific Ocean. The result has been catastrophic. Farms have been destroyed and one local community, Mendota, now has a 40% unemployment rate. In August 50 mayors from the Valley wrote to President Obama asking for relief. Obama would not even declare the Valley a “federal disaster area” which would have provided some help. The result is hundreds of farms destroyed and 40,000 unemployed from this. (again, we have the EPA involved in destroying jobs and we are in the middle of an economic crisis. Does anyone in the federal government care?). The Sean Hannity TV show devoted a show to this disaster so it is well known.

In 2003 a fish versus families debate erupted in New Mexico after water deliveries from the Rio Grande River were diverted away from Albuquerque. Congress acted and temporarily suspended portions of the

ESA and saved the area around Albuquerque. That Republican Congress was more concerned about people than our present Democrat Congress. The law should be rescinded and the federal officials involved should be removed

Predictions were that the listing of the Preble's meadow jumping mouse would lead landowners to destroy the habitat they might live in and thus avoid the problems that occur if a mouse would be found on their property. The Animal Conservation journal has now concluded that the Preble's mouse "is not a valid subspecies based on physical features and genetics." The California red-legged frog has been designated as an endangered species as well as 4.1 million acres for its habitat and 70% of that land is private property that the land owners no longer can control. The fairy shrimp is another species that has been designated and led to a construction delay costing \$250,000.

Eight Delhi Sands flies on the endangered list were discovered near the construction site of a hospital in Colton, CA and forced the hospital to move the construction about 300 feet at a cost of \$300 million and a fly preserve was established at a cost of \$4.5 million. The marbled murrelet is a diving seabird that has sued the Pacific Lumber and the 9th Circuit Court decided that the lumber company had to stop logging on 65 acres and also had to pay the legal expenses of \$1.1 million for opposing the murrelet. The ESA provides for funds for those wishing to file legal suits to enforce the Act.

The identification of the spotted owl in Oregon has led to the protection of the forests and the loss of 30,000 logging jobs in that state. Now, there are indications that the spotted owl was not really endangered. Maybe the bureaucrats did not know that owls can fly. The Klamath Basin is a real tragedy. Farmers in the area depend on

irrigation for farming and have long been allocated water for that purpose. However, it has been decided that the Lost River sucker, the short nosed sucker and the Coho salmon were more important than 1500 farmers and so their irrigation allocation was cut off. There is no scientific "consensus" that the "endangered" sucker fish are truly endangered and the warm waters used from Lake Klamath are not beneficial to Coho salmon who prefer cold water.

Projects have been cancelled due to listing the delhi sands flower loving fly. There are 400,000 acres just outside of Las Vegas that have been placed off limits in order to protect the desert tortoise. The plant, Johnston's frankenia, was listed but then they discovered 9 million more. There are now 283 species available for listing as well as the 681 species recommended by environmentalists and it is estimated that the costs for adding those will be \$150 million.

Obscure life forms such as the Stock Island tree snail, the Banbury Springs limpet and the triple-ribbed milkvetch as well as 1348 other animals and plants are covered by this act. Is it possible to add some sense into the process? Could Congress amend the act to place more value on people and their land and jobs than on insects, critters, bugs and stuff?

Is it likely that the bureaucrats involved in these actions would turn reasonable? Consider the case of the Canadian lynx. The lynx is more prevalent in Canada but has been found in the US. In order to have it listed as an endangered species six Forest Service biologists planted samples of lynx hair on rubbing posts in three forests to show that the lynx inhabited those forests. Thanks to a retiring "whistle blower" this was exposed and the six biologists were reassigned to other work – not fired.

Agents drove 15 miles on to Richard Smith's ranch, accused him of poisoning eagles and seized his pick up truck. They presented no evidence for that accusation and returned his truck nine months later.

It is especially disgusting to see the politicians disregard the ESA when their own welfare is affected. Construction of the new Woodrow Wilson Bridge which would ease traffic flow around the Washington beltway could have endangered several species (including the bald eagle) but the ESA bureaucrats granted permission for the project. The latest action is to declare the polar bear as an endangered species in spite of their substantial increase in population over the past 20 years. The state of Alaska has instituted a law suit to have this action overturned. The fear is that the environmentalists will use this as another reason to stop drilling for oil in Alaska.

Under existing law all federal agencies must consult the U.S. Fish and Wildlife Service or the National Oceanic and Atmospheric Administration before undertaking any actions that could affect an endangered species. There is no requirement placed on these agencies to reply in a set time period and so that request can take months or years. The Bush administration (July 2008) is proposing to reduce the environmental reviews that are required and the environmentalists are objecting. While that indicates that the Bush administration recognizes some of the problems with the act their solution is wholly inadequate.

Based on the past practices and actions of bureaucrats and on the actions of federal judges the only real solution to this is to rescind the law. At a minimum the amendment that authorized ignoring costs involved should be removed but that would still leave the federal government bureaucrats in charge and so the best solution is to rescind the whole act. Declare it and all of its past actions “null and void.” People are of greater importance than endangered species and we need to remove our federal bureaucrats from imposing their concerns about bugs, critters and insects on us. Our forests will be all burned up if we don’t stop this bunch. Our businesses are much more able to take care of our land and forests and water resources and we need to remove the laws that enable these environmental groups to be paid to sue and interfere with private property while claiming to be protecting the environment. The protection of plants and animals should be left up to the states who can evaluate the effect on citizens of the state and protect people first and critters, bugs, plants and animals in proper order rather than have some pointy – headed bureaucrat in Washington DC make these decisions

When you consider that 30,000 jobs were lost in logging in Oregon and that farms in the San Joaquin Valley were destroyed leading to 40,000 people being unemployed and that farms in the Klamath Valley were obliterated it is easy to conclude that these bureaucrats should all be removed. And the quickest and easiest way to do that is to rescind the Endangered Species Act.

## Chapter 4

### More Unnecessary Departments

That government is best that governs least.

Thomas Jefferson

The Department of Energy Organization Act of 1977, which President Carter signed on August 4, 1977, created the Department of Energy, which assumed the responsibilities of the Federal Energy Administration, the Energy Research and Development Administration, the Federal Power Commission, and programs of various other agencies including the Nuclear Commission

The department employs 16,000 and has an additional 93,094 people under contract. The budget for 2010 submitted by Obama was \$26.4 billion and an additional amount of \$38.3 billion was allocated to the Department from the American Recovery and Reinvestment Act of 2009 for the years 2009-2010. “half of that money is spent dealing with the Cold War’s environmental legacy”

The United States Department of Energy (DOE) is a Cabinet-level department of the United States government concerned with the United States' policies regarding energy and safety in handling nuclear material. Its responsibilities include the nation's nuclear weapons program, nuclear reactor production for the United States Navy, energy conservation, energy-related research, radioactive waste disposal, and domestic energy production. DOE also sponsors more basic and applied scientific research than any other US federal agency; most of this is funded through its system of United States Department of Energy National Laboratories. The agency is administered by the United States Secretary of Energy,

The original purpose for the Department of Energy was to reduce our dependence on foreign oil. It has failed miserably for we are now more dependent than when it was organized. In fact, it seems that it really is not seeking that goal at all. The 2009 Agency Financial Report says it is “Working to Save the

Planet” which is a much different objective than reducing our oil dependence. We only occupy about 5% of the planet so how are we going to save it? Probably by spending money.

The Department received a “gift” from the 2008 stimulus program. That \$38.3 billion “gift” was really used to dispense money to others – Ford received \$5.9 billion to reengineer plants in five states and Nissan received \$1.6 billion for a factory in Tennessee. The stated mission of the stimulus funds was to help deal with “economic uncertainty, U. S. dependence on oil and the threat of a changing climate.” In other words they were to try to figure out what to do with the money. We know they are doing nothing to reduce our dependence on foreign oil. How are they going to help us deal with “economic uncertainty”? And, exactly what is the threat of a “changing climate”?

The DoE also runs a \$300 million appliance rebate program and has a \$5 billion “Weatherization Assistance Program for weatherizing homes and creating green jobs

The Environmental Protection Agency is the main problem in our not having nuclear power plants, oil refineries and drilling for oil but the Department of Energy has the responsibility of developing plans and objectives for energy production in our country. Since we have stopped building nuclear power plants and oil refineries and curtailed oil drilling this department is partially responsible. When the gulf oil spill occurred the Interior Department was involved in stopping the drilling so it is also involved. And when you consider the lack of action in constructing power plants and oil drilling, it seems logical that the Department of Energy is not doing anything that helps us. Therefore, let us transfer the nuclear power functions to the Interior Department and close the Department of Energy and save a bunch of money. Since their total budget is \$26.4 billion it would seem likely that we could save half of that and remove an obstacle to energy production.

The DOE was formed to provide direction to our energy needs with the goal of reducing our dependency on foreign countries. (That is indicative of what bureaucrats accomplish). We have been blessed with material resources but our main problem in developing and using them has been our government.

The Federal Bureau of Land Management has just released its inventory of oil and natural gas deposits on federal land. That report indicates we have onshore holdings of an astounding 187trillion cubic feet of natural gas and 21 billion barrels of oil. In addition, another federal study calculates that an additional 83 trillion cubic feet of natural gas and 19.1 billion barrels of oil lie beneath federally controlled territorial waters. That does not count the oil that is in shale for we do not have an accurate means to determine that. In other words we have enough oil and gas to handle our own needs for many, many years. Since exploration is not taking place on federal land the amounts available may be much higher.

The Federal Energy Information Administration expects world oil demand to grow significantly over the next 30 years, from 80 million barrels per day in 2003 to 98 million barrels per day in 2015 and then to 118 million barrels per day by 2030. With that information the logical action would be to do those things that would develop our own oil and reduce our dependence on foreign countries.

Especially should that be considered a problem when we evaluate the countries that have that oil. Would Iran be a threat today if the price of oil was cut in half? Or Russia or Venezuela? ( Hugo Chavez has just issued another threat that he will stop supplying oil to us). When we see China working with Cuba to develop oil wells just 50 miles off our coast shouldn't that lead us to question our own policies? China has secured oil supply deals totaling \$41 billion with Russia, Brazil and Venezuela and are preparing for their future oil supply for the next ten years. We may be left out of the future oil supply and are not taking steps to develop our own supply. We really, really need the Congress to be responsible for this and not for some incompetent agency that seems to have forgotten its purpose. Our government has a long history of stopping energy development.

A bill was passed by the Republican Congress in 1995 to permit drilling for oil and gas but President Clinton vetoed it. One of President Clinton's executive orders has stopped mining for coal in Utah and there are 660 million acres of government owned land in the west and on military installations which are



off limits to oil and gas leasing. Less than 29% of government owned land is available for exploration and development.

In 1981 there were 325 oil refineries in the US with a capacity of 18.6 million barrels a day. Today there are 148 refineries with a capacity of about 17 million barrels though demand has increased by over 20%. Refineries have had to spend some \$37 billion to meet the demands of the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Safe Drinking Water Act, the Oil Pollution Act, the Resource Conservation and Recovery Act, the National Environmentally Policy Act and the Comprehensive Environmental Response, Compensation and Liability Act. That has led to the reduction in the number of refineries and our present condition. Congress could help considerably by waiving all of these environmental rules and regulations as they pertain to oil refineries, oil drilling or nuclear power plants. They could but it is unlikely that they will do so. It would seem that we could use the DOE to fix some of that but they have not tried.

Meeting the requirements of the above environmental regulations is bad enough but in addition we have the lawsuits instituted by the environmental groups. There are good reasons why there have been no new refineries built and once again it is the government. One of the major hurdles to overcome is the lawsuits instituted by environmental groups that are designed to stop production of new plants. Those who would build are faced with long delays and large legal fees and this could be solved by having Congress pass laws preventing law suits that are instituted to stop construction or exempting the oil companies from complying with the environmental rules and regulations. With the present regulations oil companies are not going to build any new refineries. While they can predict their costs for construction they can not estimate the legal costs they will incur from law suits from environmental groups trying to stop construction. They also can not predict the actions that the EPA may take to stop them nor do they know what the Congress might do next. Those legal costs have and could mount to millions of dollars and the oil companies are not going to build in the face of that possible cost. IF we really want new refineries the Congress will have to exempt the oil companies from those rules, regulations and laws or in some manner pass laws preventing law suits designed to stop them from constructions.

One of the most ridiculous requirements is the one for getting approval to build before construction begins. These Environmental Impact Studies take lots of time and costs lots of money to produce and then some bureaucrat has to review and approve them. When they are complete and finally receive bureaucrat approval and permits issued nothing has been accomplished. When the project is completed there are still tests to be performed to insure compliance with all laws but the project has been delayed for years in some cases. The reason for the Impact study was not to insure compliance – it was solely to add to the cost and delay the project.

Presidential executive orders issued by the President George Bush (41) exist to stop offshore drilling on our Outer Continental Shelf until 2012. (President Bush -43- has finally rescinded that) A recent House bill would allow us to drill for natural gas off the US coast but that hasn't received final approval. We can not get a bill through the Senate that permits drilling for oil in Alaska.

In 2008 the Democratic Congress passed a bill permitting drilling for oil and claimed they had solved the problem. However, that bill permitted drilling 100 miles off the coast or between 50 and 100 miles if adjacent states permitted. Thus, drilling within 50 miles of the coast was prohibited and that is where the oil companies have explored. A Bush plan for drilling was to begin in 2010 but Ken Salazar stopped that after taking office in 2009 and has not yet issued permits to allow for leasing.

Onshore, Salazar canceled leases on 77 parcels of federal land in Utah and also stopped eight parcels that were to have been leased in Wyoming. That effectively stops any drilling for another several years.

The reason we have had gas prices up to \$4.00 per gallon is our government. The reason we are dependent upon foreign countries for oil is because of our government. It seems that a Department of Energy would have helped us overcome this dependency but in fact they and the Congress are the cause of the problem.

Just 3% of onshore federal oil and 13% of onshore federal gas are accessible under standard leasing terms. Restrictions such as a ban on surface occupancy tie up 46% of the onshore federal oil and 60% of the onshore federal gas. The rest – 51% of the oil and 27% of the gas – are completely off-limits to development. Off limits because of government laws or regulations.

We should open up the barren wasteland of the Arctic National Wildlife Refuge and our own offshore waters to oil and natural gas drilling. This might best be done by transferring ownership of property held by the federal government to the states and permitting them to determine the use of the land. For example, it is very unlikely that Alaska would be concerned about applying the restrictions in the Clean Air Act to ANWAR which is located in the frozen north part of Alaska.

It is hard to understand why our government is unwilling to drill for oil. Denmark, Great Britain, and Norway are supposedly very friendly to the environment and yet they have oil wells in the North Sea off of their coasts. Australia has had oil wells in their coastal waters for over thirty years. Brazil has a very large oil field in the ocean and has just announced the discovery of another large oil field in the Atlantic Ocean. Cuba and China have formed a joint venture to drill for oil just 50 miles off the coast of Florida. Everyone else has off shore mining and our decisions to not drill do not have much effect on the mining and use of oil. It only affects us and keeps us dependent on others for our oil.

Our new Interior czar Ken Salazar has just announced (January 2010) that he will issue new rules that will require oil and natural gas companies to clear more regulatory hurdles before they will be allowed to drill on federal lands. That will probably prevent any fast-track action on obtaining drilling permits.

The New Source Review program was created to govern the permitting process for new or rebuilt plants, including refineries. According to the National Petrochemical and Refiners Association the NSR program “has become a maze of confusing and often contradictory guidance that, on average, requires 18 months to two years to get an NSR permit.” The NSR bureaucracy has contributed substantially to the difficulties faced by the industry when trying to improve existing refineries or when trying to build new refineries. Congress could help by reducing the licensing and permits required by various levels of government that stop production. As former President Ronald Reagan said, “The government is not the solution, it is the problem.”

There have been no new nuclear power plants built in the last 30 years nor have any refineries been constructed. The reason for the lack of constructions is that the government dictated that the nuclear plant to be constructed had to be reviewed and approved before construction could start and then a separate approval was required to operate the plant.

In 1970 the 660 MW Millstone 1 nuclear power station was licensed and began operating in January, 1971. The cost was about \$65 million. The Shoreham reactor was a near twin sister to it and was to be built on Long Island. Between the county, the city, the state and the federal government honoring all of the complaints of the environmentalists the cost of the Shoreham rose to over \$6 billion plus \$186 million for decommissioning it. It never did operate.

Naturally, no company would spend several billions of dollars to construct a plant and then face the problem of obtaining approval from a government agency to permit them to operate the plant. Much of the above problems are due to our government’s obedience to environmental groups and abolishing the EPA will also benefit this area.

The Department of Energy has contributed to the problems by their issuance of rules and regulations concerning the construction of nuclear plants and refineries. It is obvious that the rules that existed 30 years ago were excellent for the record for operation of the nuclear power plants is excellent. Obama has indicated that he supports the construction of nuclear power plants and the federal Nuclear Regulatory Commission has adopted a streamlining process but key rules have not been issued enabling construction. President Obama has just issued an order that will stop the disposal of nuclear waste at Yucca Mountain and so there is no place to dispose of the waste. The logical conclusion is that we are not proceeding with the development of nuclear power. We are falling behind the rest of the world in

nuclear power. France now obtains 80% of their power from nuclear and the rest of Europe is far ahead of us in the use of nuclear power. We have 103 nuclear power plants producing 20% of our power. Nuclear power is the cleanest, the cheapest, the most efficient and the most environmental friendly form of power and we are woefully behind the rest of the world in our use of it.

The interference with the construction of nuclear power plants has come from the environmentalists and exposes their real purposes. They wish to impede all progress and return us to the “horse and buggy days” for if they really were for clean, safe energy they would be promoting the use of nuclear energy. The best example of this is their objection to the construction of electric transmission lines.

The environmentalists claim that they are in favor of wind generation and solar power but they oppose the construction of the transmission lines necessary to bring the power generated to where it can be used. They are lobbying in California to stop a 150 mile link between San Diego and solar panels. Hundreds turned out to protest a connection between the solar and geothermal fields of the Imperial Valley and Orange County. Duke Energy and American Electric Power have planned that the construction of 240 miles of transmission lines in Indiana which will require 6 years to complete because of the time necessary to obtain government permits and finish the law suits that environmentalists will bring against that. They really should not be assigned all of the blame for even though they are woefully wrong there is no reason for our Congress and government to support them. You would think our elected representatives would be smarter than this. Or maybe they are smarter but just like the campaign contributions and wish to get elected.

Everyone talks about alternative fuels and means of producing energy and that is fine. We can certainly do that but we now know that solar energy and power from the wind is neither efficient nor practical and will only make a small contribution to our energy problem. According to the Energy Information Administration renewable resources produced 2.3% of the U.S. electrical supply in 2005. Biomass was responsible for 1.5%, wind for 0.44% and solar power for only 0.1%. In contrast, coal fired generation produced 49.7% of the U.S. electrical supplies in 2005, followed by nuclear power at 19.3%, natural gas at 19.1%, hydro power at 6.5% and oil-fired generation at 3%. We have coal, oil, natural gas and the ability to develop nuclear power and refine oil and are not doing it because of the government. For example, it takes around seven years to receive all of the approvals required to start a new mine. In Australia that same process takes about two years. Much of the reason for that length of time is due to environmental groups and law suits from them always citing laws passed by Congress. We either need to change the laws or grant exemptions from them. We have a DOE that should be helping us to overcome all of these impediments but they are much of the problem.

However, in encouraging the development of alternative energy we should stop subsidizing that development. It might be proper to encourage research but it is ridiculous to give tax credits and mandates for ethanol, wind or solar energy as well as loan guarantees and other politically favored energy projects. In Brazil ethanol is produced from Brazilian sugar cane for \$.95 per gallon. We produce ethanol from corn for \$1.44 per gallon. The logical conclusion is that we should be telling our farmers to grow more sugar cane. But we do not. Instead we subsidize and protect our ethanol producers and encourage our farmers to grow more corn.

That has caused the price of corn to increase and so now all of our meat products cost more. Each gallon of ethanol blended with gasoline receives a 51 cent tax credit and still remains more expensive than gasoline. To protect that industry we place a tariff of 54 cents per gallon on foreign imported ethanol as well as a 2.5% duty. That means that we do not import foreign made ethanol. If we really wanted to reduce the price of the ethanol in our country we could eliminate the 54 cent gallon tariff and that would really help our citizens. In spite of all the subsidies there were 26 ethanol producers that declared bankruptcy in 2009.

So, we promote a more expensive substitute for oil and discourage other countries from trying to sell us a less expensive product. Gov. Rick Perry of Texas recently petitioned the EPA (why does a governor of a state have to ask an agency of the government for permission to do anything?) to reduce the amount of

ethanol to be produced in his state because of the effect in his state of the price of corn but the EPA turned down his request. The cost of corn was hurting the beef and chicken farmers. We are able to produce a synthetic gasoline (which is now being used by our air force) for about \$60 per gallon but no company is willing to spend the money to develop that because they are afraid of our government. That synthetic gasoline is produced from coal and also produces CO<sub>2</sub> and the environmentalists would holler, scream and yell and the Congress might pass a law restricting emissions. So, no company will build and produce that synthetic fuel even though it would help tremendously and we have plenty of coal. Sometimes you wonder if those bureaucrats and Congressman are on our side. Laws have been passed in requiring blending ethanol with gasoline to enable it to sell.-

It is enlightening to view the Department of Energy web site. Nuclear power is mentioned once as is fossil fuels. Most of the site is devoted to clean energy and green energy. The 80 billion dollars that President Obama has identified that he would like to spend on energy is detailed. However, we know that the clean – green energy will not produce the energy that we need to run our country in the future and so this bunch is not going to solve our problem. The budget is not detailed on their web site so the amount that would be saved can not be calculated but there will be no harm done to our country by abolishing this department and allowing the states to solve our energy problems. Obviously, the federal government is not going to do it.

It is proper to complain about the environmental groups that are leading the fight to stop this development but our politicians are not forced to follow these nuts. We need to elect a Congress that will take responsibility for these actions or turn this responsibility over to the states.

The Occupational Safety and Health Administration should be abolished. It was supposedly required to keep the big, bad businesses from having facilities and equipment that caused accidents. If that was the case and if the OSHA was doing their job then accidents should have decreased over the years. If so, why hasn't OSHA publicized their good results?

The reason is that the whole premise for their existence is a farce. Businesses were already responsible for accidents to their employees and thus do everything they can to prevent them. Accidents cost money to any company - costs to fix whatever went wrong, costs to restore the health of employees, costs to replace the injured employee and the loss of production from the accident. Each state jumped on this bandwagon and has a state OSHA and my personal experience with them is that they are a joke. Their inspectors are never as well qualified as the people running the operation and their real function seems to be to find enough minor infractions to justify assessing enough in fines to pay for the state OSHA operation. This is an operation that should be disbanded and left with the local states. Even though they are not that competent we would at least have a chance of fixing that at the local level. It would help to remove the federal government and the federal costs from this.

OSHA has just announced that they have eliminated redundant reporting requirements on employers that will eliminate over 1.9 million hours, saving tens of millions of dollars to businesses. We don't know how many hours that still leaves but it would obviously be better if OSHA were completely eliminated and more hours saved. That also leads us to wonder how many more hours could be saved by eliminating many, many more agencies.

We have departments in our government that do not perform useful acts but function by receiving and transferring money. The framers of our Constitution probably anticipated something like this based on their statements in the Federalist Papers. They probably would not have believed that we would actually have agencies that would only transfer money but they did know that we might have bureaucrats who would like the expansion of our federal government.

The Department of Education has a history of spending lots of money without accomplishing anything. One would assume that it exists in order to lead our educational establishment in educating our children. Based on the international test scores it is a complete, total failure. Recent test results of the International Mathematics and Science Study ranked the United States 19th out of 21 when comparing high school seniors in mathematics. We ranked last and second to last in both calculus and overall math

skills respectively and last in physics. Seventy eight percent of our colleges offer remedial courses in reading, writing and mathematics because our high school graduates are unprepared for college.

It seems logical that the Department of Education would be funding studies and recommending solutions to our educational problems. We spend more money per student than any country in the world but we do not educate our youth. I served seven years on a local school board and we never received anything from the Dept. of Education to assist our educators in fulfilling their duties. We received information on how to fill out forms in order to receive money from them but that seemed to be their only function. They did not advise us on whether or not to use phonics nor on class sizes, nor on teaching methods, or the use of video and other advanced techniques.

Probably their worst fault was something they did not do. They did not develop vocational training to teach those students who did not attend college and that covers the majority of our students. The student drop-out figures are terrible and much of the reason is that our schools are designed to teach those who plan to go to college. We make no attempt to teach vocational classes which would very likely help those who do not want to go to college but who would like to find employment. Vocational education would very likely help many of our drop-outs to remain in school and receive a useful education. This is not a new concept for vocational education is a part of the education throughout Europe.

It was not the Department of Education that instituted the use of tests to determine if high school students should graduate. Those tests were started by individual states. We now know that Head Start functions as a baby sitting operation for the tests show that Head Start has no educational value but the Department of Education never told us that. It is difficult to determine if the department serves a useful function.

Each state has a department of Education and by this time our federal department should have communicated everything they know that should have been communicated to the states and so it is logical to abolish it. In 1996 the Republican platform recommended that the Department be abolished by declaring, "Our formula is as simple as it is sweeping. The federal government has no constitutional authority to be involved in school curricula or to control jobs in the work place. That is why we will abolish the Department of Education, end federal meddling in our schools, and promote family choice at all levels of learning." However, as with most politicians that was only verbiage. The Republicans were elected but did nothing to carry out their recommendation. The budget for the department for 2007 is \$57.7 billion and that would be a nice savings so let's do it.

The Department of Agriculture is relatively unknown except to farmers who receive subsidies. The Department did receive some publicity in 2006 when it was revealed that the employees of the Department diverted at least \$5.8 million to personal purchases through their government issued credit cards. The records do not indicate that any of the bureaucrats were fired for their thefts.

Agricultural subsidies have now risen in 2005 to over \$20 billion even though 60% of the farmers get nothing. 75% of that amount went to farmers involved with corn and soybeans. 70 % of the subsidies go to the top 10% of the producers. From 1995 to 2005, billionaire Ted Turner raked in \$590,823. TV host Sam Donaldson received \$88,308 and Jay Rockefeller pulled in \$553,728 for two farms in New York. Based on the zip codes of where subsidy checks are mailed we can tell where the farmers are located. These farmers live in some surprisingly urban areas. 136 subsidized farmers live in Beverly Hills, CA. Washington, DC is the home of 62 farmers and 80 subsidized farmers live on the lower East side of Manhattan, NY. That leads to the conclusion that the removal of subsidies would not really hurt the small farmer who lives in a rural area. So, let's stop taking money from the working people and giving it to the wealthy, city farmers.

The Department does not do research on seeds. The seed manufacturers do that. The pesticide makers develop new pesticides and the fertilizer manufacturers invent and provide fertilizers. Equipment manufacturers make and sell the big farm machinery. That leaves the Department of Agriculture with the main function of administering and distributing subsidies and sending money to the states to distribute to those on welfare. If we eliminated subsidies we should be able to abolish the Department of

Agriculture. The 2007 budget for the Department is around \$89 billion and most of that is because of the billions of dollars it transfers to others. Once again, the states with agriculture have state departments for that. So, let's abolish farm subsidies and the federal Department of Agriculture and save a bunch of money.

The National Labor Relations Board should be abolished. It does not fit in with our form of government for it combines the legislative and the judicial functions. It writes the rules and regulations that control labor relations and then determines if the laws it has written are being followed. To make matters worse the people appointed to serve are not impartial. They favor business or labor. Democrat presidents appoint those who are pro-labor and Republican presidents usually appoint those who favor business. The most recent appointment of President Obama was so partisan that even his Democrat Senate would not approve the appointment. Craig Becker had previously been a labor lawyer. Obama waited until Congress was in recess and appointed him anyway. With that majority we can expect decisions to favor labor. A good example has been the recent decision by the NLRB to try to force Boeing to stop the development of a facility in South Carolina to assemble their products. NLRB claims that the establishment of this plant in South Carolina rather than Washington shows "animus" and constituted "retaliation" against union represented employees in Washington. Since that decision was reached Boeing has added 2000 workers in Washington so the union has not been hurt. As is normal with decisions from bureaucrats the company will sue and get the dictate overturned. That will cost both time and money but the NLRB will then have shown everyone their power and authority and thus will lead others to not leave their location if they have a union. The NLRB is presently working on "card Check" which will remove the right to have a secret ballot on elections that would certify unions.

The Constitution established a court system for our country and it is capable of settling disputes and dispensing justice. Our legislators are, or should be capable of writing laws which could apply to labor as well as all other aspects of our country.

Since it is so clearly prone to issue decisions that favor one side or the other and since it is foreign to our form of government it should be abolished.

## Chapter 5 Welfare by Bureaucrats

In a letter to Elbridge Gerry on Jan, 26, 1799, Thomas Jefferson wrote, "I am for a government rigorously frugal & simple, applying all the possible savings of the public revenue to the discharge of the national debt; and not for a multiplication of officers & salaries merely to make partisans & for increasing, by every device, the public debt, on the principle of its being a public blessing."

The next departments to examine (Fannie Mac and Freddie Mae) was supposedly not a part of the Federal government (they are now ). Our bureaucrats really contributed to the colossal bank meltdown of 2008. The collapse occurred in 2008 but it all started in 1977 with the enactment of the Community Reinvestment Act. The government discovered that banks were identifying areas where they would not make loans on houses. Those houses were in low income and minority areas and so the act was passed to force banks to stop that practice.

Two government sponsored enterprises (GSE) had been previously chartered – Fannie Mae in 1968 and Freddie Mac in 1970. Those two purchased mortgages from banks and were especially required to purchase mortgages from low income and minorities.

Banks were not processing enough loans to satisfy our Congress so the Congress passed the 1989 Financial Institutions Reform, Recovery and Enforcement Act that required agencies to issue ratings on banks compliance with the CRA. That meant that banks started to be measured according to how much they loaned to people without regard to their financial position. They were then forced to violate their own standards about loaning. That did not affect their positions for some years as the housing market grew and prospered. Even bad loans did not hurt as long as the value of the home securing the loan

increased in value to be worth more than the loan. That situation led to more bad loans and led to more pressure from the government to continue their “bad” banking practices.

To give them more security they had Fannie Mae and Freddie Mac buy those mortgages and remove the potential “bad” mortgage from the bank ( supposedly Freddie and Fannie were independent but they took orders from the federal government ) . In the housing boom of the 1990’s, black and Latino homeownership surged to the highest level ever recorded. HUD reported that estimates were that over 5 million illegal immigrants were granted mortgages.

In 1992 the Democrat controlled Congress mandated that Fannie and Freddie increase their purchases of mortgages for low-income and medium-income borrowers. In 1992 HUD (it is amazing how much authority these government bureaucrats had. ) required Fannie and Freddie to purchase 42% of their mortgages from low and moderate income borrowers. The target increased to 50% in 2000 and 52% in 2005. For 1996 HUD required that 12% of all mortgage purchases by Freddie and Fannie be “special affordable” loans, typically with income less than 60% of the area’s median income. That number was increased to 20% in 2000, 22% in 2005 and the 2008 goal was 28% (Those requirements are still on their books and unless some further action is taken Freddie and Fannie will continue those practices).

In 1995 Attorney General Janet Reno and the Comptroller of the Currency required banks to make even more bad loans and allowed community groups (like ACORN) to find people who might want a loan and charge the banks fees for finding them. That provided an incentive for ACORN and others to seek out everyone and help them get loans. The Office of Thrift Supervision could impose huge fines and other penalties if the banks would not comply and refuse to grant them the authority to expand their operations.

In 2003 President George Bush told Congress that Freddie and Fannie were in trouble and asked for more control. In 2004, Alan Greenspan, Fed Chairman, warned the Congress that a huge problem existed. In 2005 Senator McCain and three others sponsored a bill that would have required better control but the bill was stopped in committee by the Democrats. Several regulatory bodies also testified to the Congress that Fannie and Freddie were on the verge of collapse but the Democrats refused their request and accused those “alarmists” of racism and being against the poor. Then the housing market turned down and the mortgages that had been considered to be good were discovered to have less, much less , value.

Then came the collapse.

The problems caused by the collapse of Freddie and Fannie are not confined to the poor. There were many who purchased stock in Freddie and Fannie (some figures indicate that purchases were made from 66 different countries) and who in turn bought mortgages from Fannie and Freddie. Since it was believed that Freddie and Fannie were government sponsored and since they were paying such a nice dividend, many institutions purchased shares in those corporations. Our own banks and investment firms also owned stock of Freddie and Fannie and when it went down it took many others with it. Lehman was bankrupted, Morgan Stanley, Bear Sterns, AIG, Wachovia, and others were purchased by others to save them.

In 1999 Franklin Raines, former budget director for President Clinton was appointed chief of Fannie Mae. He was fired in 2004 after it was discovered that he had changed the method for calculating bonuses and then had employees change the asset values to substantially increase those bonuses. That resulted in over \$100 million being given in bonuses. Raines received \$90 million for his six years of service with Fannie Mae. Fannie Mae was fined \$134 million for their fraudulent activity but no one was prosecuted nor was any attempt made to have the bonuses returned.

We are not sure how much the damage will be - \$ 500 billion is not unreasonable for Fannie and Freddie but the total damage is probably closer to \$1 trillion. The Congress has already voted to give the Treasury 700 billion and is now looking at purchasing parts of banks and putting more money into the system and who knows where it will stop? The first bailout bill was defeated but the second \$700 billion

bill was passed with the addition of pork barrel programs and a mental health bill inserted by the Democrats.

The total debt of Fannie and Freddie is around \$680 billion for nearly half of all mortgages in the USA are held by these two organizations. The government has now taken control of these two and placed them in conservatorship and the Treasury has taken controlling ownership stakes in them. The Congressional Budget Office stated that, "those actions make Fannie Mae and Freddie Mac part of the government and imply that their operations should be reflected in the federal budget." They are not so the \$13.4 trillion debt shown by our Congress is actually more than we think. A bill has been sponsored by Scott Garrett (R. NJ), "The Accurate Accounting of Fannie Mae and Freddie Mac Act" which would require those two to really reveal the extent of their debt but right now we are not sure of the real amount. Since the takeover by the government we have contributed \$111 billion and the CBO estimates that those two will consume around \$380 billion between the takeover in 2008 through 2020. That may have to be revised upwards for in 2008 they lost \$58.7 billion and in 2009 the loss was \$72 billion. Our bureaucrats are more in control of our expenditures than our Congress.

The Congress has examined this whole situation and has determined that the financial crash was caused by Wall Street. If you wanted to place the blame on anyone the blame should be apportioned as follows: Federal Reserve - 40%, (the lowering of the interest rate and keeping it low from 2003 to 2007 was the main problem), and Democrats - 30%, (Barney Frank and Chris Dodd defended Freddie and Fannie and kept the Republican Congress from acting), Republicans - 20%, (even though they were in control of Congress they were unable to stop this mess) and Wall Street - 10%. (They should have known that the mortgages they bundled and sold were no good). Placing the blame may help us to feel good but knowing who is to blame has done nothing to change the problem. We still have Fannie Mae and Freddie and they are still operating and losing money. And our Congress is too incompetent to stop it. Each year since the collapse Freddie and Fannie continue to operate and lose billions of dollars which Congress continues to cover. A proposal is now being considered that would split those two into five different organizations that would perform the same functions but would supposedly be easier to control. A better answer would be to remove the government entirely from financing real estate.

The Department of Agriculture also has the responsibility of dispensing money to other welfare recipients. The US Food and Nutrition Service is part of the Department of Agriculture responsible for administering the food stamp program. They would like more people to be dependent on them and so they advertise to get people to enroll. Their "outreach" program is a marketing and advertising group which produces videos and pamphlets to increase their caseloads. One office sent a mailing to a targeted group with this sentence. "With the rising cost of food we wondered if you could use a little help at the grocery store." Their unbelievable slogan is "Making America Stronger."

The goal of the food stamp program is to increase the use of food stamps and thereby get more people to vote for the politicians who provide that and also to increase the number of bureaucrats who are employed by the programs. Their real objective should be to decrease the need and the use of the food stamp program and to have all of their recipients become more responsible for themselves. Columnist Tony Snow reported in his column that the food stamp program has an "unparalleled record of fraud." "Food stamps are traded for almost anything other than food - stolen coats, cigarettes, videos, watches and etc." The 2007 budget for this was \$27.2 billion. It is administered at the local level and if retained we could stop it at the federal level, turn it over to the states and save a bunch of money. There are now about 41 million on food stamps.

School lunches and aid for Women, Infants and Children (\$5.5 billion) are also administered by this Department. With Farm Support Programs, subsidies, food stamps, Head Start, School Lunch, and WIC this department is primarily a funnel for transferring money. All of these programs are administered at the local level and we should remove the federal government from all of these activities. A good example of why we do not need the federal government in these activities is the State Children's Health Insurance Program which was intended to complement Medicaid by expanding health coverage to poor families. The \$40 billion that is transferred to the states each year is totally administered by the states



that even determine where and how it is spent. We should stop sending the money to the federal government that retains half of it for their bureaucrats and then returns the balance to the states.

In these cases the federal government performs no function other than collecting and transferring money and they should be removed from this process.

Have the massive funds distributed helped the poor? Robert L. Woodson, president of the National Center for Neighborhood Enterprise and Chairman of the Council for Black Economic Agenda, has written, "Since 1964, the federal government has poured billions of dollars into employment, housing, public welfare, and economic development programs designed to help the poor. The main beneficiary of this massive effort, it has now become clear, was the 'social service industry' parachuted in from outside the community to administer aid programs at salaries and fees that consumed the lion's share of monies," - in other words, federal bureaucrats.

In 1996 the Republican Congress enacted the Personal Responsibility and Work Opportunity Act. The liberal outrage was hard to believe. Here are some of the comments and liberal predictions: "Anti - poor, anti -immigrants, anti - women and anti - children" - AFL -CIO President John Sweeney. "This is not a reform, it is punishment" - New York Times. "An obscene act of social regression," "Those involved will take this disgrace to their graves" - Senator Daniel Patrick Moynihan. "Calling the ... legislation 'welfare reform' is like calling ketchup a vegetable." - Marian Edelman, president of the Children's Defense Fund. The CDF predicted that the legislation would lead to increases in "child poverty nationwide by 12 percent... make children hungrier... reduce the incomes of one - fifth of all families with children in the nation:"

The Urban Institute predicted that the new law would push 2.56 million people into poverty, 1.1 million of them children. "Ingeniously sadistic" - Barbara Ehrenreich. "If this bill is enacted into law, it will increase child poverty more than any other piece of legislation enacted in decades" - Robert Greenstein, director of the Center of Budget & Policy Priorities. "More than one million children could be forced into poverty because of this bill" Rep. Dick Gephardt. Are all liberals stupid or just the ones in charge of our welfare systems?

The actual results were a decrease in poverty and a reduction in the welfare rolls by nearly half in the next three years. Mona Charen reported in her column "1.2 percent of children suffered hunger in 1995 versus 0.6 percent in 2001. Single mothers cash income increased by 21 percent between 1995 and 2000. The poverty level for single mothers fell from 41.9 percent in 1996 to 33.6 percent in 2001 and the overall poverty level fell from 13.8 percent to 11.7 percent. Welfare case loads were cut in half."

As mentioned before liberals really do not understand the poor and are actually contemptuous of them. They do not believe they are capable of improving themselves and so do not want to encourage them to try. They only want them to stay poor and vote for welfare and for big government.

The other very interesting part about this welfare reform is that the federal government turned it over to the states to implement. All of the states have welfare departments and really do not need the federal government to administer the programs which have some variances from state to state. We could save a lot of money by eliminating all of the federal departments and agencies involved with welfare and transferring money to the states and turning it over to the states. The individual states could also design the programs to fit the state and make the programs much more applicable to each state and lead to better control over these programs.

Then we have one of Progressives/liberals biggest mistakes - Aid For Dependent Children (AFDC). Most people still refer to this department as AFDC but in 1996 the title was changed to Temporary Assistance for Needy Families. Administered under the Health and Human Services Department it approves AFDC programs in the states and provides about 55% of the necessary funding. Each state has its own AFDC department but uses the rules and regulations from the federal government. AFDC provides income for households with children with only one parent or income for those with two parents where the main income producer is unemployed. There is no incentive for the household to provide

income for itself ( there is some small amount provided if a person in the household has work incurred expenses and student and youth part time income is disregarded) and there is a limit to the size of the household (five children). Income is increased as the size of the household increases so there is an incentive to have a larger household. There is no requirement that parents be married and there is a requirement that a second parent can not be part of the household and be employed. Thus, the production of illegitimate children and of fatherless homes is encouraged. The results are terrible.

In 1965 the percentage of bastard babies born to black teen-age girls was 21%. It is now around 75%. Up through 1940 there was a higher percentage of blacks married than whites. As recently as 1960 only 21% of black households were headed by females. By 1991 only 37% of black children lived in two parent households.

In 2004 the cost for AFDC was \$22.5 billion for an average per family of \$376.70 which was distributed to 4,981,000 families and covered 14,144, 315 individuals. While the cost in dollars is substantial, the cost in loss of personal human value is even greater. AFDC destroyed the black family as an institution among the majority of the black community. And, with the destruction of the family came all of the problems that we now know happen when children are raised in broken families, especially those headed by females. And, especially those headed by teen-age females. Seventy percent of American's adolescent murderers, and of America's long-term prisoners, come from fatherless homes."

According to the Federal Bureau of Investigation Uniform Crime Report for 2003, blacks, who are 13% of the population, accounted for 49% of murder arrests, 33% of arrests for rape, and 54% of arrests for robberies. The Violence Policy Center reported that the data from 2004 indicated that the national homicide rate was 4.86 per 100,000 and the rate for blacks was 18.71 per 100,000. Homicide was the leading cause of death for blacks in the age groups 15 to 19, 20 to 24 and 25 to 34. The latest statistics show that blacks now account for nearly half of all new HIV/AIDS diagnoses and contract AIDS at a rate 10 times that of whites. Sixty four percent of all American women living with HIV/AIDS are black. AIDS is the leading cause of death for black women, 25 to 34.

The result of removing responsibility from female teen-agers for their immoral conduct and providing them with an income for producing illegitimate children has been catastrophic. We know how to have everyone, regardless of skin color, be able to find work and receive income above the poverty level. They should graduate from high school, get married and not have children until they are married. Dropping out of high school and having a baby and not getting married is a sure formula for living in poverty.

The first change to the existing program should be to provide an incentive to the fathers to take responsibility for the children they have fathered. That solution could involve allowing them to live in the household and even ignore any income they might earn, or maybe exempt 75% of it from any calculation concerning the amount of money given to the household. The solution could almost ignore the money involved for it is of far greater importance that the fathers accept some responsibility for their action and help to raise the children than it is to save money.

The government tried to collect from fathers for support of their children by passing the Child Support Enforcement Amendment in 1984 and in 1988 passed the Family Support Act. However, most of the child support owed by welfare – class fathers is uncollectible. Most of them are either unemployed or have annual incomes of less that \$10,000. Those two acts have generated funds but from working fathers and not from the fathers of illegitimate children.

The government hasn't tried to do anything to encourage them to be responsible for raising their children and that is what is needed. Much effort has been exerted to help the teen-age mothers go back to school or assist them in being employed and while that has helped some the real answer is to stop the production of illegitimate children and get the fathers to be responsible for their children. If that requires spending money to get the fathers back into their homes acting as parents then let's do it. If we need to ignore any income they generate or need to bribe them to stay home then we should do that. Families are much more important than money and if money could be used to preserve families then we should.

For the future we should restrict the number of children to be included in the program. We can sympathize with a mistake and allow AFDC for one illegitimate child but after that the mother should take the responsibility for any other children born to her out of wedlock. That should decrease the number of illegitimate children born and certainly decrease the number covered by AFDC. Since one of the purposes of the ADC is to enable the children to be provided for and educated we should stop payments to any mother for a child who drops out of school.

The two types of departments that legislate and distribute money are not really appropriate to be in our federal government. Let me repeat the 10th amendment to the Constitution, "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." Thus, if the Constitution does not specifically identify a power then the federal government does not have it. Therefore, there should not be an EPA, an OSHA, NLRB, Dept of Education or a Department of Energy. Those departments should also not exist and legislate for the power of legislating is reserved to the Congress. (Article 1, Section 1). The Departments that transfer money are also not listed in the constitution.

However, these do not have to be abolished entirely. The states are not prevented from having these functions and in fact all of our states have these same offices and functions which leads one to wonder if there is unnecessary duplication of these functions. While some of the departments that legislated did actually do some functions, the departments that transfer money do nothing of value but handle money. Then at the state level the states rehandles the money. No special education or skill is required and so it does not make sense to have the federal government handle the same money as does the state. It is not hard to understand that there must be billions of dollars to be saved if we remove the federal government from this function.

In addition, the pay to federal employees in Washington DC far exceeds that paid in the states. A recent review of pay of federal employees by the Bureau of Economic Analysis revealed that average compensation for the 1.8 million federal civilian workers in 2005 was \$94,000 for Washington DC – over twice the average compensation paid in the U.S. private sector which was 41,000. The future for those federal employees should also cause us some concern for since 1990 the average compensation for federal workers has increased by 129% compared with 74% for private – sector workers. That provides one more reason to reduce the work at the federal level and transfer it to the states. Even if the same number of employees were required (very, very unlikely) we could save money by moving the work to the states. When we consider that government employment has increased by 120,000 since Obama was elected this will continue to be a bigger and bigger problem. (This must be his solution to our unemployment problem).

In the case of the departments that have legislated the states can accept or reject the regulations issued by those departments and could possibly even employ some of those "experts" in implementing those regulations. It is also very probable that the regulations could be amended to better apply to the local states rather than having all states be controlled from Washington.

There have been many actions taken by our states that indicate they are capable of operating better than the federal government. Governor Mitt Romney has had the state of Massachusetts pass a bill that has universal health care for the state. It was the state of Florida that started state wide testing to establish standards for high school graduation. Florida also has used a federal waiver to set up a voucher like system to let the poor buy insurance. Thirty four governors have joined a project to look for better ways to share health records.

Part of Thomas Jefferson's letter to William Johnson on June 12, 1823 is very pertinent. "I wish, therefore, to see maintained that wholesome distribution of powers established by the Constitution for the limitation of both (federal and state), and never to see all offices transferred to Washington, where further withdrawn from the eyes of the people, they may more securely be bought and sold as at market."

Is it possible that people over two hundred years ago were as corruptible as they are now? Or was Thomas Jefferson able to see to our day? Whatever the case we need much less in Washington and more in the states where the public servants can be more closely watched.

The question that arises is, can the state governments handle that increased responsibility? However, are we really sure there is much increased responsibility? These government departments and agencies already exist at the state level and may already be more pertinent to the distribution of money than the federal government that just sends the money to states for distribution. These state governments are not little. The state of California would be ranked in the top ten in the world in terms of economic wealth and New York State would not be far behind. All fifty states would rank in the top third in the world and so should be able to handle any of these responsibilities. The state legislatures exist and in many cases are not full time and so should have the capacity needed. Six state legislatures do not even meet every year and many of those that do only meet on a part time basis.

There is no doubt that the state governments would be more aware of their individual needs and problems and could be more responsive to their citizens needs. They could also be much more readily observed and controlled at the state level. In fact, it is hard to find any reason for not transferring these responsibilities to the states. It is probable that many lobbyists and federal employees would object but for the country as a whole there should be great benefits both from services rendered and for the costs of those services.

The complaints we now have from the states about the federal government lead to the conclusion that the original way was better. States are now objecting to being forced to comply with regulations and rules issued by various departments and agencies of the Federal Government. The requirements imposed by the Disability Acts have forced companies to comply in building codes and many rules are issued forcing compliance and without providing compensation for the compliance. Environmental regulations, safety and health rules, licensing restrictions on construction, building codes on refineries, logging restrictions and land use regulations and etc. lead one to the conclusion that the states and their citizens do need protection from this federal government. The federal government has sued Arizona and in turn Arizona has filed a law suit against the Federal government. And, 26 states have filed suits against the federal government about Obamacare.

## Chapter 6

### Health Care

Thomas Jefferson in a letter to Gideon Granger on Aug. 13, 1800 explained his concept of the division of our branches of government. "Our country is too large to have all its affairs directed by a single government. Public servants at such a distance, & from under the eye of their constituents, must, from the circumstance of distance, be unable to administer & overlook all the details necessary for the good government of the citizens, and the same circumstance, by rendering detection impossible to their constituents, will invite the public agents to corruption, plunder and waste. And I do verily believe, that if the principle were to prevail, of a common law being in force in the U.S. (which principle possesses the general government at once of all the powers of the State governments, and reduces us to a single consolidated government) it would become the most corrupt government on the earth. You have seen the practices by which the public servants have been able to cover their conduct, or, where that could not be done, delusions by which they have varnished it for the eye of their constituents. What an augmentation of the field for jobbing, speculating, plundering, office-building & office-hunting would be produced by an assumption of all the State powers into the hands of the general government

Thomas Jefferson.

The so-called Affordable Health Care Act was passed on Christmas eve of 2009 without having been debated or even read by the Democrat controlled Congress with no Republican votes. That contradicts Mr. Obama's campaign promise about transparency. It will be administered by the Health Human and Services Department.

The Health and Human Services Department has many other responsibilities than AFDC. Medicaid and Medicare are both under the HHS and now Obamacare will also report to HHS. The Food and Drug Administration, Substance Abuse and Mental Health, Aging, Toxic Substance and Disease, National Institute of Health and the Inspector General are all part of HHS. None of this was listed in our Constitution and so should be evaluated concerning how appropriate all of these agencies are.

The Democrats have been crafting this national health care bill during 2009 and it has little to do with health care and lots to do with government control. There will be about 132 different agencies created by the bill and about 150 thousand bureaucrats would be added. The IRS will add 16,000 employees to make sure that everyone is covered. The Democrats indicate that the bill would save money but if they really wanted to save money they would make insurance portable and allow insurance companies to sell in all states.

Large companies that have operations in several states are permitted to have a single insurance policy to cover their employees in all of the states where they operate and that privilege should be available to everyone. Also, tort reform should be enacted placing a cap on "pain and suffering" awards and malpractice law suits. Texas, Mississippi, and Missouri did that and their insurance costs were reduced about 50%. In addition, class action lawsuits should be abolished since they really are a way to enrich trial lawyers and provide little benefit to the plaintiffs.

However, the Democrat party receives huge contributions from the trial lawyers and will not take those actions. If the federal government were kept out of this the separate states might enact some of these proposals.

The claim that the bills being considered will reduce our health costs is just a flagrant lie. The costs start in 2010 and the benefits start in 2014 so the Democrats compare six years of benefits with 10 years of expenses. Based on what we have the following ten years would have both benefits and expenses which would lead to the conclusion that that ten years would have four more years of benefits which would increase the costs substantially. Congressman Paul Ryan (R-WI) calculates that the real cost of the bill for ten years is \$2.3 trillion. He indicates that the first ten year costs of the Senate bill has a \$460 billion deficit and the second decade cost has a \$1.4 trillion deficit.

Senator Jim DeMint stated, "The plan will explode the national debt, raise \$569.2 billion in new taxes, force taxpayers to fund abortions, and impose unconstitutional mandates on every American. There has never been a bill enacted by Congress where the forecasted costs came close to the actual and there is no reason to think that this bill will be any different. The most recent projection is that Medicare will be bankrupt by 2024. That is still far enough away for our present irresponsible Congress to postpone action since most of them will be out of Congress by then.

In Indiana, Governor Mitch Daniels introduced a Health Savings Account for the state employees and now about 70% of the state employees participate. The state pays the insurance premium (which is essentially catastrophic insurance) and deposits \$2750 into each employees account which becomes the employees'. Above \$8000 health cost the state covers completely and shares costs above the \$2750 with the employee. Since the employee is now responsible for the initial costs of his health the results have been excellent. Employees will save more than \$8 million and Indiana will save \$20 million in 2010 and overall health costs are much lower. Making people responsible for their own costs has a significant effect on costs and this program should be promoted nation-wide.

Wellpoint, an insurer, obtained actuarial data in various regional markets to model the Senate bill. A healthy 25 year old in Milwaukee would see his costs rise by 178% and a small business in Richmond with eight employees in average health will experience a 23 % increase. Our Congress never tells the

truth about the real expenses when they want to pass a bill and they certainly are not telling the truth now.

One easy way to understand how bad the bill is can be determined by the exemptions granted. At this writing there have been 1300 waivers granted to big businesses and labor unions and to 38 hotels and restaurants in Nancy Pelosi's district. The requirement to have small businesses file a 1099 form for every transaction over \$600 has already been removed and the HHS Department has now added \$6.7 billion to the bill so that the hundreds of Medicare Advantage Plans that would have been in danger of being cancelled will not be removed before the next election. That is a temporary fix and after the next election that that problem will be there again.

The bill contains unconstitutional requirements and should be repealed.

We now have about a year and a half to find out what was in the bill and the adjustments that are already being made indicate some of the problems we can expect.

There is one area where I would recommend that the federal government become involved. Congress passed a law in 1986 which requires hospitals to treat everyone who requires treatment. That includes illegal immigrants. That law has led to the closing of 60 hospitals – mostly along our Mexican border for the hospitals treat them but no one makes the illegals pay for the treatment.

Since the government forces them to treat everyone then we should make the government responsible to collect from those who do not pay. In some areas hospitals are unable to collect from over 25 % of their cases. The government is also responsible for protecting our borders and preventing "invasion." Thus, they are responsible for the illegal immigrants that are here and should be responsible for the costs they incur and do not take care of. In the case of illegal immigrants the government could seize their assets to pay the bills and then deport them. I suspect that would encourage many of them to buy insurance.

Removing this responsibility from hospitals would significantly reduce the costs incurred in collecting from patients and also reduce the costs where the patient avoids paying. That would also help us to identify the real costs of health care.

One of the proposals in the health care bill is that insurance companies would not be able to refuse insurance to any applicant regardless of their "previous condition." That sounds very compassionate. New York has that law and the results are that they have the 2nd highest insurance costs in the nation. About 70% of people are covered by their employers and the other 30% wait until they have an injury or an illness to apply and buy insurance and frequently they will cancel the insurance when their medical problem is fixed. Based on New York's experience it would appear that about 20% of their families do not carry insurance and if that were applied to the national level there would be 60 to 70 million that would not be insured.

The Congress recognizes this and has proposed a penalty to those who do not purchase insurance (which is unconstitutional) but the penalty recommended is so small that it would be cheaper to pay the penalty and wait to buy insurance when you need it – when you are sick or injured. So, instead of the present 30 million who are uninsured we would probably have double that amount. This problem could be solved with state-based high risk pools to provide affordable coverage and tax credits where needed. Medical Saving Accounts could also help this problem. Something will be required for as companies realize that they can reduce their costs by stopping insurance for their employees and paying the fine they will do that and then employees will lose the coverage they have in spite of the promises from Obama that this will not happen. They can also lose their coverage if the employer changes insurance companies or changes benefits or raises deductibles.

Whatever the problem that exists the Congress could address that particular problem and solve it without destroying the best health system in the world and creating the biggest bureaucracy in our government. Let's keep the federal government out of health care except for collecting from those who do not pay.

There are probably some cases where insurance companies have mistreated people. If so, those cases should be identified and Congress should pass laws correcting those situations. Leave all the rest of our laws alone for the 80 to 90% who seem to be satisfied with the insurance coverage and the health care we have.

The bill has now passed and the Democrats have attained that by using the federal treasury to bribe their members. We have the “Nebraska cornhusker,” the “Louisiana Purchase” the “Florida gator aid” , the “Michigan airport maintenance deal” and all of those votes were obtained by granting money or removing costs from those states. With control of Congress the Democrats have access to the federal treasury and can spend money or exempt some from costs that other states will have. These Democrats really are “for sale.”

Medicaid is run by the states but the federal government reimburses 57% to 83 % of each states costs. This system encourages each state to overstate its costs and it appears that they do so. The fraudulent system works by having the state overpay the health care providers and then submitting those costs which are then reimbursed by the federal government. Then the health care providers rebate the overbilled money to the state. The Government Accountability Office has documented those practices going back to the Clinton Administration (29 states were found to have done this).

Significant waste, fraud, and abuse pervade Medicaid in providing health services to 44 million poor Americans. Gov. Perdue of South Carolina has started using a computer program to review medical files to determine whether patients or physicians are gaming the system.

The simplest answer to this is to eliminate Medicaid at the federal level since it is administered at the state level anyway and thus do away with a federal agency. This elimination should also help to reduce the anticipated cost (for 2007 it was \$199 billion). The State of Washington has passed Senate Bill 5596, a Medicaid block grant bill that would accomplish this. The state will apply to the HHS for the block grant and allow Washington State to administer Medicaid instead of being bound by ObamaCare. In 2009 Rhode Island was granted a block grant and saved \$100 million in the first 18 months

Since this is a program that is for the poor it is possible to reduce the program by reducing our federal government’s involvement and increasing the wealth of our citizens. For the first years (three to five years) that the program is transferred to the states the federal government would need to reimburse the states for the amount that the states could not cover with the intent of eventually having the states completely cover all costs. That could be done through raising taxes or reducing benefits.

In Governor Mitt Romney’s book No Apology, he relates that Tommy Thompson, Secretary of Health and Human Services, proposed that each state annually be given the Medicaid dollars it had received during the prior year, adjusted for inflation and changes in the state’s population of the poor. The state would then be allowed to fashion its health-care program for the poor as the state chose. Romney reported that many of the governors were very interested in the proposal but the Congress was unwilling to enact the proposition. Removing Medicaid from the federal government would save lots of money by eliminating the high paid Washington bureaucrats as well as allowing the states to design programs suited to their poor which could also save money.

We know that the Congress will never make adjustments to the program until it finally goes bankrupt. Turning it over to the states would have a very beneficial effect.

Medicare is partially funded through taxes. There is a 2.9% Medicare tax on all income earned by workers; half is paid directly by the workers and half by the employer. The benefit applies to seniors and covers hospital insurance and seniors can purchase for a modest premium supplementary insurance or Medicare part B which pays physicians’ fees and outpatient care.

Part D (prescription drugs) was added and became effective in 2006 and in 2007 it is estimated it will cost \$392 billion. The Government Accountability Office estimates that Medicare faces \$28 trillion in unfunded liabilities over the next 75 years and the Medicare Board of Trustees predicts that it will be bankrupt in 2020. Why did our politicians enact such a program? Are they trying to make us as poor as

Europe? Were people dying because of lack of drugs? Was insurance not available to take care of hospital and physician costs? Our politicians seem to be totally irresponsible in enacting such legislation if it will lead to these kinds of deficits. Those presently benefiting from these programs will very likely vote for them but someday, someone else will pay.

Since Medicare is partially funded by payroll deductions it would be possible to increase the deductions or increase the age for coverage since it functions with Social Security. Each state could determine and take the necessary action for the state. Medicare spent \$309 billion in 2004. There is a problem which our politicians refuse to address and which should be fixed.

Representative Paul Ryan has proposed a plan that would keep Medicare the same for those 55 years and older and then when they turn 65 would switch to the same kind of program that our Congressmen have where each person would be given a voucher worth \$7500 and then would buy their own insurance. The Democrats hate that for it would eliminate the government from health care.

As with Medicaid fraud is rampant. In July of 2009 arrests were made in Detroit where the cases involved about \$50 million in fraud and a case in Florida involved over \$100 million. Since March of 2007, the government's special antifraud teams have produced more than 250 indictments involving Medicare claims totaling more than \$600 million. At the federal level the Government Accountability Office found that more than 21,000 providers of Medicare's physician and outpatient services failed to pay more than \$1 billion in taxes owed through September 2005. The Centers for Medicare and Medicaid Services which manages Medicare is now being asked to adopt the federal levy system. A better answer would be to disband the federal organization and turn it over to the states.

If we transferred Medicaid and Medicare to the states there are several steps that could be taken to help. The first action would be to reduce the health costs.

Obviously, there would be a nice reduction if we eliminated the federal offices associated with Medicare and Medicaid and turned it completely over to the states.

In Massachusetts, Mitt Romney instituted a program to include everyone in health insurance. One of our problems is that many people (30 Million) do not have health insurance but still receive treatment at our health facilities and do not pay. It would also help if those who had private insurance were able to deduct the cost of that insurance for income tax purposes. If we stopped businesses from providing health insurance for their employees and made employees responsible for their own insurance and thus enable them to purchase the kind of insurance they wanted we could also reduce the overall cost of insurance. The Congress is only going to add to our costs and increase the size of the government associated with that.

Individual states could also enact laws to reduce lawsuits and personal damage awards such as has been done with class action lawsuits. That would have a significant effect on insurance costs as has been demonstrated by Missouri, Texas and Mississippi. The Congress will never do that for lawyers are one of the biggest contributors to election campaigns. Thus, there is some hope that transferring these functions to the states could reduce costs and thus aid in solving our health cost problems. There is no hope for that from our present Congress regardless of which party is in power.

There really is no other answer than transferring Medicaid and Medicare to the states. Well, there is the possibility of letting it go bankrupt but if the problem is to be fixed it has to be transferred for the Congress (Republican or Democrat) will not fix it. We have all of our past experience to prove that and the reason is simple. None of the 535 people in charge of our Congress wants to have it known that they have voted to fix this for the recipients of these programs would vote them out of office. Since they do not want to be voted out it will be necessary to transfer this to the states who will be forced to fix it because they can not print money and are forced to balance their budgets.

Then, there is Social Security. Enacted in 1935 it applied to those over 65 and since the people lived to be an average age of 62 there was little expended to seniors and lots was collected. Over the years the amount collected has been increased to 12.4% (6.2% from the employee and 6.2% from the employer)



on the first \$102,000 in income. As our population grew the amount collected was much greater than the amount paid out and our politicians could not resist taking the amount collected and spending it. (Not just the excess but the whole amount). Supposedly, each employee receives credit for the contributions but the money contributed is not invested to their account.

The Congress “borrows” it and issues a note which pays around 1.2% and each employee is given credit for that amount. Our politicians anticipated that our population would continue to increase but it stopped increasing at the old rate and this has led to a larger number retiring than are contributing to the system. It is now predicted that sometime in the next 20 to 25 years the system will be bankrupt. (The Social Security Board of Trustees estimates the money will run out in 2041). In fact, that actually happened in 2009. It is now forecast that 2010 and 2011 will also have less income than what will be paid out. The deficit will be made up from the government. Due to the large unemployment the amount collected exceeded the amount disbursed. The future will be more of a problem due to the rate of retirement and the number paying into the system. The income will then not be sufficient to pay those retiring at the present rate. Since there is no money in the social security funds something will have to be done to obtain that money or it will be necessary to reduce the payments to those retiring. If the Congress had not taken that money and spent it there is a good probability it could have been invested at a safe 3% in Treasury notes and earned enough money to have taken care of the problem.

Over the years our politicians have ignored this and refused to act responsibly to fix it. They must all think they will have retired before the collapse. (The politicians and federal employees are covered under a different program). In 2004 Social Security collected \$657.7 billion in taxes which should have been invested for those paying. Instead, Social Security paid out \$501.6 billion to retirees and the Congress spent the rest of the collection - \$156.1 billion- on non-Social Security items.

There are no words to describe this process- maybe dishonest or crooked or irresponsible – or all the above. To make it worse they have now been informed that a problem looms in the future and they have taken no steps to fix it.

In our last Congress Congressman Ron Paul (R-TXC) introduced a bill in the House (HR 219) and a bill was also introduced in the Senate (s.292) that would have retained the Social Security income, invested it in interest bearing securities and not allowed the Congress to spend it. There were 60 Republicans that voted in favor in the House and a similar amendment was defeated in the Senate by 53 to 46. Thus, we know that the politicians know of the problem and are deliberately refusing to fix it.

We really do not have to invent anything new. There are 31 countries that have effectively privatized their social security systems and we could adapt and/or copy from them. ..The government of Chile was the first to adopt a private system and it has worked wonderfully. In 1981 (long enough ago to be able to evaluate it) Chile started deducting 10% of each employees pay and investing it in a private system controlled by the employee. The government contributed the amount they determined would be a minimum pension. That personal account belongs to the individual and not the government. In our system if you die prior to age 65 you receive nothing (since most blacks die before age 65 they really are cheated). The individual in Chile can pass that account on to his heirs and can even withdraw some if needed.

In Sweden the worker contributes 7 percent of his pay and the employer contributes 10.2 percent and the government contributes the amount that they estimate is needed for a minimum pension. In Poland both the employee and the employer contribute 9.8 percent of the employees pay and the government contributes a minimum amount. In Singapore the employee contributes 20 percent and the employer contributes 13 percent of the employees pay and the government contributes nothing.

All of these programs are under the control of the individual and the government is not responsible for them and thus has no obligation for them. To introduce them to our country we would need to establish an age (50 or 55 years of age?) where those who are older would be covered by the existing system and the existing contributions would be used to fund it. Then all those under that age would be placed in the new system – or allow them to continue in the existing system – and have private accounts they control.

Those in the new system would be given credit for their past contributions (at the prevailing interest rate of 1.2 percent) and then be in a private system for the future or in some combination which allows some private investing and some government contributions. Obviously, the existing liability would be greater than the future contributions so the government would have to borrow money to pay off that debt but at least at sometime in the future the debt would disappear and those in the new system would have an adequate pension and the government would not have the present problem that exists today.

At the end of February 2006, the government owed \$1.879 trillion to the Social Security Trust Fund. In 20 to 25 years the amount collected will be less than we receive which means something will have to be done to obtain that money or reduce benefits or something. President Bush campaigned in 2005 about the problem of Social Security but he never really presented a specific program which indicates a lack of political acumen and which could not then be voted on or approved. President Bush's proposal did increase benefits over the years which would have made the problem worse but it would not be right to decrease the future benefits.

President Bush did discuss the possibilities of privatization which could help. The Republican Congress did nothing and made no presentation of legislation and so nothing was done. The only thing the Democrats have ever done was when they started to tax social security benefits in 1993 and so the logical conclusion is that neither party is going to do anything about Social Security. If something is to be done it will require someone other than the Congress to do it.

While recommendations have been made to transfer the other "money departments" to the states Social Security is so far in debt and so messed up that it will have to remain with the federal government. This must be an example of the success of bureaucracy. Mess it up so bad that no one else can ever correct it. They have been very successful in failure.

## Chapter 7 G Government by Presidents

Government even in its best state is but a necessary evil; in its worst state an intolerable one.

Thomas Paine

### Executive orders

Executive orders have been used by our presidents since George Washington but their use has generally been to implement administrative matters relating to the presidential office. That would be perfectly legitimate. However, there are many other presidents who have issued executive orders as if they were dictators. President Lincoln issued executive orders mobilizing state militias, suspending habeas corpus, and erecting a blockade of southern ports and his famous Emancipation Proclamation which did not even pertain to this country but applied only to another country – the rebel states.

Those executive orders marked their issuer as a dictator and that has been the case with many other executive orders as well. President Wilson issued over 1800 executive orders which expanded the authority of the President. One of those authorized the arming of USA vessels which Congress had refused to authorize.

President Franklin Roosevelt issued 3700 executive orders. In 1976, Congress passed the National Emergencies Act, which ordered the cancellation within two years of all existing "powers and authorities possessed by the President, ... as a result of the existence of any declaration of national emergency executive order..." That removed many of the orders issued by President Roosevelt.

Some of Roosevelt's orders were seizing an aircraft plant in California, a shipbuilding firm, cable company and 4000 coal companies. In 1933 he issued an EO which made it illegal for our citizens to own gold. In 1942 Executive Order 9066 was issued by Roosevelt which placed Japanese – American residents in detention camps and seized their property.

In 1952 President Truman issued an order to seize the steel industry. A federal judge voided it. In 1980 President Carter issued a proclamation imposing a fee on imported oil. A district court nullified the order. President Clinton has been one of the biggest users of executive orders. One of his aides, Paul Begala, stated, “stroke of the pen. Law of the land. Kinda cool.”

Our Constitution reads, “Article 1, Section 1. All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.” In 1866 that doctrine was explained by the Supreme Court in “Ex Parte Milligan.” “The power to make the necessary laws is in Congress; the power to execute in the President.... But neither can the President, in war, more than in peace, intrude upon the proper authority of Congress....” Our presidents are not supposed to be able to write legislation but the executive orders are usurping that Congressional right and must be stopped if we are to retain three branches of government.

President John Kennedy issued Executive Order 10988 allowing the unionization of the federal work force which has led to unions throughout the government. President Clinton issued orders dealing with health, food labeling, restrictions on guns, barred the awarding of government contracts to businesses that have replaced striking workers (overturned by a three judge panel) and has made a national monument of 1.7 million acres in Utah. E.O. 13083 gave all sorts of power to federal agencies and cancelled E.O. 126112 which had been issued by President Reagan which restated the importance of the tenth amendment. The uproar from Congress was so great that Clinton cancelled it. Executive order 12938 declared a national emergency and granted all sorts of power to the President. One of this most ridiculous orders was EO 13166 which required federal agencies and recipients of federal assistance to provide all information in other languages (Spanish) .California MVB alone pays \$.2.2 million annually in translating costs.

Executive Order 13087 awarded homosexuals “special protection” Executive Order 13107, entitled “Implementation of Human Rights Treaties” contains many orders to put into effect treaties issued by the United Nations which have not been approved by our Senate. The International Covenant on Economic, Social and Cultural Rights does not recognize the right to own property. There is the ungratified UN Convention on the Rights of the Child and the UN Convention on the Elimination of all Forms of Discrimination Against Women that would be included in the EO. President Clinton also included a statement declaring the EO “does not impose any justiciable obligations on the executive branch” in an attempt to avoid any judicial review. In EO 13061 Clinton gave himself power to take over 10 rivers (later extended to 14) whose adjacent lands would be put under the control of Clinton – appointed river navigators, each with a salary of \$100,000 per year.

Executive Order 12919 entitled National Defense Industrial Resources Preparedness, asserts plenary and dictatorial authority over citizens, food, transportation, energy, health contracts, materials and resources to be exercised by the National Security Council and FEMA.

One of the most publicized Executive Orders was 13083 which asserted that federal agencies shall henceforth have the power to determine if there is a “constitutional and legal authority” for them to impose mandates on “state governments, including units of local government and other political subdivisions established by the states.” In other words Clinton wanted to take over all state and local government authority and ignore the tenth amendment. Congress said no and refused to fund it. Congressman Tom DeLay noted, “the President of the United States is legislating by executive order. He has instructed the entire bureaucracy to promulgate regulations that have no authority in law, and he is writing executive order after executive order against the Constitution of the United States and the concept of checks and balances.”

One of the problems with executive orders is that Congress has not tried to define the authority a President has with the executive orders. On specific ones the Congress has refused to fund them or has rejected them but unless a specific action is taken the President can issue the order and then implement it. That gives him power not anticipated in our constitution. It seems that our forefathers thought that all

presidents would operate according to the constitutional doctrines of separation of power but we have had presidents who preferred to run the country as if they were kings or dictators.

Here are some of the Executive Orders that would suspend the Constitution and Bill of Rights:

Executive Order 10990 allows the government to take over all modes of transportation and control of highways and seaports.

Executive Order 10995 permits the government to seize and control the communication media. (Lincoln would have loved this one).

Executive Order 10998 allows the government to take over all food resources and farms.

Executive Order 11000 allows the government to mobilize civilians into work brigades under government supervision.

Executive Order 11001 allows the government to take over all health, education and welfare functions.

Executive Order 11002 designates the Postmaster General to operate a national registration of all persons.

Executive Order 11003 allows the government to take over all airports and aircraft, including commercial aircraft.

Executive Order 11004 allows the Housing and Finance Authority to relocate communities, build new housing with public funds, designate areas to be abandoned, and establish new locations for populations.

Executive Order 11005 allows the government to take over railroads, inland waterways and public storage facilities.

Executive Order 11051 specifies the responsibility of the Office of Emergency Planning and gives authorization to put all Executive Orders into effect in times of increased international tensions and economic crisis.

Executive Order 11310 grants authority to the Department of Justice to enforce the plans set out in Executive Orders, to institute industrial support, to establish judicial and legislative liaison, to control all aliens, to operate penal and correctional institutions, and to advise and assist the President.

Kim Il Jong, dictator of North Korea would be pleased with this much power.

The Federal Emergency Preparedness Agency (FEMA) was established under Executive Order 12148 and has spent (or misspent) \$ millions in trying to help in emergency situations. Remember Hurricane Katrina and New Orleans?

FEMA, under Executive Order 11921 can establish control over the mechanisms of production and distribution, of energy resources, wages, salaries, credit and the flow of money in the U.S. financial institutions in any defined national emergency. Based on their performance at Katrina this would really be a disaster.

The Congress needs to pass a law defining the authority of the President in issuing executive orders and then identifying those orders that should be voided according to that definition. The only problem with that is that some liberal president might veto that bill and if he is a member of the party that is in control the veto might stand. .

For more details on this see the April 12, 1999 issue of the New American magazine. This could all be solved by passing HR 2655 titled, Separation of Powers Restoration Act which would restore the proper division of powers within the branches of government and generally clean up the mess left by the Executive Orders that have been improperly issued.

President George Bush has added another device to avoid the Congress and its laws – it is called a “signing statement.” It is not unusual for a President to add a statement to a bill that he has signed. That statement might indicate some direction in implementing the law. There have been other presidents who

have used this method to change or ignore the law but no one has used this more than President Bush (43). Andrew Jackson did not like a bill authorizing the construction of new roads and added a statement which would have limited that and in spite of Congressional complaints his statement became “law.” President John Tyler was sharply rebuked by the Congress concerning a bill apportioning congressional districts. As would be expected President Franklin Roosevelt used the signing statement to change congressional actions of which he disapproved. In a statement attached to the Emergency Price Control Act of 1942, Roosevelt, wrote, “There is nothing contained therein which can be construed as a limitation upon the existing powers of governmental agencies....”

However, in President Bush’s case he has added statements that reserve his “right” to ignore the law. It is estimated that there are more than 100 times that President Bush has added statements which may be the reason he has not vetoed a bill for if he believes he can accept or reject a bill based on his signing statement then he would not need to veto anything. Deputy Assistant Attorney General Michelle E. Boardman indicated that President Bush’s signing statements are “indistinguishable from previous presidents.” However, that is disingenuous. In his 100 signing statements he has changed the intent of Congress. When he signed the Intelligence Authorization Act 2005, he wrote. “Section 502 of the Act purports to place restrictions on use of the U.S. Armed Forces and other personnel in certain operations. The executive branch shall construe the restrictions in this section as ‘advisory in nature’...” which means he will not follow them. Last year as Bush signed the bill banning the torture of detainees he added another document reserving his right to ignore the law. Senator John McCain was furious and Senator Arlen Specter stated, “it’s a challenge to the plain language of the Constitution.” Rather than give Congress the opportunity to override a veto with a two thirds majority Bush has issued the signing statements invoking his right to interpret the law on everything from whistleblower protections to how Congress oversees the USA Patriot Act. Law professor David Golove states, “it means that the administration does not feel bound to enforce many new laws which Congress has passed.” President Obama has added a signing statement to the 2011 budget that indicates that he will not apply a part of the law that prevents expenditures for four of his “czars.”

The Congress needs to define this practice and exercise some control over it if they are to remain necessary as part of the government. A good start would be in declaring null and void all the executive orders issued by our past presidents. Presidents need to be controlled in this matter as in many others.

## Chapter 8

### Government by Foreign Bureaucrats

The true theory of our Constitution is surely the wisest & best, that the States are independent as to everything within themselves, & united as to everything respecting foreign nations. Let the general government be reduced to foreign concerns only, and let our affairs be disentangled from those of all other nations, except as to commerce, which the merchants will manage the better, the more they are left free to manage for themselves and our general government may be reduced to a very simple organization, & a very inexpensive one; a few plain duties to be performed by a few servants.”

Thomas Jefferson

We have now joined several global organizations where we have a vote but the rules and regulations have been written by others but by which we have agreed to be controlled.

It is appropriate for us to examine these unelected bureaucratic organizations in detail to find why we joined and evaluate whether we should continue in them. The International Monetary Fund and the World Bank were established in 1944 at the Bretton Woods conference that was presided over by two communist soviet agents –Harry Dexter White and Virginius Coe. It’s stated purpose sounds very good – to promote faster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth and reduce poverty. However, as with all of these international organizations, they are controlled by socialists and the policies they promote are high

taxes, more regulation and bigger governments. An article in the March 2005 issue of the Freeman states, "Many of the economic theories used by the IMF and World Bank are outdated and cause more harm than good."

They obtain their funds from some 38 countries who contribute to them on a quota basis established by the IMF. Our quota is 17.6 % and since the total assets of the IMF are in excess of 300 billion dollars it is probable that we have contributed around \$55 billion of that amount. That was true until the European Union collapse in 2009. The IMF has now contributed billions to Greece, Ireland and Portugal and Greece wants even more. Spain may be next and Obama has pledged \$105 billion from the U.S.

The IMF is responsible only to the IMF which is a real formula for corruption. They are completely out of our control and alien to our idea of the way that governments should be regulated. (We do have a representative who is on their Board of Governors but his vote is dependent upon our quota which gives us 17% of the vote and we do not have veto power). There is now a movement to give more power to those who contribute less. The IMF functions by providing loans to irresponsible governments so that they can continue to be irresponsible instead of adopting the policies that will lead them to prosperity. Then, when they continue to be irresponsible the IMF forgives the loan and the process is repeated. UGH.

In 1976 the Senate Appropriations Committee investigated the World Bank's practices concerning their internal operations and concluded, "Our investigations have led us to the distressing conclusions that, rather than the rewards of a career of service, there is found in these banks a broad pattern of personal enrichment. The personnel management practices ... are suggestive of institutionalized granting of lifetime sinecures where extraordinarily high salaries are commonplace and the pursuit of fringe benefits has been raised to a fine art." That revelation did nothing to cause the World Bank to change. The head of the IMF receives around \$225,000 plus expenses and perks and the average staff member is paid around \$95,000 and they receive back whatever income taxes they have had to pay. Of the roughly 10,000 employees there are 1,396 who receive more than \$180,000 in income which is tax free.

What should we expect from organizations which are not accountable to anyone but themselves and who are not restricted in obtaining funds for their operations? They have not been wise in their loans as is indicated by their recent decision to forgive 42.5 billion dollars in loans made to African dictators. (Since the assets of the IMF will decrease by 42.5 billion it is expected that those countries who are contributors will replace those funds which means that this decision will cost us about 6 billion dollars. President Bush has indicated that he is in agreement but did not say how much that would cost us. ) Maybe he would prefer that we not publicize that.).

That is not the first time for in 1996 the IMF forgave \$33 billion in loans. The loans to dictators seems so senseless for it is obvious that those dictators will use part of the money to provide for their personal future and the other part to provide for an army to help them retain power. Nigeria's Economic and Financial Crimes Commission revealed that a succession of military dictators stole or squandered \$500 billion over the past four decades from that country. The World Bank determined recently that around 40% of Africa's aggregate wealth has fled to foreign bank accounts.

In 2001, William Easterly, one of the World Bank's top economists, exposed some information in his book, *The Elusive Quest for Growth*. He stated, "Contrary to conventional wisdom, aid to the developing world has been a big disappointment. The one trillion dollars spent on aid since the 1960's, with the efforts of advisers, foreign aid givers, the International Monetary Fund and the World Bank have all failed to achieve the desired results."

The result of \$28 trillion (yes, trillion) spent on infrastructure in the developing countries from 1968 to 1990 is that the GDP shows no improvement. During Mexico's financial crisis in 1994 -1995 World Bank officials insisted that Mexican banks improve their inadequate deposit insurance rules. Mexico refused and the World Bank asked them to write a report and loaned them the money.

This is not a recent problem for in an editorial in Barron's (April 10, 1989) Robert M. Bleiberg wrote this about the World Bank, "...beneath the glittering lending statistics and the triple A credit rating lurks a swamp of ill-conceived, badly executed credit transactions to profligate borrowers who couldn't command an unsubsidized plugged nickel in the global capital market."

In 1988 Paul Craig Roberts reported in Business Week, "... that much of the loans to other countries has been used to pay overdue interest to commercial banks in the U.S. and Europe. So, the money is not used to help these countries but is used to pay banks which then encourages them to loan more money to incompetent dictators.

To bring this up to the present an article in "The Economist" (March 4, 2006) reports that the new World Bank president, Paul Wolfowitz, considers that battling graft is his top priority. (That probably explains why the World Bank was so desirous of having him removed and he has been removed). As should be expected with these unelected, uncontrolled governmental bodies fraud and corruption are rampant. The World Bank says it has uncovered more than 2000 instances of fraud, corruption and other misconduct related to its projects since 2001.

Wolfowitz objected to loans to the Republic of Congo because of their past record and only agreed after receiving assurances that audits would be performed of their oil company. He placed more than 800 million dollars for Indian health on hold, axed a 35 million dollar loan to Bangladesh and suspended a project to boost Argentina's social safety-net. Five loans to Kenya have been suspended, all loans to Chad have been stopped and the Bank's Department of Institutional Integrity has been expanded to help identify and stop corruption.

The past is no better. In the 1994 to 1997 period the IMF provided the Philippines with \$1 billion, Thailand with \$17 billion, Indonesia with \$ 43 billion, South Korea with \$57 billion and \$22.8 billion to Russia. As they did this they started a real crisis in the Orient. They forced Thailand to devalue their currency and that led to the devaluation of currencies in Malaysia, then the Philippines, then South Korea and even Taiwan devalued its currency. That led to massive financial problems in all of the countries involved. The citizens of those countries then saw prices for the items they purchased increase by 30% to 50%.

Their people suffered from this but our bankers did not. The amounts advanced to those countries was partially used to pay back loans to American banks – Citicorp for \$60 billion, Chase Manhattan for \$32 billion, J.P. Morgan for \$23 billion and Bank America for \$16 billion. Those banks had loaned money at high rates but did not suffer any losses from the bad loans. This has been going on for a long time and as long as they are dealing with dictators and politicians and bankers it will continue.

Due to the collapse of the European governments (Greece, Ireland and Portugal ) our assessment has increased to \$105,353.8 billions per year since 2009. We have to borrow that money to give it to them and it is probable that we will soon add Spain and possibility and even more money.

William Simon, former Secretary the Treasury said, " Because the IMF has no legitimate function in our present system ...we can eliminate it, and safely rely on private institutions... We should therefore have the courage to close it down- and the most effective way to accomplish this goal would be to withdraw U.S. funding." Let them do the best they can without us. Let's take our money and our representatives out. That will still leave them with 3000 employees and many other countries that contribute to them and they can continue on their past incompetent practices without us.

#### United Nations

There is one other organization to be considered. The United Nations has been left to the last because it is the biggest, the worst, the most corrupt and the most dangerous and in some way or other it includes all of the above.

The United Nations was formed in 1945 after the end of the second World War and was primarily to be the way to end wars. Our representative on the forming of the UN was Alger Hiss who later was

convicted of perjury for denying he was a spy of communist Russia. Naturally, his voice was very important since he represented the USA and the UN he helped design was a dictatorial, socialistic organization and with his influence there is no reference to God. Since that formation in 1945 it has developed into an unbelievable, mammoth, bloated organization with over 200 different Organizations, Committees, Boards, Panels, Commissions, Advisory Committees, Ad Hoc Committees, Working Groups, Open Ended Committees, Councils and Open Ended Ad Hoc Committees (those titles are taken from their organization chart).

They also have regional offices throughout the world to assist these groups. Some of these are meaningless but many are important. The International Monetary Fund, the World Trade Organization, the World Bank, The International Court of Justice and the International Criminal Court are listed as being part of the UN.

Other significant functions are the World Health Organ, UNESCO, UNICEF, the Atomic Energy Comm., and Commissions on population, labor, food and agriculture, environment, habitat, civil aviation, trade, drug control, relief and work, maritime and peacekeeping. With all that it is not surprising that they employ over 65,000 people and have a yearly budget of \$1.2 billion.

We have pledged to pay 22% of that amount (\$264, million) plus 25% of the peacekeeping costs plus special assessments from some of their agencies. Our total contribution for 2005 was \$2.2 billion for there are many other assessments beyond and above the published budget. Underdeveloped countries are charged \$13,000 per year and Russia contributes 1.1% of the UN budget and China only 2.05%. That can't all be blamed on the UN since we have agreed to that. Japan is assessed 19% and Germany 8% even though those two do not have a permanent seat on the Security Council nor do they have veto power.

UN employees in New York are very well paid receiving an average salary of \$122,571 each year plus \$1936.00 allowance per child and a \$17,000 per year education stipend per child. A rent subsidy is available of 40% of the rent and there is a 41% cost of living adjustment on top of their salary. Kofi Annan, former Secretary General, made \$220,968 and has \$73,052 added to that for living costs and an entertainment supplement of \$25,000 plus a luxury town house. Employees are eligible for retirement after 5 years of service, a six weeks vacation and a free trip home every two years. All of that explains why 80% of the UN's expenses are on personnel and personnel related costs. UN personnel have been allowed to accept gifts up to \$10,000. Employees are chosen based on race and nationality rather than ability.

There are 191 countries in the UN – everyone except Taiwan who was expelled to make room for China in 1971 who was then given Taiwan's seat on the Security Council with a veto power. About 90% of those 191 countries are a motley crew favoring big government and socialism. Nearly one third of them are ruled by dictators and over half of them are rated as "mostly unfree" by the Index of Economic Freedom. Nearly one third of the time is spent in the General Assembly discussing and condemning the attempt by Israel to remain free. We really don't fit into this bunch.

In 2003 there were 85 yes or no votes taken in the UN. The results are as follows: the Arab League voted against us 88.7% of the time. The Asean members voted in opposition 84.5%; the Islamic Conference opposed us 84.1%; the Agean members were against us 83.8% of the time; the non-aligned nations were opposed 82.7% and our "friends" in the EU were opposed 54.5%.

We represent a very real problem for these socialistic, dictatorial regimes for they don't like the free enterprise system with small governments and if it wasn't for us they could tell their people that their system is best. Our Constitution that protects our freedoms and brings us prosperity is there for everyone to see and they wish we would stop being prosperous and making them look bad. I have traveled several times in Europe and in Turkey, Egypt and Israel and have found those people to be very friendly to Americans. Their government leaders and their left wing news media are against us because our success proves them wrong and those governments don't like us as a result.



Our left wing news media tells us that the rest of the world does not like us but if that is so why are the lines to immigrate to our country so long. It would seem that the people in the rest of the world (except for Muslims) like us but that the leaders of the world do not like us. The UN is composed of the representatives of those countries and we thus find ourselves in an organization that really doesn't like us. They vote for socialism and big government and for us to contribute more money to them. They will never be converted for it would mean losing their reason to exist and the best solution for us is to get out of the UN.

There are lots of reasons to withdraw. The UN has existed for 60 years and we can now look back and evaluate it based on its actions. The UN was formed after the second World War and everyone was wanting to stop wars. One of the primary purposes of the UN was to do everything possible to avoid future wars. It was thought that having everyone in one organization would permit debate and discussion and mediation and thus avoid conflict. However, that has not happened. The chart below presents the recent history:

Years / ongoing wars / new wars.

1956 to 1965 / 8 / 9

1966 to 1975 / 15 / 20

1976 to 1985 / 30 / 15

1986 to 1995 / 40 / 17

1996 to 2004 / 32 / 11

Not only was the UN not successful in stopping or preventing wars, there were some that the UN completely ignored and did not object to or mention.

The UN also likes communists for when China took over Tibet that was ignored. When the North Vietnam communists invaded South Vietnam after we abandoned them and killed over a million people there was no complaint from the UN. When the communist Khmer Rouge massacred over a million Cambodians the UN did not acknowledge that this was taking place. In 1995 the UN tried to get the Tutsi in Africa to disarm and were partially successful which really helped the Hutus to murder around a million of them and that was not discussed at the UN.

In 1991 the UN investigated the murders that were occurring where the Islamic government of Sudan was trying to exterminate the black people in Darfur. The UN decided it was an internal matter and that genocide was not happening. Now the Sudanese government has requested that all humanitarian groups leave Darfur and the logical conclusion is that the problem there will be eliminated by eliminating all of the people left. Already nearly 200,000 have escaped into Chad which really doesn't want them. Maybe this problem will go away as have all the others when the aggressive force wins.

The UN has been involved with two wars and the results from that are not very good. In Korea the UN helped negotiate an armistice that prevented victory on our part. In the history of wars there had not been one where the two sides agreed not to invade each other but to remain behind their property lines and kill the soldiers on the other side. That guaranteed that North Korea would remain a country and not suffer defeat and they are still there today as a result. That can not all be blamed on the UN for our politicians accepted that and could have prevented it. The war with Vietnam was fought under the SEATO group which is listed as part of the UN. It is not clear how much the UN was directly involved but we again had a situation where a boundary line was established and which we honored and did not invade North Vietnam. We fought the war on South Vietnam territory since the North Vietnamese did not obey the rule. Once again it is hard to completely blame the UN or SEATO since our politicians agreed to the deal.

The first Gulf War was fought under the UN and even though we had invaded and defeated Saddam Hussein's army we did not depose him or try to remove his government from power. That led to 12 years of inspections, of our repeated bombing of Iraq and finally in our invading Iraq without the approval of the UN (although President Bush claimed we were doing it to honor UN directives, Kofi Annan referred to the invasion as illegal on several occasions).

So, the UN has not been successful in preventing wars through discussion and negotiation for we can not identify one war that has been averted. The obvious conclusion is that the UN has not prevented wars and in many cases has not tried. They do not have an army but there is a "peacekeeping" force of 60,000 that must be involved in keeping the peace.

The record of the Peacekeepers is not very good. In fact, it is lousy. It is better known for immoral acts than for keeping the peace. In keeping the peace they are not really to use force for Secretary General Kofi Annan has stated, "Peacekeepers must never again be deployed into an environment in which there is no cease – fire or peace agreement." They must just keep the peace by their presence.

They also participate in other activities which led to Kofi Annan apologizing to the UN in November of 2005 after Congo-based UN peacekeepers had been found sexually abusing women and children. Kofi just found that out but it is not new. A December 1996 UN study documented that "peacekeepers" had been involved in child prostitution in six of the twelve countries studied. In Mozambique, girls as young as twelve had been actively recruited to serve as prostitutes. A February 26, 2002 report by the UN High Commissioner for Refugees (UNHCR) described wide spread sexual exploitation of children at Western African refugee camps.

Paul Nolan of Save the Children describes such sexual predation as "widespread, quite possibly endemic and which also included people who were actually in place to provide those refugee children with the care and protection they were entitled to..." The Inter Press Service reported "six out of 48 UN agencies operating in the field have received reports of new cases of sexual exploitation or abuse mostly by blue helmeted UN peacekeepers during 2003. Ruud Lubbers, the UN High Commissioner for Refugees resigned after being accused of sexual harassment in February 2005. Didier Bourget, on the UN staff in the Congo is on trial in his native France for organizing a pedophile ring stretching from Asia to Africa.

Sex scandals have been recorded in Kosovo, Sierra Leone, Liberia and Cambodia and 150 different cases are under investigation in the Congo. In Liberia, UNESCO, an organization for educating children has been established for educating abandoned children of UN peacekeepers. The UN has tried to reduce the number of illegitimate children by issuing five condoms per week to each peacekeeper (reported in The Economist April 23, 2005).

UN peacekeepers are obtained from various countries and the UN pays the countries for their recruits which enables the UN to have a mercenary force. Those recruits aren't necessarily the best as indicated by those from Bulgaria who have become notorious for drunken rampages, brawls, shootouts and mistreatment of women. The Bulgarian government offered inmates in prisons and psychiatric wards freedom if they would serve as peacekeepers for six months in Cambodia. They say that truth is stranger than fiction and the above is hard to believe but it is so wide spread and pervasive that this must be accepted as true.

This is what happens to an organization that is not subject to some restraint and control by an electorate. They are responsible only to themselves and their conduct is then determined by the kind of people in charge. From this we can conclude that the people in charge are rotten. The UN has been requesting that an army be developed and assigned to them and after their management of the Peacekeepers it is impossible that we or anyone would agree to let this outfit have that kind of power to exert over anyone or anything.

The UN has many, many agencies and it is appropriate to review them.

UNESCO, the UN Educational, Scientific and Cultural Organization has a very spotted background. It is natural that an organization involved with education would try to persuade others that it is part of an

excellent organization and that it should be supported and funded. That means it would state that a super national entity, or one world government, should be developed and that individual countries should be reduced and become irrelevant. In the words of its founding director Julian Huxley, “The general philosophy of UNESCO should be a scientific world humanism, global in extent...It can stress the transfer of full sovereignty from separate nations to a world political organization.”

Pursuing that agenda led to many complaints about the organization. The culminating act was when UNESCO proposed a New World Information Order (NWIO) which would have led to licensing and controlling all journalists, broadcasters, and news media personnel world wide. IN 1956 the Senate Judiciary Committee concluded that “by far the worst danger spot, from the standpoint of disloyalty and subversive activity among Americans employed by international organizations is UNESCO...”

As is normal with these unelected organizations their leaders act as dictators and in 1985 our Congress reviewed the report from our General Accounting Office and concluded that director Amadou Mahtar M’Bow had created a fiefdom without a trace of accountability, financial or otherwise. That confirmed the wisdom of the decision made by President Reagan to withdraw from UNESCO in 1984.

However, in 2002 President Bush decided that UNESCO had reformed and placed us back in that organization where we fund about 25% of its budget. Has the UNESCO really changed? Is it possible it has renounced its goal of doing away with individual nations and their replacement by a world government? Rep. Ron Paul (R-Texas) expressed doubts about that when he asked, “Are we to believe that after nearly two decades of mismanaging itself things have changed so much in just two years? Is it worth spending \$60 million per year on an organization with such a terrible history of waste, corruption, and anti – Americanism?” Rep. Paul then stated in Congress, “Mr. Speaker even if UNESCO has been ‘reforming’ its finances over the past two years, its programmatic activities are still enough to cause us great concern among those of us who value American sovereignty and honor our Constitution.”

Consider the following list of UNESCO’s ongoing highly questionable activities: UNESCO meddles in the education affairs of its member-countries and has sought to construct a UN based curriculum for American schools. UNESCO has been fully supportive of the UN’s Population Fund (UNFPA) in its assistance to China’s brutal coercive population control program. UNESCO has designated 47 UN Biosphere Reserves in the United States covering more than 70 million acres without Congressional consultation. UNESCO effectively bypasses Congressional authority to manage federal lands, by establishing management policies without Congressional consultation or approval.”

UNESCO sees itself as the World School Board and would control education throughout the world. It is unrealistic to think of changing UNESCO or even influencing it. The only solution to stopping it is to stop funding it and withdrawing from it and the UN.

UNICEF is the UN organization involved with children. It seems peculiar that the UN would have such an organization since children are the responsibility of their parents but the UN does not see it that way. UNICEF has been involved in developing sex education material for children and has been responsible for distributing condoms to children. For some strange reason they have also contributed money to Hamas, the Palestinian terrorist group. They have used UNESCO material to promote educating children to accept the UN as a one world government.

At a UNICEF sponsored convention in 1989 on “The Rights of the Child” some of their conclusions were: Article 5, “states are empowered to permit parents to raise their children... Article 7 requires states to register all children. Article 14 limits children’s rights to freedom of worship if such worship is contrary to the UN’s charter (which has no reference to GOD) and article 29 states,” the education of the children shall be directed to ...the development of respect for ...the principles enshrined in the Charter of the United Nations.” UNICEF and the UN Family Planning Agency helped fund the campaign being waged against the Tibetan women to reduce their population. In 1987 , Joseph Verbeek, a Belgian who headed the Belgian office of UNICEF was arrested and charged with using the UNICEF facilities for child prostitution and the production of child pornography.

Conventions are held by all of the organizations of the UN and the usual procedure is that the organization holding the convention will write up

the conclusions prior to the meeting and then have all of the attendees vote on the conclusions. Naturally, they are always accepted. These conventions are always held at places where the delegates are comfortable and the expenses are all paid for by the UN. Estimates of expenses at the 1986 meeting of the IMF and World Bank which included 10,000 delegates and 700 social events was \$10 million.

In 1987 at the Montreal Protocol the conference decided that Freon should be banned and President Bush (41) put that into effect and ended production in 1996. A federal task force announced indictments against 12 individuals for smuggling Freon into our country. The state of Arizona fixed all of that by passing a law that said Arizona would not honor the Montreal Protocol so we still have Freon.

In 2001 the Durban World Conference on Racism concluded that Israel was racist and that the Holocaust did not occur. The UN Population Fund along with the International Planned Parenthood Federation is highly supportive of China's one child per family program which is accomplished through abortion. They are also promoting that program in third world countries. The UN's 1992 Earth Summit in Rio de Janeiro presented the Convention on Biological Diversity which developed the Global Biodiversity Assessment which has led to the Wildlands Project which proposes to convert one half of the land area of the USA to a preserve. That preserve would be controlled by the UN.

That is in line with the 1976 Habitat Conference which stated, "Private land ownership is also a principle instrument of accumulation and concentration of wealth and therefore contributes to social injustice....Public control of land use is therefore indispensable."

The World Health Organization is best known for its solution to Aids which is to distribute condoms. In 1998 they started its Roll Back Malaria program and have tried to stop malaria through the use of an anti malaria drug, Coartem, and have ignored the use of DDT to kill mosquitoes. By 1965 malaria had been eradicated from most of the world except for Africa by killing mosquitoes (using DDT) which are the main carrier of the disease. Over one million people die each year from malaria but the results of their program so far is a failure.

The record of the Human Rights Commission is unbelievable. We were expelled from it for complaining about the commission and its members which included Zimbabwe, Sudan, Cuba, Saudi, Arabia, China, Nepal, Libya and Russia. It (as well as the General Assembly) has been unable to define the word "terrorism" because that might offend the suicide bombers from the Islamic areas. Even Kofi Annan has pointed out, "...states have sought membership of the commission not to strengthen human rights but to protect themselves against criticism or to criticize others." The main target has been Israel.

Due to the complaints the Human Rights Commission was reformed and the name changed to the Human Rights Council in 2006. The USA tried to reduce the membership from 53 countries to 30 but the membership was only reduced to 47 and most of the old members were reappointed. We also tried to require that a two thirds vote be necessary to be placed on the Council but we were also unsuccessful there. We did not join to indicate our displeasure with the reform. The UN was quite pleased and announced that a reform had been accomplished to change the Commission to the Council but actually the only real change was in the name. It continues to be there to criticize and blame Israel for everything that takes place in Palestine.

The latest action by the new Commission on Human Rights has been to criticize our holding of combatants at Guantanamo. None of the commission members have visited Guantanamo but they have recommended we close it. They really don't care. They have done this just to see if they can embarrass us. (We really do not belong in this organization)

Our ambassador, John Bolton has tried to get rid of the SCIIHRP (Special Committee to Investigate Israel Human Rights Practices). The UN has been deeply involved in the Israel Palestine conflict for the UNRWAPR (UN Relief and Works Agency for Palestine Refugees) was started in 1950 and operates 27 refugee camps in the West Bank and Gaza and another 32 camps outside the area. Those camps have

been the main source of the suicide bombers murdering Israelis. Videos have been taken showing the support of UN personnel in helping Palestinian attacks.

We were also expelled from the UN Advisory Committee on Administration and Budgetary Questions because we complained about expenditures made by the UN.

Then there is the matter of corruption. The IHC company has handled millions of dollars for the UN and we have found that a UN procurement

officer, Mr. Alexander Yankovlev has admitted to having accepted \$950,000 from IHC to assist them in getting contracts. The Chairman of the Board of IHC from 1998 to 2000 was Mr. G. Picco, a special adviser to Mr. Annan. The UN budget oversight committee chairman, Mr. Vladimir Kuzetnetsov has also been indicted on money laundering charges. Mr. Benon Sevan, former executive director of a \$64 billion aid program has been accused of pocketing about \$145,000 for steering contracts to the brother in law of former UN Secretary General Boutros-Boutros-Ghali and has been indicted on charges of wire bribery and conspiracy to commit wire fraud. Mr. Sevan has resigned and left the US for his home in Cyprus and is unavailable.

In January of 2006 Secretary General Annan placed eight top procurement officials on special leave pending investigations by the UN. Sanjaya Bahel, former head of the UN's Commercial Activities Services as well as its Post Office is alleged to have improperly steered UN contracts to several Indian companies. The UN's Office of Internal Oversight Services audited the UN peacekeeping procurement and found that \$110 million worth of expenditures had "insufficient" justification: another \$61 million bypassed UN procurement procedures, \$82 million had been lost to mismanagement, close to \$50 million had shown indications of "bid rigging" and that \$7 million was squandered through overpayment for a total of \$300 million. That was just for 2006 and who knows what the future holds.

The Oil for Food Program was established in 1995 for the purpose of enabling Saddam Hussein to sell oil and obtain funds to help provide for the people of Iraq. In addition to the usual profits from the sale of the oil Saddam also obtained around \$10.2 billion more for his personal use. He did that by bribing various people and governments through granting them options to purchase oil at special prices, usually without taking possession of the oil. Implicated were the Interior Office of France as well as the presidential office of Russia. China and Germany were also identified as benefiting.

It is no wonder that Saddam was not worried about the UN ever taking any military action against him for two of the countries with a veto power were receiving money from him. Kofi Annan's son was also identified as receiving benefits for he worked for Cotecna who was a successful bidder on a contract for services. After having received the contract for the work their bid was revised upward to match the second highest bidder without a new bid request. Kofi Annan originally said he was not aware his son worked for them and he also forgot two private meetings he had with the firm. They were later criticized in the final report for incompetence. Kofi's son also was able to purchase a car through the UN and thus obtain a discount of \$6541 and avoid taxes of \$14,103.

The UN has also been of great benefit to the North Korean communist government through the United Nations Development Program in North Korea. In a January 16 letter to UNFDP Associate Administrator Ad Meikert, Ambassador Mark Wallace of the U.S. Mission to the UN lays out what American digging has found so far: The UNDP's program in the Democratic People's Republic "has for years operated in blatant violation of UN rules, served as a steady and large source of hard currency and other resources for the DPRK government and with minimal or no assurance that UNDP funds and resources are utilized for legitimate development activities." While the exact amount can not be identified it appears to run at least to the tens of millions of dollars since 1998 and one source says it could be upward of \$100 million. The staffing for the program is under the control of the UNDP and the salaries paid are paid directly to the UNDP government who can dispense with them as they wish. That too, is against the rules. North Korea seems to operate with the assistance and help of so many outside agencies that it does not have to function in a normal manner.

The most interesting part of the Oil for Food Program was the investigation that took place. Mr. Annan was able to appoint the investigator, Mr. Paul Volcker. Mr. Volcker was known as a UN supporter and was on the Board of Directors of the United Nations Association of the USA and a major contributor to that organization. Mr. Annan also appointed the investigative panel. Mr. Annan then refused to grant them subpoena powers and required that all those interviewed be approved by himself. A threatening letter was sent to all the involved contractors informing them that they were not free to talk to the investigators without permission from the UN. UN employees were also instructed to obtain permission before talking to investigators.

The UN audit commission had audited the program on 58 different occasions and Mr. Annan refused to turn those audits over to the investigators and later refused to turn over documents to our Congress who also wished to investigate.

Mr. Volcker also stopped our Congress and withheld documents from them. Mr. Iqbal Riza, chief of staff for Mr. Annan, ordered the shredding of thousands of documents potentially of relevance to the Oil for Food inquiry.

Some of those documents may have been generated by various organizations that were there to prevent these actions. There was an undersecretary-general for management duties, a Board of Auditors, a Joint Inspection Unit, an Office of Internal Oversight, and an Advisory Committee on Administrative and Budget Questions. It is possible that some of those organizations were aware of the fraudulent activities and might have led to the shredding of documents. Then, Mr. Annan also stipulated that the final report be turned over to him before it was issued.

The final report stated, "Our assignment has been to look for mis-or-mal administration in the oil for food program and for evidence of corruption with the U.N. organization and by contractors. Unhappily, we have found both."

That report led 60 of our Congressmen to ask for Kofi Annan to resign. Mr. Annan called the findings "deeply embarrassing to all of us" but said he had no intentions of resigning.

Two of Mr. Volcker's investigators, Robert Parton and Miranda Duncan, resigned in protest of what they believed was a weak finding against the secretary-general. Mr. Volcker responded by obtaining a restraining order from a U.S. district judge to prevent the two from testifying to Congress. Our Congress accepted that order and made no further attempts to find out the truth.

The Oil for Food program is very revealing. First, it shows that politicians of even the most powerful countries are susceptible to bribes. Second, it shows that these super organizations, like the United Nations, are absolutely beyond anyone's control. Kofi Annan, the Secretary General of the United Nations, was completely in control of the investigation into his own conduct. He chose the investigator and those assisting him. He threatened the contractors, ordered his own employees not to cooperate, had documents shredded, refused to turn over audit reports and even approved the final report before it was issued. Then when some of those investigating wanted to testify before our Congress the person he had selected to investigate was able to obtain a restraining order preventing them from testifying. This also shows that they really do not care what we or anyone else thinks. Their power is complete and they are supreme and can not be touched as if they were royalty. It is hard to believe that we would belong and support such an organization and willingly contribute money to them.

Kofi Annan is now gone but the corruption charges have not stopped. A woman working for the Metrological Organization has now testified that she was forced not to report fraudulent activities and we now have charges that money was funneled to North Korea by the UN without the proper safeguards and procedures that would insure the money was properly dispersed. North Korean representatives were placed in responsible positions to oversee the operation instead of UN personnel.

When you add these to the previously cited actions of their Peacekeepers, to the educational programs of UNESCO, to the immoral activities of UNICEF, to the voting in the General Assembly, to the constant condemnation of Israel, to the makeup of the Human Rights Council (after it has been reformed), to the

World Health Organization and its support of abortion and its incompetence in ignoring DDT in trying to stop malaria and to their sex scandals it is hard to understand why we are still part of this bloated, corrupt, incompetent, bureaucratic organization.

It becomes easier to understand why our founding fathers were so insistent on separating powers in our government. It is not easy to understand how our politicians ever agreed to join such an organization as the United Nations as it exists without those controls.

The UN is not yet complete according to their desires. They are limited to the funds they receive which are voluntarily contributed by their members. We have even withheld or threatened to withhold funds which has infuriated them. Kofi Annan's answer to that is the Millennium Development Goals. In speaking to the General Assembly, President Bush stated, "We are committed to the Millennium Development Goals." Those goals are to have each country contribute .7% of their GNP to the UN on a regular basis for the UN to administer the distribution of foreign aid in addition to their other dues. President Bush indicated his agreement to that proposal and maybe he did not do the math but for our country that would add an additional \$84 million to our already \$2.2 billion we gave in 2005.

Secretary of State Condoleezza Rice said that President Bush was also in favor of the Law of the Sea proposal from the UN which would place all of the oceans of the world under UN jurisdiction and would thus enable it to tax anything done in the seas and in that way have a source of income not dependent on the members. That proposal was originally rejected by President Reagan and has never been presented to Congress.

The UN also does not like any citizen of the world to have personal weapons. In 2001 at the UN Small Arms Conference an attempt was made to mandate, "legal restrictions on unrestricted trade in and ownership of small arms and light weapons." We may need an international NRA to combat these people.

The UN would also like to have control of the internet. In 2005 a UN

sponsored World Summit on the Information Society concluded that the UN should have oversight of the internet and the World Wide Web and that proposal received the backing of the European Union. At this time the internet is under the control of the USA Internet Corporation for Assigned Names and Numbers under Department of Commerce oversight and is working exceedingly well. The UN would use it as a means of taxing transactions and would certainly interfere in its operations.

The UN is also interested in establishing its own army. The present Peacekeeping Force is wholly inadequate as well as corrupt and the UN would like us to establish a 75,000 strong army of international "peacekeepers" called the Global Peace Operations Initiative (GPOI). The Bush Defense Department and the State Department have both indicated an interest in doing that. In 1993 President Clinton issued Presidential Decision Directive 13 which, "endorses the United Nations as ersatz world policeman and commits Washington to support multinational peacemaking and peacekeeping operations "politically, military and financially." That directive was not fully implemented but we are now looking at the same idea more fully developed.

The plan includes spending \$600 million over the next five years with the US doing the recruiting and training. Funding would be provided by the IMF and World Bank (who would get the money from us) for that operation and thus be out of our control. This was developed in 2005 at the World Summit Outcomes conference. In addition to the GPOI the World Summit would initiate a World Solidarity Fund, a Democracy Fund, a Central Emergency Revolving Fund, an International Finance Facility and a Peacebuilding Fund.

The audacity of these bureaucrats is unbelievable. This is an organization of bureaucrats, by bureaucrats and for bureaucrats. We have been the main source of funds for them. They operate completely independent from us even expelling us occasionally from various committees and always voting against us. The small humanitarian actions they have taken have been accomplished with our money and we could have accomplished that same action much better than they. They have not prevented wars. In

addition, it is obvious that they would very much like to take control over us and could even be a danger to us. We should get out of the United Nations now.

Those one worlders who dream of a one world government free from war existing peacefully under a United Nations should remember that two of the five ruling countries in the UN are the most murderous, vicious governments in the history of mankind (China and Russia) and that France has demonstrated that their leaders can be bribed and are not favorable to us anyway. Thus, three of the five with veto power would not rule benevolently and justly but would rule for their own benefit.

The present situation with Iran reveals the inadequacy of the UN. China has an agreement with Iran to provide oil and Russia is selling material to Iran. Neither will permit applying sanctions to encourage Iran to stop its development of nuclear weapons. Russia and France prevented the UN from authorizing the war in Iraq since they were being bribed. With the power divided among five countries it is impossible to rely on that group for anything.

It is worth repeating Thomas Jefferson's statement, "Put not your faith in men but bind them down with the chains of the constitution." We should not be in any organization that is not under the control of our Congress and therefore under the control of our people.

The actions taken by the IMF and World Bank have assisted dictators and rulers to remain in power and have really helped and protected bankers. The history of the UN is one of corruption, immorality, waste and fraud. To put it another way it is very probable that if the UN were in control of the world that Christianity would be oppressed and persecuted. We should get out of all of these organizations now.

However, since it is our presidents who have placed us in them and the previous and existing Congress's who have funded them it is extremely improbable that anything will be done to either improve, correct or withdraw from these organizations. If we are to withdraw it will require a new party to accomplish that for both of our present parties are quite happy belonging to these bureaucratic organizations even when the bureaucrats are from foreign governments.

## Chapter 9

### Government by Organizations designed by Congress

As government expands, liberty contracts

President Ronald Reagan

The foregoing foreign organizations were organized by others which our Congress approved of and placed us in those organizations. There is another group of organizations that were actually designed by our Congress and which actually included members from other countries to whom we gave membership and power to that which was equal to our own representatives. In the past any such organizations would have required a treaty being written and approval of two thirds of our Senate. That Senatorial approval has been avoided and these groups now have foreign bureaucrats exercising power over us.

## NAFTA

In 1989 we signed an agreement with Canada (CUSTA) which was designed to reduce tariffs and duties between our countries. It was used and did not have a big effect because there were not great differences between our countries. That led to NAFTA (North American Free Trade Agreement) between the USA, Canada and Mexico. This agreement should more properly be labeled "the agreement to reduce manufacturing and the middle class in the USA by transferring manufacturing to Mexico." It is called "a congressional-executive" agreement to distinguish it from a treaty and to make it possible to pass it. Treaties require that two thirds of the Senate approve them whereas these "congressional – executive"



agreements only need a majority to enact them. It was developed during 1990 and approved by our politicians in our Democrat controlled Congress on August 12, 1991. Its stated purpose was to reduce tariffs between the countries over the next ten years.

However, the document is two volumes thick with 97 chapters and establishes organizations concerning labor, environments, and banks as well as establishing rules over all sorts of commercial conduct. Chapter 11 permits Mexican and Canadian companies to sue the American government (in 2004 the tribunal set up by NAFTA overturned previously settled judicial proceedings in Massachusetts and Mississippi) and chapter 19 establishes a panel from the nations involved to review anti – dumping and duties set by the countries involved. In 2004 the California Legislature passed a bill to help the state dispose of millions of scrap tires by recycling them into asphalt for road construction. Mexican rubber producers claimed this was violation of NAFTA and the NAFTA court agreed and Gov. Schwarzenegger submitted and vetoed the bill citing the supremacy of “international law.”

The NAFTA rules restrict the amount of inspections that can be performed on goods imported into our country to less than 1%. That explains why we have recently seen pet food additives from China leading to the death of our pets and why toothpaste and other items from China were allowed into our country even though they were contaminated. It also explains why it was so difficult to determine the source of the recent salmonella scare about tomatoes and jalapenos It now appears that the source was Mexico. Thus, as with the other super government organizations that are established this one also is much more than a tariff reducing organization.

Former Secretary of State, Henry Kissinger said, NAFTA, “...will represent the most creative step toward a new world order taken by any group of countries since the end of the Cold War. NAFTA is not a conventional trade agreement but the architecture of a new international system.” Trade analyst Thomas R. Eddlem stated NAFTA will set up “more than 30 new international government committees, sub-committees, councils, working groups, and sub groups mandated by NAFTA...NAFTA itself would establish the Free Trade Council- a continental government-in-waiting with enormous discretionary powers – with at least eight permanent committees, six ‘working groups’ and five subcommittees and sub groups. A curious item is that NAFTA is shown on the organizational chart of the WTO.

We are now aware of the effect of this agreement on our manufacturing businesses for the last ten years has seen the transfer of thousands of manufacturing jobs to Mexico. The Wall Street Journal reported that, ...by some estimates, roughly 1.3 million manufacturing jobs have moved abroad since the beginning of 1992, the bulk in the last three years (2000 – 2003) to Mexico and East Asia. David Broder reported in his column that “The number of factory workers has declined every month for three years. From July of 2000 until last month (August of 2003) , industrial jobs fell from 17.3 million to 14.6 million (2.7 million) – a loss of almost one job in six. And these were, for the most part, good jobs, averaging \$54,000 a year.” As one would expect the average wages for American workers has declined and consumer credit has increased by \$880 billion between 1992 and 2003. (From \$1159 to \$2039). That increase in consumer credit seems to be due to using credit cards to pay for normal purchases and not for luxuries.

A Harvard study revealed that approximately one-third of families who filed for bankruptcy owed an entire year’s salary on their credit cards. Our trade deficit with Canada and Mexico has increased from \$9 billion in 1993 to \$111 billion in 2004. NAFTA has hurt the American worker which was no surprise to our politicians who enacted the Trade Adjustment Assistance program which provided \$1.3 billion for Americans who lose their jobs as a result of NAFTA. They knew that jobs would be lost and enacted NAFTA anyway.

## CAFTA

And now the Bush administration has given us CAFTA. In 2004 our politicians started to include Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua in a Central American Free Trade Agreement.

On August, 2005 we included the Dominican Republic. The agreement was passed through our Congress in late July 2005 by a very close vote of 217 to 215. In the past, with NAFTA the voting was nearly bi partisan with most of the support coming from Republicans. (WTO support was from Democrats) This vote on CAFTA was nearly all Republican with the Democrats opposing it.

As you would expect CAFTA was a reenactment of NAFTA. Once the politicians had developed an organization that suited them they naturally applied it to the next one – CAFTA. The small six countries that are involved will bring very little trade or commerce to us while setting up another organization to which we relinquish some of our sovereignty and some more of our manufacturing jobs. There are 92 pages covering legislation and 31 more pages that spell out the administrative actions the USA must take in compliance. Thea Lea of the AFL-CIO has written,

“CAFTA strengthens protections for multinational corporations, forcing draconian changes in intellectual property protection regimes, giving corporations new rights to sue governments (mainly the USA) over regulations they deem too costly or inconvenient, and limiting the ability of future legislators to place conditions on government procurement.” Guatemalan Bishop Monsignor Alvaro Ramazzini said, “CAFTA is much more than a simple trade agreement, as it includes a range of mechanisms that combine prohibitions on governments with rights for foreign investors on such issues as investment, national treatment, intellectual property rights, market services, public services and access to bidding on public contracts.”

As with the other super-national organizations our politicians have told us they are acting in our benefit while transferring our government to these other groups. We have already been told that there is more to come for now we are being prepared for the Free Trade of the Americas (FTAA) which will include the whole hemisphere.

## FTAA

The Free Trade Agreement of the Americas (FTAA) already exists even though there are no countries that have joined. The bureaucrats have written the rules and are waiting for us to join. After the acceptance of NAFTA by our politicians in 1994 the FTAA was formed in 1995. Mack McClarty, President Clinton’s chief of staff said, “This is not a trade summit, it is an overall summit. It will focus on economic integration and convergence.” That may seem surprising since it has not been introduced into our Congress but the bureaucrats that want this to become law have already been appointed and are working on the organization. It is fairly simple since they will just adopt the rules and regulations in NAFTA and include the rest of the countries in the hemisphere. The charter is now in its third draft and includes 24 chapters covering all of the government agencies that would be necessary to run a big government operation. It does not yet include some of the dictatorial rules from the EU that deprive their people of their freedoms but it is probable that we can rely on the bureaucrats in charge to include those in the future as was done with the EU. The charter does include a “dispute settlement” organization which functions as a court which issues rulings and already has a group writing laws and is able to impose sanctions. In 1995 the Supreme Courts of the Americas Organization was also formed and completes the organization that can legislate, execute and judge. It is ready to rule and govern.

It is hard to believe that we would be willing to join a group composed of the rest of the Americas but our politicians have already placed us in NAFTA which includes Mexico which is not a kind of country with which we would voluntarily choose to be joined so who knows what they may agree to next.

As we look at the rest of the countries in our continent we find Argentina who repudiated their debts with other investors and countries back in 2000 and are now wanting to repeat that again. (They will be saved by the IMF which will then pay off the banks and get more money from their members). Their problem is socialism. Chile has been slowly repudiating the free enterprise system they adopted but now have elected a more moderate president which may help stop their descent into socialism.

Brazil's president claimed to be Marxist but has been slow in adopting it completely. They will be electing a new president soon but the favorite candidates are socialists. In Columbia we have the hemispheres largest drug cartel and in Venezuela we have the avowed Marxist Hugo Chavez who is in the process of becoming a dictator and forcing two oil companies to increase his share of their operations. In Bolivia the recently elected Marxist Morales has just told the two gas companies that they are to be nationalized.

An unsavory bunch if I ever saw one. The only countries we should be involved in would be Belize and Costa Rica. El Salvador is rated fair but their criminal gangs are even present in our country. Naturally, Haiti is not included although the Dominican Republic on the other end of their island is in CAFTA. Haiti is as close to anarchy as you can get and is ruled by criminal gangs and so should not be included in any organization.

An examination of all of these super governments leads us to wonder why we would be in any organization where we share authority. All of their charters and rules and regulations have been written by bureaucrats who have not necessarily been friendly to us. We have not been involved with their selection of personnel nor with their compensation practices. In the past these kinds of organizations obtained the loyalty of their personnel by overpaying them for their work and granting vacations, benefits and pensions which keep them loyal forever and even lead them to forget the country that they may supposed to be representing.

Our own system of government has been to separate the executive, legislative and judicial functions to prevent the concentration of power in any one group. These super governmental organizations combine all of these functions and thus should be considered despotic and dictatorial. We have no control over their expenditures and very little control over how much they charge us for their operations.

The European Union has once again failed a financial audit. Does it bother them? Do they take action to see that it doesn't happen again? They are responsible only to themselves and so do not have to take any action but can continue to be incompetent or maybe even dishonest.

Therefore, in theory, we should not belong to any of them. They are alien to our beliefs about governments. In addition, we now know the results of belonging and that should convince us to withdraw. The International Monetary Fund has wasted our money and has aided dictators and tyrants to remain in power. They have encouraged banks to loan money improperly and then protected the loans those banks made. Coupled with the World Bank they have imposed rules and regulations which have harmed the countries they are supposedly helping. As a socialist organization they have caused countries to increase taxes and to accept big business while reducing their own small business operations. They have also assessed us lots and lots of money (\$ billions) and we have not received any assistance from them. Why have we accepted this?

The World Trade Organization almost seems anti - USA. One wonders if there are any Americans in the organization. All of the other members would like to have freedom to come into our markets without restriction and without changing their own protectionist practices. Two thirds of the time disputes have been decided against us and we have agreed to grant them power over us which is not to our benefit. Why are we supporting them and providing them with funds to harm us?

We now know the results of NAFTA and it has really hurt our manufacturing base which is now in Mexico. That manufacturing provided excellent income and work for our citizens and many of them have suffered as a result. Is that what a government is supposed to do for its citizens? Send their jobs to some other country?

In addition, as with the other super governments cited before we have granted it powers which no country should give away and we support these groups at our expense. We have voluntarily agreed to be in organizations which were conceived by others and has rules and regulations from others but in which our politicians voted to place us. We have agreed to abide by those rules even if they are different than

our own laws. California Governor Swartzenegger vetoed a perfectly good bill passed by his legislature in compliance with a NAFTA ruling.

Are we going to see other state or federal officials or judges accept international laws in favor of our own? Two of our Supreme court justices, Ginsburg and Breyer, have cited international law in their rulings.

The US, Canada and Mexico have established eight trilateral groups to work out the details of an agreement between the three leaders of those countries to implement the Security and Prosperity Partnership of North America (SPP). Mexican President Fox has indicated that, "...our long range objective is to establish with the United States, but also with Canada, our other regional partner, an ensemble of connections and institutions similar to those created by the European Union."

NAFTA and CAFTA were the start but the SPP would take this process to the next step for President Fox told an audience in California that his government would, "use all our persuasion and talent to bring together the US, Canada and Mexican governments so that in five to ten years, the border is totally open to the free movement of workers." This explains why our government has been so slow in implementing the Secure Fence Act which was passed in 2006 and requires building a 700 mile fence along our southern border. That fence would seriously impede having a totally open border and would interfere with the plan to have a North American Union.

There is a solution. We should withdraw immediately from any foreign organization that is not subject to and under the control of our Congress. Can any loyal American object to that?

However, those are not the only questionable groups we have. Open the web site on government and look at all the agencies and bureaus and organizations that exist. Are even half of them identified in our constitution? Our government is completely out of control. It is too big. Present employment is estimated to be 2.1 million and that is probably twice what we need.

## Chapter 10

### Government by Czars

From our Declaration of Independence Thomas Jefferson charged the British King, "He has erected a Multitude of new Offices and sent hither Swarms of Officers to harass our People and eat out their Substance"

President Obama is not the first president to appoint unelected officials to high level positions of authority but attention has been called to them by assigning the title of "czars." He is now trying to stop the use of that term but it is not working. It's not a bad title since most people tend to remember the Russian Czars who ruled with authority and had not been elected to those positions. In our case these Czars are unelected, unconfirmed by our Congress and given unconstitutional authority over various sections of our government.

During the FDR reign Roosevelt appointed 12 people to those kind of positions where he did not want to go through the approval process. Truman had six, Eisenhower and Reagan both had one and George Bush (41) had two. Clinton had seven and then George Bush (3) had thirty one. President Obama has around thirty four and some of their titles indicate that functions are being performed that are really unconstitutional. We have a Science Czar, a School Safety Czar, a Car Czar, Energy Czar, Urban Czar, Health Czar and a Czar Czar.

There is also a Pay czar, a Domestic Violence Czar, a Green Jobs Czar, a TARPS Czar, a Technology Czar, a Regulatory Czar, an Afghanistan Czar, a Mid-East Peace Czar, a Sudan Czar, an AIDS Czar, an Economics Czar, a Border Czar, a Climate Czar, a Stimulus Accountability Czar, and on and on and on.

House Minority Leader John Boehner has accused the President of subverting the Constitution. He stated, "He clearly is circumventing the Constitution, in my view, . . . ." Senator Robert Byrd (D- W. Va) wrote a letter to Obama, warning, "The rapid and easy accumulation of power by White House staff can threaten the Constitutional system of checks and balances. At the worst, White House staff have taken direction and control of programmatic areas that are the statutory responsibility of Senate confirmed officials." Further he wrote, "I am concerned about the relationship between these new White House positions and their executive branch counterparts. Too often, I have seen these lines of authority become tangled and blurred, sometimes purposely, to shield information and to obscure the decision-making process."

Some of his appointments are very troubling. His Energy Czar, Carol Browning, was the former Secretary of the EPA and a member of a Socialist organization. She had announced by February of 2009 that she had plans to declare carbon – dioxide emissions a danger to the public. She had previously been declared to be in contempt of court for having some of her computer files destroyed. A judge had ordered her to produce those files to help him decide a law suit against General Electric but Carol destroyed the files which would have helped GE in the law suit. Her membership in the "Commission for a Sustainable World Society," a socialist organization, reveals her opinions of our capitalistic government.

Another very questionable appointment was Van Jones, the Green Jobs Czar. An admitted communist, he signed a petition circulated by 911 Truth.org that questioned whether Bush officials may have allowed the terrorist attacks of 9/11 to go forward "perhaps as a pretext for war." He also was involved in a group appealing for clemency for death- row inmate Mumia ABu – Jamal who had been convicted for the murder of a police officer. He resigned his position when his background was revealed but is still in the White House administration.

Science Czar John Holdren , coauthored a book , Ecoscience, Population, Resources and Environment , where it was stated that, "population-control laws, even including laws requiring compulsory abortion, could be sustained under the existing constitution." His understanding of our constitution is really peculiar.

He has also been involved in "Climategate," the deliberate manipulation of scientific data and the stonewalling of Freedom of Information requests.

We have another campaign promise from Mr. Obama that has been discarded. On April 15, Mr. Obama signed the budget law passed by Congress and added a signing statement to it (he pledged he would not do that) in which he indicated he would ignore the part of that act which prohibits funds to pay for four "czars," namely, Director, White House Office of Health Reform; the Assistant to the President for Energy and Climate Change; the Senior Advisor to the Secretary of the Treasury assigned to the Presidential Task Force on the Auto Industry and Senior counselor for Manufacturing Policy; and the White House Director of Urban Affairs. Mr. Obama obviously believes he is above the law and not subject to it.

The really, really, really questionable one is the Safe School Czar, homosexual activist Kevin Jennings. Obama's recent request to the military to change their "don't ask, don't tell policy reveals his support of the homosexual group but this appointment is still surprising. It seems probable that someone in charge of safety in our schools would have a background in law enforcement or police work or something of that nature.

However, the most recent program of the homosexuals is to complain that homosexuals are being harassed and bullied and that they need special protection and privileges. Kevin Jennings has the background for promoting that agenda.

His organization, GLSEN, (the Gay, Lesbian and Straight Education network) is known for promoting explicit, outrageously age – inappropriate sexual lessons in the classroom. GLSEN's recommended reading for teens includes pamphlets promoting leather bars and public sex in parks and lurid books

describing incest, rape, and adult-child fantasies. He has admitted his in his 2006 memoirs that he harbored a deep seated hatred for God and religious believers. As a teacher at Concord Academy in Massachusetts he failed to report a homosexual rape of a high school minor to the administration or police. We can expect some great things for the homosexual movement from this homosexual and the Obama administration.

Many of these Czars appear to be engaged in functions that are already covered by normal appointments. We do not really know what they do for all we have are their titles. We don't know what their pay is nor how many people they have working for them nor expenses associated with them. Are they issuing rules and regulations? Carol Browder announced that she was going to declare carbon dioxide as a dangerous substance in 2009 just after she was appointed and before any scientific study had been done. Where does she get that authority?

In some cases we have found some information about their backgrounds but these appointments have not been examined or approved by our Senate as is required of Presidential appointments. This is setting up a whole new government that is not controlled by our Congress and if they assume that they have the authority to issue regulations that are then published in the Congressional Record have they made new laws? Are those laws now to be followed and enforced? At one time our government had three branches of government and each branch had some check over the other branches. We now have a government by bureaucrats without those checks and balances.

They are unelected, unknown and uncontrolled.

## Chapter 11

### Problems

Government is not the solution. Government is the problem.

### President Ronald Reagan

The foregoing discusses the fact that we have many government organizations that were not planned by our founding fathers and were not part of our Constitution. Does that mean they were bad? The answer is clearly, yes.

In fact, it would not be wrong to say that all of our present problems are because we have left the Constitution. The departments and agencies being reviewed are not authorized by our Constitution,

The EPA led by environmental bureaucrats has destroyed towns, led to huge law suit costs, interfered with construction of hospitals and dams, and added significantly to the costs of businesses in their normal activities. Our Congress has passed laws and funded departments that have stopped the development of our resources. The bureaucrats in our Energy Department have issued rules which have made it more difficult to construct nuclear power plants and oil refineries and the bureaucrats in our Department of the Interior have stopped normal logging and prevented the clearing of fo rests which has led to forest fires. The Department of the Interior has placed a moratorium on drilling in the Gulf incurred a "contempt of court" for not removing moratorium.

The bureaucrats in the Department of Housing and Urban Development have built and then destroyed housing developments and added to our costs. In 1999 HUD Secretary Andrew Cuomo established new Affordable Housing Goals requiring Fannie Mae and Freddie Mac (and they too are not constitutional) to buy \$2.4 trillion mortgages in the next ten years He also raised the rule from buying 42% of mortgages from low and moderate income families to 50% in 2001. With that kind of rule it is no wonder that so many failed to pay their mortgages. (After investigation by our Congress they determined that the main cause of the housing collapse was Wall Street and ignored the part played by HUD, Fannie

Mae and Freddie Mac and our Congress. Naturally, when the government investigates the government they can never find the government at fault).

The bureaucrats in the Internal Revenue Service ( which is constitutional because of the 16th amendment which changed what our founding fathers had created) have developed a system for identifying and collecting taxes that no one (including them) knows or understands the rules they have issued.

We have had presidents that have ignored our Constitution and started wars. We have had presidents that issued executive orders that usurped the constitutional powers of Congress to pass legislation and presidents that established their own organizations and appointed people to positions that were not approved by our Congress as is required by the Constitution.

We have two health care (Medicare and Medicaid) systems that are unconstitutional scheduled to go bankrupt in the near future and they now are incorporated into Obamacare which is even worse. We have a retirement program ( Social Security, that is also unconstitutional) that is also already in the red and on the brink of failure. The list of mistakes could go on and on but that should be enough to indicate that our founding fathers were correct in creating a Constitution that prevented all of this.

Would it be possible to transfer all of these organizations to the states where they could be better regulated? In every case the states have these organizations and in fact most of them are administered at the state level. In the case of those departments that legislate (EPA and Energy), their rules and regulations could be adopted by the states IF they wanted to or dropped if desired. In the case of those departments that transfer money (Education, Agriculture, Medicare and Medicaid) those functions are being performed at the state level and there is little need for them at the Federal level. That should save a tremendous amount of money since the average pay for federal workers is \$71,000 per year (planned to go to \$75,000 next year) and about \$94,000 per year in Washington D. C. and about \$40,000 for average workers. These department that transfer money do not perform any functions other than shifting money. They don't contribute anything to our Gross National Product and are really a drain on our economy. Let's get rid of them at the national level and let the states do this work.

Has all of this led us to a point where our very nation is endangered? Let's look at our financial situation.

During the Bush (3) administration our debt nearly doubled (from \$5.8 trillion at the end of 2001 to \$10.0 trillion at the end of 2008) which we thought was terrible. Under Obama the debt in 2009 went to \$11.9 trillion and the budget for 2010 will increase the debt to \$14.3 trillion and is now projected to double again in two years and Obama has projected that the deficit will be \$20 trillion in 2020.

That is unlikely for the American people are now aware of what is happening and we now know that the Democrats will not be in control of Congress and that we will have a different president elected in 2012.

Fortunately, it is the Congress that controls the spending for the budget presented by Obama is only a recommendation. The debt ceiling has been raised to \$16.3 trillion by the Democrat Congress and they seem quite capable of spending \$ 3.8 trillion which is budgeted for 2011 to reach that goal. Interest costs are projected to be around \$600 billion by 2016 and credit agencies are threatening to reduce our rating from AAA to AA ( Standard and Poor's has assigned a negative rating to the U.S. A.) and that could lead to a higher interest rate for us. At our debt level, if we had to refinance our debt at one percent higher rate we would add \$141 billion to our already huge interest payment. Obama has stated that what we are doing is unsustainable but we are continuing to sustain that unsustainable spending.

Is it possible that we could balance the budget and make a start toward correcting this problem. A recent attempt in the Senate to consolidate 640 programs and save \$120 billion was defeated 57 to 43. Even though earmarks do not add huge amounts to our debt it would still be a nice gesture to stop those expenditures but that has not happened. (And in spite of Obama's statement that he would veto any bill containing earmarks he has not done so).

Here are some examples of Washington expenditures. Annually we spend \$92 billion on corporate welfare. There were \$72 billion payment errors in 2008 (Our federal government is really too big). Washington spends \$25 billion annually maintaining unused or vacant properties (let's transfer all of these properties to the states). Government auditors spent the last five years examining all federal programs and found evidence that only 22% of them (cost \$123 billion) help the populations they serve. Government auditors examining wasteful programs counted 342 economic development programs, 130 programs serving the disabled and 130 programs serving at risk youth.

Washington will spend \$2.6 million training Chinese prostitutes to drink more responsibly on the job. The Securities and Exchange Commission spent \$3.9 million rearranging desks and offices. Healthcare fraud is estimated to cost taxpayers \$60 to 100 billion annually. The refusal of many federal employees to fly coach costs \$146 million annually in flight upgrades. The University of Chicago's college of Nursing received a \$3 million grant to identify risk factors for excessive drinking among lesbians. The National health Institute spent \$783 million to pay malt liquor and marijuana users to keep a daily record of their substance abuse habits. Washington spent \$126 million in 2009 to enhance the Kennedy family legacy in Massachusetts and Sen. John Kerry diverted \$20 million from the 2010 defense budget to subsidize a new Edward M. Kennedy Institute. The federal government owns more than 50,000 vacant homes (we should transfer ownership to the states).

The Federal Communications Commission spent \$350 000 to sponsor NASCAR driver David Guillard. Taxpayers are funding paintings of high-ranking government officials at a cost of up to \$50,000 a piece. Last years 10,160 earmarks included \$200,000 for a tattoo-removal program in Mission Hills, CA, \$190,000 for the Buffalo Bill Center in Cody, WY and \$75,000 for the Totally Green Zone in Albany, GA.

Is there any doubt that that list could be doubled and added to? Is it possible that our federal government is so big that it is out of control and can not be managed? Should many of the responsibilities of that government be transferred to the states?

The Democrats seem to believe that we can spend our way out of the recession which is so ridiculous that it defies being classified. Is it stupid or treasonous?

Tax increases can not possibly make these problems go away. Especially now a tax increase would be exceedingly harmful. Something must be done to reduce expenses. That something is not just cutting some costs. To achieve what must be done we will have to completely remove some of these unconstitutional functions and departments from our government and do something to limit and control our presidents

## Chapter 12

### Return to the Constitution

Put not your faith in men but bind them down with the chains of the Constitution

Thomas Jefferson

The Progressive/ liberal/ socialists did not subvert and destroy our Constitution in one blow. They have worked diligently and quietly at it over the last hundred years (to paraphrase a Bible statement in Matt 15, 25-28, "An enemy hath crept in among you and hath done this while you slept) .

Under the cover of the Great Depression FDR started to implement the plan that had been developed by early Progressives Teddy Roosevelt and Woodrow Wilson and their associates. Lyndon Johnson did his part and Jimmy Carter added what he could. George Bush (3) really pushed us into debt and bigger and bigger government and now with President Obama the plan and their program is becoming more visible and scary (\$3.8 trillion budget for 2011 before they implement ObamaCare and Cap and Trade). Rush



Limbaugh once stated, somewhat in jest, that Obama might be the best thing that had ever happened to the conservative movement for now everyone could see their plan and take steps to stop it.

1. The first step is to realize and admit that our financial problem is huge, immense and significant and that it threatens our very existence and that it can not be solved by tax increases. It will require substantial reductions in expenses- reductions that can not accomplish solving our problem by cutting expenses from existing programs. We will need to eliminate departments and agencies.

On March 8, 2010 Douglas Elmendorf, director of the Congressional Budget Office, reported that the U.S. federal budget deficit is on a trajectory that poses, “significant economic risks “ and will become unsustainable. “U.S. fiscal policy is on an unsustainable path that can’t be resolved through minor tinkering.” Mr Elmendorf said, “the problem posed by the federal budget not at its current level but on this trajectory...poses a growing risk to the recovery.” If current tax policy is extended ...the deficit will swell from the \$6 trillion baseline forecast by 2020 to just shy of \$20 trillion.

In addition, the debt held by the public with current tax policies extended would soar to 90% of GDP by 2020 making the U.S. public debt load one of the world’s highest” .

As stated before, solving this problem will require something more than raising taxes. It will require massive spending cuts and eliminating agencies and departments.

2. Article. 1 Section 8 of the Constitution reads, “Congress shall have the power ... To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten Miles square) as may, by Cession of particular States, and the Acceptance of Congress, become the Seat of the government of the United States, and to exercise like Authority over all Places purchased by the Consent of the Legislature of the State in the which the Same shall be, for the Erection of Forts, Magazines, Arsenals. Dock-yards, and other Buildings;...”

That seems to indicate that the states own and control the land of our country and that the Federal Government is required to get permission from the states to have operations in the states.

The Federal government is entitled to use land for specific purposes that pertain to their operation and function. Presently, the Federal government owns 29% of our land that the portion that is not being used as defined should be turned over to the states. In many cases that would substantially increase the financial positions of certain states. In addition, if the states had control of the land in the states they should be able to determine how that land could be used. Drilling, mining, logging and such activities could be authorized by our state governments.

3. Abolish the Department of Housing and Urban Development (HUD) and transfer all of the property it owns to the states. It owns lots of property, and in fact it is the largest landlord in our country. As indicated before it has a record of building and tearing down housing complexes. All of the administration of the housing is done in the states and we could save a bunch of money by eliminating the federal part of this operation. The removal of HUD in Washington would save lots of money and the transfer of property to the states would enrich the states and enable them to have more income. It would especially help the states that have large cities where most of the HUD property is located

4. Abolish the Department of Energy. It has completely failed to accomplish the original objective established for it which was to reduce our dependency on foreign oil. That whole idea was wrong to start with. Government bodies, agencies or departments do not accomplish creating things or solving problems. They make rules and regulations and generally interfere. Businesses produce, invent, and make things. The thought that the Department of Energy would actually reduce our dependency on foreign oil would have required them to develop or mine or drill or build and those are not the activities of agencies of our government. We should abolish the Department of Energy and we will not need to transfer those functions to the states for we will be better off without them and their rules and regulations.

The laws that Congress has passed that prevents all of our development of our resources must either be rescinded or immunity must be granted from those laws to enable us to provide the energy and material we need.

5 . Abolish the Environmental Protection Agency. Our air and water is clean but now the agency is running amok issuing rules and regulations that are not needed and in fact are detrimental to our country. Many are based on their acceptance of the idea global warming exists, that the small amount of carbon gas is detrimental to our health and that man is responsible for it. The more we find out about our planet the more obvious it becomes that global warming is a fraud and that even if it was happening it is unlikely that man has that much effect on our climate. It is only logical to recognize that this earth receives most of the warmth from the sun and that our land and oceans process that energy without much effect from puny men. Our recorded history of the last several thousand years indicates that the temperature of the earth fluctuates and it is reasonable to conclude that it will continue to do so without any help or assistance from us.

With that abolishment we should also abolish all of the existing environmental laws and rescind the Endangered Species Act. Each state has an EPA and each state can adopt the rules and regulations that they believe should apply to them. If they need “professional” help they can hire some of the 17,000 people presently employed by the EPA to assist them. That would save us a bunch of money and also enable us to mine our coal, to build nuclear power plants, to build new oil refineries, to process shale to produce oil, to start logging in our forests and would increase our wealth and reduce our unemployment.

If it is impractical to remove all of the environmental laws then we should pass a law granting immunity from those laws for those who want to build oil refineries or nuclear power plants or mine for coal or mine coal shale. Those laws have been used by environmental groups to stop building and mining so it is necessary to exempt them from those laws.

6. We should adopt the Flat Tax. It is not necessary for me to explain why we should scrap our present tax system. Everyone knows it is an absolute mess and that there is no hope of revising, amending and correcting it. The only sensible course of action is to abolish it- all of it. Naturally, we will need something to replace it and Steve Forbes has written a book, The Flat Tax, and it could be used to enact new laws and replace what we have. The Fairtax might even be better but it requires an amendment to the constitution and we need something now so we should adopt the Flat Tax now and then work on the Fairtax. Rep. Paul Ryan also has a very practical proposal for fixing all of these problems which could be considered. Something must be done.

Fiscal Associates of Alexandria, VA, an economic consulting firm, did an analysis of the Flat Tax and concluded that between 2005 and 2015, the Forbes Flat Tax Plan would generate \$56 billion more in new government revenue than the current income tax.

7. Thomas Jefferson also suggests that “our affairs be disentangled from those of all other nations, except as to commerce...” Our Constitution does not provide for us to be in the United Nations, the IMF, the World Bank, Nafta, Cafta and etc. Our founding fathers anticipated a need to deal with foreign nations and so we have a Department of State to handle those affairs and in dealing with other nations we are supposed to pass treaties which are approved by our Congress. We should withdraw from the United Nations, the World Bank and the International Monetary Fund and discontinue all foreign aid. Our Congress does not seem to realize that we are financially broke and that we can not afford to borrow money from China to finance all of this. In addition, it is very doubtful that any of these organizations or actions really help our cause. They are clearly unconstitutional and we should not be in them.

Our Congress has passed laws that were not constitutional with the excuse that people were helped by having those laws. That is especially true of our entitlement programs - Social Security, Medicaid and Medicare. Those programs and our inept Congress is leading us to bankruptcy. That is well known but the Congress does nothing to stop it.

With Social Security the Congress has promised our citizens a certain amount of income and that promise should be amended to make it feasible. Since the present income is less than the outgo that must happen quickly. Yet, Congress has not even discussed this or indicated that they are aware and will take the necessary steps. They assume that when the recession is over that the income will be sufficient to cover the outgo.

Medicaid and Medicare should be transferred to the states where it should be altered to the extent necessary to make it financially possible. The states have to balance their budgets and so they will be legally forced to make those two programs workable. The programs must be removed from Congress for our Congress is not responsible and will not take the necessary action until it is too late. Even though these programs have helped some people financially they have discouraged our citizens from being responsible for themselves. That is deliberate for the Progressives want that to happen so that they can gain power and remain in power. The more they can get people to rely on the government the better they can achieve their goal of remaining in power. It would be ideal to have these two unconstitutional program discontinued but that is not possible at this time. The Progressives have won this one but maybe we can at least bring it under control and stop the bleeding.

7. The new health care bill is now law and it is a monstrosity. It is really not to help reduce our health care costs or to improve our health care. It is an attempt to socialize our government and must be repealed.

8. Medicaid should be completely transferred to the states. It is administered by the states and the savings from removing the Federal government from this function should be substantial. It is estimated that we experience somewhere around \$60 to \$100 billion in fraud every year and much of that is due to the states inflating the actual costs and then paying service providers who then return the excess paid. If the states were completely responsible for this that would eliminate that specific fraud. That would be a very nice savings. The Federal government presently pays around half of the Medicaid costs but the elimination of the fraud and the removal of the Federal government from this function could reduce our total costs substantially. For a short period of time it may be necessary for the federal government to provide money to some states until they can gain control over Medicaid.

9. Paul Ryan's proposal to keep Medicare as is for those over 55 and then issue vouchers of \$7500 to those over 65 and let them buy their own insurance. This program has worked very well for our present Congress. Medicare is presently paid for through a 2.9% payroll deduction with Social Security. The two should first be separated. Part D (prescription drug benefit) was added and nothing was done to increase the deduction which is typical of our Congress. They just added the benefit and ignored the potential cost. It is estimated that the income from the 2.9% deduction will be inadequate by 2024 but at this time the deduction should be sufficient to take care of the costs. There could be a problem in some states where the age of the population is high and the income is low but that can only be determined by actually doing it . This function is unconstitutional and should be removed from the Federal government. The states can then decide what to do with it. That could even include cancelling it entirely.

10. Social Security is already broke. Income in 2009 was less than was paid out and 2010 and 2011 is projected to be in the same situation. The Congress is aware but is ignoring it – maybe they hope it will go away. It is projected to get worse for in the future as our population ages there will be fewer contributing and more receiving the benefits. The bureaucrats have messed this one up so badly that it is impossible to transfer this to the states. The Congress will have to fix it. There are 31 other countries that have retirement systems and so there should be plenty of ideas and plans that could be adopted to fix this. Our Congress refuses and so they should be removed from office. The Democrat Congress has no plans to fix this and so they should be removed from office immediately.

There are lots of other reasons to remove them and this is just one more.

If the next Congress does not fix this then they too should be removed from office. This problem has been known for years and irresponsibly ignored. It is only going to get worse and must be fixed quickly.

11. We would not have been involved in the Civil War, Korean War, the Vietnam War, the First Gulf War, the Afghanistan War or the Iraq War if we had followed the Constitution. In all of those wars our Congress did not declare war and our presidents did not even make an attempt to have our Congress declare war. In some cases they might have done so but they did not and therefore all of those wars were unconstitutional.

Article 1, Section 8 of our Constitution reads, "The Congress shall have the Power...to declare war." That has not been done but we find that we are involved in two wars that were started by President George Bush (43) and are being continued by President Obama. Plans have been made to withdraw from Iraq since that war seems to have been won. For some reason there are plans to retain 50,000 troops there for some time and that is not acceptable. They should all be removed as soon as possible. The war in Afghanistan is being fought and plans are to remove our troops in 2011. That should be done. We should also stop all activities involved with Libya.

We should also bring our troops home from Germany (66,418), Korea (30,983), Japan (35,571), Italy (11,841) and the United Kingdom (10,752) and encourage those countries to defend themselves. We would then have enough troops to defend our Mexican border. That is a total of 155,565 and those troops could be brought home immediately since they are not involved in fighting. When we leave Iraq and Afghanistan we could reduce our military by a big number and thus further reduce our expenditures.

We should not act as the world policeman but should use our armed forces for our own defense. Our military might, especially our air force, is capable of destroying any country that attacks us and we should not be involved in establishing new governments and being a police force for the world.

11. Congress shall pass a law defining the scope and limitation of "presidential executive orders" and rescind all executive orders which are not covered in that definition and further define the scope and limitation of "presidential signing statements." Rep. Ron Paul(R-TX) has introduced a bill in the House which would solve all of these issues, HR 2655, the Separation of Powers Restoration Act. His bill would restore the proper division of power within the branches of government, thereby preventing further executive abuse. It would terminate existing states of emergency and grant Congress the exclusive authority to make such declarations.

12. The Aid for Dependent Children (AFDC) must be changed to encourage fathers to remain in the homes with their children. If it requires ignoring the income they earn or even if giving them income to stay there would be acceptable but something must be done. Perhaps a bonus could be given to any single mother who marries and remains married for five years. The AFDC program has destroyed the family institution among too many blacks as well as Hispanics and others and so the government is responsible for that and must correct it. The Progressive/liberals introduced it and now we must fix it. In addition, the present program must be changed so that additional children cannot be added after the initial child is enrolled. Payments for children who drop out of school should be discontinued and thus encourage those children to obtain a high school education.

13. Abolish the Federal Reserve. It has been the main cause of our present financial collapse (aided and abetted by our Congress) and has been a part of our past financial problems. Congress passed a law authorizing it in 1913 and it would be easy to pass another law abolishing it. There would need to be some preparation in doing that but it should be done.

14. The Department of Education should be abolished. It is very expensive, extremely incompetent, and unconstitutional.

15. The number of Federal government employees should be reduced by 30%. I have no data to prove that is a good number but based on our past and our Congress that seems reasonable. That might be done by adopting the foregoing recommendations and by having a committee evaluate our present agencies, departments, committees and etc, to determine the constitutionality of the

Federal government and removing all of the groups that are not constitutional.

. Thomas Jefferson was able to imagine what would happen and warned against it.

“What an augmentation of the field for jobbing, speculating, plundering, office-building & office-hunting would be produced by an assumption of all the State powers into the hands of the general government. The true theory of our Constitution is surely the wisest & best, that the States are independent as to everything within themselves, & united as to everything respecting foreign nations. Let the general government be reduced to foreign concerns only, and let our affairs be disentangled from those of all other nations, except as to commerce, which the merchants will manage the better, the more they are left free to manage for themselves and our general government may be reduced to a very simple organization, & a very inexpensive one; a few plain duties to be performed by a few servants.”

This would not restore the Constitution for there are many agencies and committees that exist but this would be a good start. If all of the above were adopted we would see a huge savings and would also enable us to solve our energy problems and return the use of property to owners. The transfer of federal government land would enable many states to solve their financial problems and would also remove many restrictions placed on the use of that land by our Federal Government.

The more we see what they are planning to do the more respect we gain for our founding fathers for if the Constitution had been protected none of this would have taken place.

Our Congress is “for sale.” The above reviews some of our biggest problems- war and entitlement programs - but there are many, many other spending programs that should be removed from our Federal government. The reason there are so many lobbyists in Washington is that those lobbyists are able to get money from our Congressman who in turn are able to get campaign contributions from the lobbyists. When the number of lobbyists in Washington is reduced to zero then we will know that our Congress is honest.

Is any of this possible? The reason we are in this situation is because of our Congress It is impractical to think of starting a new party but there is hope from the tea party group. Some of the new Congress will be heavily influenced by that group and may be able to enact some of the above – or at least stop the bleeding. Then 2012 will give us another opportunity to get an American president who would follow our Constitution. At least, the danger from the Progressive/socialists is now revealed and that in itself should give us hope.