

Ron Paul's FREEDOM REPORT

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Ron Paul's TEXAS STRAIGHT TALK

May 4, 2008

Big Government Responsible for High Gas Prices

In the past few months, American workers, consumers, and businesses have experienced a sudden and dramatic rise in gasoline prices. In some parts of the country, gasoline costs as much as \$4 per gallon. Some politicians claim that the way to reduce gas prices is by expanding the government's power to regulate prices and control the supply of gasoline. For example, the House of Representatives has even passed legislation subjecting gas stations owners to criminal penalties if they charge more than a federal bureaucrat deems appropriate. Proponents of these measures must have forgotten the 1970s, when government controls on the oil industry resulted in gas lines and shortages. It was only after President Reagan lifted federal price controls that the gas lines disappeared.

Instead of imposing further restraints on the market, Congress should consider reforming the federal policies that raise gas prices. For example, federal and state taxes can account for as much as a third of what consumers' pay at the pump. The Federal Government's boom-and-bust monetary policy also makes consumers vulnerable to inflation and to constant fluctuations in the prices of essential goods such as oil. It is no coincidence that oil prices first became an issue shortly after President Nixon unilaterally severed the dollar's last link to gold.

Basic economics says that when government restricts the supply of a good, the price will increase. Yet Congress continues to reject simple measures that could increase the supply of oil. For example, Congress refuses to allow reasonable, environmentally sensitive, offshore drilling. Congress also refuses to remove the numerous regulatory hurdles that add to the prohibitively expensive task of constructing new refineries. Building a new refinery requires billions of dollars in capital investment. It can take several years just to obtain the necessary federal permits. Even after the permits are obtained, construction of a refinery may still be delayed or even halted by frivolous lawsuits. It is no wonder that there has not been a new refinery constructed in the United States since 1976.

Congress should consider reforming the federal policies that raise gas prices.

Last year, in order to provide the American people with relief from high oil prices, I introduced the Affordable Gas Price Act (HR 2415). This legislation protects the American people from gas price spikes by suspending the federal gas tax whenever the national average gas price exceeds \$3.00 per gallon. The Affordable Gas Price Act also expands the supply of gasoline by repealing the federal moratorium on offshore drilling, including in the ANWR reserve in Alaska. HR 2415 also provides tax incentives and protection from nuisance lawsuits for those seeking to build new refineries. Finally, HR 2415 authorizes a federal study on the link between our nation's monetary policy and the price of oil.

The free market can meet the American people's demand for a reliable supply of gasoline as long as government does not distort the market through excessive taxation and regulation. Therefore, Congress should lower gas prices by pursuing an agenda of low taxes, regulatory relief, and sound money by passing legislation such as my Affordable Gas Act.

**Ron Paul's
TEXAS STRAIGHT TALK**

April 20, 2008

The Double Trouble of Taxation

Taxes were on the forefront of many Americans' minds this week as they scrambled to meet the April 15th deadline to file their returns. Tax policy in this country hurts taxpayers twice – once when they pay taxes, and then when the government spends the money. Americans are sick and tired of the financial burden and the endless forms to fill out. To add insult to injury, after collecting this money the government does some very detrimental things to the economy.

The burden of complying with the income tax is tremendous. Since its inception in 1913, the tax code has gone from 400 pages to over 67,000. The Tax Foundation estimates that around \$265 billion dollars and 6 billion hours are spent just on compliance. That expense amounts to about 22 cents of every dollar the IRS collects. Imagine the boon to the economy if we spent that time and money expanding our businesses and creating jobs!

Aside from the direct loss of money and productivity, the funds from the income tax enable the government to do some very destructive things, such as vastly over-regulating economic activity, making it difficult to earn money in the first place. The federal government funds over 50 agencies, departments and commissions that formulate rules and regulations. These bureaucracies operate with little to no oversight from the people or Congress and generate around 4,000 new rules every year and operate at a cost of about 40 billion dollars. There are some 75,000 pages of regulations in the Federal Register that Americans are expected to know and abide by. Complying with these governmental regulations costs American businesses more than one trillion dollars per year, according to a study by Mark Crain for the Small Business Administration. This complicated system drives production to other countries and shrinks our job market here at home.

Big government is destructive when it takes your money and when it spends it. There is no economic benefit to supporting a government sector as massive as ours. In fact, this country thrived for well over 100 years without an income tax. Today, if you took away the income tax, the government would still have revenue from other sources equal to total government spending in 1990, when government was still too big. \$1.2 trillion should be more than enough to fund a government operating within its

constitutional confines, and that is exactly what we need to get back to.

I have introduced legislation many times to abolish the IRS and the income tax. It is fundamentally un-American to require taxpayers to testify against themselves and be considered guilty until proven innocent. Abolishing the IRS altogether would trigger an avalanche of real growth in the economy.

With these financial hard times only just beginning, this would be the most efficient and logical way to get our economy growing again, and Americans would need not dread the 15th of April every year.

**Ron Paul's
TEXAS STRAIGHT TALK**

April 13, 2008

Bailing Out Banks

There has been a lot of talk in the news recently about the Federal Reserve and the actions it has taken over the past few months. Many media pundits have been bending over backwards to praise the Fed for supposedly restoring stability to the market. This interpretation of the Fed's actions couldn't be further from the truth.

The current market crisis began because of Federal Reserve monetary policy during the early 2000s in which the Fed lowered the interest rate to a below-market rate. The artificially low rates led to overinvestment in housing and other malinvestments. When the first indications of market trouble began back in August of 2007, instead of holding back and allowing bad decision-makers to suffer the consequences of their actions, the Federal Reserve took aggressive, inflationary action to ensure that large Wall Street firms would not lose money. It began by lowering the discount rates, the rates of interest charged to banks who borrow directly from the Fed, and lengthening the terms of such loans. This eliminated much of the stigma from discount window borrowing and enabled troubled banks to come to the Fed directly for funding, pay only a slightly higher interest rate but also secure these loans for a period longer than just overnight.

After the massive increase in discount window lending proved to be ineffective, the Fed became more and more creative with its funding arrangements. It has since created the Term Auction Facility (TAF), the Primary Dealer Credit

Facility (PDCF), and the Term Securities Lending Facility (TSLF). The upshot of all of these new programs is that through auctions of securities or through deposits of collateral, the Fed is pushing hundreds of billions of dollars of funding into the financial system in a misguided attempt to shore up the stability of the system.

The PDCF in particular is a departure from the established pattern of Fed intervention because it targets the primary dealers, the largest investment banks who purchase government securities directly from the New York Fed. These banks have never before been allowed to borrow from the Fed, but thanks to the Fed Board of Governors, these investment banks can now receive loans from the Fed in exchange for securities which will in all likelihood soon lose much of their value.

The net effect of all this new funding has been to pump hundreds of billions of dollars into the financial system and bail out banks whose poor decision making should have caused them to go out of business. Instead of being forced to learn their lesson, these poor-performing banks are being rewarded for their financial mismanagement, and the ultimate cost of this bailout will fall on the American taxpayers. Already this new money flowing into the system is spurring talk of the next speculative bubble, possibly this time in commodities.

Worst of all, the Treasury Department has recently proposed that the Federal Reserve, which was responsible for the housing bubble and subprime crisis in the first place, be rewarded for all its intervention by being turned into a super-regulator. The Treasury foresees the Fed as the guarantor of market stability, with oversight over any financial institution that could pose a threat to the financial system. Rewarding poor performing financial institutions is bad enough, but rewarding the institution that enabled the current economic crisis is unconscionable.

**Ron Paul's
TEXAS STRAIGHT TALK**

April 27, 2008

Politicizing Pain

K.K. Forss does not claim medical marijuana solves all his problems. His pain from a ruptured disc in his neck is debilitating. He is unable to go to work or to the First Baptist Church he used to attend because of the pain and muscle

spasms. Taxpayers through Medicare spend over \$18,000 a year on his various medications. Half of those drugs are strong narcotics. The other half address the various side-effects brought on by the first half, such as nausea, heartburn, heart palpitations, difficulty sleeping, and muscle spasms. No, marijuana would not completely address all his pain, but it made a tremendous difference in the quality of his life when he tried it for over a year. It helped him regain 38 pounds he had lost. It calmed his muscle spasms and helped him sleep. In short, it alleviated many side effects and greatly reduced his need for other expensive medications. Mr. Forss estimates that being allowed to use medical marijuana would save taxpayers at least \$12,000 a year in medications he would no longer need. He would also be able to work occasionally and attend some church services.

Scientists at the University of California at Davis recently completed a study that backs up Mr. Forss's experience, finding that cannabis demonstrates significant relief of neuropathic pain. Many in government call for more studies while people like K.K. Forss suffer. More studies will not change what many patients already know, and that is for some, medical marijuana helps their pain. But over-reaching government gets in the way.

K.K. Forss lived in constant fear of federal and state officials so he eventually stopped taking medical marijuana and switched to his more rigorous and expensive pill regimen. Presently, twelve states have passed legislation allowing marijuana, under certain conditions, to be prescribed legally by doctors for patients who could benefit from it. K.K. Forss lives in Minnesota, where it is not yet legal. However, even if it is legalized by the state, Mr. Forss will still have plenty to fear from the Federal government, as cannabis dispensaries and clinics that operate under these state laws are still under fire from the Drug Enforcement Administration.

In other words, the federal government sees fit to use our tax dollars to raid state sanctioned healthcare clinics, to imprison and fine patients and operators, in order to compel people like Mr. Forss to be bedridden and overmedicated at great taxpayer expense every single day.

The Federal government should recognize that states have the authority to decide these issues. This affords all states the opportunity to see which policies are most beneficial. As a Congressman and a physician, I strongly advocate that healthcare decisions should be made by doctors and patients, not politicians or federal agents, which is why I am an original co-sponsor of the recently introduced "Medical Marijuana Patient Protection Act" which would bar the Federal government from intervening in such doctor/

patient relationships that violate no state law.

The bottom line is that K.K. Forss should be treated as a free American. Mr. Forss is one of many who would like to use marijuana medicinally because it helps him. Politicians and bureaucrats have no right to interfere.

April 21, 2008

Congressman Ron Paul Stands Up for National Sovereignty

Statement Before the Security and Prosperity Partnership Summit

Congressman Ron Paul issued a statement which was read at a news conference in New Orleans in advance of a Security and Prosperity Partnership (SPP) summit meeting between President Bush, Canadian Prime Minister Stephen Harper, and Mexican President Felipe Calderon. The Conservative Caucus held the news conference in opposition to the SPP, sharing the belief with Congressman Paul and many others that the SPP threatens national sovereignty.

Congressman Paul's remarks focused on his continued opposition to the Trans Texas Corridor and the NAFTA Super Highway :

“As we all know, there have been significant moves recently to expand the Security and Prosperity Partnership (SPP) initiated by President Bush and his Mexican and Canadian counterparts in 2005. One such plan is to construct a so-called “NAFTA Superhighway” running from Mexico, through Texas, and up eventually into Canada. I have opposed this project from the beginning, signing on as a co-sponsor of House Concurrent Resolution 40 expressing Congressional disapproval of the NAFTA Superhighway and any moves toward a North American Union.

More recently, I introduced an even stronger piece of legislation, H.R.5191, which would prohibit the use of federal funds to carry out this highway project. The federal government has no business being partner to this outrageous plan, according to which countless landowners would have their private property confiscated under eminent domain. This prohibition of funds, if passed, would go a long way toward derailing this ill-conceived project and would send a clear message that further attempts to undermine U.S. sovereignty would not be unchallenged in Congress. It is long past time the United States House and Senate start taking our Constitutional oversight roles seriously.”

The Revolution: A Manifesto

It is an exciting time for the freedom movement: my new book, *The Revolution: A Manifesto*, was officially released on April 30th.

Although a short book, it is the product of many years of thought and action. It is a defense of the principles to which you and I have devoted our lives.

My friends are calling it “Ron Paul’s legacy.”

These principles - individual liberty, sound money, the Constitution, and the foreign policy of the Founding Fathers - have had no home in American politics for a very long time. With *The Revolution: A Manifesto*, I’m letting the establishment know we’re not going away.

Finally, Americans can hear and judge these great American principles for themselves, instead of through an unfriendly media filter. And they can learn once and for all that they need not be satisfied with the phony choices the system offers them every four years. Another way really is possible.

Recently I did a book signing in New York at the Borders on Wall Street. All 530 copies had been sold before I even arrived.

They had underestimated you again.

Imagine the attention our cause and our principles could attract with a fantastic opening day today, with people marching into bookstores across the country for their copies. If it should become a publishing phenomenon, *The Revolution: A Manifesto* can fuel our revolution for a long time to come. You can make that happen.

I hope you enjoy this book, which was a real labor of love for me. Please spread the word.

For liberty,
Ron Paul

Nothing in this publication is intended to aid or hinder the passage of legislation before Congress.

About the F.R.E.E. Foundation

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