

Ron Paul's FREEDOM REPORT

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Ron Paul's TEXAS STRAIGHT TALK

October 14, 2007

Taxing Ourselves to Death

This past week, Congress had an opportunity to permanently repeal the death tax by amending the Tax Collection Responsibility Act of 2007 to include language that ends the estate tax forever. This would have been a good provision in an overall bad bill. 212 Democrats were enough to keep this spectre looming on the horizon if the Bush tax cuts are not renewed in 2011. The bill passed without this silver lining and now we face big increases in taxes and penalties in the next five years.

The underlying attitude behind this bill, and the estate tax, is what I find so distressing about tax policy in this country today—a growing disregard for property rights, which are so important to the American dream.

The basic tenets of the American dream are that through hard work and ingenuity, you can earn a better life for yourself, and you can give your children a better start than you had. Surveying American history, this vision has played out through steady economic progress and growth from one generation to the next. Our prosperity now is our reward for hard work and achievement in the past. Today we are the strongest economy in the world, and have much to be proud of, but Congress doesn't seem to understand that we did not tax our way here.

Conversely, a nation certainly can tax its way out of prosperity, and that's one danger I see with this bill, and

with policies like the death tax.

The death tax punishes one of the greatest and ultimate satisfactions of achieving the American dream—the knowledge that your life's work is an investment in your family's future. Instead of being able to focus on hard work, however, death tax provisions keep countless estate planners working countless hours helping Americans negotiate through complicated tax laws, just to keep the fruits of their life's work out of the squandering hands of government.

Other anti-property rights provisions in the Tax Collection Responsibility Act make desperate last attempts

to extract the most amount of revenue possible from expatriots on their way out the door. A telling signal that a country is taxing itself to death is capital flight and expatriation. When successful Americans no longer feel their property is secure from government thieves, and they have too much to lose by staying, they vote with their feet and go elsewhere. This country is poorer for the loss of those citizens' investment here, but it is their right to keep and enjoy what they have built up. How dare Congress or the IRS try to deny them that! And what message does that send to the next generation of young entrepreneurs?

It is troubling to me that this country is chasing away wealth, while entitlements recklessly grow. The power to tax is the power to destroy, and we are making strides

towards destroying prosperity by expanding the welfare state. This is a dangerous and untenable trend.

186 Republicans and 10 Democrats voted with me last week to kill the Death Tax. It is my hope that we will get another chance in the future to end this punitive and un-American tax for good.

The power to tax is the power to destroy, and we are making strides towards destroying prosperity but expanding the welfare state.

**Ron Paul's
TEXAS STRAIGHT TALK**

October 14, 2007

Keeping Promises to Seniors

With our country's finances stretched thin, our credit limit fast approaching, and our currency inflated to the breaking point, there is no indication yet of any urgency on the part of Congress to rein in spending. The predictable answer to the government's voracious spending habits is this week's proposal by some Democratic Congressional leaders for tax increases to pay for operations in Iraq . Here at home, however, there are promises our seniors heavily rely upon. We must keep these promises.

An analysis of the Social Security "Trust Fund" shows we are not doing a credible job of keeping these promises. Official reports show the trust fund having assets of \$2.1 trillion. In reality, those dollars are just IOUs the government is writing to itself when it borrows from the fund to spend on unrelated programs. There are no real assets in the Social Security Trust Fund. This is similar to taking money out of your savings account, spending it, then replacing it with an IOU to yourself, and calling that IOU an asset.

In addition, this money we owe to our seniors is not even included in official budget deficit figures. In fiscal year 2006 alone, \$185 billion was borrowed from Social Security. The official deficit was reported to be \$248 billion. The actual deficit for 2006 would be \$433 billion when combining the two. This sort of accounting would land private sector executives in prison for fraud.

Yet this is done every year by the federal government. The truth is that while politicians in Washington differ about what programs to spend Social Security money on, they are united in wanting to spend it on something other than benefits for seniors.

This approach can continue only until Social Security stops running "surpluses" the government can raid. Trustees of Social Security estimate this will happen in 2017. At that time, the amount owed to the Trust Fund will be between \$4 trillion and \$5.2 trillion, depending on the economy.

When that day of reckoning comes, there will no longer be "excess" payroll tax receipts available to prop up government spending, and the risk of financial crisis will be significant. Instead of forward thinking solutions, politicians are discussing alarming proposals, such as an

agreement with Mexico to let their citizens collect social security money intended for our seniors. This would break the bank even sooner. But, current Members of Congress will no longer be in office to face the wrath of seniors and their families when the trust fund goes bankrupt. Instead, they will be retired and enjoying their own plush congressional pensions.

I have been working to reverse this trend. My Social Security Preservation Act, *HR 219* would make sure this Trust Fund has real assets such as certificates of deposit in FDIC-insured institutions, so that in 2017 and beyond, Social Security payments would continue for those who are depending on them.

Congress must take action now, so we can keep the promises we made to our seniors.

**Ron Paul's
TEXAS STRAIGHT TALK**

September 30, 2007

**Congressional Control of Health Care
is Dangerous for Children**

This week Congress is again grasping for more control over the health of American children with the expansion of the State Children's Health Insurance Program (CHIP). Parents who think federally subsidized health care might be a good idea should be careful what they wish for.

Despite political rhetoric about a War on Drugs, federally funded programs result in far more teenage drug use than the most successful pill pusher on the playground. These pills are given out as a result of dubious universal mental health screening programs for school children, supposedly directed toward finding mental disorders or suicidal tendencies. The use of antipsychotic medication in children has increased fivefold between 1995 and 2002. More than 2.5 million children are now taking these medications, and many children are taking multiple drugs at one time.

With universal mental health screening being implemented in schools, pharmaceutical companies stand to increase their customer base even more, and many parents are rightfully concerned. Opponents of one such program, called TeenScreen, claim it wrongly diagnoses children as much as 84% of the time, often incorrectly labeling them, resulting in the assigning of medications that can be very damaging. While we are still awaiting

evidence that there are benefits to mental health screening programs, evidence that these drugs actually cause violent psychotic episodes is mounting.

Many parents have very valid concerns about the drugs to which a child labeled as “suicidal” or “depressed,” or even ADHD, could be subjected. Of further concern is the subjectivity of diagnosis of mental health disorders. The symptoms of ADHD are strikingly similar to indications that a child is gifted, and bored in an unchallenging classroom. In fact, these programs, and many of the syndromes they attempt to screen for, are highly questionable. Parents are wise to question them.

As it stands now, parental consent is required for these screening programs, but in some cases mere passive consent is legal. Passive consent is obtained when a parent receives a consent form and fails to object to the screening. In other words, failure to reply is considered affirmative consent. In fact, TeenScreen advocates incorporating their program into the curriculum as a way to bypass any consent requirement. These universal, or mandatory, screening programs being called for by TeenScreen and the New Freedom Commission on Mental Health should be resisted.

Consent must be express, written, voluntary and informed. Programs that refuse to give parents this amount of respect should not receive federal funding. Moreover, parents should not be pressured into screening or drugging their children with the threat that not doing so constitutes child abuse or neglect. My bill, The Parental Consent Act of 2007, is aimed at stopping federal funding of these programs.

We don't need a village, a bureaucrat, or the pharmaceutical industry raising our children. That's what parents need to be doing.

**Ron Paul's
TEXAS STRAIGHT TALK**

September 23, 2007

The Money Has to Come From Somewhere

After the current turmoil in the markets, I was hoping that new Federal Reserve Chairman Ben Bernanke would see the big picture and act judiciously. Instead he signaled, with an aggressive rate cut, that we can expect a continuation of the monetary policies that got us here to begin with. Alan Greenspan released his memoir this week

explaining his policies and decisions in the wake of the irrational exuberance they fueled. His successor should see that it is now time for a change of policy that addresses the root of our troubles. But instead of seeing an inflation problem, the Federal Reserve sees a liquidity problem, which is a little like extinguishing a forest fire with gasoline. In the wake of the rate cut, the Dow jumped and brokers cheered. Behind the headlines, however, the dollar quietly fell and was abandoned by more of the world in favor of more solid stores of wealth.

The Fed does not act in a vacuum. Mr. Greenspan rightly criticizes Congress and the administration for abandoning principles of fiscal responsibility. However, monetary policy at the Fed did nothing to solve money problems, but merely delayed impending crises by creating bubbles.

In a very real sense, the Fed and the government are close to going over the spending limit of our nation's credit card. We rely on foreign investors to buy our debt so our government can maintain its appetite for spending. Yet the market for US Treasury Bonds is rapidly shrinking as yield declines. Still the government will need an estimated \$100 billion more for every year we “stay the course” in Iraq, not to mention what a possible conflict in Iran could cost.

Yes, the money has to come from somewhere, but we are running out of sources to tap.

Printing more money is the Fed's typical answer, but we are on the verge of runaway inflation. We have printed so many dollars now that we are at parity with the Canadian dollar for the first time since 1976. Since the Fed stopped publishing M3, which tracks the total supply of dollars in the economy, we can't even be sure how many dollars they are creating. Reported inflation is around 2%, but the method for calculating inflation changed in the 1980s, largely at Mr. Greenspan's urging. Private economists using the original method find actual inflation to be over 10%, which matches more closely the pain consumers in the real economy feel.

The reality is that this type of manipulation of the markets masks where resources, or money, ultimately come from. It comes from the taxpayer. The government doesn't create Gross Domestic Product, they just limit and control how it is done. They then absorb much of the value produced in the economy through taxation and inflation, so they can squander our nation's wealth with runaway spending.

The Fed tries to keep up with government's spending habits, but is sending inaccurate signals to mask bad

monetary policy. Ultimately, we'll get back on track financially only when government spending is held in check and the free market controls monetary policy, not the other way around.

**Ron Paul's
TEXAS STRAIGHT TALK**

September 30, 2007

The Sunlight Rule

Supreme Court Justice Louis Brandeis famously said, "Sunlight is the best disinfectant." Indeed some of the most malignant growth of our government has been nurtured under a cover of darkness.

Literally, in the dark hours of the morning at the end of the year, it has become tradition for the Appropriations Committee to rush the famous omnibus bill to the floor for a vote, mere hours after it is introduced. The vote took place at 4 AM the last time an omnibus spending bill was before us. We had all of 4 hours to deliberate on almost 1400 pages of important legislation. My colleagues somehow found this acceptable, however, and the bill passed 212-206.

The bill for the Expansion of the State Children's Health Insurance Program (SCHIP) was also rushed to the floor with little time to examine the lengthy text of the legislation. If approved by the Senate, this measure would increase taxes by an additional \$53.8 billion over 5 years and further extend the federal government's reach into the health care of American citizens. Similar processes were followed for raising the minimum wage, providing funding for stem cell research and implementing the 9-11 conference.

Of course, the most well-known example of this phenomenon might be the Patriot Act. Legislators passed the 300+ page bill less than a day after it was introduced, mainly out of an urgency to *do something*. But we are sent to Washington to make informed decisions on public policy. The very least constituents expect is that their elected representatives *read* the legislation citizens will be subject to and taxed for. And once they have read it, to weigh the constitutionality and the merits of the legislation. How can lawmakers possibly do that without reasonable time allotted?

This has long been a concern of mine, and for this reason I have reintroduced The Sunlight Rule. (H.RES

63) This proposed rule stipulates that no piece of legislation can be brought before the House of Representatives for a vote unless it has been available to members and staff to read for at least ten days. Any amendments must be available for at least 72 hours before a vote. The Sunlight Rule provides the American people the opportunity to be involved in enforcing congressional rules by allowing citizens to move for censure of any Representative who votes for a bill brought to the floor in violation of this act.

So far I have two co-sponsors. It is my belief that this simple new rule could greatly disinfect the House of the creeping, insidious growth, merely by shining light on legislation before it is voted on. We need time to think before we enact. The American people deserve at least this much from their Congress.

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\$25 or more to help FREE reach
more people with
its message of liberty,
Congressman Paul would like to
reward your generosity
by sending you a copy
of his new book,
A Foreign Policy of Freedom.

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

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