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DEWEESE REPORT

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FREE ENTERPRISE DID NOT CAUSE THE MARKET MELTDOWN

By Tom DeWeese

I rarely watch the Sunday morning political shows like *Meet the Press* and *This Week*. What's the point? It's just a gabfest of the elite pouring out their version of reality, usually surrounding one lone conservative with a panel of liberals, calling it balanced. I've been in that situation too many times to know real facts rarely get through the posturing.

Yet, for some strange reason

I found myself watching several of the shows on the Sunday after the market started its meltdown – just after the Bush Administration proposed its bail out plan. I guess I wanted to hear their reactions to an amazing government proposal to take over the free market.

Most telling was George Stephanopoulos' ABC program, "*This Week*," and his panel of experts, including Sam Donaldson, Donna Brazile and George Will. Again and again the "experts" invoked the 1929 market crash which brought on the Depression. Herbert Hoover's name seemed to be brought up more times than it was in the 1932 election, when Hoover was defeated by Franklin D. Roosevelt.

This team of financial "experts" faced the cameras with serious voices and stern looks as they told America that the bail out was an absolute must or the economy would collapse. And they made sobering comparisons to the 1929 crash, back in the days before government made the market "responsible and reliable." The horrible images of uncontrolled robber barons running amuck were compared to the genius of the Roosevelt reforms

and controls that saved the day. We obviously needed more of the same to fix this current mess which, it was implied by the panel, began in the 1980's when Ronald Reagan de-controlled industry.

You know, one really can't blame the panel too much for getting it so wrong. They were just repeating what they had been taught in college. For decades almost all college students have been taught Keynesian economics which advocates an active roll by government in controlling the market and the idea that we can spend our way out of anything. And so, as the mantra goes, Roosevelt stepped in with massive controls and government programs after Hoover did nothing to protect us from big bad business.

According to the economic experts of our day, the bottom line lesson learned from the Great Depression: Laissez-faire free markets are the road to ruin and must be controlled by government for the sake of the people. And the lesson has been learned all over again after that dangerous right-winged radical Ronald Reagan was allowed to once again unleash the money grubbing, heartless princes of greed to bring us all to the brink

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of collapse, yet again.

Such hogwash. Here's what really happened in 1929 and again today. And it has nothing to do with free markets running amuck. It has everything to do with government messing where it shouldn't be -- again.

Cause of the Great Depression of 1929

The Great Depression didn't just happen, and it didn't start in 1929. It started with the creation of the Federal Reserve in 1913. Prior to 1913, private bankers regularly pooled their resources to make money available to other banks and lenders who *merited* support. Bankers knew that bad loans were an unacceptable risk that could cost them all money, so they didn't do it. They were fiscally responsible. No tax dollars were involved or at risk.

Along came the Federal Reserve and the end to fiscal responsibility. No longer did the private banks have to foot the bill for bad policy. Now it was on the shoulders of government. And so the Federal Reserve proved to be an engine of inflation that crippled our nation's economy. After all, it was just taxpayer money – not the bankers.

Between June, 1921 and June 1929, the nation's money supply increased by 62% (from \$45.3 billion to \$73.3 billion). Yet as the money supply increased by \$28 billion, there was a much smaller increase in bank reserves. The only increase in bank reserves came from the Federal Reserve. In fact, the Federal Reserve controls the money supply by manipulating banking reserves.

The tools the Fed used to manipulate bank reserves in the years prior to the Great Depression were: low rediscount rates, open market purchase of government securities, and extensive purchase of acceptances (credit obligations - loans) – all of which constituted a cheap money policy.

The official reasons for this policy, as provided by the Fed were to “help business,” to encourage foreign loans, and to *save England from the consequences of its own heavy inflation*. First, by easing credit, it was expected that business prosperity could be encouraged and maintained.

Secretary of the Treasury William McAdoo explained the Fed's easy money: “*The primary purpose of the Federal Reserve Act was to alter and strengthen our banking system that the enlarged credit resources demanded by the needs of business and agricultural enterprises will come almost automatically into existence and at rates of interest low enough to stimulate, protect and prosper all kinds of legitimate business.*”

Second, foreign loans would supposedly supply the money which those countries could use to buy American goods, particularly agriculture. American agriculture was already in a deep recession, primarily because of passage of the Forney-McCumber Tariff of 1922. The tariff put a high price on European goods to be sold in the US, essentially preventing the sale. That left the Europeans short of cash and prevented them from buying American goods, especially agriculture. So, instead of reducing the tariff, the government, in its ever-present wisdom, decided to create shaky loans to provide the money to the Europeans to buy U.S. goods. Again, the American taxpayer was providing the money to run the world.

And finally, Great Britain was losing gold to the U.S. at an alarming rate because of its own destructive cheap money policies. So, incredibly, to save the British from embarrassment, the U.S. began a policy to deliberately debase its own currency. By doing so, interest rates would be forced down and capital balances would be diverted from the

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U.S. to England. Remember, your government is just here to help you.

Dr. Benjamin Anderson, then economist for Chase Manhattan Bank, wrote in his book, *Economics and the Public Welfare*: “The governors of the eleven Federal Reserve banks were called to Washington (in 1927). They were not dealt with honestly. They were told that the proposed cheap money move was to ‘help the farmer.’ They were not told that the primary purpose of it was to make it unnecessary for England to honor her gold obligations to France and to make it possible for England to continue an unwarranted degree of cheap money...”

The Chicago Federal Reserve bank didn’t want to go along with the scheme and balked, refusing to reduce its (rediscount) rate. But the Federal Reserve Board in Washington overrode Chicago, and by action of the board, not of the bank, the Chicago rate was reduced.

Step by step, by one means or another, in eight years, the Federal Reserve System fed the fires of inflation, increasing the money supply by about 62%. The principle barometer was the stock market. It soared to incredible heights. Whenever it threatened to sag, a timely reassurance from the Secretary of the Treasury helped to send the market even higher. In seven years the market had nearly tripled from 108 to 381.

Finally, the Fed began to realize the danger created from flooding the market with cheap money and shaky loans. It timidly tried to reduce the over-abundant credit supply. It was too late. It was October 1929. The market sought to correct itself.

What caused the Great Depression? It was not capitalism

or “greedy businessmen” or “under-consumption” or “overproduction.” Nor was it “just one of those things.” It was government intervention in a place where government should never be – the free market. And the agony was prolonged for a long, painful decade because government kept doing more of the same to “fix” the tragedy that “uncontrolled, greedy business” had created.

Cause of Today’s Meltdown

Shift scene to today. The Fed has never learned its lesson. It has never stopped printing money, resulting in its devaluation. That’s why for generations, young people have heard their parents talk about how cheaply they could by a candy bar when they were children, but today they cost much more. That’s why gas prices in 1965 were 25 cents a gallon, and \$4.00 today. It’s not a testimony to greedy candy manufacturers or oil companies. Rather it’s an indication of how worthless the dollar has become.

Economics 101 teaches that if you have more of something – it’s worth less. If you have less of it, it’s worth more. The same is true of the dollar. The Fed has printed literally trillions of the things – and flooded the market with them. As the saying goes, “only the government can take a valuable commodity like paper, slap ink on both sides and render it worthless.” That is especially true since President Richard Nixon removed U.S. currency from the gold standard in the early 1970’s. Since then, there has been nothing on which to base the value of money other than what the Fed says its worth.

Actually, the current crisis can be directly traced back to the 1970’s when a bunch of government meddling was put in place, leading to

today’s meltdown.

First, in 1977, Jimmy Carter fell for the politically correct line that banks were “redlining” loans for inner city neighborhoods, refusing to help the poor buy homes. Of course the banks were just trying to be fiscally responsible by not lending to people who had no money. Such a quaint idea in 1977. Carter, pandering to the Jesse Jackson types, signed into law the Community Reinvestment Act (CRA), which declared that banks have “an affirmative obligation” to meet the credit needs of the communities in which they are chartered. Federal regulators would now rate banks on this basis when merger requests were filed. The CRA rating became more important to banks than the quality of loans. In fact, sound lending practices were considered to be racist.

In 1995, under Bill Clinton, things got even worse. Tougher CRA ratings were issued. Banks now had to demonstrate that they were investing more money in poor, higher risk neighborhoods if they wanted federal approval to merge. Banks started putting their depositor’s dollars into the pockets of left-wing agitators like ACORN, which prided themselves on making loans to those with poor credit and no means to pay. It was only fair that they share in the American dream of homeownership too. The sub-prime borrower was born.

The game was on. The Wall Street Brokerages and investment banks, with the encouragement of federal policy makers, have flooded America with cash. And to get that cash into society, for the common good, lending rules were loosened so that virtually anyone could get a

loan, with no money down. It used to be that homebuyers had to have at least a 20% down payment.

But such rules meant that only people with money and the means to pay the loan could get one. Where was the fairness in that? Such an elitist attitude. Prevailing interest rates were also hard for the poor to pay. So that was virtually eliminated too, for at least a few years into the loan. It took less cash to buy a house than to rent an apartment. Buy, buy. Share the American dream. It's "own-a-home a-go-go." Get rich over night. And the stock market soared as the housing industry recorded record profits – or so we thought. It formed a massive bubble – all the way to 14,000 points.

Under the surface, a massive swindle was taking place in the name of profits. Fannie Mae and Freddy Mac were told by their government handlers to record profits. They bought up loans, no matter what quality, to show them on the books. Growth. Success. Incredibly, today, after the government moved in to "fix" the problem at Fannie and Freddy, the new handlers are demanding the same policies – show a profit on the books – which can only result in taking more bad loans.

The AIG Meltdown

Meanwhile, the most credible insurance company in the world, AIG, was making it all seem legitimate. Throughout the world, banks must comply to what are known as Basel II regulations, which determine how much capital a bank must maintain in reserve to protect its depositors. The rules are based on the quality of the bank's loan book. The riskier the loans the bank owns, the more capital it must have on hand. Bank managers seeking

away around the Basel rules to take advantage of the massive amounts of new mortgages being written, found a way through AIG.

AIG offered banks unregulated insurance contracts, known as credit default swaps. European banks especially liked these swaps as a means to maximize the spread between what they must pay for deposits and what they could earn by lending. So AIG wrote a policy that guaranteed the sub-prime loan for the bank against default for five years.

As analyst Porter Stansberry reports, "Although AIG's credit default swaps were really insurance contracts, they weren't regulated. That meant AIG didn't have to put up any capital as collateral in its swaps, as long as it maintained a triple-A credit rating. There were no real capital costs to selling these swaps; there was no limit. And thanks to what is called 'make-to-market' accounting, AIG could book the profit from a five year credit default swap as soon as the contract was sold, based on the *expected* default rate.

Since, throughout history, prior to this insanity, few loans had ever defaulted, the European banks were able to assure its regulators it was holding only Triple A credits, and AIG was able to post hundreds of millions of dollars in profits that only existed on paper, while never having to post any collateral. Says Stansberry, "An enormous amount of capital was created out of thin air and tossed into global real estate markets."

Then the chickens came home to roost. The Fed, trying to reverse the inflation it had caused by flooding the market with worthless paper money, raised the interest rate. The higher rate also raised loan payments on mortgages. Suddenly,

the sub-prime borrowers, who had no money in the first place, began to default on the loans. Banks looked to AIG to honor its insurance policies. But AIG had no money to repair the damage. And so, AIG, the world's largest insurance company, was suddenly downgraded by all of the major credit-rating agencies. And AIG went bankrupt.

Such fraud was repeated by Goldman Sacs, Merrill Lynch, Bear Stearns, and more. For sure these are greedy businessmen – but they could never have carried out such bad policy on their own. A free market never allows such corruption to exist without near instant exposure. Once government intervened in the market and set the rules, a partnership between the financial industry and government was born. It was all fueled by the Federal Reserve which continued to pump money into the straining system, putting the dollar in a free fall on world markets. These were worthless loans to satisfy politically correct motives, and worthless money to pay for it all.

Today, the pure free market, buried under this mass of government manipulation, is seeking to correct itself. It will fall until it hits a natural bottom and then begin anew.

The bottom line to the story is it wasn't free enterprise that caused the 1929 crash, and it wasn't free enterprise that caused today's meltdown. In both cases it was government intervention corrupting the pure world of free markets. We are not protected by government intervention – we are damaged by it. This is the second time the Fed created a collapse of the free market. To prevent a third there's only one logical action to take -- abolish the Federal Reserve.



THE FEDERAL RESERVE IS THE ROOT OF THE PROBLEM

NOTHING HAS CHANGED SINCE 1934

The following is a speech made on the floor of the House of Representatives in 1934, during the height of the Great Depression. It could have (and should have) been made today.

“Mr. Chairman, We have in this Country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board and the Federal Reserve Banks, hereinafter called the FED. The Fed has cheated the Government of these United States and the people of the United States out of enough money to pay the Nation’s debt... many times over.

This evil institution has impoverished and ruined the people of these United States, has bankrupted itself, and has practically bankrupted our Government. It has done this through the defects of the law under which it operates, through the maladministration of that law by the Fed and through the corrupt practices of the moneyed vultures who control it.

Some people think that the Federal Reserve Banks are United States Government institutions. They are private monopolies which prey upon the people of these United States for the benefit of themselves and their foreign customers: foreign and domestic speculators and swindlers; and rich and predatory money lenders. In that dark crew of financial pirates there are those who would cut a man’s throat to get a dollar out of his pocket; there are those who send money into states to buy votes to control our legislatures; there are those who maintain International propaganda for the purpose of deceiving us into granting of new concessions which will permit them to cover their past misdeeds and set again in motion their gigantic train of crime.

“The United States as been ransacked and pillaged. Our structures have been gutted and only the walls are left standing. While being perpetrated, everything the world would rake up top sell us was brought in here at our expense by the Fed until our markets were swamped with unneeded and unwanted imported goods priced far above their value and make to equal the dollar volume of our honest exports, and to kill or reduce our favorite balance of trade. As agents of the foreign central banks the Fed try by every means at their power to reduce our favorable balance of trade. They act for their foreign principal and they accept fees from foreigners for the favors of the Fed.

What we need to do is to send the reserves of our National Banks home to the people who earned and produced them and who still own them and to the banks which were compelled to surrender them to predatory interests.

Mr. Chairman, there is nothing like the Fed pool of confiscated bank deposits in the world. It is a public trough of American wealth in which the foreigners claim rights to or greater than Americans. The Fed are agents of the foreign central banks. They use our bank depositor’s money for the benefit of their foreign principals. They barter the public credit of the United States Government and hire it out to foreigners at a profit for themselves.

All this is done at the expense of the United States Government and at a sickening loss to the American people. Only our great wealth enabled us to stand the drain of it as long as we did.

We need to destroy the Fed wherein our national reserves are impounded for the benefit of the foreigners. We need to save America for Americans.”

- Representative Louis McFadden, Chairman, House Banking and Currency Committee, Speech made on the Floor of the House of Representative, 1934 in the midst of the Great Depression.

WARNINGS FROM TODAY

“Fannie and Freddie played up their status as GSEs, telling shareholders they were a safe place to invest. Now they’ve been absorbed by the government, meaning investors may indeed be safe. But taxpayers are at

(Cont’d on Pg. 11)

ABSOLUTES....!

Is Your Child Being Educated or Indoctrinated About Global Warming?

Dispatch from the Heartland Institute

Al Gore's documentary film, "An Inconvenient Truth," is being shown in thousands of classrooms around the US. Its lurid account of the worst possible consequences of the greatest imaginable warming trend has caused children to have panic attacks and need medical attention.

"An Inconvenient Truth" contains scores of errors undermining virtually all of its principle conclusions. A British High Court ruled in 2007 that those errors are so serious, and so widely acknowledged in the scientific community, that the film ought not be shown in classrooms without a list of the errors and an opportunity for students to learn about the opposing view.

The British High Court found nine specific errors so egregious they even contradict claims contained in reports of the United Nation's Intergovernmental Panel on Climate Change (IPCC). Itself a widely criticized source of alarmism. The court noted evidence of "a long schedule of such alleged errors or exaggerations" in addition to the ones noted explicitly.

Of Al Gore's distortions in the film, Marlo Lewis, Senior Fellow at the Competitive Enterprise Institute says, "*Gore's film is a colorfully illustrated lawyer's brief – one-sided advocacy for climate alarmism and energy rationing. The only facts and arguments Gore presents are those that support his 'scare-em-green' agenda, and he often distorts even the evidence he cites.*" Professor Robert Carter, of the Marine Geophysical Laboratory at James Cook University in Australia says, "*Gore's circumstantial arguments are so weak that they are pathetic. It is simply incredible that they, and their film, are commanding public attention.*"

Resources for Concerned Parents

If your children are being subjected to Al Gore's lies and propaganda, there is a way to protect them.

The Heartland Institute, a 24 year old national nonprofit organization, has created resources for concerned parents. A free kit, titled "Education or Indoctrination" is available upon request. It contains:

- Research and commentary pointing out the errors and exaggerations in "An Inconvenient Truth."
- The full text of the British High Court decision declaring Gore's film to be "partisan" and "political."
- A free copy of "Unstoppable Solar Cycles," a 10 minute documentary film explaining why many scientists believe the recent warming is a natural and beneficial phenomenon.

Legal Help if Needed

In many states, parents and taxpayers have a legal right to object to politics and propaganda in their schools. Science classes are supposed to teach the scientific method, which involves formulating and testing hypotheses, not spreading hype and propaganda. If teachers and principals are unresponsive to a parent or taxpayer's concerns, The Heartland Institute stands ready to provide legal representation. For more information, contact Maureen Martin, senior fellow for legal affairs for The Heartland Institute, 19 LaSalle Street, #903, Chicago, Illinois, 60603, Phone: 312-377-5000. 

Nine Proven Mistakes*

1. Sea levels may rise 20 feet in the foreseeable future due to West Antarctic and Greenland ice melt... **FALSE**
2. People are evacuating Pacific Island nations due to sea level rise... **FALSE**
3. The oceanic "conveyor belt" is in danger of shutting down and triggering a new ice age... **FALSE**
4. Rising levels of atmospheric carbon dioxide have historically caused increases in global temperature... **FALSE**
5. Global Warming is causing a retreat of Mount Kilimanjaro's alpine glacier... **FALSE**
6. Global warming is causing Africa's Lake Chad to dry up... **FALSE**
7. Global warming caused or contributed to Hurricane Katrina... **FALSE**
8. Polar Bears are drowning due to reduced sea ice... **FALSE**
9. Global warming is causing coral reefs to bleach and die... **FALSE**

*Source: British High Court Ruling (Case # CO/3615/2007, October 10, 2007)

...THESE THINGS REALLY ARE HAPPENING!

Al Gore would be John McCain's man on Global Warming

According to an article issued by Reuters News Service, October 2, 2008, John McCain would eye Al Gore for a climate role in his administration.

Said the Reuters' report, "*Asked if he would be a visible presence in international talks to reduce greenhouse gas emissions and replace the Kyoto Protocol, McCain, who has clashed with fellow Republicans over climate change, said he would do 'whatever is necessary to try to move forward.'* He said he would involve former Vice President Al Gore in efforts to address the issue. 'I would tap him, I would tap people who have been involved in these issues for many years.' McCain noted that he disagreed with the Nobel Peace Prize winner about nuclear energy but added 'I have great respect for Al Gore.'" 

And They Tried to Paint Palin as the Stupid One...

Remember the 2000 campaign when it was revealed that Al Gore claimed to have invented the Internet? And earlier this year, when someone on the McCain campaign started the rumor that John McCain helped to develop the Blackberry?

Those were wild claims. But neither could hold up to the immense ignorance of this claim by Vice Presidential candidate Joe Biden. Said Biden to the CBS Evening News, "*When the stock market crashed (in 1929), Franklin D. Roosevelt got on the television and didn't just talk about the, you know, the princes of greed. He said, 'Look, here's what happened.'*"

It's important to note that, first, FDR wasn't president when the market crashed in 1929. Herbert Hoover was. FDR wasn't elected until three years later. Second, need we mention, television had not yet been invented. In fact, neither Hoover nor Roosevelt ever appeared on television during their years in office. Too bad we couldn't keep Biden off of the tube. 

More Government... More Government... That's the answer!!!!

During the height of the market meltdown frenzy, big-mouth know-it-all Senator Barbara Mikulski (D-MD) was heard shouting from the floor of the Senate, "*We need a situation room. We need a situation room, not at CNN. We need an economic situation room at the White House. I ask the president while all this hubbub is going on at Capitol Hill – I ask the president to be commander in chief of the economy.*"

Oh yeah, the answer to an economic meltdown caused by bad government policy and government micro management – yep – let's have that same gang of politicians making every single decision in the market... Oh that's right – they are, now that the bail out has been passed. The Situation Room is in the Treasury Department. 

Here's why we're supposed to be a Republic

Robert Mugabe, dictator of Zimbabwe, is the man who has systematically destroyed that nation's economy, starving the former "bread basket" of Africa. He has lost two elections, but is still in power because he just won't leave. Since he won't vacate the presidential palace, exasperated opponents – who actually won the last election, have at least gotten him to sign an agreement for power-sharing.

Here's hoping that the opposition leaders aren't holding their breath that they will actually have a say in anything. This quote made by Mugabe at the signing ceremony could be a major clue: "*This thing called democracy is a problem. It's a difficult proposition because always the opposition will want much more than what it deserves.*" Yeah, how dare the opposition demand to hold office when they actually won the election? 

INSIDER'S REPORT

UPDATE ON THE GREAT NORTH AMERICAN PHONE-IN

I want to issue a heartfelt “thank you” to all APC Sledgehammer activists who took part in the Phone-In on September 16th.

Apparently we made quite an impact as thousands of calls were made to Capitol Hill, to district offices across the country, and to the Canadian parliament in Ottawa.

Some of the highlights:

1. By 11:00 AM Eastern time APC received calls from two congressional offices begging us to stop the calls. The office of Rep. Mike Rogers of Alabama said they couldn't get any work done. Our response was “good.” Another congressional office (we didn't get the name) said the tired old line, “we don't support a North American Union because there is no North American Union.” I answered, “then put it in writing by cosponsoring H. Con Res 40.” No response. The calls continued.

2. APC received many calls from activists anxious to report on their efforts. Some reported that, as soon as congressional staffers answered the phone they said, “Yes, we know, H. Con. Res. 40.” Apparently our message was getting through.

3. Rep. Virgil Goode's office (he is the chief sponsor of H. Con. Res. 40) was thrilled by our efforts. His staff reported that there is considerable buzz on the hill about the bill. We have 50 cosponsors reported to date, hopefully more are coming.

4. Reports came later in the day that callers were having trouble reaching congressional offices. If they called the numbers we provided, the recorded message came on that “this phone was not in service.” Calls had to be made through the switchboard at that point. We don't know if that was from the volume of calls, but we do know it wasn't happening earlier in the day.

5. We received reports that local district offices were swamped with calls. In turn they were reporting of the large number of calls being received in the districts to their Representative's office on Capitol Hill (which were receiving their share of calls also). The overall impression was that we were a nationwide campaign. Very impressive.

6. In Canada, parliament had to add more receptionists to take the calls. Most calls had to be made through toll-free 800 numbers, and there was a large back up as callers had to wait to get through to individual offices of members of Parliament. Moreover, we understand that parliament was receiving calls from as far away as Mexico and the Netherlands.

7. Throughout the day, my Canadian associate Paul Grondin, (the man who came up with the idea for the Phone-In) received numerous calls from Activists wanting to join the Phone-In and were looking for lists of phone numbers.

It appears from these reports from the front lines that The Great North American Phone-In was a success and has had the desired impact. Congress can no longer ignore the North American Union.

Our next step is to issue a follow up letter to Congress, again urging them to investigate the NAU and the SPP and to join in cosponsoring H. Con. Res. 40. It's not too large for more organizations to join in this effort and apply much needed pressure on this vital issue.

Again, my thanks for a job well done by the many activist and groups who participated, and to the many radio programs across the nation who helped get out the word to their listeners.



Tom DeWeese

Letter Sent to House Congressional Members



70 Main Street • Suite 23 • Warrenton, VA 20186 • Phone: (540) 341-8911 • Fax: (540) 341-8917

September 23, 2008

Dear Congressman:

On September 16, 2008, my organization and others conducted “The Great North American Phone In,” I’m sure your office received numerous calls from our supporters telling you they are opposed to the Security and Prosperity Partnership. We also urged you to support and perhaps cosponsor H. Con. Res 40.

The purpose of our effort was to force a focus on this issue and to demonstrate that many Americans across the nation are strongly opposed to the creation of a North American Union.

I know that your instant reaction may be that there is no such thing. Well, you are right – so far. And we want to keep it that way. We are concerned that such an effort is underway because we have made extensive research into the SPP and the activities of the twenty working groups operating in its name. In addition, we have studied the remarks made by leaders in both Mexico and Canada who are saying things much differently than the Bush Administration.

For example, former Mexican President Vicente Fox said in Madrid, Spain in 2002, *“Eventually our long-range objective is to establish with the United States... an ensemble of connections and institutions similar to those created by the European Union...”* He went on to say, *“The new framework we wish to construct is inspired in the example of the European Union.”* Fox has made similar remarks many times, including during an appearance on the Larry King show and in his own book. May I remind you that Vicente Fox has been involved with the SPP from the beginning and would certainly know better than any of us his motives in participating.

From Canada comes this quote from author Mel Hurtig, who attended an SPP meeting in Banff, Canada, September 12, 2006: *“We’re talking about such an important thing, we’re talking about the integration of Canada into the United States. For them to hold this meeting in secret and to make every effort to avoid anybody learning about it, right away you’ve got to be hugely concerned.”*

Obviously these two men, who are closely involved with the SPP, believe there is a real effort to create what can only be described as a North American Union. In fact, it seems the Bush Administration is the only participant from the three countries that denies the SPP is leading toward a North American Union.

The Bush Administration calls the SPP a “dialogue.” What is a dialogue? We are offered no explanation. Yet the Administration is quick to ridicule anyone who asks. And frankly, that is exactly what some Members of Congress are doing. Instead of asking much needed questions – many Members are automatically resorting to ridiculing those of us who ask these questions, calling us conspiracy nuts.

I’ll ask this question of you. Why isn’t the “dialogue” being held in Congressional hearings where it belongs?

Moreover, it cannot be denied that a huge amount of money is being spent on the SPP process. Whether you agree that it is leading to a NAU or not, you must at least ask the question, “who appropriated that money to be spent?” It wasn’t Congress, and by law that is a violation. Where are the hearings to ask that question?

I have received numerous letters from Members of Congress telling me there is no NAFTA Superhighway. All of the letters tell me they have checked with the Federal Department of Transportation and been told DOT has no plans for such a highway. This answer is, at the very least, disingenuous because it appears the highway is being built through state DOTs, giving the federal department plausible deniability.

However, members of the Texas State Legislature also used to deny the highway's existence until certain documents and maps were made public. Those items, by the way, could only be secured through legal means, because TxDOT refused to release them. There is now significant information available to prove the existence of the NAFTA Superhighway or the Trans Texas Highway, and its purpose, if you care to do a search.

Again, here are quotes from Mexican officials who certainly believe such a highway is in the planning stages. Jose Natividad Gonsales, Governor of the Mexican province of Nuevo Leon said, *"The Trans Texas Corridor is not just the NAFTA Superhighway, but the Logistical Trans-Corridor of North America, uniting Mexico, the US and Canada."*

Finally, on the subject of the highway, I have to ask this question: if no such highway is to be built, why would the Bush Administration find it necessary to run a project to allow Mexican trucks across our border? Last December, Congress was so upset about that possibility that it passed an amendment to the Consolidation Appropriations Act, 2008 (signed into law on December 26, 2007 by President Bush) to cut off all funding for the Mexican truck project. Yet Mary Peters continues to ignore or defy the law and run the Mexican trucks over the border anyway. Where is Congressional outrage over this blatant disregard for the law? Where are the calls for her dismissal?

America is being changed through the SPP. At the very least it must be acknowledged that a new layer of government bureaucracy is being created through the SPP working groups now operating in all three countries. In addition, the driving force for the SPP, the Public/Private Partnerships, include previously unheard-of, non-compete clauses and Comprehensive Development Agreements (CDA) which use government power and tax-payer money to guarantee these private companies a return on their investment. That makes them government-sanctioned monopolies through corporate fascism.

In this day of economic meltdown and massive bailouts for corporations, don't such practices of the SPP demand attention from Congress?

For Congress to automatically and smugly deny such projects are underway is to ignore the facts. With enough Americans expressing their concern over this issue, it would better serve those whom you were elected to represent to at least hold hearings and get to the truth -- as we have -- than to simply say your constituents are crazy for believing "conspiracy theories."

To help in that quest, I have enclosed a copy of the "North American Union Fact Sheet," a document created by my organization from our findings on the subject. This information is just the tip of the iceberg. There is much more detailed information, maps, legal documents and quotes that we'll be happy to supply.

I hope, that once you have discovered these truths for yourself you will then sign on as a cosponsor to Rep. Virgil Goode's H. Con. Res 40 (copy enclosed) to express your opposition to the creation of such a North American Union. Our concern is simply that the Constitution be adhered to.

Sincerely,



Tom DeWeese
President

SPOTLIGHT ON TYRANNY

Energy Fraud

Democrats are engineering another energy swindle that will cost consumers and taxpayers

By Roy Innis

Remember *The Sting*, *Oceans 11*, *Entrapment*?

The “marks” were a bit unsavory, or rich guys or banks that “could afford” to get ripped off. The con artists were affable rogues, administering payback or playing Robin Hood. We rooted for the good guys, enjoyed the suspense, relished the climax, and had some laughs along the way.

Fraud and theft aren’t so enjoyable, however, when the marks are you, your family, your job, your investments and pension. The fun disappears when fiction becomes reality, and the sting is engineered by lobbyists, environmentalists and members of Congress.

That’s exactly where we are on energy – the foundation of our jobs, health, living standards, and everything we eat, drive, wear and do. We’re being set up for an elaborate sting that will benefit the few, at the expense of the many, and leave families, businesses and entire industries struggling to survive.

Since publication of my book, *Energy Keepers - Energy Killers: The new civil rights battle*, millions of Americans have become aware that this country has vast untapped energy resources.

Three-fourths of US voters now support expanded onshore and offshore drilling. A bipartisan coalition in Congress wants to increase domestic petroleum, coal and nuclear power, while fostering conservation and wind, solar and other energy opportunities.

They have been blocked at every turn by liberal Democrats, many of whom are working with radical environmentalists to eliminate proven hydrocarbon and nuclear technologies that provide 93% of our energy, and replace them with systems that currently generate less than 1% of the energy that safeguards our jobs, homes, security and prosperity.

However, political realities and voter outrage over soaring gasoline, food and heating costs forced House

Speaker Nancy Pelosi and Senate Majority leader Harry Reid to devise an elaborate hoax. It had the trappings of a pro-energy bill – but was as authentic as the betting house and announcer in the classic Newman-Redford film, *The Sting*.

Their legislation “expanded offshore leasing” – but only beyond 100 miles off most of our coasts, and 50 miles off four states that would get no revenues from leasing or production, and thus would have no incentive to permit leasing. In other words, it allowed leasing only where there was no petroleum, or where drilling and production would be so far offshore and so expensive that no sane company would do it. The bill made 88% of our nation’s offshore oil and gas permanently off limits – along with jobs and some \$800 billion in revenues that development would generate for state and federal governments.

The pseudo-energy bill also imposed new subsidies to promote unreliable wind and solar power – paying for them with higher taxes, higher electricity rates and new taxes on oil companies, which then would have less money to drill in the few places that aren’t off limits. It mandated that utilities magically increase their wind and solar electricity generation from 1.5% today to 15% 2020.

Drafted largely by environmentalists and lobbyists, the legislation would have undermined our free market system and given Congress and bureaucrats the power of Roman emperors to give thumbs up or down to companies, industries and jobs. It would have made lobbyists and pressure groups more important to business success or failure than quality products and services, innovative R&D or sound management.

It narrowly passed the House on a party-line vote. But Senate Democratic leaders knew they didn’t have the votes to override a threatened veto. So they let the bill die. However, Congressman Steny Hoyer says restoring the offshore oil drilling ban “will be a top priority” for Democrats in 2009.

ENERGY FRAUD.... (Cont'd from page 11)

They hope we won't still be angry about this attempted swindle and soaring energy prices. I wouldn't bet the rent money on that.

Americans know better than ever before how important abundant, reliable, affordable energy is to our national security, way of life and civil rights.

We know what soaring fuel prices are doing to our airline, tourism, manufacturing and other industries, Meals on Wheels volunteers, and our ability to buy food, heat and cool our homes, take a vacation, and save for college and retirement. We know higher prices will make it impossible for many of us to give more to charity than Senator Paying-Taxes-Is-Patriotic Joe Biden's lousy \$328 a year.

We know what our businesses, schools, hospitals and lives would be like if the electricity went off every time the wind stopped blowing. What Phoenix, Dallas and Miami would be like without affordable air-conditioning. What Green Bay, New York and Toronto would be like without affordable heating.

We can "visualize a planet without cars" – as some urge us to do. It would mean taking hours or days to get anywhere, on foot, bicycle or bus, living with Calcutta-like urban congestion, maybe even going back to 1900 New York City and streets clogged with horses and horse manure, urine and carcasses.

We're already in the midst of the biggest financial crisis this great nation has faced in many decades. We don't want to make it infinitely worse.

In one year, we could double offshore oil production from California, just by issuing leases and permits to drill from platforms that already exist right off the Golden State coast. As the world's third largest oil consumer – right after the USA and China – California can and should produce more petroleum.

We could go to the Eastern Gulf of Mexico – near Florida, another big oil and gas consumer, not far from where the Cubans and Chinese are talking about drilling just 45 miles off the Sunshine State coast. In a few years, we'd have significant production – without harming the environment. Ditto off the Virginia coast, out West, and in Alaska's Chukchi Sea and Arctic National Wildlife Refuge.

Our energy woes have nothing to do with technology or the will of oil companies to lease and drill. They're due to politics, moratoriums, lawsuits and anti-drilling pressure-group tactics that block drilling everywhere we turn. We're fed up with it.

This anti-energy insanity has to stop. We're the only country on Earth that deliberately locks up its own energy resources, and then spends \$700 billion a year (the price of the Wall Street bailout) to import substitutes. We're driving up energy prices and forcing poor families to choose between buying a gallon of milk or a gallon of gasoline.

If Congress can't get its act together this year, we'll make darn sure it gets religion next year.

Roy Innis is chairman of the Congress of Racial Equality and its Stop the War on the Poor campaign.

**FEDERAL RESERVE...** (Cont'd from page 5)

risk. Washington needs to get out of the housing business. It shouldn't be a federal concern whether or not someone owns a home."

- Ed Feulner, president, Heritage Foundation

"Expecting Congress to fix the current financial crisis is like expecting an arsonist to put out the fire he started. Government created this problem."

- Rep. John Shadegg (R.AZ)

"Government must save us!" cries the left, as ever. Yet, who got us into this mess if not the government – the Fed with its easy money, Bush with his profligate spending, and Congress and the SEC by liberating Wall Street and failing to step in and stop the drunken orgy?"

- Pat Buchanan, "The Party's over", Human Events, 9/19/2008

"The taxes cannot be raised much more, so they can go out and borrow money... So then, they go and spend the money, and, lo and behold, there is not enough money to borrow and not enough tax money to go around, so they have to have one more vehicle, and that is the Federal Reserve, and with a computer they can turn a switch and create a billion or \$10 billion in a single day and that debases the currency. It diminishes the value of the money and alters interest rates and cause so much mischief, that, if people are concerned about the economy of their standard of living or rising costs of living, this is the source of the problem.

**- Rep. Ron Paul, Congressional Record, April 28, 1997, Page H-1902,
"The Federal Reserve Has Monopoly over Money and Credit in the U.S."**

Always sage advice

"Government is not the solution to our problem – government is the problem.

- Ronald Reagan

