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By Leon Weinstein  
Edited by: Les Weiss

*"...whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness."* American Declaration of Independence

*"The natural progress of things is for liberty to yeild, and government to gain ground."* - Thomas Jefferson to Edward Carrington, [Paris](#), May 27, 1788

*"We shall recognize by now, after so many millennium of experience that any government will eventually become a threat to those whom it governs, to the very same people it supposed to protect and serve. We the people however have a right to alter or abolish it. There were countless attempts to alter it and it didn't work. I am for abolishing it and instead creating a different type of service to protect us and our liberties."*  
Leon Weinstein

### **From the Author:**

Governments oppress people. Governments force people to do what people do not want to do. Governments seize properties, initiate wars, lie, cheat, defy their own laws - and get away with it. Governments seed corruption, kill, torture and steal without ever slowing down. On the other hand, governments are viewed by most of us as guarantors of stability, as the only buffer separating civilization from barbarism. Is it in the inherent nature of governments to be both bad and good, do harm but at the same time protect us from even greater evils?

Some people say "bad things happen only because we have the wrong form of government." Others say "terrible deeds were done only because the group of people in power was the wrong one to govern us." People were saying those things for about six thousand years now. They repeat it in every country, on every continent, all the time. So... either all types of government our civilization tried so far were wrong... or people in power were always bad... or perhaps, just perhaps, there is another reason for us-the-people and the governments to be on opposite sides of so many crucial issues?

My journey that led to researching and writing this paper started years ago, when I lived in the Soviet Union. At that time the country of my childhood was ruled by a government that I passionately detested. I was able to leave the USSR when I had reached my early twenties,

happy to be out of the "workers' paradise." I lived in Israel, and then traveled several other countries and continents. In the course of my wanderings, though grateful for the refuge I was afforded, I came to develop a mild distaste for the principles of government in those host countries as well. At a certain point I was on the verge of concluding that apparently most governments are overbearing (if not evil) in their methods of shepherding their peoples. I heard repeatedly the popular sentiment that "governments protect us and we cannot live as a civilized society without them" and was in agreement with it.

And then one day a thought occurred to me that "maybe there is more harm from governments than good even in the most democratic and liberal societies? Maybe we need to start thinking about another way of protecting ourselves?"

At first this thought felt strange. However after I started digging for answers I found that I am far from being the first person to ask this question. Many people - much smarter, more eloquent, and better educated than I - had thought about it and written extensively on the subject. I used their thoughts and writings in the pamphlet. I took ideas, sentences and sometimes even whole paragraphs and shamelessly inserted them in the text below. Actually there is no one single original thought in this paper that I can think of. Like Thomas Paine two hundred years ago I collected what was in the air and put it in this paper in the order I feel would help to prove those ideas the best. I am not an originator or generator of those ideas. I am their collector and distributor.

If you want more information on the subjects discussed in this pamphlet, please read the books and articles that I cite below. I am deeply sorry if I forgot to mention an article or book I took an idea or an illustration from. This was not done intentionally. I will be glad if you will send me a note stating what was quoted and from where, and I will add this information to the body of the pamphlet.

Since I currently feel that some of the most powerful nations on earth have begun gravitating toward socio-economical system known as the Third Way or Fascism, I decided to examine in some detail, function by function, the scope of responsibilities that modern governments in those countries took upon themselves. I wanted to see, logically and empirically, whether governments are really as indispensable to perform those functions as politicians claim they are.

My reasoning in this inquiry was along the following lines: If useful functions being performed by governments that are oppressive by nature can be satisfactorily done by the private sector, then we could do away with huge portion of what modern governments do and reduce their size dramatically. We would get all the benefits we desire without the negative aspects of

having governments “governing” us at least in those areas. My dream was to find a way to substitute all function the governments do.

I hope this research will help my readers understand what they pay for when they “hire” a government, and what (aside from their money) they give up to get the government’s services and protection. I trust it will also clearly demonstrate that most of the tasks the government has monopolized in our name can be done better and cheaper by using competitive market forces.

I know that for some people even my line of questioning will sound forbidding, almost blasphemous. Yes, blasphemous, because the thought that governments are absolutely necessary for the survival of civilization is implanted so deep into people’s psyche that this belief became "fate." And fate is an emotional, not rational issue.

When I discussed my findings with friends and acquaintances, I saw that in the minds of most people the notion of the need for a Government (someone who oversees our behavior and corrects it when it is not in line with the politicians in power’s current understanding of the “good” behavior), is unchallengeable.

Well, in this paper I will try to challenge this notion.

## **Chapter I: Issues**

### **1. A “Good Tsar” dream**

I was born in Russia, a country that at the time of my birth was bundled into an involuntary union of territories, countries and nations known as the Union of Soviet Socialist Republics. From the very early age, I was carefully taught not to say publicly what really was on my mind, not to trust even my closest friends with any politically incorrect thoughts, and to pretend that I liked (no, LOVED) everything the government does. We the citizens of the Union of Soviet Socialist Republics knew exactly who our enemy was. It was real, it had a name. The real enemy of the people was our “government.” Sometimes it was called “the state.” In our experience, the two labels were interchangeable, as there was no real difference between them.

Our lives depended on the whims of the government. We were meant to fear it and to serve it without questions, while singing unending hymns of praise to it for every deed it perpetrated, for every pronouncement it blared through its propaganda apparatus, the state-controlled media.

Then the unthinkable happened - the government of the monstrous USSR was forced to loosen its grip. About fifty thousand of us got away from the “workers’ paradise” as Soviet politicians called the country in the early 1970’s, and started our journey to the West. We escaped the “prison of nations” as the USSR was called by its citizens and flew toward freedom, each seeking his or her own kind of liberty and happiness.

This, however, is not a history of the country I had the misfortune to be born in. Whoever wants to know the full story of our exodus, one can easily find better storytellers of the transformation of that huge pseudo-Communist state into the smaller, leaner Fascist state it is today. It is now called the Russian Federation or “RF”. It changed its name and its makeup, but not its essence. My story is not about the former USSR, its oppressive regime and its bloody history, but about Governments in general.

In Russia, the uneducated segment of society always believed, and believes still, in the tale of “The Good Tsar”. The country’s peasants and the Lumpenproletariat (“rabble proletariat” as the least educated workers were called in Germany and Russia) hold fast to their belief that their revered Father of The Nation (at various times called Tsar, President, Chairman, or sometimes The Great Leader) has no idea of the miserable conditions in which his beloved children are forced to live. This belief was and still is so strong that thousands of pilgrims (called “khodoki”, which literary means “walkers” in Russian) travel to the capital to see their beloved Sovereign and tell him how his country is suffering. They sincerely believe that the current “Thug in Power” who in their opinion is their “loving father” and “protector” will swiftly punish the oppressors, change everything for the best, and enable his subjects to live well and prosper in perpetuity.

Actually, such a fairy tale has never come true and has no chance of coming true in the future. Tsars in Russia, Khans in Mongolia, and Kings in France or England didn’t climb to the top of the food chain in order to care for the common folk. Their thoughts and priorities revolve about themselves, sometimes about their families, and in rare instances about their close friends (though, as one king put it, “Monarchs have no friends, only subjects”). Anyone who thinks otherwise is in for a big surprise. The Monarchs rose to power and stayed on to govern in order to rob as many people as possible. This is the main purpose of any and every government they establish.

In the past two hundred years, the world saw new ideas introduced and tried in practice. We do not need kings to lead our lives, people realized. As usual, it took just one person to articulate this idea: his name was Thomas Paine, a British subject who settled in America and almost singlehandedly started what we now call “The American Revolution.”

The American Revolution was not a war of the American colonies against the British Crown, as my children were taught in the American schools. If George Washington had adopted a crown as the symbol of his own governance (as some of his co-revolutionaries have urged him at the time), the history of the world would have continued as it had been over preceding millennia, and we would call the uprising not a revolution but “The American War of Independence.”

The American Revolution was the world’s first realization of the idea that “we-the-people” can take care of our lives better than any Monarch ever did or ever will. We can work hard, keep our earnings for ourselves, and do as we please with our lives and property (while respecting the same rights of our fellow citizens). We could conduct our lives by ourselves, instead of obeying a power-hungry Thug who does nothing in exchange for us, but forces us to live in a way it is suitable for him. The Thugs, of course, would weave a different tale, always persuading us, their subjects, of the idea that they (The Strong and Powerful) were protecting the people from “other thugs” who would be even worse.

When I left Russia and came to the West, I realized that westerners’ idea of how to achieve good life was very similar to the one held by my ex-compatriots. Here, however both the uneducated and educated citizens shared this idea. The westerners do not believe in a tale of “The Good Tsar” as Russians do, but without exception believe in another tale called “The Good Government.”

As amazing as it sounds, they honestly believe that if *this* politician or *that* political party were to come to power, or if *this* or *that* law would be changed or enforced, their lives will improve and they all will prosper. In Russia at least educated people laugh at such naiveté and, pardon my language, stupidity. Given my own past experience, one that I wish on no one, I would join them in this laugh, but I want to cry.

One can argue that in the very early days of the American Republic things were indeed good for many Americans. But then, Government began to slowly change things to its own peculiar way.

OK, you say, it is possible to live without a king. We all know that NOW. We were not sure some two hundred years ago, but now we know. Yes, many of us said at that time that life without a king is an absurd idea and will never work, but it worked – to their surprise. However, an even more absurd and unworkable idea (the same people would continue) is to live without a government! That is really overboard, I am sure many of you will say - plain crazy, stupid and impossible!

“Are you talking about anarchy?” they would likely ask me, suspiciously. “Do you want the world to destroy itself?”

No, I am not talking about anarchy. Actually, I see only one way for our civilization NOT to destroy itself. It is the way I propose for us to live in the future – without governments as we know and understand them now. We may need managers for our assets, but not governments that, once hired, start running our lives – and taking them over.

To live without a government is not necessarily to live without order and protection. This is a false alternative of choices we were fed: either government or anarchy. This is what politicians want us to believe. But remember, they have a stake in our continuing acceptance of the governments. Politicians get best part of that deal: lots of money (*through taxation*), and the ongoing opportunity to take more from us at any time they want (*taxation & legislation*).

Below, I propose to examine the following, (a) why people think we need governments, (b) how well our own government is doing its job of providing in providing us the services for which we hired them, and (c) are there any alternatives for us (*we-the-people*) to get the services we desire?

## **2. Cause and effect**

While auditing a lecture series given by Jay Snelson on “Volitional Science” involving theories that were first formulated by Andrew Galambos, I came to realize how important it is to define the real causes of a problem before trying to find a solution.

As an example, Snelson posed the following scenario: If you thought a plague was caused by witches, what would be your solution to the plague problem? For centuries, humankind was sure that if they'd kill all witches, the plague would go away. This is why countless women were burned at the stake, or killed by a variety of other torturous means. However, the plagues were not eradicated. And now we know why: they did not identify the right cause.

Another example of a misunderstood cause resulting in misdirected efforts to find a “cure” was the attempt by humans in ancient history to pacify the oceans. Most of the population including scientists and politicians of the time surmised that Poseidon or Neptune sent storms upon the oceans whenever they were displeased with the human race. The logical solution devised at the time was to send ships laden with beautiful girls (and boys, just in case) out to sea, then throw them overboard into shark-infested waters to pacify the mischievous god and assure fair weather out at sea. The majority of their societies thought this course was “good for the tribe”, and the young were offered as sacrifice to the capricious gods every time the tribe wanted to bargain for safe fishing and peaceful seafaring passage for their commerce and especially for their warships.

Our society is divided. Part of society wants to keep what they earn, and use/spend/distribute it as they see fit. Another part wants to take from the “earners” and do with the money what

they, the “takers” deem good for the tribe, regardless of what the earners want. Society is divided by wealth or absence of it, racially, by gender (at least feminists see it this way), by country of origin, by political affiliation, and especially by religion – or the denial of religion. We have progressed in creating weapons of mass destruction of unbelievable power, but the way we resolve differences of opinions is even older than humankind. Our inability to resolve our conflicts (or learn to live with them) will eventually trigger a war where new ways of killing will be used to completely exterminate each other. That Armageddon spells the end of our civilization. Cockroaches and rats will survive. Humans will likely not survive the next global war, and almost certainly not the one after next. Even if some tribes in the Amazon basin or in the Australian bushes are not affected, how long will take them to create symphonies, build a refrigerator or a motorboat? Ten thousand years? Never?

Half the world lives in poverty. Untold millions are enslaved. Every day tens of thousands are killed because someone wants something they have. Do we really know why we are on a fast track of extinction? Or are we as ignorant as the people who thought the world is flat, who believed that the Earth is the center of the Universe, who were certain that variously named gods (Poseidon or Neptune) roil the seas to punish humans whenever we displeased them, and that witches are the real cause of the plagues?

Most of us think the cause for our being on a fast track to extinction is a bad tsar or a bad politician. Or a bad law that needs to be replaced by another political law and by another political leader. How many times do we need to repeat the same mistakes and try to take the same actions we already attempted before? How many times do we need to get the same bad outcome for a result in order to see that our problems are caused not by this or that particular law, or by this or that politician? Why don't we see the obvious – that the failure is built into the system, stupid!

It appears humanity fits the classical definition of insanity attributed to Albert Einstein: "Insanity is ... doing the same thing over and over again, but expecting different results."

Are we insane? I want to think that at least some of us are not.

### **3. Main Reasons People Think They Need to be Governed**

This is what the general public believes about proper role of a government:

*Government needs to ensure that man's natural rights are protected, that men can live in safety and without undue stress. Government provides for roads/freeway systems, schools/education, police/fire departments, enforces fair trade practices, safeguards free enterprise, protects the profits fairly earned in business, maintains postal services, creates & maintains parks (state,*

*local and federal), builds prisons as needed, provides garbage collection/disposal, ensures welfare services for the needy, pensions for the elderly, military protection for the nation, and many, many more functions – down to regulating relations between employees and employers, between sellers and buyers, between drivers and pedestrians, and so on, and on.*

The general public also believes that without governments there would be chaos.

First and foremost, people want their government to protect them. This is what they think they are buying when they pay their taxes. Further, we know that there are thieves and hooligans out there that want to steal our money, destroy our property and harm our children. We want these evil elements to be stopped, and put away as far as possible from our midst. Then there is potential danger from abroad that we want “someone” to shield us from.

We want fires to be contained as fast as possible, tsunamis to be warned of as early as possible, and in case of disputes among ourselves we want someone impartial to decide for us who is right and who is wrong.

We want to be compensated for damages we suffer, we want to pay as little as possible for our gas and medicine, and we want to be sure that our mail gets delivered on time. We want our borders secured against intruders/invasers... but we also want cheap gardeners and maids. We want our good jobs to be protected... but we also want to pay less for the products we buy.

We want to be protected from the greed of capitalists, especially monopolies – we were convinced by the politicians that monopolists will raise prices sky-high and force us to buy their products, whether or not we want them. We want someone to protect and improve our cozy lifestyles, and we are sometimes ready to give away some small part of our freedom in exchange for our safety and prosperity.

We want our children educated, but want someone else to pay for it. Our politicians tell us that, if not for the government, half of our children would be illiterate. Once retired, we want good pensions and free medical care until eternity. Were it not for our government, the government tells us, most of us would die without medical or nursing care. Old and miserable, we would end our lives out in the cold, on the streets or seeking shelter under bridges, they tell us. The strong will survive, the government insists, but who will fight for the small and the weak, who would care for the sick and the old – for “the 99%”? Actually this number is closer to 9%, but screaming progressives do not really care for facts.

We want government to build and maintain roads. We are told that no one but our government can own our streets. If not for government, the politicians tell us, we would still be riding on bumpy, rutted roads much like in the Middle Ages, or we would be forced to pay tons of money for the right to get to work or take our sick to a hospital.

Our society knows no other alternative to the question of how to provide for our security and well-being, except to hire a government and, in exchange for the services it provides, to give a share of our earnings, a share of our liberty, and to allow politicians manage our lives.

Actually, we so much want to be protected that we allow our government to charge us any amount the government wants, and to raise their prices as often as the politicians we placed in charge of our security see fit. Individually, we want to pay as little as possible, but we do not care when others are forced to pay more.

Some of us would like our government to be big enough to take care of most of our needs and wants. Such “progressive” citizens say that people in general are not smart enough to think and plan for their own future. They say “politicians are smarter than me and my family members therefore I will let them make decisions for myself.”

Others among us want government to be smaller – as small as possible – and charge us less for their services. However the two groups differ only in the numbers they cite as the “fair amount” to be given to politicians to govern over us. They disagree about how much shall be taken from the population to satisfy the desires and needs of the rest of us. Some say 20% is enough. Others say 90% is not enough. As you can see both groups have a common desire for someone to govern them and make decisions on their behalf.

Is there truth in the shared opinion of the two groups that we, as a society, have to hire a bunch of power-hungry weasels to protect us from real and imagined evils, and to eventually let them run our lives the way they see best? The real question is not how much to allow them to take from us, but “Do we or don’t we have to have governments”?

I say we do not, but let us examine this crazy idea together.

In order to proceed I want you to consider this: Once upon a time (four centuries ago) the entire population of the planet thought that Earth was the immovable center of the Universe, and to think otherwise was considered crazy (as crazy as to think that we can live without governments and prosper). What would you say about a person who today thinks that our Earth is the immovable center of the Universe? You would say he is at least ignorant, if not worse.

The fact that the entire population of the planet is absolutely sure in something wasn’t and still is not a proof that the idea is right. So perhaps (one may consider) this idea that we do not need governments is not that crazy? Is it possible to live and survive if no one governs your life? Or you may think that if government will not perform its functions there will be a chaos?

Let us now look closely at the US government’s functions one by one.

## Chapter II: Government Functions

### 1. Fire protection and prevention

Politicians love to tell us that without distribution of collected taxes the poor will not be protected against many of life's difficulties and risks, one among them being fires. The poor and underprivileged will not be able to afford the cost of fire protection services, they say. Their homes and all other possessions might be burned and they will lose all they worked for during their entire lives.

This is simply not true.

First, I would point out that a "poor" person who owns a home in the US is not really poor. A person who mastered down-payment of tens of thousands of dollars is considered by most world standards to be rich, or at least well to do. In addition to income and sales taxes, the homeowner pays property taxes to the government, and thus finances fire protection services. He simply has no other alternative.

Near Chicago, the Elk Grove district recently put together a private fire service when they faced an imminent loss of protection previously provided by a nearby municipal fire department. They found that the private company was able to provide the vital service far cheaper than was the case when contracting with another local government. Below are excerpts from an interview with a private fire protection provider:

*"Our first-year contract was \$300,000, and we were providing the same level of service the government consultant said would cost \$1 million. We continue to provide service as good as that of our municipal neighbors, but because we are private, we can operate more efficiently. We don't pay the insane salaries that our municipal neighbors pay. Our benefits are more in line with traditional industry. We are non-union, which gives us a lot more flexibility in dealing with our employees. Salaries and benefits are the big savings, but we [also] have a shop where we can rebuild and refurbish fire apparatus for our own use. We save money in purchasing almost anything a fire department would use, just by shopping around. We're very cost-conscious. We watch every penny we spend."*

For more information about Elk Grove private fire services please go to:

<http://news.heartland.org/newspaper-article/2006/04/01/privatized-fire-district-keeps-costs-low-and-service-high>.

Let me ask you a question, dear reader. Is there anyone who besides you is interested in protecting your home? Your insurance company, of course! They hate to pay for losses. This is why they offer discounts to customers who are in areas that have good fire protection.

There are many ways to ensure that all residents in an area, poor and rich alike, are protected by some fire service. This is how it was done in Savannah's Chatham County, Georgia. Savannah faced a similar problem as Elk Grove: *"Prospective customers are sent a mailing that informs them they are not protected against fire damage—nor are their homes, property and belongings. They are told that the Southside Fire Department (SSFD) can provide them the protection they need—and at no net cost to them. In fact, they are told, by subscribing to SSFD for fire protection, they will actually **save money**, because the savings on insurance (premiums) that they will realize from doing so will far outweigh the company's charge for the service. The subscription rate varies, depending on the value of the house."*

For more information about Savannah private fire service please read article "Fire Protection Privatization: A Cost-Effective Approach to Public Safety" at

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.180.2325&rep=rep1&type=pdf>.

Not only it is possible to protect your home from fire at lower rates than those charged by government services, but you can actually save money by subscribing to private fire protection and prevention services!

Independent studies confirm these results. In the aforementioned survey done for the United States Fire Administration (<http://www.usfa.fema.gov/>), and updated by the Reason Foundation (<http://reason.org/>), communities served by private-sector subscription companies typically had per-capita rates of expenditure below the national average. In those communities that use contract fire-protection service, per-capita expenditures for fire protection were found to be less than or equal to the national average. *Besides the tax savings to the communities in question, providers of subscription fire service also save individual residents money on their insurance premiums. As a result, providers of private subscription fire protection services usually realize very high market penetration rates, typically in the range of 75 to 90 percent.*

There are good reasons to subscribe. The money spent is less than the amount saved through reduced insurance premiums. The subscribers getting great service and save money.

But is it possible to privatize existing fire services? Those “capitalistic sharks” and “fat cats” (politicians keep telling us) will fire thousands of firemen, putting them on welfare for the rest of their lives. This is how politicians and union bosses rile up *our good* firefighters, police officers, and other union workers against privatization. Is that true?

No, it is not true. *In fact, private fire protection services save tax money and lower individual homeowners’ insurance premiums.*

The experience of Los Angeles County's privatization program highlights how governments can minimize the impact of privatization on public employees, while at the same time generating significant savings. LA county, whose privatization program was acclaimed by the Chicago-based Government Finance Officers Association (<http://www.gfoa.org/>), has achieved accumulated savings of some \$247 million during the decade from 1980 to 1990, and was able to eliminate or avoid the need for nearly 5,000 budgeted positions – with minimal layoffs. This was achieved primarily by contracting with private outside-services providers at the rate of attrition, and by preferentially selecting contractors who committed to provide employment to affected workers.

Please read “Privatization of Municipally-Provided Services” by Lawrence H. White, Department of Economics, University of California, Los Angeles at [http://mises.org/journals/jls/2\\_2/2\\_2\\_11.pdf](http://mises.org/journals/jls/2_2/2_2_11.pdf) and a study “The economics of fire protection: From the Great Fire of London to Rural/Metro” by Jennifer Anne Carson of the London based Institute of Economic Affairs <http://www.iea.org.uk/sites/default/files/publications/files/upldbook354pdf.pdf>

Private-sector companies are currently involved in every aspect of the fire prevention and suppression business. National parks and forests, airports and nuclear reactors, commercial businesses and industrial firms, rural and residential neighborhoods are being served by private fire-protection companies. Private fire companies also operate internationally. Their most notable engagement abroad involved fighting Kuwait’s oil field fires that resulted from Iraq's sabotage of those fields as they were driven out of Kuwait by US forces. In fact, the actions of those private-sector fire companies played a more important and direct role in staving off an environmental disaster than all of the United States armed forces combined.

As per “Fire Protection Privatization” study, privatization and outsourcing services to private firms saves money to municipal governments. The Deloitte & Touche study, for example, found that 80 percent of their survey's respondents reported savings of 10 to 40 percent through privatization. Noting that financial savings were reported by 100 percent of the participants,

and that quality was cited as an important factor by nearly half of its respondents, the 1990 Mercer Group Survey noted that “the results of privatization have been overwhelmingly positive.

Many of the founders and presidents of these private firms are former public firefighters who became convinced that, *if allowed to exercise their own initiative*, they could do a more cost-effective job than the public-sector agencies for which they were working. Some of them had innovative ideas of how a fire department should be run that they wanted to put into practice, but could not implement them because of the highly entrenched, even hamstrung, traditional (“*we’ve always done it that way*”) nature of the public-sector fire services *that did not easily adapt to change, even if it meant innovation and efficiency*. When opportunities to establish their own private-sector fire companies presented themselves in other parts of the country, these firefighters became entrepreneurs.

It is not difficult to account for the dramatic cost savings with highly professional and effective private firefighting organizations. Insurance companies base their premiums on a customer's “risk value.” To assess an applicant's risk value, the Insurance Services Office (ISO) relies on a rating it assigns to each town, city, municipality, or special fire district. The ISO rating ranges from one (least risk) to ten (highest risk), and is significantly affected by the quality of service provided by the local fire department. If an insurance applicant has no fire protection, he is assigned a “ten” rating, and thus pays a relatively high premium for insurance coverage.

In most of the districts that it serves, the Southside Fire Department (<http://www.southsidefire.com/>) has a very low ISO rating, *meaning a low risk of fire damage and a commensurately low risk of insurance loss payouts*. Thus, SSFD subscribers usually save a great deal on insurance premiums. But SSFD's contract with Savannah covers only one section of the city – the Southside. The rest of Savannah is served by the Savannah City Fire Department, which currently spends annually an estimated \$881,000 per fire station. By way of comparison, the SSFD spends less than half that amount, \$437,000 per fire station, and provides equal or better service to its community.

The obvious question is – dare we choose better services at a lower cost, or must we accept lower quality of service at a higher cost? As of today, we have chosen “not as good” a service, and at much higher cost. If you want to know why this is, look who gets your money to hire your firefighters, and you may find some among them who are more interested in their own well-being than in how much you pay for the services you get. What do you think? Is it possible that there are some people among our government bureaucrats who are interested in filling their own pocket more than in protecting yours?

In the United States we-the-people have accepted a myth that the government is the only proper entity that can organize our protection from fires, and that we must contribute ever more funds (higher taxes) for our politicians to distribute as they see fit – lest we get burned. Since government is a ***forced upon us monopoly***, we cannot choose from a list of fire protection services to find the best one for our needs, or at least one that is just better and/or cheaper. (This situation is very different from ***earned monopolies*** where, for example, the proven best shoe producer can become market-dominant over time, but must still maintain efficiency to fend off competitors.)

In the United Kingdom, where firefighting services are organized much like in the US (i.e. predominantly public), the cost of fire protection and prevention is 0.23% of GDP. The comparable figure in Sweden is 0.28%, in Japan it is 0.35%, while in the US it is 0.28% of GDP. In actual costs, we in the US spend over \$40 billion a year on firefighting and protection services. By notable contrast, Denmark's fire protection services are privatized, and make up only 0.09% of GDP – only one third as much of GDP as in the US, UK or Japan.

In Denmark, a private company Falck [http://en.wikipedia.org/wiki/Falck\\_\(Denmark\)](http://en.wikipedia.org/wiki/Falck_(Denmark)) is currently in charge of 65 percent of municipality fire brigades and 85 percent of ambulance services. Already in 1926, the Danish government allowed municipal governments to contract with private companies to provide emergency services.

It turns out we Americans spend three times as much of our national income (GDP) as the Danes do on firefighting services of the same or lesser quality. Thank you, dear government, for your good work, for always thinking about our needs, and for spending our money wisely!

**Conclusion:** Private companies can provide fire prevention and protection services, and perform them at least the same level of safety and security or even better - at significantly lower costs or in many instances for free. The myth that we must be taxed to get fire protection, and have the government in charge of it is... well... just that, a myth.

## 2. The Post Office

Some time ago I overheard an interesting conversation at a local post office while waiting in a line of customers during busy afternoon hours. In my observation, the Post office management reacts to long lines by reducing a number of employees serving customers, a practice widespread among many post offices I visited. In the mornings, by contrast, there are fewer customers but plenty of help. Paradoxically, as customers would stream in after work in large numbers, many of the postal employees are leaving the service windows – unclear whether to

do “backroom” work or just being “off the clock”. The scene reminded me of the Soviet Union, where restaurants were closed for at least an hour during lunch time because, in the words of the president of the Union of Service Employees, *“all employees in the USSR have equal rights, and the restaurant workers are entitled to have lunch during lunch time, like everyone else.”*

On the day in question, four out of six service windows were open when I first arrived at the post office, but the following events unfolded in short order: one of the clerks left, explaining that his shift had ended; another clerk concentrated on people who brought lengthy passport applications, and ignored those who needed less exotic postal services but had other things to tend to. After about ten minutes of immobile waiting, the line became restless. Several angry customers demanded to see “the manager” (actual title “Postmaster”). It took some persuasion to make one of the remaining clerks to call for the boss. The boss came out onto the floor, said he was very sympathetic to our problems, but declared he was powerless to help us in any way. His people were overworked, underpaid, have their own problems, have sick children, and there are postal rules and regulations that he as a manager must abide by. He gave us a smile, then disappeared behind the solid wood door of his office.

The line became even more restless. Someone said “If this was my business, I would kick this guy out of his job in a second.” Everyone agreed. “I would change so many things in what they do at the post office, starting with cleaning and putting something nice on the walls” - said an older woman who had been waiting there for over twenty minutes, in apparent discomfort.

“The moment government touches anything” - said a young woman who balanced about ten parcels in her hands, “it stops working”. This statement made an impact on the crowd, getting everyone to talk at the same time. “If I ran my company this way, I would have been out of business a long time ago,” said a middle-aged man with two large manila envelopes in his hands. The last comment I heard came from one of the people behind me: “Can you imagine what they will do with healthcare if they can't even manage the post office?”

When I came home I decided to research the history of the US Postal Service, and how and why it became a forced monopoly. This is what I found:

Publisher William Goddard first suggested the idea of an organized postal service for the American colonies in 1774, as a way to pass the latest news past the prying eyes of colonial British postal inspectors. The United States Postal Service first began moving the mail on July 26, 1775, when the Second Continental Congress named Benjamin Franklin as the nation's first Postmaster General.

For more information about the history of the Post Office visit <http://usgovinfo.about.com/od/consumerawareness/a/uspsabout.htm>

Many of the functions and powers of the Postal Office resemble those of a private business. However, unlike private businesses, the Postal Service is exempt from paying federal taxes.

Furthermore, the USPS can borrow money at discounted rates, and can condemn and acquire private property under governmental rights of eminent domain.

Under federal law, only the Postal Service can handle or charge postage for handling letters. Despite this virtual monopoly worth some \$45 billion a year, the law requires the Postal Service merely to remain "revenue-neutral," neither making a profit nor suffering a loss.

However, the USPS is not revenue neutral. This is what AP reported in the beginning of 2012: *"The Senate offered a lifeline to the nearly bankrupt US Postal Service on Wednesday, voting to give the struggling agency an **\$11 billion cash infusion...**"*

(read full article at <http://news.yahoo.com/senate-votes-slow-closing-post-offices-210018033.html>)

If you think that eleven billion resolved the Post Office problems, this is what the post office officials say now, near mid-2013: *"The agency (USPS)... could run out of money for day-to-day operations as soon as this fall... annual losses will exceed \$21 billion by 2016."*

(for more information please read NBC article <http://www.nbcnews.com/business/postal-service-reports-record-15-9-billion-loss-1C7099554>)

For more information about financial hardships facing the US Postal Service please read this article in Huffington Post: [http://www.huffingtonpost.com/2013/01/14/postal-service-budget-run-out-of-money\\_n\\_2475560.html](http://www.huffingtonpost.com/2013/01/14/postal-service-budget-run-out-of-money_n_2475560.html)

The Postal Office charges its customers for stamps and other products and services, AND gets as much of the taxpayers' money to cover its losses or promised benefits to its employees.

One would think the service of delivering letters is so unique and so hard to conduct properly without a financial loss that we-the-people must invest more and more just to keep it afloat. This is what politicians repeatedly tell us. But do you believe politicians? Personally, I think we're still trying to hide something from British postal inspectors. Otherwise, the postal saga and the existence of the US Postal Service monopoly do not make sense.

**The American Letter Mail Company (ALM)** was a private enterprise started by Lysander Spooner in 1844, competing with the forced monopoly of the United States Post Office. The ALM Company succeeded in delivering mail at lower prices than those charged by the US Post Office. However, instead of applauding Spooner and begging him to take over the country's failing postal service, the government took the entrepreneur to court and forced him to cease operations.

For more information on Lysander Spooner visit: <http://www.lysanderspooner.org/>

The American Letter Mail Company was able to significantly reduce the price of mail service, and even offered free local delivery, undercutting by a large margin the 12-cent price for delivery of a local letter being offered by the government-run Post Office.

The federal government treated Spooner's operations not as a great achievement, but (what a surprise) as a criminal act. In the opinion of the government, Spooner went after "their" money, and the government crushed him.

The government went not only after Spooner, but after his employees as well. Calvin Case was arrested and held on bail by the US Marshall on the criminal grounds of ... conveying letters. The US government went so far as to sue companies and people (customers) who paid Spooner to deliver their mail. The government demanded they pay the USPS the money the post office would have gotten IF they had delivered the mail that was handled (and properly delivered) by Spooner's company. In other words, you can hire someone to deliver your mail, but the US government must still get the payment (its "cut of the action") for the delivery.

Although The American Letter Mail Company was forced by the U.S. Government to close shop after only a few years of operation, it succeeded in temporarily driving down the cost of government-delivered mail. But when this unexpected competition was crushed, the fees went up again... and again.

In 1979 the United States Postal Service authorized the delivery of *extremely urgent* letters outside the purview of the USPS; this gave rise to the introduction of "express envelope" delivery by overnight package & freight delivery operators such as FedEx, UPS and others. However, the postal rule that authorized such deliveries also required that those "express envelopes" delivered by enterprising capitalists must be charged to their customers at the greater of (a) \$3, or (b) double the cost of what First Class (or Priority) mail service would cost via the USPS. They must be marked "EXTREMELY URGENT". All pick-up and delivery time records must be maintained for USPS inspection if the private shipping companies were using the time-sensitive exemption to provide those "express envelopes" services.

For more information please view: [http://en.wikipedia.org/wiki/United\\_States\\_Postal\\_Service](http://en.wikipedia.org/wiki/United_States_Postal_Service)

Please note – it was not a bunch of private companies that established a *minimum* price, it was the government who demanded it. Take more from your customers or else...

The government wanted private companies competing for the USPS business to be more expensive than the government-run service. The private companies were forced in some instances to charge twice what the Post Office took from its customers, yet they are still winning the competition against the government-run service. The only reason – the entrepreneurs are doing better job than the government.

If private companies delivered our mail faster and cheaper than the United States Postal Service, would you use the better and less expensive privately-run services or continue to use the government-run less efficient and more costly postal service?

The government has ***forced another monopoly*** on us, while they try to convince us that there is just no other way to do the job and there is no one who can do it better. “You pay us, or else!” politicians repeat the tag line, and this “or else” is deadly serious - it sounds like a stick-up. And we pay.

And when our government needs more money it just takes billions from the Post Office coffins (actually five billion a year as of now) and forces us to pay more again either in cost of stamps or in taxes. What, you are saying now, where is the logic? Well, this is how governments think, I suppose.

For more information about the current situation with the Post Office please read this article from Reuters: <http://blogs.reuters.com/great-debate/2013/02/05/time-to-save-the-postal-service/>

**Conclusion:** First-class mail and other delivery services can be adequately provided by private companies, and the private enterprise can perform the same job at a lower a cost and more efficiently than the monopoly established by the government. We will not have to pay up tens of billions of dollars to a vast army of unaccountable bureaucrats, some of whom without doubt do nothing but bide their time in place.

The myth that we simply must hand our money to politicians and put government in charge of the mail service, or else our mail will not be delivered in full and on time is... well... a myth.

### 3. Roads and highways

Politicians tell us that only the government can build and maintain our roads and bridges. If capitalists were to own them we'd have to pay a hefty toll every time we drove on any road, while the poor among us would not even be able to afford to get out of their homes making their lives even more miserable than... Let's try to examine this and other lies told us by our political leaders.

Association for Safe International Travel posted the following statistics on its website <http://www.asirt.org/KnowBeforeYouGo/RoadSafetyFacts/RoadCrashStatistics/tabid/213/Default.aspx>:

In 2001, there were 12 million accidents on US roads, leaving 43,800 people dead. Additionally, 2.35 million people were injured or disabled. Among children under 15 years of age, 1,600 die annually as a result of road accidents. Crashes caused by drivers in the 16-20 year age group kill more than 8,000 people annually.

In addition to the toll of human suffering, road crashes cost the US \$230.6 billion dollars per year... or on average \$820 per person.

By any reckoning, this is a tremendous loss in lives and treasure, and the large numbers of people who suffer as a result could blame the US government for its failure to find a solution to the problem of road safety, or at least to find ways to significantly reduce the annual road casualty figures. The government, people may feel, is not doing a good job of securing the roads for safe driving, but maybe no one can do a better job?

But if you, dear reader, think that “well, this is the cost of progress – cars move, people die” you are seriously indoctrinated.

First, however, let me share with you a personal experience I encountered while living in Manhattan, New York City, some twenty years ago. At that time Park Avenue between 24<sup>th</sup> and 36<sup>th</sup> streets was taken over nightly by hordes of prostitutes. I lived on the corner of 27<sup>th</sup> & Park So., and was practically in the center of the action. Before the prostitutes moved into our area (apparently they tend to migrate from place to place, *as police “crackdowns” in one precinct merely force them into another*), we had to endure the presence of large numbers of drunks and filthy vagrants in the area, many of whom considered city streets as a convenient restroom. Thefts of women’s handbags and pick-pocketing were rampant everyday occurrences, a norm. Then out of nowhere the prostitutes descended on our area, and almost overnight the streets were cleansed of the prior filth and of the crews of criminals, petty or violent. Promoters and organizers of the sex trade had made sure their clients would not be afraid to stop, examine the merchandize, and purchase the service they selected.

In order to conduct their business and protect their stream of income, pimps made sure the turf was safe. Then one day they all disappeared, apparently driven out by the police. They moved to what was then known as “hell’s kitchen,” on Manhattan's West Side. Practically overnight, the drunks and thieves came back. The police were apparently unable to keep our streets safe. It seemed the police cared much less about our safety than did the owners of the sex trade, the private enterprise who, for a short period, took charge of our neighborhood.

Below are excerpts from an article in Wikipedia [http://en.wikipedia.org/wiki/Free-market\\_roads](http://en.wikipedia.org/wiki/Free-market_roads):

A private corporation which owned streets would make a point of keeping its streets free of drunks, hoodlums, and any other such annoying menaces, hiring private guards to do so if necessary. It might even advertise, "Thru-Way Corporation's streets are guaranteed safe at any hour of the day or night. Women may walk alone with perfect confidence on our thoroughfares." A criminal, forbidden to use any city street because the street owner companies knew of his bad reputation would have a hard time even getting anywhere to commit a crime.

On the other hand, the private street companies would have no interest in regulating the dress, "morals," habits, or private lifestyle of the people who used their streets. All they would ask is that each customer pay his "dime-a-day" and refrain from initiating force, obstructing traffic, or driving away other street-using customers, pedestrian or vehicular. Otherwise, the law-abiding "street-walker's" life-style / moral code would be of no interest to the private street company; the street company's interest is best served by treating all its "street-walker" customers equally and courteously. That is because the goal of the private street company is neither to restrict the citizens' freedom, nor to "educate" them in any respect, but to make money.

Yet one can argue that, when there is only one street/road/highway connecting points A and B, competition disappears, and so does the main advantage of privatization. Absent regulation, a private highway operator may charge an exorbitant monopoly price, resulting in huge profits for the monopoly operator, and few benefits for the public.

In such a case of sky-high prices, any rational users of the service would avoid (boycott) the private toll road, and instead take public transportation – bus, train, or airplane. The public would drive on the high-priced road in emergencies only, when there is absolutely no other choice.

However, I very much doubt that any private corporation would be so reckless in pursuit of a high profit "margin" per transaction as to drive most people away from buying their product – resulting in very few "sales", minimal and declining gross profits, probable net losses, and eventually putting them out of business.

The overriding goal of any private corporation is to make money – now and into the future. In the case of a road-building and -operating entity, huge funds are needed as initial investment even before the first vehicle gets on the road and pays the first toll. Unlike a corner grocer, who can easily calculate a unit cost for every item on his shelves, and recover his daily investment plus profit from the first and every subsequent customer, a road-operating company cannot recoup its "unit-costs" from the "sale" of each product on a daily or even annual basis. The size of its initial road-building investment alone is impossible to allocate to "initial" users – except over huge numbers of customers over many years, usually well over 5 years.

That is why a road-building/operating corporation must seek to gain huge numbers of users within a short time period to get the largest possible total revenues for its "product" (the road) – and that means reasonably low tolls to attract onto the road the highest number of drivers that can be safely accommodated. Unlike in the case of the grocer, who can easily identify and pass on his cost for each item, the "marginal cost" for each car using a road is nearly negligible! (That means that the additional cost of letting any given car use the road is effectively "zero".) Yet it took a fortune to make the road usable for the first driver – no matter how many others would follow. Beyond those "sunk costs", the maintenance costs over time are also significant, even if relatively much lower, and roughly calculable by car-miles of use.

For these logical reasons, a road-operating company will offer the best price-elastic tolls as it seeks to maximize its total revenues and recoup its "sunk cost" investment as quickly as possible. After the initial road-building investment is recovered, the operator company's profit

margins and total profits will greatly increase, and they face less pressure to raise prices (tolls), as they need funds for maintenance, road improvements, and overhaul, but not for new road-building.

Thus a large, seemingly monopolistic enterprise like a road operator will be inevitably held back from price-gouging consumers, as the “invisible hand” of economic logic works to constrain any predatory pricing practices. The “price elasticity” principle on any non-essential goods means that a unit price (toll) increase (say 10%) will cause a proportionally greater drop (15% or 20%+) in user volume, leading to significantly lower total revenues – thus lower profits for the road.

Though perhaps counter-intuitive to most people, it turns out that a big enterprise (if given exclusive rights of operation in order to induce it to invest huge sums in a road-building effort) will not be interested in price-gouging any more than the corner grocer who faces competition directly across the street and down the block. Price gouging would simply drive them both out of business.

Actually, profit-motivated road operators would do just the opposite of raising prices/tolls. They would actively promote/advertise special discounts and programs to attract more drivers, multiple-occupancy vehicles for car-pools, for families with children, for the handicapped, for emergency vehicles, for long-term bulk/volume usage, and grant free or inexpensive access in off hours. They would do everything possible to get people to use the road as efficiently and effectively as possible.

Local streets could also be maintained by private road associations, in much the same way that common stairs, hallways, etc. are cared for, cleaned, and maintained in a cooperative (co-op) building arrangement, condominium, or gated community. In such a neighborhood, the owners' and tenants' association might allow members, local delivery and pick-up services, as well as public transport vehicles to drive their streets for free, and charge fees to motorists using them as cut-through to get to other places. Contractors would compete to provide good road service in much the same way as elevator companies compete for the business of office buildings, even though a typical building may only contract with one elevator service provider at a time.

A company that owns a private road will want to at least recoup its initial investment in constructing/re-paving the road. Further, when construction is completed, the owner still wants to invest in proper maintenance of the road to keep it attractive for drivers who pay to use it. Road maintenance needs to be timely, quick and of high quality, to keep the road usable for maximum toll-paying traffic, resulting in the highest realizable revenues to the owner firm.

A government-run roads agency does not seek to maximize a given road's “through-put”, that is its traffic-handling capacity, nor to reduce road maintenance down-time, or to cut expenses – because it has no incentive to do so. A government agency's power and prestige is measured solely by the size of its budget (how much money it spends), and by how many jobs it can give its supporters – those are the incentives that drive the actions of any government agency. No profit motive clouds (or trims) those government incentives for unbridled spending.

By contrast, companies that own and maintain private roads have a highly motivated interest in keeping as many paying drivers as possible using their roads safely and comfortably – delays, shut-downs, injuries resulting from poor road conditions will tarnish a road-operating firm's reputation, and severely cut into their revenues/profits. The road companies will actively seek to remove from the road any unfit, drunk, or otherwise reckless drivers, and will be highly vested in vehicles being maintained at good mechanical standards, because a stalled vehicle means a clogged, unusable road. Disabled vehicles need to be removed from the road by the operating company itself, and the cost can either be absorbed by the firm or, more likely, be directly charged to the vehicle owner with a hefty mark-up (much as current tow charges), giving the owner a serious incentive to keep up the mechanical quality of his/her car.

A Wikipedia article on privatized roads in South America is informative: according to it, Brazil has saved 20% and Colombia 50% by outsourcing their road maintenance to the private sector. Private roads are proving to be safer, better maintained and less expensive than the roads built and maintained by governments. What a surprise, right?

"But wait", you say, "I understand that private roads would be better to drive on, and no doubt more cost effective, but what about the cost to the drivers? Now we pay nothing to drive on these roads. Even the poorest people can use the roads to move from place to place."

Not true, dear reader. First, right now we all pay taxes in different ways, shape, and form to finance our roads. The bureaucracies take our money, waste a large portion to maintain their own bureaucracies, and then build and maintain our roads and bridges. However, they do it slowly, maintain them poorly, and more often than not neglect them until they are unsafe.

Secondly, even the poorest people who drive must first buy gas and oil, repair their cars as best as they can, and before that they had to buy their cars. Truly poor people cannot purchase and maintain cars. Go to India or Mexico to see how truly poor people live and what they own.

And finally, most of us get monthly bills from our phone companies. The bill typically shows the calls you made in the specified time period of time, lists the numbers you called, how long you talked, and the rate you will be charged for the call. If all or most of the roads become private, you will get the same type of bill, listing where you entered the system, how long you stayed on this or that road, and at what rate you will be charged, perhaps depending on the time of day.

Exactly as we now have a variety of payment plans for our phones and cell phones, we will have a variety of plans for our cars. Like your cell phone, your car will be carrying a chip that will register the car's movements. Phone companies lower their rates regularly in response to market demands. If not, they lose customers and give up their reason for existence – profits. The proposed road companies of the future will have to do exactly the same.

Let me outline how roads of the future can be operated as private enterprises, with all the benefits of private ownership, at no cost to drivers, and on occasion even returning some money into the drivers' pockets. Roads of the future can and will save lives. Traffic collisions and accidents on the roads today occur mainly because Government fails to act to prevent accidents. In cases of road mishaps/accidents, the government today acts to issue fines, or from time to time imprison those people at fault, after the fact, trying to scare them into obedience

of traffic rules in the future. Such actions however can't change anything in the lives of people who died or lost their loved ones in the accidents that already happened.

Remember the pimps on *Park and Madison* Avenues, near my old neighborhood in Manhattan? They didn't wait for drunks to create a nuisance or accidents. Pimps were not content to catch thieves after they stole from passersby (and scared away their ladies' customers). They acted to prevent those harmful occurrences and incidents. They were proactive, not merely reactive. Private roads can do many things to actively prevent most accidents on roads, and even beyond - without infringing on peoples' liberties.

Now let's together think who, aside from your immediate family, has a stake in your and your car's safety? Yes, like in the case of your house, your insurance company is invested in your and your car's well-being! If you damage your car or someone else's property, if you are injured and need medical care, your insurance carrier will have to pay. They'd rather spend a fraction of this money in injury and liability claims to prevent damages and collisions.

Effective prevention of accidents is good both for an insurance company's bottom line and for their public image. A tandem formation of insurance firms backed up by private road owners will work to prevent drunks from getting on the roads. They can effectively use a variety of methods to identify drunk drivers in real time, and tracking those caught driving drunk in the past. Such drivers may not be allowed onto highways, or could be restricted to drive in one specified, slow lane.

Do you think that private road operators would allow stolen cars to run on their road system? Do you think it would be difficult to stop a car carrying thieves or killers escaping from police? Do you think they would ever be allowed to enter the road system if they were on the FBI's list?

If a person doesn't pay for his phone service, the service is disconnected. If a person doesn't pay for electricity, it is shut down. If a person doesn't pay for fine furniture bought on credit, instead of paying cash for something he could afford, then the furniture (and perhaps some other items he owns) will be repossessed, and his credit rating will suffer. That, in turn, makes it very difficult for that person to obtain credit from any companies, and any loans that may be extended to him will be at a much higher interest rate. This is the high price used to compensate potential creditors for the high risk such a person represents as a debtor.

An insurance company teamed up with owners of first-rate road services will extend discounts for their insured drivers using the roads managed/operated by such services. If one cannot give up drinking, at least prior to and during driving, then he/she should travel only by taxis or public transportation. The insurers will profit from the fact that, if impaired, their clients will not be able to drive onto the roads, that no one except those who are insured and sober will be able to enter the roads, that habitual speeders will be confined to only one slow-moving lane, and that hooligans and reckless drivers known for their bad driving habits or attitudes will not be allowed on the road. The risk of accidents/claims/losses is diminished and the insurance premium rates go down. Insurance premiums could conceivably decrease by more than drivers would have to pay in road-use fees/tolls.

Furthermore, the road-operating companies are bound to resolve traffic problems easily and effectively. Otherwise they stand to lose clients – the last thing they want.

**Conclusion:** Building and maintenance of roads (from local streets to highways and freeways) be done by private companies, any they may cost us-the-people less. The roads will be safer and better than roads built and maintained by the government. Private roads will save thousands of lives and prevent millions of injures. The myth that “unless we hand over our money to politicians and place the government in charge of the roads, our poor will not be able to drive around, and the roads will be in bad shape” is... well... a myth.

#### 4. Property Protection and Recovery

Department of Justice Special Report on Household Burglary

(<http://www.bjs.gov/content/pub/pdf/hb9411.pdf> shows that burglaries declined from 1994 to 2011 from 5.6 million to 2.8 million a year. However median dollar value of stolen goods went up from \$366 in inflation adjusted dollars, to \$618. In other words, the criminals in 2011 worked a bit less, but got exactly the same value as at the time of the beginning of the survey, in 1994. They stole from our houses a staggering \$1,700,000,000.

Half of the cases are reported to the police, half is not. Only 12.7% of the reported cases are solved. That means that fewer than 6.5% of offenders are found and arrested. But for you and me, the most important item hidden in these burglary statistics is the fact that the owners of the stolen property very seldom get their property back – even if the thieves are arrested and convicted.

On top of paying taxes for police protection, we also have to pay private insurance companies that are supposed to compensate us for the monetary value of our lost (i.e. stolen) items.

The practical effect is that in our society, when we are burglarized we really get robbed twice – once by the burglars, and then by our own government. With the current ways and means by which the government protects our property, CRIME PAYS. And it pays well; otherwise there wouldn't be millions of burglaries every year.

The chance of a burglar NOT being caught is really good: of 15-16 burglaries, only 1 is solved. Furthermore, the way our judiciary handles such cases, the thieves end up either avoiding any prison time at all, or are back on the street in a very short time. They are not reimbursing us for stolen or destroyed property – they are merely slapped on the wrist for being naughty boys and girls.

Do you recall who insists there is no other and certainly no better way to protect you, except to put your faith and safety in the hands of the government-run protection services? You recall

correctly – it is the same government that collects taxes from you & me tells us that they are the only solution to the crime problem.

Police departments focus mostly on finding the criminals who have already committed crimes. From the above statistical data, we see that they are not efficient in recovering stolen property. Politicians and police have no stake and no real interest in our properties, and they are not rewarded properly for recovering stolen goods. In other words, the incentives are not strong enough for them to work their hardest for our sake. We, the small-business owners, property owners and other professionals, work much harder to earn our money. We however can't really expect the police to work under current incentives to recover ours, i.e. for them "someone else's", money.

Let's for a moment travel to a fantasy land where private parties own everything and government is reduced to "property defense management services." Those newly organized services have no right to impose any taxes on us, regulate our lives or tell us what we can or can't do. They will do assignment tasks only and will be compensated by us only if they perform those tasks.

In this futuristic world, nearly all our property and lives are insured. Insurance companies as we all know are interested in preventing crime and recovering stolen goods for the simple reason that if they cannot protect what they insured, they lose money.

Under this scenario, all (or at least most) of theft and burglaries would be reported, compensation will be paid to parties who suffer losses, and insurers will vigorously pursue the burglars, thieves, and con artists in order to recover THEIR money. If they do not do their jobs well, executives stand to be fired by their boards, and shareholders stand to suffer losses, including bankruptcy.

Note that under our current system police chiefs receive medals, promotions and accommodations even when they fail to protect us.

In the fantasy land the roads (private of course) will not allow stolen vehicles to enter their domains; people already convicted of crimes will get extra attention, crime prevention units will be patrolling streets, and modern means of protection including alarms and cameras will help stop crime before it happens or will quickly communicate to nearby units any suspicious activities. The ingenuity of private enterprises will create new means of property protection and recovery, and thefts and burglary will be as rare in our lives as tuberculosis has become in developed nations.

Those private protection services will have a stake in our well-being. They will reward their workers, as other private companies do, for efficiency and results. And the important thing is –

no one will force any of us to use any particular service. If we want the benefit of a certain service, we subscribe to it. If we no longer want it, we cancel it and subscribe to another service. If we do not want to subscribe at all, so be it. If you prefer, you can be self-insured.

We will vote our choice not just once in four years, with the hope that our beloved politicians will, for a change, fulfill their promises (remember the definition of insanity – yes, it's about us hoping that a politician, any politician, will do what he promised). We will vote our choices every day, with our pockets, and have the opportunity to change our minds and stop supporting whoever was accepting our money but not giving us satisfactory service up to any point in time.

If we do not want one insurance or protection company, we *elect* another one with our dollars. If we do not want a particular phone service we will change to another provider. Or we can even decide to send homing pigeons with our messages, instead of using phones, faxes or Skype. This is the only workable democracy that will not lead to corruption and tyranny. No corrupt politicians will exist because there will not be ANY politicians whatsoever.

However do not yet jump with joy! There will still be plenty of attorneys, but at least one of their kind – the elected ones – will be off the public weal, forced for a change to seek useful employment.

Government agencies do not do a good job of protecting our property. They try their best, but their best isn't good enough. Government agencies can do no more, and they can do no better. They cannot, but private companies can.

There is evidence that private police can provide services cheaper than public police. The cost of San Francisco's private patrol specials is \$25–30/hour, compared to \$58/hour for an off-duty police officer.

*In Reminderville, OH the nearby Sheriff's Department had bid to provide emergency response services, with guaranteed response times of 45-minutes or less – for a fee of \$180,000 per year. In a competitive bid, the private firm named Corporate Security offered to provide emergency response services to the same area, but with guaranteed response times of 6 minutes, by using twice as many patrol cars – for a fee of \$90,000 per year. Please pay close attention: double the patrol cars, response times/delays cut by 85%, and for half of the price!!!*

For more information on the Reminderville's competition between private protection and police read "Police Aggression" article at <http://www.ruwart.com/Healing/chap16.html> as well as Wikipedia entry [http://en.wikipedia.org/wiki/Private\\_police](http://en.wikipedia.org/wiki/Private_police).

Which would you prefer – slow and expensive response to crimes against you and your property, or fast and affordable? Do you need to think before answering?

Another advantage that has been cited is that private police have a contractual responsibility to protect their customers. In *Warren v. District of Columbia*, the court found that the municipal (public) police have no such responsibility. Thus, the local police department cannot be sued if they fail to respond to calls for help, for instance.

You can find complete case at <http://www.slideshare.net/umesh1989/warren-v-district-of-columbia-444-a2d-1-police-have-no-duty-to-protect-civilians>.

Please pay close attention – our government-run police have no contractual responsibility to protect their customers. And who are their customers? It is you and me! The police brass keeps saying that they take our money in order to “protect and serve”. But as usual, the devil is in the details. When it comes to details, the same brass swears under oath that they have no such responsibility. If they want, they protect, if not – you’re on your own. But the money, your money – they take. Nice!

Private police hired by insurance companies will be free of charge to the public, at least to the public that buys insurance on their property and/or life. The private police will be hired by insurance companies to protect the insured. If you have insurance of your property or your life, rest assured, the insurer would make everything in his power to protect it or to make the criminals pay for the damages.

Conclusion: Based on the above statistics, government-run police services fail to protect us time and again. They do a poor job, and they are expensive. We pay a lot in taxes to keep us safe, but other options are better and cheaper. The only reason we don’t select better options is that we are constantly lied to, and actually forced to use the government-run monopolistic services. Absent the government police, insurance companies that now pay huge sums in compensation for damages and lost property would either give us discounts to sign up with good protection companies, or would hire them directly. The potential saving of tens of billions of dollars in compensations is a huge incentive for insurance companies to work hard to prevent property crimes and assaults on human life.

The myth that only government can protect us from crimes against our property is... well... just that, a myth.

## 5. Courts

In a civilized society, one of the pillars of "government functions" that is deemed inviolate and untouchable by most people is that courts must be “owned” (*i.e. run*) by the state. The

impartiality, unbiased fairness, that to be expected from state-appointed judges is firmly entrenched in the psyche of nearly all people with whom I ever discussed the subject. Most of them reject out of hand the idea of private courts as something crazy, impractical, and easily corruptible. Here are the reasons why I believe private courts actually stand to serve society much better than “government” courts.

In a religious society, the decisions of the courts are usually based on their interpretation of the holy book of their society, sometimes colored by interpretations of this book by learned clerics from the past and present. One court might follow the views and teachings of one certain cleric, while another court may follow the teachings of another wise one. The courts could be on the same street, yet can give widely different verdicts on similar cases.

In tyrannies, the courts of the judicial system serve their master. Under socialism and fascism, the judges’ changing and changeable opinions depend on daily instructions they receive from party headquarters. In the so-called political democracies, rules and regulations are so complex, often contradictory and confusing, that judges in landmark cases will split along “party lines”, depending on their own philosophical bent, and the actual parties they belong to or sympathize with. Isn't it strange, time after time, to get from the Supreme Court decisions that go one way when one party’s appointees are in the majority, and just the opposite when another party’s appointees are in the majority? Doesn't this ring a mental bell in your ear, dear reader, that not everything is absolute, right and kosher in the system, or is it only in my own perverted mind? To me, it looks more like ideology than justice.

Let's again fantasize for a moment. In this fantasy the entire body of law of the country would be based on a simple notion that no one can touch any property that does not belong to him or to her, without the permission of the property’s rightful owner. The definition of property will include of course the people themselves (habeas corpus), as well as their intellectual and "real" property. You manage yours and can't touch properties of others, and no one can touch what belongs to you.

If a school district, transportation authority, city hall, post office or any other branch of government wants your land, they (in this fantasy land) cannot touch it without your agreement. Some group somewhere in the country may need money, and politicians are just dying to give them the money to get their votes, but government shall not be able to confiscate your money to buy those votes for their own benefit, as they do now. They should not even be able to borrow money under your name, and then make you pay for it – principal plus interest at whatever rate. Unless you sign (or vote) for a financial obligation yourself, no one should be able to force you to pay for it. You and only you can decide how to spend your money, how much to borrow for any purpose, and what to share with others.

In our fantasy society, every human being can sign up for protection with an insurance company that will provide private citizens or corporations with the following services: (a) to protect a person, his home or business; (b) to provide an attorney if the covered client is sued, or if he reasonably needs to sue someone for interference with his properties or rights (the merits of such “reasonable” suits to be determined by qualified magistrate courts before allowing legal action to proceed to actual trial); (c) to pay all court expenses involved in reasonable litigation; (d) to continue fighting in the cause of a covered/insured client (you) at the appellate court level, and (e) to investigate any attempt to coerce or pressure the client (you) to do something illegal or to undertake an action that you do not want to undertake.

In this society the law holds that if the decision of the first level court is challenged, the case goes to an appellate court. However, after being heard at appeal, the upper-level court decision is deemed closed, and, if a covered/insured client wins the case, the insurance or protection agency involved can collect the award of the judgment.

The courts in this futuristic fantasy land will be private and compete with each other for cases brought before them; people will seek out and turn to the judges who are known to be impartial, fair, and just. (This is quite similar to the current situation of an Arbitration process, whereby parties that sign contracts and commercial understandings agree in advance that, in case of a disagreement or dispute, they will avoid the courts and present their respective claims in a private arbitration forum before one or more mutually acceptable judges whose decision they agree in advance to accept as binding.)

Private courts will not have backlogs of hundreds of cases, and will react speedily to their clients' requests for hearing. The cost to the consumer will be much less than today because of the type of arrangement with insurance/protection agencies whereby they (the insurers and protectors) bear all expenses in exchange for monthly premium payments from their insured parties, much like auto and medical insurance, though significantly less. There will not be any frivolous lawsuits – as such attempts will not pass the Magistrates' review. We will discuss prisons and cases of violent crimes later.

Conclusion: Practically every case of claim arising from non-violent crimes or actions can be decided easier and faster than in the current court system. And it will cost us-the-people nothing in taxes, and very little in insurance payments.

The question is the same – do we want courts saddled with years of backlog in their cases, a confusing, ineffective and expensive system of justice that must resort to “plea-bargaining” in order to maintain a minimal creep in “closing” cases, and “early release” of convicted criminals in order to avoid higher-courts' findings of prison overcrowding – thus placing untold numbers (millions?) of criminals back on the street, allowing them to rob, swindle, con, and kill law-

abiding, productive citizens? Or do we want a much better, more efficient way of dealing with crimes and criminals?

The myth that government works best and hard to protect us and our property, and that, if not for government, we would be lost is... well... a myth.

*Historical data about Private Law and Court Systems:*

Celtic Ireland (650-1650)

In Celtic Irish society courts and the law operated in a purely stateless manner. Ireland was, for centuries, the most advanced, most scholarly, most learned, and most civilized society in all of Western Europe. There were no legislature, no bailiffs, no police, and no public enforcement of justice... There was no trace of State-administered justice.

For more information read ***“Property Rights in Celtic Irish Law”*** by Joseph R. Peden, Department of History, Baruch College of the City University of New York, 1977

Farmers, professionals and craftsmen were all members of different groups (called “tuaths”), much like the guilds of Medieval Europe, based on common interests. Tuath members decided together all common policies, declared war or peace on other tuath, and elected or deposed their leaders. In contrast to primitive tribes, where membership was irrevocably conferred at birth and could not be renounced except upon death, no one was stuck or bound to a given tuath, either because of kinship or of geographic location. Individual members were free to, and often did, leave a tuath and join a competing tuath. The “kings” had no political power; they could not issue decrees, administer justice or declare war. Basically, those leaders were priests and militia commanders, and presided over the tuath assemblies.

Celtic Ireland survived many invasions, was functioning well on its own for one thousand years, but was vanquished by Oliver Cromwell's re-conquest in 1650.

Icelandic Commonwealth (930 to 1262)

The initial settlers of Iceland, who were themselves descendants of Scandinavian Vikings, created a uniquely democratic society. The leaders in Iceland were called goðar. A free man could choose to support any of the goðar of his district. The bargain, or social contract, in this arrangement of mutual support was that the goðar leader would protect the interests of his “loyalists”, while those followers would provide armed support during feuds or conflicts.

For more information about the Commonwealth read article “Iceland” in the Encyclopedia Britannica <http://www.britannica.com/EBchecked/topic/281235/Iceland> and a Wikipedia entry [http://en.wikipedia.org/wiki/Icelandic\\_Commonwealth](http://en.wikipedia.org/wiki/Icelandic_Commonwealth)

Important issues that concerned all Icelanders were discussed at annual public gatherings of free Icelanders from all over the country (island), held for two weeks each June. In the interval

between the annual June meetings, the only functioning commonwealth organization was a law-creating legislative body comprised of 39 goðar and their advisors.

Each region had judges appointed by the goðars. In order for the rulings of regional courts to be accepted as law, they had to be virtually unanimous by all judges of the region. Once a court decided a party was guilty, however, it had no executive authority to carry out a sentence. Instead, enforcement of a verdict became the responsibility of the injured party or his family. Penalties often included financial compensation or outlawry, akin to shunning in Quaker society. Killing was deemed a civil offense, resulting in a fine paid to the survivors of the victim. Icelandic society was more peaceful and cooperative than any of its contemporaries. In fact Icelandic society was no more violent than the modern U.S.

## 6. Education

According to the National Center for Educational Statistics we paid in 1961 (in round figures) an average of \$2,800 a year for the education of each child from kindergarten through the 12<sup>th</sup> grade... By 1980 the cost was nearly \$5,800 per student per year... In 1990 it was already \$8,850. In 2000 it came to \$9,150, and by the year 2009, the bill moved to over \$10,000 per student!!! Please note: all of the above figures are calculated in current dollar values – meaning that real education costs nearly quadrupled within 48 years.

For more information please visit <http://nces.ed.gov/fastfacts/display.asp?id=66>

In the great state of California, there are currently some 6.2 million students in grades K-12, and the education budget is \$100 billion per year – it comes to some \$16,100 per student per year. The big question looms – is our children’s education better now? Does such a massive infusion of money help to educate our kids better?

We are constantly told that the more we invest financially in our kids’ education, the better the results will be. Let’s examine the results we get from this unprecedented, growing expenditure.

The Huntington Post (hardly a conservative magazine) published a study showing that one of four children in America grows up without learning to read! Nationally, we spend over \$10,000 per student each and every year (and over \$16,000 in California) – and yet (with some very notable exceptions of true educators) the majority of teachers who get our money either do not care, or are not able to teach our kids.

For more information about illiteracy in America please go to the National Center for Education Statistics and read the following articles

<http://www.thenewamerican.com/reviews/opinion/item/13752-how-to-eradicate-illiteracy-in-america> and <http://www.dosomething.org/tipsandtools/11-facts-about-literacy-america>

According to estimates by The National Institute for Literacy, roughly 47 percent of adults in Detroit, Michigan are "functionally illiterate," meaning they have trouble with reading, speaking, writing and computational skills. Even more surprisingly, the Detroit Regional Workforce finds half of that illiterate population has obtained a high school degree. Our public school system handed high school diplomas to students who couldn't read and write... do you think they knew history, literature, science or math? Do you think they can function and succeed in the modern society?

Two-thirds of the students who cannot read proficiently by the time they finish 4<sup>th</sup> grade will end up in jail or on welfare. In other words, 16% of all current American students will be in jail, on welfare, or both – and the common denomination is: they cannot read!

This is not a mere statistical coincidence. An illiterate person cannot get or hold a job, has no prospects for betterment in life, and his/her "career" choices are generally limited to very unskilled jobs with low pay or to illegal acts, ranging from petty theft to grand larceny to violent crime. And yet we-the-people are expected to be thankful to those wonderful teachers who produce such results, the teachers' unions that protect them tooth-and-nail no matter their failure, and the public school system (i.e. government) that gives them tenure.

More than 60% of all inmates in US prisons are functionally illiterate. Please read this newsletter from Nevada department of Corrections:  
[http://www.doc.nv.gov/sites/doc/files/pdf/education/Education\\_Services\\_Spring\\_2012\\_Newsletter.pdf](http://www.doc.nv.gov/sites/doc/files/pdf/education/Education_Services_Spring_2012_Newsletter.pdf)

Some 75% of Americans who are on food stamps perform at the lowest levels of literacy, and 90% of high school dropouts are on welfare. Teenage girls between sixteen and nineteen who have below-average literacy skills are SIX times more likely to have children out of wedlock than those girls who can read proficiently.

After we had quadrupled our investment in education, America became the only free-market country where the current generation is less educated than the previous one.

Perhaps, one may ask, other countries spend even more on K-12 education and we lag behind? In 2009/10, math and science scores of the top twelve industrialized countries were compared. Highest math scores went to France, then South Korea and Canada. The US scored number ten, or *just two above dead last*.

Let's check the all-important science scores. First place was France again. Second was Canada, and third Japan – almost the same picture as with the math scores. The US? Number nine! In combined scores of math and science, only two countries scored worse than the US – Mexico and Brazil!

The following question comes up: how much do those top-ranked countries spend per student? In France and Canada it was about 25% less than in the US at the time of comparison, and in South Korea and Japan it was about 50% less than in the US. My apologies for necessarily approximating the results of various tests and analyses, but you, kind reader, get the picture – we are paying more and getting less, *by a wide margin*.

The government has told us that were it not for them, half of the country would be illiterate. That proposition has yet to be proven. However, when the education system is run by our government (as it is today) we have one quarter of the country who cannot read! And that is already proven.

Every time we talk about the quality of education, the politicians, unions, and bureaucrats react in knee-jerk fashion screaming “give us more money.” They promise that if they’d get just a bit more, our kids’ education will improve – but of course they refuse to be actually measured by something as “demeaning” as test scores. Are you ready to believe them again? And again?

Now, how about the private sector?

In 2003, the National Assessment of Educational Progress (NAEP) studied *some* 6,900 public schools and *some* 530 private schools. In grades 4 and 8 for, both reading and mathematics, students in private schools achieved at *notably* higher levels than students in public schools. The average difference ranged from almost 8 points for grade four mathematics, to about 18 points(!) for grade eight reading.

*Whoops! Major WHOOPS!*

Does anyone still think that government-run schools are best suited to educate our children, or do you now harbor a bit of reasonable doubt? Assuming you could afford an alternative option (and remember, you are already paying exorbitant education costs through your local taxes), would you prefer to send your child to learn at an average public school or at an average private school? Given a choice, which do you think will give your child a better education, and a better chance to succeed in life?

I repeat: the overriding fact is: a full 25% of American students (that’s 1 out of every 4) cannot read. Who is responsible for this disaster? How can we fire those people who failed as educators and hire others who can actually educate? Can we actually find and fire the inept ones?

Yes, you can find them; they are teachers and principals of your neighborhood schools and employees of your local school district who are much more concerned with political correctness and feel-good blather than with actual measured scholastic achievement. However, even

though you pay their salaries, YOU CANNOT FIRE THEM – despite the demonstrated fact that they do a terrible job! You pay taxes to fund the public education system. You pay those taxes regardless of whether you want to or not, and yet you are not allowed to vote in the only meaningful way to get the value you deserve for your money – to stop paying the ineffective teachers by dismissing them, and direct your hard-earned dollars toward a good school with good teachers and good results.

Do you know who is keeping our schools from becoming competitive, and teachers from being accountable for their actions (or inaction)? It's the teachers' unions and the government. Why? If they had their students' best interest at heart, and given that private schools are better than public ones, why do they not support privatization of all schools, or at least the creation of a school-voucher system that would allow parents to move their kids from bad schools into better ones, without losing the value of the local taxes they already paid and continue paying?

The fact of public education funding is that the “rich” are taxed to pay for the education of all, while the “poor” do not pay for their children at all. The government tells those who pay very little or nothing that they are getting a good deal. And again, on the surface it looks like a good deal – you send your kids to school, you pay nothing, and your kids even get free meals daily (breakfast, lunch), so your food bill is cut and your cooking effort is reduced.

Good deal, right?

Wrong! – as is nearly everything that government says or does. Children of the poor get a free but second-rate education that does not allow them to get better jobs and better salaries. The rich pay taxes to fund public schools for other children, and, if they want a first-rate education for their children, take their own kids to private schools – where they pay again. Their children will get a better education and a better chance in life.

Hopefully new technology and the creativity of Americans will find a way out of this mess. One option is home schooling, something that over a million kids are doing right now. And the option is not even restricted to just one set of parents schooling their own children at home. It is possible for a group of parents to hire a teacher, gather several kids in a room, and supervise them while the students work with computers, listen to lectures, or do their homework. If parents take the responsibility to babysit the kids, singly or by rotation, the cost of home schooling will be only tests and books... and I am sure in the near future advertisers will notice the traffic on home-schooling web sites and will pay for ads. From this moment on the general public may pay nothing while listening to lectures and downloading study-guides and homework. It will be exactly as with television: originally, users had started out by paying fees, but soon it became a free service.

The myth that schools need to be run by government, that this is the only way to get everyone literate and give to every kid an “equal” chance in life is... well... a myth.

Conclusion: They really messed up this one! I don’t even want to start talking about what they do with the heads and minds of our children in colleges and universities. (They actually start indoctrinating our kids and pitting them against their parents as early as their kindergarten years!). Kids graduate from high school ignorant of geography, history, math, science, literature..., yet they are experts in finger-pointing, accusatory “political correctness”, “sensitivity awareness”, shallow “self-esteem” devoid of any accomplishments, dedicated only to asserting their “rights” and “entitlements” without a shred of awareness or care for actual duties and obligations, and to a passive narcissistic pursuit of fault-finding with any practical attempts at accomplishing anything constructive (but don’t even get me started on this...).

Good job, dear educators! You deserve a raise.

**Chapter II conclusion:**

Whichever government function we examined in the foregoing pages, we found it can be done better and more cost effectively by market forces. We can easily protect ourselves from fires without any government involvement. Private companies will do it better and less expensively. Private hands can deliver mail faster and more efficiently than a slow, un-motivated government employee. Our schools can teach our kids much better if we keep government from interfering. We do not need government to regulate our commerce. They do such a terrible job and waste so much of our money that society should be ready to pay politicians just to leave us alone.

All services that government provides on the local level, and most government services that are provided on the national (federal) level, can be immediately taken over by the private sector. They will all improve overnight. The only way to proceed to a freer and better life is to privatize those services, and to use the money earned from privatization to repay the national debt. Since the right approach is to dismantle government as we know it today, we need to get rid of all binding obligations they signed us all up for.

The huge national debt created by generations of politicians can suffocate the development of new technologies, the re-tooling our factories, and the creation of new products. We-the-people do a lot of illogical things in order to maintain a status quo that is good for one and only one group in our society – the government. The government is no longer working for the people in the way that it was intended. Quite the opposite – the people are now working for the government and the governments are the new kings of our modern times. The bureaucrats have succeeded in stopping American Revolution, and reversing it. We have to get rid of them all before it’s too late.

Let’s now take a look at a variety of federal programs and initiatives. Politicians like to call them “wars”, even if their programs do not involve the use of any firearms (e.g. “war on poverty”, “war on obesity”..., “war on fat rich cats”... ). They say that if we refuse to implement (i.e. pay for) these “wars”, our lives

will be endangered, or at least much worse. They insist those social initiatives and programs are what make us human. And they take more and more of our money to fight...

Do you still believe a single word that comes from mouths of ANY political leaders?

### Chapter III: Government Wars

People think we need governments to resolve a variety of our domestic problems. Without government, they say, we would not be able to feed our poor, care for our old and sick people, and protect the weak among us. Governments always initiate campaigns they call “wars” knowing that those “wars” will make them look good, even heroic, in the eyes of their constituents. “Our government is fighting for us” is what democratically elected governments want people to think.

At first glance and on emotional level those wars and their justifications look good, but two major questions should be asked – Do such wars bring the desired benefits? And what is the cost of these long campaigns to those who pay for them?

It is my opinion that, in practically all cases, these quasi-wars, no matter how well-intentioned they may have been at the outset, are meaningless, counterproductive and devastating to our economy, or, at best, expensive exercises in futility. And when concluded, if they ever are, such wannabe-hawkish campaigns most often bring results that are very different from, even the opposite of, the goals initially stated by the government as their justification. (Remember the Law of Unintended Consequences?)

Below are examples of some of those “wars”.

#### 1. War on Poverty

On August 20, 1964 President Lyndon Baines Johnson proclaimed: “The days of the dole in this country are numbered.” This announcement ushered in the so-called War on Poverty, one of the most devastating projects for the US economy and for the morale of American society.

The War on Poverty was designed not to expand welfare (the “dole”), but to end welfare. It was President Kennedy who actually acted on the notion that if government just provided what may be called a “stimulus for poor people,” we could **forever end their poverty**.

Lyndon Johnson, Kennedy’s successor, declared: “Our aim is not only to relieve the symptoms of poverty, but to cure it, and, above all, to prevent it!”

In other words, Presidents Kennedy and Johnson were saying, give us some money and we will end poverty forever.

One may feel, perhaps, that it was a necessary move, without which more and more Americans would end up without bread and electricity, living on street corners, begging for necessities and dying from hunger. But let us check to see just what were the trends and the extent in the spread of poverty before the government declared this expensive and difficult-to-sustain war.

If we start considering the trends of American poverty some years earlier, say from 1950, we note that the poverty rate had already declined from over 30 percent to 18 percent before Johnson took office in late 1963 – that’s a 40% drop. In the span of 14 years an average drop was about 0.86 points each year.

Just as in the period “before the war”, the poverty rate continued to fall during the five full years of the Johnson era, from 18 percent of the population in 1964 to 13 percent in 1968 (his last year in office) – that’s a 28% drop in the poverty rate in just 5 years, or an average drop of 1 full point per year. The slope of the decrease then stopped falling and it has been stuck on this mark ever since.

Robert Rector, Katherine Bradley and Rachel Sheffield have written a [report](#) for the Heritage Foundation entitled “Obama to Spend 10.3 Trillion on Welfare: Uncovering the Full Cost of Means-Tested Welfare or Aid to the Poor”. Here are some staggering numbers they uncovered: "Since the beginning of the War on Poverty, government has spent \$15.9 trillion (in inflation-adjusted 2008 dollars) on means-tested welfare. In comparison, the cost of all military conflicts in the U.S. history was \$6.4 trillion (in inflation-adjusted 2008 dollars)." The War on Poverty has cost three times as much (according to this report) as all real wars combined.

But maybe the spending of such unfathomable sums of money has indeed helped the poor, and by now we had solved/eliminated this problem once and for all... as both presidents Kennedy and Johnson assured us when they launched the War on Poverty?

After four and a half decades and 16 trillion dollars spent on “curing” our country of poverty, we have, proportionally, about as many poor people today as we did when the War began, or 13% of our population. Welfare spending goes up, always up — and the official poverty rate wiggles around in the range of 11-15 percent, while in actual headcount the number of poor among us is increasing at the same rate as the total US population. The War on Poverty has turned out to be one of the most counterproductive, expensive and foolish mistakes in human history.

OK, you probably think, we didn’t know that then, but now we know and of course we changed tactics... we are smart... we learn from our mistakes... right?

We learned nothing! This is what was reported by Robert Rector: “Federal and state welfare assistance has grown almost 19 percent under President Barack Obama... there are 79 means-tested federal welfare programs, at a cost approaching \$1 trillion annually...”

One trillion annually!

The War on Poverty is a FLOP. Why did such an ambitious, well-intended program not produce anywhere near the desired results? Largely because incentives the War on Poverty offered to its participants were geared to reward the wrong kind of behavior. As the Heritage Foundation’s report points, a youngster growing up in the 1970s faced an entirely different set of carrots and sticks from those faced by his father who was growing up in the 1950s.

To better understand the failure of the US policy toward poor please read an article called “Leftist fairy tale #2: we won the war on poverty!” by Dan Popp in “Renew America” <http://www.renewamerica.com/columns/popp/100206>

All the changes in the incentives that were put in place in the 60s and 70s as part of the War on Poverty pointed in the same direction. It became easier than in earlier years to get along in life without a job. It is now easier for a man to father a child without taking any responsibility for material or moral support in the young one’s upbringing or livelihood. It is easier for a woman to have a baby without having a husband.

And, because it was easier to get along without a job, it was also easier to ignore education. Because it was easier to get along without a job, it was easier to just walk away from a job on a whim, and so to build a record and reputation as an unreliable employee. In the end, all these inducements to changes in behavior were traps – no matter their original noble intentions.

Conclusion: We spent 16 trillion taxpayer dollars but did not get anywhere near what Kennedy and Johnson promised as a sure result of such profligacy – “the end of poverty in the US... forever”.

The recipients enjoyed the free money. However, instead of helping them, we effectively pushed them underwater, deeper and deeper. The War on Poverty created generations of citizens unable and unwilling to take care of themselves, generations bereft of any initiative, passively waiting for government handouts, unaware and uncaring that they could or should try to improve their lot, free from the “velvet chains” of dependence on the dole. President Kennedy said: “We want to give a hand to those in need, not handouts.” This program has done just the opposite – it distributes handouts, with no expectation of effort from recipients at attaining self-sufficiency.

Did this War banish poverty, as promised? Did it prevent poverty, as its originators told us it will? Did it at least relieve some of its symptoms? No, no and no! So why does the US government continue taking our money for this “War”? As of today we have already poured \$16,000,000,000,000 in the hole, and are still counting! We could do a lot of good with this money, instead of spending it on something that only makes things worse. Most likely, we’d create new products and businesses that could actually employ many of the poor in productive

jobs and end their poverty. Remember the old saw: If you want to feed a man for a day, give him a fish (read “dole”); if you want to feed a man for life, teach him to fish (or a useful trade).

Understanding poverty: In one of its recently released annual poverty reports, the Census Bureau declared that a record 46.2 million people, or roughly one in seven Americans, were poor in 2010. However, to understand poverty in America one needs to look behind these numbers at the actual living conditions of the individuals the government deems to be poor.

Belo are excerpts from The Heritage Foundation analyses of the Census Bureau 2010 annual poverty report that can be found in full at

<http://www.heritage.org/research/reports/2011/09/understanding-poverty-in-the-united-states-surprising-facts-about-americas-poor>

For most Americans, the word “poverty” suggests near destitution: an inability to provide nutritious food, clothing, and reasonable shelter for one’s family. However, only a small number of the 46 million persons classified as “poor” by the Census Bureau fit that description. While real material hardship certainly does exist, it is limited in scope and severity – as can be seen from the facts below.

- 80 percent of poor households have air conditioning.
- 92 percent of poor households have a microwave oven/cooking appliance.
- Nearly three-fourths of poor households have a car or truck, and 31 percent have two or more cars or trucks.
- Nearly two-thirds have cable or satellite TV.
- Two-thirds of poor families have at least one DVD player, and 70 percent have a VCR.
- Half of poor families have a personal computer, and one in seven has 2 or more PC’s.
- Over half of poor families with children have a video game system (Xbox, PlayStation).
- 43 percent of poor families have Internet access.
- One-third of poor families have a wide-screen plasma or LCD TV.
- One-fourth of poor families have a digital video recorder system, such as a TiVo.

Most of those classified as poor in the US do not experience hunger or food shortages. The U.S. Department of Agriculture collects data on these topics in its household food security survey, and for the year 2009, the survey showed the following statistics:

- 96 percent of poor parents stated that their children were never hungry at any time during the year due to any instance where they could not afford food.
- 83 percent of poor families reported having enough food to eat.
- 82 percent of poor adults reported never being hungry at any time in the prior year due to lack of money for food.

- Over the course of a year, not more than 4 percent of poor persons become temporarily homeless.
- Only 9.5 percent of the poor live in mobile homes or trailers, 49.5 percent live in separate single-family houses or townhouses, and 40 percent live in apartments.
- 42 percent of poor households actually own their own homes.
- Only 6 percent of poor households are overcrowded. More than two-thirds of poor households have more than one room per person in their living quarters.
- The average poor American has more living space than the typical non-poor person in Sweden, France, or the United Kingdom.
- The vast majority of the homes or apartments of the poor are in good repair.

Of course, poor Americans do not live in luxury. The poor do struggle to make ends meet, yet they do not suffer hunger for lack of funds, and the predominant majority of the poor also manage to find enough money for cable TV, air conditioning, and cars – often more than one.

Yet, to be understood and truly felt, statistics must be reduced to a personal universe of ONE. The poor man who has lost his home or suffers intermittent hunger will find no consolation in the fact that his condition occurs infrequently in American society. His hardships are real and must be an important concern for policymakers. Nonetheless, overall anti-poverty policy needs to be based on accurate information, and start by helping those who are in most need of help. Gross exaggeration of the extent and severity of hardships in America will not benefit society, the taxpayers, or the poor.

Did 46 million of our fellow citizens really need to be “saved” from hunger and homelessness? We have already spent 16 trillion for the purpose. It looks to me we were conned out of our money by... whom do you think? Yes, you’re right, by politicians and government bureaucrats! Sixteen trillion dollars and it’s only for this program! What a field day they’re having every day!

## 2. War on Alcohol– Prohibition (1920-1933)

*Cato Institute summary: “National prohibition of alcohol was undertaken to reduce crime and corruption, solve social problems, reduce the tax burden created by prisons and poorhouses, and improve health and hygiene in America. The results of that experiment clearly indicate that it was a miserable failure on all counts. The evidence affirms sound economic theory, which predicts that prohibition of mutually beneficial exchanges is doomed to failure.*

*Although consumption of alcohol fell at the beginning of Prohibition, it subsequently increased. Alcohol became more dangerous to consume; crime increased and became “organized”; the court and prison systems were stretched to the breaking point; and corruption of public officials was rampant. No measurable gains were made in productivity or in reduced absenteeism. Prohibition removed a significant source of tax revenue and greatly increased government spending. It led many drinkers to switch to opium, marijuana, patent medicines, cocaine, and other dangerous substances that they would have been unlikely to encounter in the absence of Prohibition.”*

The Government wanted to show its constituents that it was tirelessly working on their behalf. First, Congress enshrined Prohibition by adopting the 18<sup>th</sup> Amendment to the Constitution, then passed the Volstead Act (October 28, 1919), clarifying the law and prohibiting the production and sale of "beer, wine, or other intoxicating malt or vinous liquors."

This is what really happened, as historian *Michael Lerner* describes in his article “Prohibition”:

*“A new breed of gangster arose during this period. These people took notice of the amazingly high level of demand for alcohol within society and the extremely limited avenues of supply to the average citizen. Within this imbalance of supply and demand, gangsters saw profit. These gangsters would hire men to smuggle in rum from the Caribbean (rumrunners) or hijack whiskey from Canada and bring it into the U.S. Others would buy large quantities of liquor made in homemade stills. The gangsters would then open up secret bars (speakeasies) for people to come in, drink, and socialize. During this period, newly hired Prohibition agents were responsible for raiding speakeasies, finding stills, and arresting gangsters, but many of these agents were under-qualified and underpaid, leading to a high rate of bribery.*

*The unintended consequences proved to be a decline in amusement and entertainment industries across the board. Restaurants failed, as they could no longer make a profit without legal liquor sales. Theater revenues declined rather than increase, and few of the other economic benefits that had been predicted came to pass. On the whole, the initial economic effects of Prohibition were largely negative. The closing of breweries, distilleries and saloons led to the elimination of thousands of jobs, and in turn thousands more jobs were eliminated for barrel makers, truckers, waiters, and other related trades.*

*The unintended economic consequences of Prohibition didn't stop there. One of the most profound effects of Prohibition was on government tax revenues. Before Prohibition, many states relied heavily on excise taxes in liquor sales to fund their budgets. In New York, almost 75% of the state's revenue was derived from liquor taxes. With Prohibition in effect, that revenue was immediately lost. At the national level, Prohibition cost the federal government a total of \$11 billion in lost tax revenue, while costing over \$300 million to enforce. The most*

*lasting consequence was that many states and the federal government would come to rely on income tax revenue to fund their budgets going forward.*

*One of the legal exceptions to the Prohibition law was that pharmacists were allowed to dispense whiskey by prescription for any number of ailments, ranging from anxiety to influenza. Bootleggers quickly discovered that running a pharmacy was a perfect front for their trade. As a result, the number of registered pharmacists in New York State tripled during the Prohibition era.*

*The effects of Prohibition on law enforcement were also negative. The sums of money being exchanged during the dry era proved a corrupting influence in both the federal Bureau of Prohibition and at the state and local level. Police officers and Prohibition agents alike were frequently tempted by bribes or the lucrative opportunity to go into bootlegging themselves. Many stayed honest, but enough succumbed to the temptation that the stereotype of the corrupt Prohibition agent or local cop undermined public trust in law enforcement for the duration of the era.*

*The growth of the illegal liquor trade under Prohibition made criminals of millions of Americans. As the decade progressed, courtrooms and jails overflowed, and the legal system failed to keep up. Many defendants in prohibition cases waited over a year to be brought to trial. As the backlog of cases increased, the judicial system turned to the "plea bargain" to clear hundreds of cases at a time, making it a common practice in American jurisprudence for the first time.*

*The solution the Government had devised to address the problem of alcohol abuse had instead made the problem even worse. The statistics of the period are notoriously unreliable, but it is very clear that in many parts of the United States more people were drinking, and people were drinking more."*

**Conclusion:** The Government's declared goal at the onset of Prohibition was to fight crime. Instead, in accordance with the "law of opposite results" of any government action, crime actually increased tenfold. The following statistics show how much worse crime became:

- Arrests for drunkenness and disorderly conduct – *up 41%*
- Arrests for drunk driving – *up 81%*
- Homicides, assault and battery – *up 13%*
- Federal prison population – *up 366%*
- Number of federal convicts – *up 561%*
- Total federal expenditures on penal Institutions – **up 1,000%; that's a ten-fold jump.**

As a result of Prohibition, the Mafia made a lot of money and became well organized, and the Government got even more money from the frightened citizens to fight the Mafia. Despite state's obvious failure to accomplish its goal, who, in your opinion, benefited the most during

Prohibition era? Gangsters, obviously, but who else? You're right again: the government. They had much more money and more power than before.

But, you may ask, what of the government officials who liked to drink liquor... did they obey the laws of Prohibition? That's an interesting question, but you probably know the answer! Presidents of the United States had a bar in the White House stockpiled with smuggled liquor. And this is a proven fact.

Do governments' wars to change people's behavior work? Do they ever work? The governments make things worth. They have this know-how and they use it frequently. They totally disregard human's nature. If there is a willing seller and a willing buyer, no government intervention will stop them from making a deal.

### 3. War on Gold

On May 1, 1933 President Franklin Delano Roosevelt issued Executive Order 6102 "forbidding the Hoarding of Gold Coin, Gold Bullion, and Gold Certificates within the continental United States". The order criminalized the possession of monetary gold by any individual, partnership, association or corporation.

The order required all persons to deliver all but a small amount of gold coin, gold bullion, and gold certificates *they* owned to the Federal Reserve, in exchange for \$20.67 per ounce of gold. Under the Trading With the Enemy Act of 1917, violation of the order was punishable by a fine of up to \$10,000 (equivalent to \$177,000 today) or up to **ten years in prison**, or both.

After the gold was taken from the citizens, *effectively* at gunpoint, the Treasury raised *the* price of gold to \$35, resulting in an immediate loss of *nearly 70% (i.e. nearly \$15 short-pay per ounce for all those who had been forced to surrender their gold at \$20.67/oz.* The resulting profit the government realized *by decree* was used (in *their* opinion) for very important programs.

Foreigners also had their gold confiscated, and were forced to accept paper money in its place. For example, the Uebersee Finanz-Korporation, a Swiss banking company, had \$1,250,000 in gold coins for use in its business. The Corporation entrusted the gold to an American firm for safekeeping. The Swiss were shocked to find that their gold was confiscated under EO-6102. They mounted appeal after appeal, but all were denied. To understand clearly what the US government did, here is a simple calculation: the Swiss had about 60,000 oz. of gold in the US, but after the "exchange" of this gold into the paper money they got from the US Treasury, they were able to re-purchase only about 35,000 oz. of the same gold. In this instance alone, the US government stole from the Swiss 25,000 oz. of gold, worth \$875,000 at the new government-set gold price. Stole it, and didn't even apologize.... because governments rarely apologize. Six hundred pounds gorillas have no need to apologize.

For more information on the Trading with the Enemy Act please read article in Wikipedia [http://en.wikipedia.org/wiki/Executive\\_Order\\_6102](http://en.wikipedia.org/wiki/Executive_Order_6102)

The government searched for any US citizens who didn't surrender their gold, confiscated what they found, and sued "criminals" who attempted to hide their own property, lawfully acquired and already taxed. Please pay close attention – a real criminal (in this case the government) sued innocent people, and US courts declared innocent people guilty, approved confiscation of their property, fined and imprisoned some. Shows how impartial our courts are, or were?

The Soviets did the same thing with the gold and other valuables and hung or shot those who didn't want to "share."

Twenty years later and only after President Nixon reneged on the explicit obligation of the US Treasury to exchange printed bills for gold (as stated on every bill of US currency, high above the Treasurer's signature), President Ford allowed sales of gold to the general public at (as you can imagine) totally different, much higher prices.

Conclusion: when government wants to get into your pocket, laws or regulations do not hamper them. If necessary, they simply enact new laws that suit their desires and needs, and punish you if you resist.

Can a private company force you to buy their goods or services? Can they take your money just because they want or need the funds? They cannot, but governments can. Do you still think government is watching over your property and has YOUR best interests in heart? Or you think that what FDR did was a unique occurrence that never happened before and will never happen in the future?

Quite currently (in early 2013) the European Union goons suggested to the cash-strapped Cyprus government (who had taken all the tax money they could from the rich and wasted it), to steal some more money from people who had deposited large sums in the banks of Cyprus. The Cyprus government did just as advised, and stole hundreds of millions of Euros because they "needed the money". Do you think your current government will hesitate for a second to take your money or property if they decide they "need" it? Do you want to enable your government to steal more and more of your money? Because if they can, they will!

I also recall that there was once a document proclaiming that our government was established to protect our freedom and our property. It was once guaranteed, and signed. Does anyone remember this now? Does anyone remember that our Presidents swear to defend the constitution?

#### 4. War for "Fair Compensation" of Workers

A table maker in a large furniture factory receives ten dollars per hour worked. In order for him to buy a winter jacket that retails for two hundred dollars, he has to work twenty hours.

A coat maker's hourly wages are the same as the table maker's. In order for him to buy a table that sells for two hundred dollars he has to work twenty hours.

The table workers' union starts demanding a ten percent rise for its members. *When* the factory management refuses, the union organizes *its* workers to go on strike. The coat makers' union joins their brothers and rallies its members to go on a solidarity strike. The strike widens and the government, comprised of politicians *facing* re-election, finds a popular solution to the crisis: they raise *the* minimum wage in the country to eleven dollars an hour. Workers *all* across the country cheer and praise their government and their union bosses.

Sometime later, the table maker goes to buy a coat. He finds he has to pay more money *for it* than *he did* before *the strikes*. Prices went up due to higher labor costs. The new price for the coat is two hundred twenty dollars. The table maker calculates that he has to work twenty hours to buy the coat... no change from the pre-strike situation.

The coat maker goes to buy a table and also finds that he has to spend an amount equal to *the value of* twenty hours of his work. Looks like nothing has changed, right?

Wrong!

First, the attorneys that represented the manufacturers received good compensation for their efforts. Second, the union bosses now receive more money for their efforts on behalf of their members. Third, the government that collects taxes from everyone "proves" once more that it cares for the workers' well-being, and can count on the populace to re-elect it. However, this is not all.

When goods made in the US go up in price, it gives a welcome opening to competition from abroad. If pre-strike prices of domestic and imported goods were more or less equivalent, now (post-strike) foreign manufacturers got a significant advantage, and sales of their products have seriously climbed. Millions of tables and winter coats (and summer dresses as well) begin to be imported into the country and push American-made goods off the market. Table makers begin to buy imported coats, and coat makers begin to buy foreign-made tables. After a period of falling sales, we can envision our manufacturer of coats to have gone bankrupt, laying off all workers. We can also see the table manufacturer shift products to an exclusive line of designer furniture, firing half their employees. In a logical extension of this all-too-believable scenario, small numbers of the fired workers find part-time jobs at local restaurants, and the rest go on extended unemployment.

In this scenario, the government self-righteously assumes the responsibility to look after the growing masses of unemployed. To do so, the government imposes ever more taxes on those who still work, and, of course, on “the rich. The rich now pay higher taxes instead of using their money to invest in new factories and create new products – alternative actions that would give jobs to thousands of unemployed workers. The idle workers collecting unemployment compensation can’t pay for their kids’ college education, can’t go on vacations, and can’t buy new houses.

Fewer people are paying taxes, and even as they must pay a higher percentage of their earnings toward taxes, the government ends up getting less money. At this point, government could shrink their spending level to more closely match tax revenues. But instead, they start to borrow billions of dollars from the same countries that sell to the US their now relatively inexpensive goods, such as tables and coats. With the borrowed money, our government will pay its own lavish salaries (as we already saw those salaries are much higher than the pay received by people who actually produce goods and services), will dole out minimum survival scale checks to people who lost their jobs as the result of ill-advised government actions, and will finance a variety of so-called “training” make-work, wasteful projects that they (the government) dream up to look like they’re helping people who suffer because no one in their family is gainfully employed.

Conclusion: Price fixing, whether in the form of “you can’t sell your product above a certain price” (like rent control), or in the form of “you can’t buy a given product below a certain price” (like minimum wages) are disastrous to all of us, including the very people who at the beginning think they will benefit from such government price-fixing initiatives. The very same people, who were sure that higher wages (without corresponding productivity gains) will help them, are now unemployed.

Government loves to make popular moves that are self-serving and short sighted. They love initiatives whose real, devastating costs are not seen by the masses that are getting a “quick fix” to their appetite. But those costs are just piling up and will have to be paid in full, no matter what. Would you like government to raise wages in your industry so you become unemployed as well? Do you still think that taxing the rich will bring prosperity to you and your family?

##### 5. War for Home Ownership, or "The American Dream Project"

Owning a home is part of the American Dream. Unlike most of the world’s population, millions of Americans are able to purchase their own house or apartment. The purchase is usually made by a traditional couple who want to settle down and build a family, and who, as a result of hard work and savings, had been able to put aside enough money to cover about twenty per cent of

the cost of the property (a down-payment); beyond that, their earnings and credit are also good enough to warrant their getting a mortgage loan from a bank.

The lending bank needs to be reasonably assured that the borrowers will be able to repay both the loan and the interest on the borrowed money. Otherwise, in case of default, the bank would take the house from the, sell the house and try as best it could to recover the amount still outstanding on the loan. By law, any amount recovered by the lender in a sale/auction of the property in excess of the outstanding loan balance (including principal and interest), is due and payable to the original borrowers.

This, in a nutshell, was the traditional method for Americans to buy a home. As all parties involved were gaining something from this transaction – banks would profit from lending money, and borrowers were able to live in their own house long before they could hope to put aside the full amount needed to buy a house. This arrangement was widely accepted by millions of future homeowners, and hundreds of financial institutions were competing to offer them mortgages.

Enter the government! It posed, in its wisdom, a rhetorical and seemingly “egalitarian” question. “Why should only those people who have money be able to live in their own homes?”

This is not fair, politicians declared. Not fair to people who do not work, or do not earn enough money to support payment obligations, or haven’t saved enough money for a down-payment on a house within their means, or people who failed to establish good credit. Thus, politicians decided that the banks’ insistence on hard work, thrift, ability to repay, and creditworthiness (i.e. willingness to repay) on the part of loan applicants in return for a mortgage are all too onerous and unfair to “the people”.

Politicians love to find “not fair” situation. They can show to the world that they are fighters and are helping those who are weak and can’t help themselves. And politicians began to change the system to make it “fair”. It is possible that politicians did so for their own cynical political gains, kowtowing to the lowest common populist denominator, OR perhaps they were just plain stupid – but to judge why they did what they did is not the subject of this inquiry. The fact is – they did.

The story unfolded as follows: In 1977 President Jimmy Carter enacted the Community Reinvestment Act (CRA). The full text of the Act can be found at <http://www.fdic.gov/regulations/laws/rules/6500-2515.html>

The Act was created to "encourage" mortgage lenders to give high-risk loans to people who had not enough money, had poor/bad or no credit, and who were statistically unable to repay the banks the loans they would receive.

Banks are private companies and their main and only purpose is to earn profits. They do it mostly through lending money. Banks are fully aware that they face risks of defaults on the part of their borrowers, and are fully willing to take such risks – but in a limited manner, calculated (by them) to minimize their risks. It flies directly against their interest to make loans virtually knowing in advance that they will lose money because such government-promoted “borrowers” are unqualified to repay those loans. How can it be justified, in this case, to force banks to lose their own (and their depositors’ and shareholders’) money on government-forced populist transactions, and do millions of them? May as well throw the money away.

The politicians have no financial “skin” in the game. It is a no-risk gin for them. They earn votes with other people’s money.

How then government can force banks to part with their money without compensation? It is impossible, right? Wrong again.

If you are the government and hold all the cards, it’s not impossible. It is actually quite doable. If government is cynical enough and does not give a damn about the people and the country it supposed to protect and serve, it can be done effectively and quickly.

The Carter’s CRA of 1977 stipulated that only those banks that deemed by the government to be in "good standing" would get licenses to open new branches or to engage in mergers and acquisitions. Why banks should need licenses to open branches of their business is not clear to the casual observer, unless he/she reaches back to the post-1929 government acts to regulate them after the Crash.

Those banks that declined to follow government directives **would not be allowed to grow**. And since inability to grow and compete means a quick death to banks, most of them complied with almost anything governments want from them.

Then in the 1990s the Clinton Administration, through the federally owned lending insurer FNMA (Fannie Mae) began to buy from banks mortgages made to poor people with no regard to ability of those people to repay the loans and not demanding from those borrowers to put any or a substantial down payment.

In other words, under this scheme the banks were making money even if the borrowers were unable to pay back the loans. The banks loaned money to anyone who wanted money and then government paid them what they loaned plus a small profit. Millions of homeowners defaulted because from the start they were unable to pay the mortgages back. However losses from defaults were paid by “the government” – and since governments have no money of their own, we, the taxpayers, paid those losses.

Hail to President Clinton whose demagoguery paved the way for this disaster!

The moment the banks realized that they were asked to loan money to practically anyone who came through their doors, yet the government would purchase those mortgages from them for more than the face value, they started literally sending out hordes of “mortgage agents” begging people to sign up for such loans. Millions of unsound mortgages were granted. Loans that could only be called irresponsible in any financial sense were made and multiple billions of dollars of we-the-people's money were wasted. Thank you government for that as well. One of the things the governments do well is to spend our money.

Many of the new “homeowners” did not invest anything in the house. They got “their” houses without a down payment, or with a laughably small one, or in many cases actually got money **out** of the deal by fraudulently obtaining an inflated valuation of the property – with the open connivance of the “mortgage broker”. After living a year or two for free in “their” houses, once their mortgage payments were set to be payable at anything approaching market rates they simply abandoned the properties and came back to renting, exactly as they were doing before.

The government that stated all this fraud and money laundering wanted to get rid of those bad, worthless mortgages. They began to sell what is now called “toxic mortgages” in a so-called bundles to foreign investors and domestic firms. The US government assured the suckers (sorry, the buyers) that those bundles were solid loans certain to bring good returns – just like mortgages of past years backed by these same federal institutions, the worthy Fannie Mae and Freddy Mac. You’d probably think that since all this affair was fraudulent, someone is sure to end up in prison. Yes, one would think so, but if you are the government you go on vacations on tropical islands or receive medals instead of spending time in jail. In fact, the executives of Fannie Mae and Freddy Mac got generous **bonuses** for their part in that fiasco, and were promoted to even higher positions in government, or richly retired.

Everyone who had a real stake (actual money invested) in those bad loans was hurt. The steep recession that started in 2007 was in large part the result of the government intervention in the banking business.

Conclusion: The government stated goal was to create millions of new homeowners. Instead, it destroyed millions of businesses, changed decent neighborhoods into ghost towns, and triggered a worldwide financial crisis. Do you still think we need government to “help” us achieve the American Dream?

## 6. War on Guns

A 40-year old Federal Aviation Administration rule that allowed commercial airline pilots to *carry firearms on flights* was rescinded two months before *the* September 11, 2001 attacks. Pilots were left unarmed. This made *the* hijackers’ job much easier.

For more information on disarming pilots just prior to 9/11 please read <http://www.wnd.com/2002/05/13933/>

Imagine for a second that a group of terrorists armed with paper-cutter knives had somehow made it onto an El-Al flight. How long would they have been allowed to live if they threatened or started killing passengers? Not long. Once upon a time not long ago, Jews were weaponless, powerless, and were hoarded by the millions into gas chambers. Jews have learned their terrible lesson, and Israelis will not give up their weapons any time soon.

History shows that bad things happen when a government confiscates the guns of its citizenry. It is an undisputed fact that a process of gun control and gun confiscation has preceded every instance of genocide in the 20th century. How quickly we forget history's lessons – at our own peril of repeating them.

Below are excerpts from “The True Face of Gun Control” <http://nstarzone.com/GUNS.html>, “Gun Control & Genocide” [http://www.mercyseat.net/gun\\_genocide.html](http://www.mercyseat.net/gun_genocide.html) , and “The Truth Behind Gun Control” <http://nstarzone.com/GUNS.html>

In 1929, the Soviet Union *imposed strict* gun controls. From 1929 to 1953, *the year of the unlamented death of the murderous dictator* Josef Stalin, about forty million Russians were rounded up and exterminated, unable to defend themselves – *remember the Gulags?*

Turkey established gun control *laws* in 1911, and four years later *some million and a half* Armenians, unable to defend themselves, were exterminated – *remember the Musa Dagh?*

In 1938, Germany established gun controls, with hundreds of thousands subsequently arrested without resistance, dying in prisons and camps – even before the fully “refined” machinery of mass exterminations was set in place.

China established gun controls in 1935, before communists took over. This law allowed Chairman Mao and his glorious People's Liberation Army to exterminate about seventy million citizens of the country – remember the Great Leap Forward?

Guatemala established its gun controls in 1964. During the next decade more than a hundred thousand Mayan Indians, unable to defend themselves, were rounded up and exterminated. Uganda established gun controls in 1970. The next ten years saw the killing of over a million citizens, among them three hundred thousand Christians. Cambodia established its gun controls in 1956. Twenty years later the population was decimated by the government's murder of two million of its own people, whose only sin was their ability to read, write, and count – especially if they wore eyeglasses, taken to be a sure sign of an “intellectual”. They were unable to defend themselves, and were routinely killed at will by local bandit gangs empowered as government enforcers.

To a totalitarian regime there is nothing as dangerous as an educated and well-armed populace. This is why all would-be dictators who anticipate resistance from the general population against

their policies will try to take guns out of their people's hands. Nice-mannered and soft speaking "progressives" help pave the way for the confiscation of guns, and make easier life for potential dictators – exactly as the FAA made the goals of the 9/11 hijackers easier to accomplish.

Gun owners in Australia were recently forced by a new law to surrender their personal firearms, to be destroyed by the government. The purported goal of the law was to reduce violent crime. And what is the result of this well-intentioned government initiative? One year after the measure's enactment, homicides in Australia rose 3.2 percent, assaults went up 8.6 percent, and armed robberies climbed **44 percent**. Apparently, Australia's law-abiding citizens had surrendered their guns, but the criminals did not.

If you think that weapons in the hands of citizens are ineffective against armies, think again. Admiral Yamamoto, the architect of the attack on Pearl Harbor, was asked why Japan did not follow up the Pearl Harbor attack with an invasion of the U. S. Mainland. He replied that he had lived in the U. S., knew well that almost all households had guns, and those guns would be used. This in his own words was the reason he was against the invasion.

#### 7. War on.... Prostitution

Prostitution has been legal in the Netherlands ever since 1830. For more information please read "Prostitution in Amsterdam" <http://www.amsterdam.info/prostitution/>

In 1988, prostitution became subjected to municipal regulations about the location, organization and practice of the business. In regulating prostitution, the authorities aim to protect minors, eliminate forced prostitution, and combat the recent slavery-like phenomenon of human trafficking. Any sex business in Holland must obtain a license from the municipality, certifying that it has fulfilled all legal requirements to operate. The Municipal laws have a stringent health regime in place, and sex professionals are bound to obtain regular, periodic certificates of good health in order to continue their practice.

With prostitution being legal in the Netherlands, the number of rapes there in the year 2010 was 9.2 per 100,000 population. Compare that figure against 27.3 rapes per 100,000 in the USA: with all our laws against prostitution in the US (with the exception of some areas of Nevada), we have a three-fold higher rate of rape vs. Holland.

A study conducted in Queensland, Australia, showed a 149% increase in the rate of rape when legal brothels were closed in 1959. For more information please read <http://prostitution.procon.org/view.answers.php?questionID=000122>

Women who sell their bodies, and men who pay for sexual services, are criminals according to current US legislation. There are four reasons to legalize prostitution: (1) promotes safety and

improves the neighborhoods; (2) reduces rape (a crime that is greatly underreported) and abuse of women; (3) cuts the incidence of sexually transmitted diseases; and (4) generates economic benefits.

Currently, prostitutes are forced into places they should rather not be – the streets. Working on the streets, prostitutes become easy and frequent targets for serial killers. Legalized prostitution, as practiced in many European countries, removes these women from the streets to designated areas. As the result, the physical safety of the prostitutes, of their clients, and of the neighborhoods is much easier maintained. Moreover, people interested in buying sexual services can freely go to the areas and places where prostitution is permitted, without undue health concerns, worry of police harassment, or fear for their physical safety.

Illegal prostitution costs us money. While the costs involved are hard to estimate, it taxes the police force, the public defenders' offices and the judicial system. All of these resources could be better utilized pursuing and prosecuting violent offenders.

Despite what our government says, prostitution cannot be stopped. There is a reason it is called "the world's oldest profession". It's always been around, it always will be. We might as well bring it out into the open, not force it to fester in dark alleys, spreading diseases and crime.

Our society is hypocritical in its moral judgments: it's OK for a woman to have sex with a man she hardly knows after he buys her a few drinks at a local bar or gives her a gift of jewelry. Why is a straight cash transaction treated so differently?

The prostitution industry accounts for 5% of the *Dutch* GDP, between 1 - 3% of Japanese GDP, and in 1998 the UN's International Labor Organization (ILO) estimated that prostitution made up 10% or more of total economic activity in Thailand, Indonesia, Malaysia and the Philippines.

Law enforcement agencies in America's biggest cities spend an average of about \$2,000 for each arrest of a prostitute. A study published by the University of California's Hastings Law Journal in April of 1987 concludes that "arrests for prostitution, a misdemeanor, exact a disproportionately high toll on law enforcement resources", to the point that agencies can no longer "afford" to keep the crime "illegal." Twenty-five years after this study we still do the same routine and proving that governments never learn anything...

For example, the study points out, police officers arrested 74,550 people for prostitution in America's 16 largest cities in 1985. Meanwhile, according to the same study, reports of violent crime *rose* 32% in 1985 from a decade before (*note the word "reports"*), *yet the* arrests for *those* violent crimes rose only 3.7%, *while* arrests for homicides and robbery dropped 15%. Probably police officers have more fun arresting prostitutes instead of dealing with real criminals.

Arrests for prostitution last year (2012) in Los Angeles totaled 7,189, based on LAPD statistics. This year, according to the police, prostitution arrests are up by more than one thousand.

For more information on costs associated with our war on prostitution please read this article in Los Angeles Times [http://articles.latimes.com/1987-07-10/news/mn-1941\\_1\\_prostitution-arrests](http://articles.latimes.com/1987-07-10/news/mn-1941_1_prostitution-arrests)

The prostitution trade in the United States is estimated to generate \$14 billion a year. It is futile, not to mention stupid, to try so hard to fight human nature. There are willing buyers and willing sellers creating this market. No government interference can change it. And politicians know that very well. Many politicians patronize prostitutes, just as they had provided themselves bars full of liquor during Prohibition. They know that it is impossible to “win” this war, but they persist in their claim that they will “clean up the streets” and “throw away the scum and filth.” But it’s the politicians who are filthy, not the prostitutes. Prostitutes give you something for your money. Politicians just want your vote and your money, with no intention to deliver on promises made.

Conclusion: From my viewpoint, you should feel free to sell your body to whomever you want, at whatever price you mutually negotiate. In some societies, transactions based on selling (or renting, or leasing) one’s body are called terrible names. In others societies, the same ugly names are reserved for those who show their faces in public. In one country, film stars and stage actors are adored, even worshipped by millions. In other countries, stage actors are called prostitutes, and prostitution is called an “honorable profession.” As a matter of fact, I’d think twice before deciding which of the two professions is less honorable. Why should government have the power to regulate whether or not we can make money off our bodies? Fashion models do.

#### 8. War on Drugs:

In June 2011, the [Global Commission on Drug Policy](#) released a critical report on the War on Drugs, their findings summarized in this statement: "The global war on drugs has failed, with devastating consequences for individuals and societies around the world."

For full report go to [http://www.globalcommissionondrugs.org/wp-content/themes/gcdp\\_v1/pdf/Global\\_Commission\\_Report\\_English.pdf](http://www.globalcommissionondrugs.org/wp-content/themes/gcdp_v1/pdf/Global_Commission_Report_English.pdf)

June 2011 marked the 40th anniversary of President Richard Nixon's declaration of the "War on Drugs" — a war, which has cost \$1 trillion but had little to no effect neither for the supply of drugs nor to their demands. According to the Bureau of Justice Statistics, 55% of federal prisoners and 21% of state-level prisoners are incarcerated for drug-related offenses. This means that over a **half million people** are presently jailed as a result of antidrug laws. The illegal drug trade also sustains gang activity, and is indirectly responsible for an unknown number of homicides.

We could learn a thing or two about a “war on drugs” by looking at what Prohibition brought upon the United States: an increase in the consumption of hard liquor, with organized crime taking over production and distribution, and widespread anger with the Federal government.

In 2005, the United Nations estimated the global illegal drug trade as worth over \$320 billion. The same body also estimates that there are 230 million users of illegal drugs worldwide. In the United States, if illegal drugs were taxed at rates comparable to those on alcohol and tobacco, they would yield under current tax laws \$46.7 billion in tax revenue annually. A Cato study estimates that legalizing drugs would save the U.S. about \$41 billion a year in enforcing the drug laws. Adding one to another shows that it is a possible \$87.7 billion a year addition to the country’s coffers.

Have US drug laws reduced drug use? No. The US is the world’s No. 1 nation in illegal drug use. With Prohibition, banning alcohol didn't stop people drinking -- it just stopped people obeying the law. And just as with Prohibition, banning drugs didn’t stop people using them – it just again stopped people obeying the law. Imposing excessively long prison sentences on drug users and locking up people for small drug offenses contribute greatly to the ballooning of the prison population but did little to nothing to stop use of illegal drugs.

A Pew study says it costs the U.S. an average of \$30,000 a year to incarcerate an inmate. Multiply this by the half million inmates and you will get a staggering amount of about \$15 billion a year that we spent to keep users and small time dealers off our streets. We are not reducing the use or abuse of drugs; we are just creating space for new drug dealers, probably younger brothers of the ones we keep in prisons on our dime. If we will change our stupid laws about drug use, the US taxpayers will save additional \$15 billion. Add that to the \$87.7 billion that we can save or earn stopping our crazy war on drugs, and now we are at a staggering figure of \$102.7 billion dollars per annum.

For more information please go to the National Institute of Drug Abuse archives:

[http://archives.drugabuse.gov/NIDA\\_Notes/NNVol13N4/Abusecosts.html](http://archives.drugabuse.gov/NIDA_Notes/NNVol13N4/Abusecosts.html)

One of the principal questions we need to ask before we plunge into this war is the following: just how many people are actually killed by drugs?

The number of drug deaths in the US in a typical year is as follows, listed by actual cause. (Source: NIDA Research Monographs):

Tobacco kills about 390,000. (*legal drug*)

Alcohol kills about 80,000. (*legal drug*)

Cocaine kills about 2,200. (*illegal drug*)

Heroin kills about 2,000. (*illegal drug*)

Aspirin kills about 2,000. (*legal drug*)

Marijuana kills 0. (*currently semi-illegal drug*)

It seems there has never been a recorded death due to marijuana use at any time in US history.

All illegal drugs combined kill fewer than 4,500 people per year – that makes up approximately **one percent of the number killed by alcohol and tobacco**. Tobacco kills more people each year than were killed by all illegal drugs in the last century.

In other words, we spent a billion USD to fight something that kills 4,500 a year, yet spend next to nothing to improve prevention of car accidents that kill tens of thousands. We are fighting the drug heroin that kills two thousand people a year, but not fighting the drug aspirin that kills... two thousand a year! Where is our (or our government's) logic? Or do they just want to scare us, to get as much money from us as possible?

Let me ask another question - do illegal drugs cause violent crime?

Of all psychoactive substances, alcohol is the only one whose consumption has been shown to generally increase aggression. After large doses of amphetamines, cocaine, LSD, or PCP, certain individuals may experience violent outbursts, probably as a result of pre-existing psychoses. Research is still needed on the pharmacological effects of "crack" cocaine, which enters the user's brain more directly than cocaine that is taken in other forms.

Vast majority of drug-related violent crime is caused by the prohibition against drugs, rather than by the drugs themselves. The same situation was true during alcohol Prohibition, which gave rise to violent criminal organizations. **In the year Prohibition was repealed, violent crime dropped by 65 percent .**

For more information on basic facts about the war on drugs please read

<http://www.daveyd.com/drugsosie.html>

There are about 25,000 homicides in the United States each year. A study of 414 homicides in New York City at the height of the crack epidemic showed that only three murders, less than one percent, could be attributed to the behavioral effects of cocaine or crack. Of these, two were victim-precipitated. For example, one homicide victim tried to rape someone who was high on crack and got killed in the process.

Alcohol and tobacco are the clear leaders as causative substances for health damage to users. Some authorities have estimated that up to forty percent of all hospital care in the United States is for conditions related to alcohol.

For a summary of the basic facts about drugs and the drug wars go to <http://druglibrary.net/schaffer/Library/basicfax.htm>.

We arrive now at the last question I want to ask on the subject - can we win the war on drugs?

On December 28, 1992 ABC Television aired a major special on the drug war in Bolivia, which, according to the then current Clinton Administration, was our "best hope" for winning the war on drugs in South America. The thoughtful and well-documented program concluded decisively that there was no hope of "winning", that the war on drug production had already been lost.

In their best year, US Drug Enforcement Agents working closely with foreign governments seized about one percent of the worldwide drug crop, leaving 99 percent free to be supplied to the US.

In 1990, the General Accounting Office completed a major study on border interdiction of drugs. The GAO reported that efforts at border interdiction were a waste of money, and that no conceivable increase in funding or physical effort would make it any better.

In 1988, the Federal prosecutor for New York stated that police would have to increase drug seizures by at least 1,400 percent (that is a 14 to 15-fold jump) to have any impact at all on the drug trade, assuming no corresponding increases in production to offset the growing seizures. There is no credible evidence anywhere that we could stop, or even greatly reduce, the flow of drugs across our borders. In fact, all of the Federal Government's own evidence shows that this is impossible and it is a waste of money to try.

In September, 1992, Los Angeles Sheriff Sherman Block announced that he would release 4,000 prisoners, about twenty percent of the total Los Angeles County jail population, because there was no room to keep them, and no more tax dollars available to build additional jails. He stated that henceforth, for every person who goes to jail, another one would have to be released.

Total cost of putting a single drug dealer in jail is up to \$450,000, composed of the following: arrest and conviction - about \$150,000; one additional prison bed - about \$50,000 to \$150,000, depending on jurisdiction; annual housing - about \$30,000 per year, and with an average 5-yr sentence that adds up to another \$150,000.

Below are some Federal Bureau of Prisons statistics on the relative number and types of crimes of incarcerated inmates:

- 9.8% for Robbery
- 5.5% for Property Offenses
- 6.8% for Extortion, Fraud, Bribery
- 2.7% for Violent Offenses

8.6% for Firearms, Explosives, Arson  
1.0% for White Collar crimes  
2.8% for Immigration  
0.8% for Courts or Corrections  
0.1% for National Security offenses  
0.8% for Continuing Criminal Enterprise  
1.5% for Miscellaneous offenses  
And  
**59.6% for Drug Offenses ...!**

Do you still think government's way of dealing with drugs is SMART?

#### 9. War on... the American Middle Class

If not for income taxes, my neighbor could send his son or daughter to private school, and invest in his children's future ability to earn better wages. If not for the income tax, my cousin could buy naturally grown fruits, vegetables and meat, and wouldn't have to suffer from the stomach problems she gets from chemically treated foods. If not for income taxes, the wife of my colleague wouldn't need to work extra hours, wouldn't come home tired, and would have the energy and time to spend with her kids and her husband. She loves painting birds and small animals, but is too tired to enjoy her hobby.

If all the sacrifices that each family makes in terms of taxes they pay were dedicated by the government to protect us from criminals and enemies, we could justify those efforts. However, we now very well that our personal losses and sacrifices are used to pay for the largely inefficient work of bureaucrats, wasteful and counterproductive "wars" on alcohol and drugs, on military interventions into foreign countries that were not a threat to our national security, and on social engineering programs like the war on poverty that only breeds poverty, like the war on inequality that furthers real inequality, and many other mindless expenditures that governments push for and promote, seemingly for their own aggrandizement. Does such a dismal state of affairs make you happy?

We need to substitute this terrible burden on our lives called government, with something friendlier to us-the-people. Even the Mafia that extorts money from people and businesses for "protection" is not trying to run the rest of those peoples' lives. Even the Mafia, when paid its demanded "taxes", is friendlier than those fine-smelling, baby-kissing, smooth-talking democratically elected officials.

#### **Chapter III conclusion:**

Who benefits most from the taxes we are forced to pay, practically at gunpoint, or certainly under threat of prison time? The answer is simple - those who live full time off those taxes – politicians and bureaucrats. Those are the main recipients of the money the productive citizens earn by dint of hard work, sweat and ingenuity. They are the rulers of the land. We work hard, concede to them part of what we earn, and they use the money in whatever way they see fit. From time to time they promise us “transparency” and “consultation” in the ways they will spend our money, but they never actually recall those promises after elections, and so it goes.

Even if they return (refund) a small part of the money forcibly taken from productive citizens, pretending to be just like everyone else, that they pay taxes like everyone else, politicians and bureaucrats are NOT like everyone else. They take just a bit more from the cookie jar, and put this “little bit” back into the jar. Just check the average government bureaucrats’ salaries and compare them with the free market, where the rest of us live and work to earn a living.

This is what USA Today wrote on March 8, 2010: “Overall, federal workers earned an average salary of \$67,691 in 2008 for occupations that exist both in government and the private sector, according to [Bureau of Labor Statistics](#) data. The average pay for the same mix of jobs in the private sector was \$60,046...” The government employees paid themselves on average \$7,645 a year more than what we earned in the private sector – or 13% higher pay in a “no-lose”, no performance expectation job, yet with even more protection than union jobs in the private sector. Don’t you find it fascinating how they con us and rob us on every turn?

There are great many bureaucrats and politicians in every country, but by themselves they are not able to win elections and stay in power. They have to build coalitions. It is usually done by taking money and property from one group (in some countries from ethnicities like Jews for example, in some from the wealthy, in some from other easy identifiable target groups) and giving some of it to potential supporters of the bureaucrats and politicians, making those recipients de-facto partial co-rulers.

Money is taken from rightful owners who would spend it for purposes they deemed important, and is instead spread among supporters of inept bureaucrats and politicians, to be spent on inefficient fire protection services, expensive and cumbersome mail service, unnecessary external wars, and on inane internal “wars” not explicitly approved by the people whose money was used to finance those programs and activities. In actual fact, politicians and the governments they form ARE the new Tsars. Two hundred years ago we got rid of one type of kings, but since then we have ourselves handed the reins and a whip of power to a new breed of rulers who are no less power hungry and greedy than the old ones.

#### **Chapter IV – does government do anything that can’t be done by private hands?**

As of now I find no acceptable way to defend our country from external aggression except by maintaining an army manned and financed by the population of our country. (This rule reasonably applies to all countries.) And for psychological reasons, this army shall be comprised predominantly of the citizens of our country, and not rely on foreigners that may have no stake in our country's security or well-being.

I could find no acceptable ways to combat violent crime except by raising the needed money from we-the-people. There were several societies in the history of our civilization that treated murder as a civil matter, and the murderer had to compensate the victim's family for his deed. I can't vote for this idea because that might open a door for rich people or groups of people with common interests such as trade unions to kill anyone at will, or to commission "hired guns" to get rid of their enemies, and calculate compensation for the murder as a cost of business.

I am almost sure we will find several other tasks that are hard or impossible to conduct without citizens financing them in common. However, if there is even the slightest possibility for the market to satisfy a common need, then the task shall be done by private hands – unless the market approach is proven unworkable, in the expressed opinion of the citizenry.

I know that the moment we leave even a single task to a "central authority", we open doors for government intrusion into our lives. Intrusion, abuse and corruption are the middle names of any and all governments. This is one of the main reasons the American Revolution is almost dead by now. Politicians in a million small step-by-step moves slowly and carefully reversed it. The political establishment is now poised to take this country to a "socialist paradise", where all of us will be expected to be marching with set, rigid smiles in straight lines to our collectivist bright future. All of us will be equal, but some (guess who) will be more equal than others.

In order not to repeat the (very few) mistakes of our founding fathers, we need to change the form of our central authority from a "government" that governs our lives (with the right to take more money from us, force us to do things we do not want to do, or appoint itself to perform additional tasks of its own choosing), into a "management" entity.

Maybe citizens of a country should establish a re-insurance fund to insure insurance companies. Maybe the country should maintain a gold reserve "for the rainy day", stashed some place safe, though I personally have a problem with gold that sits idly in warehouses when it is needed for industry, for modern technologies, or even for jewelry.

I have a problem with central authorities printing money. Any government action having to do with paper money supply brings inflation or other financial problems to the country, as almost all governmental initiatives do. Printing money is one of the ways the governments "create" money out of thin air, diluting the value of the currency, and in effect stealing wealth from the

productive citizens. We should not allow any “central authority” to issue money or other obligations on our behalf – except with our full, informed consent.

Private companies, in the form of their own obligatory notes, should issue “Money”. Perhaps money should be coined by private mints. But under no circumstances should money be coined/printed by a government that is not-producing any tangible value.

To collect money for tasks agreed to be jointly financed by citizens, we need an agreement with the citizens on how much is to be collected, from where and by whom. For all those tasks the commonwealth needs to hire private companies. We might need to create a control structure to oversee them effectively, and if necessary to dismiss the non-performers and substitute others. In other words, an overseeing body must be established, with rules on how to hire member firms, and how to fire or exchange them.

It probably sounds redundant, but I can’t overstress that none of the “managing” or “overseeing” bodies should be allowed to act in any way except to perform the tasks for which they were hired, exactly in the manner specified when hired. Just as if, for instance, you were to hire a local supermarket manager, he would not be allowed to dictate to store patrons what colleges they could send their children to, or what cars they should drive when shopping at the market. His responsibilities are limited to ordering and maintaining a variety of products, and keeping up service levels for the patrons. If he does his job well, he is rewarded. If he does not perform to the clearly defined and expected levels, he is fired.

I hope that soon there will be new ideas of how to completely get rid of any central authority. We must find ways to do away with the current irresponsible and non-responsive system of taxation, while also getting rid of the apparatus that collects taxes, monitors compliance, and enforces punishment of those who do not comply (And remember – unlike in criminal cases where the government must prove the guilt of the accused, a citizen who is accused by the IRS is guilty at the outset, and must prove his/her innocence).

We need to search and find ways to utilize private enterprises to perform all and every task of defending us from any danger and violence including defense from external aggression.

In order to stop the erosion and eventual destruction of our way of life, to continue ideals of the American Revolution (ideals that enabled the formation of the world’s wealthiest society) we need to stop relying on the government to take care of us. When governments are in power we are all giving up a bit of freedom every day in exchange for a bit of safety.

**Chapter IV conclusion:**

Conservative politicians and their followers call for limited government. I want no government at all. It is not anarchism I am talking about; at least not in the sense most people understand anarchy.

All my experience and all my senses tell me that you cannot ask a cat to babysit a mouse. After studying the subject I believe now that *it's in the nature of any government to consume the society it governs*. Bit by bit, brick by brick, we need to start dismantling the governments, stripping them from their responsibilities, until at first they have a “bare minimum” of responsibilities, and then, at the more advanced stages of this difficult work, they have no governing responsibilities or authorities over us at all. We will hire able managers and management companies to perform only those tasks that market forces are unable to perform. When it is completed, we can say – we are implementing the intended ideals of the Founding Fathers of this great nation of ours. And we are safe... for now.

**Final conclusion:**

One productive citizen is much more important for the well-being of the mankind than all past and present politicians combined. He is adding to the collective wealth, “they” are only deducting. Politicians and the governments ARE evil, even if not by intent – but merely by effect. And as we proved in the pages above time and again, governments are NOT NECESSARY, at least not in the form or for the tasks we examined in this treatise. This is what they are - a NOT NECESSARY EVIL.

The myth that governments are necessary is ...well... just a myth.