

IPS PRINCIPLE PERSPECTIVE

A Quarterly Update for Donors & Friends of IPS

Summer 2011

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UNIONS & COLLECTIVE BARGAINING

Is there a simple answer?

A message from Jenna Holliday

My dear readers,

It is with regret that I inform you all that I am stepping down from my regular duties as administrative assistant at IPS, but it is with great joy that I anticipate changing my name when I marry a very special young man named Austin Hermle in January! I will be moving to the Sacramento area and no longer able to commute to Modesto for my work at IPS, which means I will be leaving my position as a regular part of IPS. Moving away from IPS saddens me, but I am, of course, beyond excited to be getting married. At this point, I am pleased to take this opportunity to introduce my replacement, Carole McFarlane, the wonderful and talented lady who will be taking over my duties at the office. Carole is in the unique position of having worked with Mike Winther at the Society for the Handicapped in Modesto, before he started the Institute, so we are all excited to welcome her to the regular staff at IPS.

I will not be leaving IPS entirely, and I am delighted to be retaining my work as editor of Principle Perspective, as well as being a part of the team for various projects here and there. My email address (jennah@principlestudies.org) will still be available for questions related to Principle Perspective, but all other general IPS email correspondence should now be directed to carolem@principlestudies.org.

I am excited to seek God's direction in this new phase of life, and I appreciate your prayers as I set off on a new adventure. What a joy it has been to be a part of this amazing organization over the last 4 years!

Serving the King,
Jenna

BIBLICAL PRINCIPLES OF GOVERNMENT COMES TO RIPON IN SEPTEMBER!

Can government take any action it pleases? How do we decide what governments can and cannot do? What about terrorism? Is it necessary to give up rights to gain security? What does the Bible say about the roles of family, church, and government? What about the separation of church and state? What causes poverty and how is it best addressed? Is public debt acceptable? These and many other questions are addressed in the 10-week Biblical Principles of Government class, taught by IPS president Mike Winther. If you and your family are interested in broadening your understanding of your Christian worldview and how biblical principles apply to every avenue of life—including government—won't you consider attending the next Biblical Principles class?

We are pleased to announce that the Biblical Principles class is coming to Ripon, CA this fall, beginning in September—and there is a possibility of a second location as well, so stay tuned! For more information, see the informational flier that is enclosed with this newsletter, or call the IPS office. Advanced online registration is now open at www.principlestudies.org!

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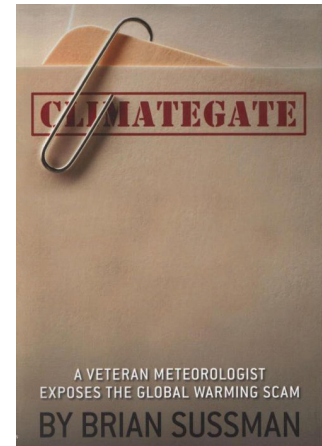
Editor... Jenna Holliday

REVIEWING *Climategate*

By Chris Dow

In journalism, it is imperative to answer the “five W’s” (and an H), to ensure that the whole story is presented. Who did what? When, where, and how did they accomplish it? Perhaps most importantly, especially in a criminal investigation, why did they do it? As an Emmy-winning journalist, meteorologist, and conservative talk show host in San Francisco, Brian Sussman sets out to dramatically answer all of these questions in *Climategate*. In turning over the stones and exposing the ugly underbelly of the global warming debate, Mr. Sussman cannot help but throw in a few jabs with some vitriolic language, designed to inflame. This is not a tame, dry science book. In the Foreword to *Climategate*, Mr. Sussman immediately reveals his own political viewpoint with a brief, but scathing, explanation of Marxism and its creators, Friedrich Engels and Karl Marx. Indeed, anyone unsure of the author’s political leanings need only note that the topic of global warming does not appear until page seven of the eight-page Foreword. According to Sussman, the genesis of anthropogenic global warming is Communism, and he wants his readers to be informed of the evils of this political system as he begins to unveil his case against the proponents of what he calls “the scam of anthropogenic global warming.” (“Anthropogenic” is a word of Greek origins, which means “man-caused”).

As a primer on Communism, *Climategate* is not without its own bias. In the first two sentences, Sussman writes that Marx had a “twisted mind”, conceived an “atrocious plot”, planned to “infect the world”, and calls Marx a name which questions the legitimacy of his parentage. This is not, by any stretch of the imagination, an unbiased book. Sussman aims in this Foreword to show that Communism’s goals are to control and reduce the populace such that the leaders of such a system obtain power in perpetuity. The path to fooling the populace into thinking their actions control what is the realm of God alone is a convoluted one. Mr. Sussman’s aim in answering the why before all else is for clarity’s sake. In reviewing the large body of evidence that has been suppressed because it



did not conform to the concept of anthropogenic global warming, the question arises: Why go to great lengths to create such an elaborate fiction? By giving a brief explanation of socialism and its aims, Sussman provides a framework upon which we can begin to hang the evidence he will provide.

The science he presents usually takes the form of a call and response, using Al Gore (and others) as the call and presenting contrary studies and reports as the response. From the impending doom of the polar bears, to the fact that the decade of the 1930’s was actually the hottest in the last century, Brian Sussman sets out to show that the evidence presented for anthropogenic global warming is not accurate, complete, or free of bias and special interest. According to Sussman, we are actually in the midst of a slight cooling trend and have seen far hotter years, such as the Medieval Warm Period in which average temperatures around the globe were 2°F higher than they are today, despite the lower amount of anthropogenic CO₂ in the earth’s atmosphere. Sussman challenges the claims made by global warming promoters and presents a large number of footnotes for the reader to check. (After all, as Sussman reminds his readers, challenging the hypotheses of others is the foundation of the scientific method.)

After having exhaustively attacked the claims of global warming, he moves on to the claimants. Here, Sussman attempts to further answer the why of global warming, involving politics and money. Al Gore, according to Sussman, is not only a consistent embellisher of the truth, but he will also make a great

deal of money if anthropogenic global warming is the prevailing scientific opinion. Certainly, those who would promote government as the ultimate solution for population control, climate control, and overall control of the lives of all people stand to increase their power significantly if anthropogenic global warming deniers are silenced. In addition, to those who subscribe to the problem and solution created by Karl Marx, global warming is a means to the end of bringing socialism to the United States of America.

Of course, for anthropogenic global warming to become the prevailing scientific opinion, those scientists who dissent from this view must be converted, silenced, or ignored. Currently, according to Sussman, the game plan is the latter. Despite loud claims of scientific consensus, a significant number of deniers have signed petitions such as the Heidelberg Appeal and the Oregon Petition. The Oregon Petition alone, a response to the Kyoto Protocol penned in 1997, has been signed by over 30,000 individuals. The average citizen might not realize the number of scientists who do not agree with the concept of anthropogenic global warming, since these scientists do not tend to get much airplay in the media today.

From discussing global warming in terms of its science, supporters, and sycophants, Mr. Sussman moves to discussing climate change in terms of an action plan. Not surprisingly, he points the finger at the legislation of obvious liberal politicians, from the Clintons to President Obama. Also not surprisingly, for those who are aware of the shift from national sovereignty to an increasing focus on globalism, the other means for action he points to is the body known as the United Nations. Mr. Sussman points out some of the agenda items and resolutions released by the U.N. starting in 1976 that have led the United States down the path of concessions to what is now known as climate change. From these beginnings, he begins to cast an increasingly wider net until the culprits include most of President Obama's cabinet, including "Energy Czar" Carol Browner, along with quotations from their most climate change-friendly statements, replete with more footnotes.

In an especially interesting chapter, Brian Sussman also details why alternatives to fossil fuels are not being promoted as assiduously as one might think. Indeed, if fossil fuels are to be eliminated as quickly as possible, one might think that the environmentalists would be beating a path to renewable, alternative energy sources, such as wind, solar, and water. However, this does not appear to be the case, as Sussman demonstrates, since environmentalists have been some of the biggest opponents to wind farms, solar plains, and hydroelectric dams. Nuclear power has been off the table since the late 1970's, with no new nuclear power facilities being built or planned. Of course, despite environmentalist opposition to alternative energy, coal and natural gas are not considered safe alternatives either. Ultimately, Sussman points out, all of this is because it is not the socialist's goal for society to have inexpensive power.


The only solution being promoted by proponents of global warming, Sussman concludes, is that of controlling the consumption (and by extension, the well-being) of the population. If no currently-viable power generation is palatable for the environment, and alternative sources of energy are also untenable to the wildlife, there is nothing left to do but to mandate control of consumption—and Americans are already seeing this plan put into action. Sussman explains that new appliances are already being implemented in test markets that respond to signals from SmartGrids, or power grids that do more than simply provide power. These SmartGrids monitor usage, and, depending on the logic built into these monitors, can signal receptive devices that usage thresholds have been reached. Couple this with the proposed "Cap-and-Trade" legislation of which President Obama is so fond, and a pattern of liberty elimination immediately emerges. All of this monitoring and usurpation of individual liberty, Sussman adeptly demonstrates, is completely unnecessary because it is all predicated on the assumption that climate change is scientific fact.

From a Christian's perspective, Brian Sussman appears to believe in God, though the substance of that belief is not fleshed out—nor does it need to be in a book of this type. He does make mention of

“old-earth” timeframes in discussing the earth’s age in terms of geology, though this is not unexpected. The book contains very limited swearing, mostly involving the word “damn”. Prayer is encouraged, alongside calls to political action by conservatives. An aspect of the book that could potentially have been expanded is that of the Lord being sovereign over all things, including the climate of the planet He created. However, this book makes no claims to being a religious treatise of any sort.

By and large, this is a book that focuses on politics. Brian Sussman’s response to anthropogenic global warming is a heated, but eminently readable, rebuttal to the claims made by global warming’s supporters. It is loaded with rhetoric and ridicule, to the point where Sussman finally compares the current direction of the United States to Germany’s descent into Nazism. Sussman makes no claims in this book to objectivity, and the politically and emotionally-charged presentation of the science and evidence will necessarily turn off any left-leaning, climate change-supporting readers. Still, looking past the rhetoric, this book provokes a great

deal of thought on a topic that should certainly be of concern to those who support individual liberty and Constitutional government.

Ultimately, this is certainly a book worth reading, if for no other reason than it is one of the most complete expositions of “the other side”—the viewpoint that opposes the mainstream media. The entire point of the journalistic media is to present the news from an unbiased perspective, but the only viewpoint on anthropogenic global warming that one can find in the media is that being pushed by those with something to gain from its broad acceptance. From what this reviewer has been able to corroborate, the scientific claims made in *Climategate* are accurate and complete, which is something the alarmist global warming proponents cannot boast. To that end, it is an important work in its own right as one of only a few efforts to stem the tide of mindless agreement with a politically-motivated agenda. It is highly recommended reading for those who would like to see why not every climate scientist agrees with the findings of Al Gore. 

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UNIONS & COLLECTIVE BARGAINING

Is there a simple answer?

By Michael R. Winther

An individual walks into a place of business seeking employment. The owner of the business and the job seeker interview each other, and both decide that an employment relationship may be to the benefit of each. They enter into negotiations over compensation and arrive at a mutual agreement on services to be performed and the pay rate.

Assuming that the work to be performed is ethical and legal, is there any reason why these two parties should not be allowed to pursue this employment agreement?

You might be surprised to find out that federal laws in America limit this freedom.



There are frequent debates in America and throughout the world about the role of labor unions. This debate is typically framed as having two sides: those who are pro-union, and those who are anti-union. As is often the case with political issues in modern America, the controversies surrounding this issue are miscast. The real issue is not whether one is in favor of, or opposed to, unions. The real debate should be about our government policy toward voluntary contracts.

One of the functions of labor unions is to engage in collective bargaining—a process in which hiring and compensation are not decided individually, but collectively. There is nothing inherently wrong with collective bargaining, unions, or even a unionized labor force, as long as these union agreements are voluntary on the part of all parties. The problem is that current federal laws compel employers and employees to engage in contracts involuntarily. In

a 1997 Mackinac Center article, Robert P. Hunter provides this overview:

When a union is selected to represent employees in an “appropriate” unit of workers, the union alone has the legal authority to speak for all employees, including those who neither voted for nor joined the labor organization. No other union, individual or representative may negotiate terms and conditions of employment, and the individual employee is effectively deprived of the opportunity to represent his or her own interests. This is known as the doctrine of exclusivity which the U.S. Supreme Court upheld in a 1944 case, *J.I. Case v NLRB*.

These limitations on both employee and employer are the result of a series of laws passed by our legislators over many decades. These laws have created and defined a small dictionary of specialized terms that describe the various ways in which lawmakers desire to reshape the workplace. Terms like “closed shop”, “union shop”, “agency shop”, and “exclusivity” are just a few of the special arrangements created by government and imposed on Americans by the force of law.

The Right to Contract

When it comes to matters of collective bargaining, the key principle is the right of voluntary, private contract. There is a long-standing legal principle that states that individuals and groups ought to be free to engage in private contracts without government impediment or interference. As long as the actions being contracted meet a few basic requirements, there is no basis for government interference. These requirements would include:

1. The contracted parties voluntarily agree to participate. No contract is valid if one of the parties is compelled, against their will, to participate.
2. The contracted actions don’t violate the rights of

other parties. A contract to commit murder, assault, or theft would violate this standard, and, in these cases, there is a legitimate role for government intervention.

As long as contracts meet these two standards, there is no legitimate role for government intervention in the negotiation or formation of an agreement. There is, however, a legitimate role for government in enforcing existing contracts if asked to do so by one or more of the parties to the contract, but the government's job is limited to compelling people to do what they have already promised to do. It is legitimate to require people to honor a contract to which they voluntarily agreed—the breach of which may bring harm to another person. This is the role of our civil court system.

Unfortunately, however, our current labor laws use government to go well beyond this legitimate role.

Competing Philosophies of Exchange

Students of economics will recognize that there are only two economic systems in the world. For the purpose of this article we will call them “the free market” and “socialism”. One of the distinct differences between these two competing economic systems is that they have different assumptions about voluntary exchange. The socialist mindset generally assumes that, in a voluntary exchange, one party may gain while the other may lose. In this view, one party to the exchange will often abuse the other party by receiving all of the benefit, while harming the less savvy participant.

Free market economics, however, disagrees with this assertion. Supporters of the free market assume that individuals will not engage in a voluntary exchange unless they perceive benefit. Since it takes two parties to make an exchange of goods or services, the exchange will not happen if either of them believes that the exchange would be detrimental. The free market perspective does not suggest that the benefits of any given exchange are split equally between all parties, but it does assert that all parties are better off with the exchange than they would be with any other competing option.

In economic and political decision-making, we must

acknowledge the power of voluntary exchange. It is the process of exchange that makes us happier and wealthier. Who can reasonably assert that we make people happier or wealthier when we force one party into any exchange? If one party agrees to the exchange, while the other party is forced into the exchange, we may bring happiness and wealth to the willing individual, but we will bring unhappiness and harm to the unwilling party. Slavery and theft are both examples of forced exchange. It is important, therefore, to note that forced exchange would be wrong even if it could be demonstrated to benefit all parties. We certainly wouldn't condone slavery even if it could be proven to benefit both slave and master. So why do we accept the forced exchange in our labor policy?

“Employment is an exchange just like every other economic transaction, and it should be voluntary on the part of all parties.”

These principles of exchange are applicable to all labor agreements because an employee is exchanging time, labor, and expertise for pay. Employment is an exchange just like every other economic transaction, and it should be voluntary on the part of all parties.

Dangerous Complexity

America's federal policy relating to unions and collective bargaining has developed from a series of congressional acts and court cases that form a maze so complex that only highly-specialized labor law attorneys dare to navigate its narrow passageways.

In 1934 Congress passed, and the president signed into law, the National Labor Relations Act (also known as the Wagner Act). This act gave legal protection to a variety of practices that limited some voluntary contracts. Among the provisions in the NLRA was the legalization of “closed shop” practices that required an employer to hire only union workers.

“When it comes to a nation’s laws, complexity is always the enemy of justice.”

In 1947, the Taft Hartley Act altered U.S. labor policy to make “closed shop” agreements illegal, but allowing “union shop” agreements. These revisions may have made America’s labor laws slightly less draconian, but they still limited the freedom of voluntary private contract. Hundreds of additional laws, administrative rulings, and court decisions make up our highly complex labor laws in America.

When it comes to a nation’s laws, complexity is always the enemy of justice. Legal complexity benefits those who, through cunning and deception, desire to have personal gain at someone else’s expense. The common man is never well-served when he cannot easily understand the law. In addition, complexity is an impediment to efficiency and productivity. An employer/employee relationship that requires hundreds of middlemen increases the cost of production, which reduces the economic well-being of all parties—and of the nation as a whole. In labor relationships, these non-productive middlemen include labor law attorneys, union officials, and government agents, all of whom must be paid.

This unjust and wasteful complexity in our laws is the result of a system that is based on the philosophical flaw of placing pragmatism over principle. This pragmatic view says that the goal of creating the “proper” outcome is more important than a just or consistent process. In this flawed thinking, we use government compulsion to determine economic outcomes. This thinking assumes that our government policies should be used to determine who wins and who loses economically. As admirable as this may sound, it is ethically wrong, and it never works.

Right-to-Work Laws

The Taft Hartley act allows states to ban “union

shops” or “agency shops” in their states. States that have taken this action are frequently referred to as right-to-work states. There are 22 states that are generally considered right-to-work states, either because they passed right-to-work legislation or by virtue of similar provisions in their state constitution.

Right-to-work laws can be a positive step toward emancipating both employees and employers, but these state-by-state actions would not be necessary if we fixed our federal government’s labor laws.

The Constitution

Our U.S. Constitution is a document of enumerated (or listed) powers. The states gave the federal government only those specific powers that are listed in the Constitution. A thorough reading of the Constitution will reveal that the federal government was given no power to regulate the workplace, much less the power to interfere with voluntary private contracts.

What is the role of Unions in a free market?

Some may object that the legal environment here proposed would result in the end of all unions. This objection is conjecture because we don’t necessarily know whether unions would suffer or thrive in a system that does not force involuntary contracts. It may not be possible to know what the outcome would be, but we can say with confidence that the free market will produce the labor mechanisms that provide the greatest benefit to employer and laborer alike. If a union can offer a better product at an equal or better price, or if it can meet some unmet need, it will be rewarded in the marketplace. On the other hand, if it fails to offer any unique value, the market will replace it with something more efficient.

Many collective bargaining arrangements are thriving in our current economy in areas where the government does not enforce exclusivity. Farm labor contractors provide a one-stop source of labor to farmers—a partial form of collective bargaining. These farmers are free to hire their own employees on an individual basis, but many choose to negotiate one contract with the labor contractor instead

of hiring their own labor force one employee at a time. The farmer may choose the labor contractor for any number of reasons. The contractor may have access to workers with particular skills that the farmer desires, or perhaps the contractor handles burdensome payroll paperwork that the farmer wishes to avoid. In any event, the farmer only uses the services of the contractor if the farmer perceives value from the service—and thousands of farmers do this.

Likewise, farm workers are free to bypass the labor contractor and sell their services directly to farmers—and a number do. But many workers still choose to work for a labor contractor. Some of the benefits that the labor contractor provides to the worker include longer periods of employment and the benefit of not having to look for work every few weeks. To survive in business, the labor contractor must please both the farmer and the workers.

Unions, like the labor contractor, can survive if they can provide the employer and employee with some area of added value—thus, pleasing their customers.

“Right and wrong don’t change
with the calendar.”

What about the plight of the abused workers?

The argument for closed shop or union shop laws usually centers on the desire to protect the worker from abusive employers. Our school textbooks are awash with stories of sweatshop conditions that persuade most Americans that government “just had to” do something to fix this problem. A full discussion of these events is beyond the scope of this article, but suffice it to say that careful investigation has shown that the most egregious of these stories had no basis in fact. Although factory conditions during the industrial revolution were far from ideal, they were often better than the agricultural conditions that the workers left behind. If these workers voluntarily agreed to do this work, they obviously believed that it was better than the other

options. Thus these conditions, as bad as they were, were an improvement for those workers.

We often hear people make the statement, “Unions were a good thing in the 19th century, but they have outlived their purpose now.” I would take issue with this statement, which assumes that interfering with voluntary contract is acceptable if the era of time or the working conditions justify it. This pragmatic, “situation ethics” approach is a dangerous way to think. Right and wrong don’t change with the calendar. If it is ethical for government to interfere with voluntary contracts in one era, then it must be acceptable in another. Conversely, if this interference is wrong in one era, then it must always be wrong.

Conclusion

Our labor law in America ought to do two things. First, it should allow freedom of choice in the making of contracts, and second, it should provide a court system for the adjudication of disputes and the enforcement of those agreements that people have entered into voluntarily.

We must reject the socialist notion that one party can harm another in a free and voluntary exchange of goods or services. We must contend vehemently for the free market philosophy that believes that both parties benefit from a voluntary exchange. Our government, therefore, should abandon any idea of legislating economic outcomes.


A free market labor system is the only system that preserves individual rights and minimizes inefficient legal complexity. All Americans would enjoy a measurable improvement in our standard of living if we removed these wasteful burdens from our workplace.

No person has any right that would require the violation of someone else’s rights. Is there a right to seek a job? Yes, but there is no right to require another person to hire you. Is there a right to engage in collective bargaining? Yes, but only if people voluntarily agree to join your collective. Is there a right to form or join a union? Yes, but there

is no right to use government to give this union a workplace monopoly. Americans have developed a peculiar mindset that says, “I deserve this ‘right’!”—but oftentimes, this “right” necessitates taking away someone else’s rights.

We would do well to remember that no claimed

right is a legitimate right if it requires someone else to surrender their rights.

States without right-to-work laws would do well to implement them, but the roots of the problem are the federal laws that make right-to-work laws necessary. These federal laws should be repealed. 

GETTING PRACTICAL WITH BUDGETS AND DEFICITS

By Mike Winther

Recently, considerable media attention has been devoted to federal budget issues and to the resulting clash between Republicans and Democrats over what should be included in the last six months of the 2011 budget. Over time, many of us have come to expect obfuscation and deception from much of our media. We have even come to expect it from the “other” political party—whichever party we don’t support. But neither major political party has a monopoly on deception. In fact, deception and obfuscation have become the primary tools for both parties.

Deception

“GOP Aim: Cut \$4 Trillion” reads a front page headline in the Wall Street Journal. But wait, total federal spending for the 2011 budget year amounts to only \$3.8 trillion. How can you propose a \$4 trillion cut from a \$3.8 trillion budget?

The same day, Drudge Report carries a headline that reads: “GOP Budget: Cut \$5.8 Trillion”.

If we dig into both articles, we discover that the \$4 trillion in proposed cuts would take affect over the next decade. But here is the problem. Congress passes budgets on an annual basis for no more than one year (sometimes less), not for a decade. No budget projections such as these, therefore, are binding on the current congress—much less on a congress with new members. Five future congresses would have to agree with the current

projections if this supposed savings is to come about. Any numbers beyond the next budget year are as worthless as elephant feathers.

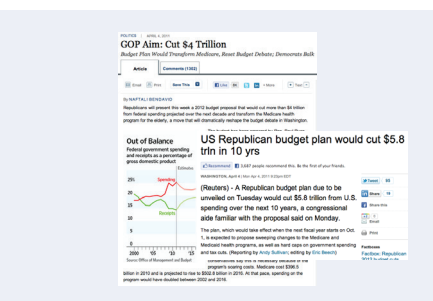
Obfuscation

Republicans, democrats, and the media are all hailing a recent spending plan to finish out the 2011 budget year, which claims to cut spending by about \$30 billion. Republican Congressman Harold Rogers, Chairman of the House Appropriations Committee, said:

...when this agreement is signed into law, we will have taken the unprecedented step of passing the largest non-defense spending cut in the history of our nation – tens of billions larger than any other non-defense reduction. This remarkable accomplishment is the result of hard-fought negotiations that required all sides to come together to find common ground.

This agreement will mark the end of a budget process that should have been completed almost a year ago by the previous Congress. Yet, sometimes the end result is worth the wait, and the unparalleled spending cuts in this bill will not only save the taxpayers tens of billions this year, but will allow Congress to continue the trend of reductions to dig our nation out of our dangerous deficits and debt for years to come.

By most accounts, the spending cuts, if actually enacted, will amount to about \$30 billion. This number sounds great—until you contrast it with the fiscal year 2011 red ink of \$1.5 to \$2 trillion.



A \$30 billion spending cut amounts to less than 2% of the shortfall in the fiscal year 2011. Even more unsettling is that this amounts to only eight-tenths of 1% of total spending. With about \$3.8 trillion in outlays for the 2011 fiscal year, a \$30 billion spending reduction is not even a drop in the bucket.


Allow me to bring some honest analysis and real-world perspective to this debacle. Imagine that you are providing financial counseling to a young couple in your church. This particular couple has a reasonable income, but they spend more than they make. This problem has been going on for some time, but now the gravity of the situation, which has been obvious to others, has finally become obvious to the couple. In fact, the situation is so bad that they are now borrowing 40% of their living expenses every month. In an effort to assist them with this problem, you ask them to review their budget and come up with a plan to cut spending. Of course, the husband and wife cannot agree on what should be cut—each wanting to cut the other’s pleasures. But after much debate and negotiation, they proudly bring you their new household budget and a list of cuts. The plan they bring to you outlines a reduction of eight-tenths of one percent in spending. Instead of borrowing 40% of their budget each month, they will now borrow only 39.2% each month.

The couple hails their achievement with the following statements: “This is the largest non-food

spending cut in the history of the household”; “This new budget took a long time, but it is worth the wait”; “Not only will this budget save us tens of dollars, but will allow us to continue the trend of reductions to dig our household out of our dangerous deficits and debt for years to come.”

Given the situation described above, I doubt that any reasonable counselor would applaud the family’s new budget. So why is Washington, and much of the media, applauding its own ridiculous efforts? Because we let them get away with it! We never let the “other party” get away with anything, but we often let “our party” get away with murder—or at least deception and obfuscation.

Of course, the most important question is not how we would react to the hypothetical situation described above. Rather, the more important question is this: how should we react to our current congressmen—of both parties?

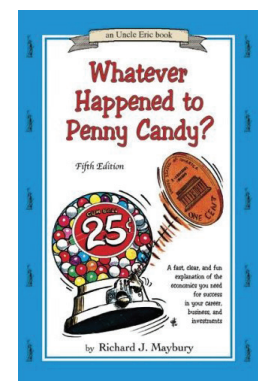
The real solution to our deficit and spending problems will require returning to constitutional government. Much of our spending is the result of programs that are clearly unconstitutional. The problem, however, is that Americans are not ready for a government that is either smaller or constitutional. There is no real solution to our budget woes until we re-educate a substantial number of Americans in the principles of proper government. 

REVIEWING *Whatever Happened to Penny Candy?*

By Jenna Holliday

I am thoroughly convinced that every American—and certainly every American leader—should read *Whatever Happened to Penny Candy?* by Richard Maybury, part of his series of “Uncle Eric” books. *Penny Candy* is formatted as a series of letters from economist “Uncle Eric” to his nephew Chris, and the result is a fast-paced, highly engaging book that covers the fundamentals of economic theory. Maybury’s goal in the Uncle Eric book series is to present material on a variety of topics in a way that is understandable and enjoyable to the lay person, without an excess of technical jargon that obscures

the clarity of a topic. *Penny Candy* presents economic theory in simple, entertaining ways that simply make sense to the reader, even the reader who has no prior experience with economic concepts. In the words of Maybury, economics is “fascinating and easy to understand, except when someone presents it in a boring or difficult way.” *Penny Candy* thoroughly capitalizes on this perspective, and




Maybury explains that in writing the book, he drew on students, business managers, and investors, and he states that “no concept was included until it was declared to be clear and easy to understand.”

Rather than being overly complex and difficult, *Penny Candy* resides on the opposite end of the spectrum, almost overly simplified at times. Some of Maybury’s analysis is perhaps a bit too simplified; for the sake of making his point easy to understand, he sometimes makes an illustration almost too simple. Nevertheless, he does succeed in making his discussions of various economic concepts very readable and entertaining. Never let it be said that economics is boring—Maybury puts that rumor to rest for good!

One particularly unique aspect of *Penny Candy* is the fact that Maybury focuses heavily on the history that is relevant to the economic concepts he presents. For example, in his discussion of inflation, Maybury relates how the history of inflation goes all the way back to the Roman Empire. Once the Roman government realized they had raised taxes as high as the people would stand without revolt, they inflated the money supply by clipping or shaving the edges of coins and using the shavings to make new coins. Another example is in Maybury’s discussion of the evils of wage/price and other government-imposed controls, where he uses the historical example of Germany just after World War II. Due to the efforts of economist Ludwig Erhard,

Germany rose from a modern Dark Age that had occurred as a result of the war to become one of the world’s most prosperous nations—a dramatic change that took place in a mere 25 years, but only after the wage/price controls imposed by the Nazis were lifted, taxes were lowered, and inflation was stopped.

The importance of a historical perspective cannot be understated in any study of economics. It is impossible to grasp the full impact of concepts like inflation or wage/price controls without understanding the historical significance of what happens when we see these concepts in action within a society. We cannot fully understand the horrors of runaway inflation, for example, without examining the havoc it has wreaked on African nations like Zimbabwe. In short, an examination of the historical context of these concepts makes application of economic theory much more practical and understandable in our daily lives—and *Penny Candy* does a terrific job of presenting the historical perspective.

On the whole, *Penny Candy* is a fabulous introduction to some of the most important economic concepts, concepts which are exceedingly relevant and critically important to every American, especially considering the economically disastrous state of our society in modern America. If only we could present this economic introduction to every member of our country’s government! 

SEPARATION OF FAITH AND STATE

By Mary Theroux

Now that the Senate has rejected Obama’s proposal to limit the deductibility of charitable contributions, an even greater aid to charities would be the abolition of the White House Office of Faith-based and Neighborhood Partnerships.

As far back in history as 362, when the Emperor Julian tried to establish pagan charities by decree in an attempt to counter the growing popularity of Christianity, rulers have recognized that faith-based providers are by far the most effective in helping people in need. Yet there is good reason why our

Founders stipulated a separation of Church and State—contrary to popular belief, it has far more to do with protecting the Church from the corrupting influence of the State than vice versa.

Here’s why Christians especially should lead the cry to get government out of charity:

It’s ethically wrong to accept money not voluntarily directed to a charity

Even those not ready to join the libertarians in

viewing taxation as theft can understand the moral repugnance of having their money used for a cause anathema to them: from right-to-lifers opposing government funding of abortions, to peace lovers protesting their taxes going to fund wars.

Government funding of charities alienates charities from donors

As Arthur Brooks's excellent research has shown conclusively, when government largesse flows in, charities lose touch with the private donors they had previously relied on. Studies show that charitable organizations receiving public funding spend less effort on fundraising: staff focuses more on managing and spending the government funding, and spends less time and effort on cultivating and maintaining relations with private donors.

The ramifications of this are enormous, because private donors serve as a very effective check that the services being offered are those most needed in the community. Most donors require frequent and persuasive demonstrations that their money is being used effectively and efficiently. Competition for private funding thus keeps the non-profit constantly on the alert to make sure its programs are the best for today's needs.

Government funding can corrupt mission and skew programming

While government funding might have first been obtained by a charity for a program closely allied to its mission, the usually-extended continuation of that funding can tie the charity to providing services that are no longer the most effective or even the most needed. Government funding also carries with it narrow restrictions that often have nothing to do with who actually needs services: as an example, the federally-funded Meals on Wheels program has a mandated age 60 minimum. When the San Francisco Salvation Army was cut off from receiving government funding, which included its contract for providing Meals on Wheels, it reinvented it as "Meals That Heal." The privately-funded Meals That Heal not only provides nutritious meals to seniors, but also delivers to low-income younger people homebound by diseases such as HIV/AIDS.



Government funding of social service programs operated by faith-based organizations also stipulate that the money cannot be used for religious activities. Yet experience shows that programming with a religious component often achieves far higher success rates than those without—especially, for example, with substance dependency.

Government funding creates dependency

Public funding is more volatile than private, and it increases and decreases more than changes in the economy. When the political winds change and the funding gets redirected elsewhere, a charity that has become dependent on its public largesse can find its very existence in danger. In contrast, those of us with a broad base of private support can meet economic vicissitudes appropriately. Independence from any one donor also allows us to adhere to principle, not kowtow to the holder of the purse strings.

Government funding crowds out private giving, and separates the "haves" from the "have-nots"


When government gets involved in a formerly private charitable activity, money going to charity drops. As I detailed in another article, the government's new AidMatrix Foundation channeled massive amounts of funds to FEMA and state governments in the aftermath of last year's hurricanes, and private giving to the Salvation Army and Red Cross plummeted. In a worst-case scenario, such government activity will drive private alternatives out completely, as with the hugely inclusive mutual-aid societies that traditionally provided welfare, unemployment, and health care coverage before government programs made them untenable.

When people perceive that government is taking care of a particular need, their giving and volunteering

for that purpose dries up. By inserting government between the “donor” (taxpayer) and recipient, the personal relationship that used to be common between them is severed. As Alexis de Tocqueville observed in his marvelous book *Democracy in America*, Americans’ proclivity for forming innumerable privately-funded charitable and civic projects was a direct and vitally-important component of what he termed our “democracy,” but what we would more commonly call “equality.” Those of us who volunteer with charitable organizations quickly discover that there is very little difference between ourselves and those we are volunteering to help (“There, but for the Grace of God, go I”). But when your money is separated

from your personal involvement, it becomes far easier and more common to think of the recipients as a faceless “them.”

If lawmakers really want to help the poor and suffering, they should go beyond a refusal to cut tax breaks on charitable contributions, and let taxpayers keep more of their own money in the first place—after all, experience shows that when tax rates are lowered, contributions to charity increase.

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WILLOW CREEK’S DELUSION ABOUT “SOCIAL JUSTICE”

By David A. Noebel

I’ve been thinking... well, I’ve been reading and thinking. I’ve been reading Erwin Lutzer’s latest work, *When A Nation Forgets God: Seven Lessons We Must Learn From Nazi Germany*. Published by Moody Publishers, the Moody Church pastor analyzes how the church in Germany fell under the sway of Adolf Hitler. Here’s the bad news: “By far the majority of the Lutheran churches sided with Hitler and his spectacular reforms.” The good news: “But a minority, under the leadership of Bonhoeffer and Niemoller, chose to pull away from the established church to form the ‘Confessing Church.’”

I find it disturbing that the Obama administration is trying to use churches, including evangelical churches, for its own political purposes.

The May 3, 2010, issue of *The Weekly Standard* carries an article by Meghan Clyne entitled “The Green Shepherd,” describing how the White House Office of Faith-Based and Neighborhood Partnerships is seeking to enroll gullible Christian churches in its efforts to control the climate—paraded under the guise of fighting poverty and injustice.

One of the “Green Shepherds” chosen by the

Obama administration to deceive evangelicals is none other than the Rev. Jim Wallis!

Clyne’s article’s subtitle summarizes the administration’s underlying political goal: “The White House wants churches to advance its climate change agenda.” She points out that while Wallis wrote in December 2006 that “Republicans shamelessly politicized the faith-based initiative,” Wallis himself is now “a member of Obama’s faith-based council and has also met with congressional Democrats to help them frame their policies in more morally appealing terms.” These Wallis-trained Democrats will in turn make “inroads with religious voters.” Sound similar to Hitler’s making inroads with the Lutherans of his day?

Does Rick Warren’s spiritual agenda include New Age elements? Find out in Warren Smith’s *Deceived on Purpose*.

Here is Students for a Democratic Society’s Jim Wallis, defender of Fidel Castro, and a party to the proliferation of Communist revolutions throughout Central America, moving amongst the evangelicals and deceiving them left and left. Wallis has been a radical ever since he graduated from Michigan State University. (If you’re interested in more

commentary on Wallis and his *Sojourners* magazine, see “Barack Obama’s ‘Red’ Spiritual Advisor” article on Summit Ministries’ website.)

Wallis’ ability to deceive reaches high into evangelical circles. For example, an article posted on the *Sojourners* blog entitled “Beyond Charity: Living a Life of Compassion and Justice,” written by the wife of Willow Creek Pastor Bill Hybels, says the following: “The battle against injustice is a tough and ugly war. While I am proud that Willow has entered that war, the truth is we have just begun to fight.... I look forward to the day when we as a church will be known for being the greenest church on the planet, not just because we enjoy the beauty of God’s creation, but because we know that climate change is a justice issue.” Included in her suggested reading list is Jim Wallis and his *Sojourners* magazine.

This idea that climate change is a justice/injustice issue is 100 percent in synch with the President’s Advisory Council on Faith-Based and Neighborhood Partnerships, which “envision[s] the ‘partnership’ between government and religious institutions as a means of spreading the administration’s environmental warnings, rather than just a way to help churches feed the hungry and clothe the poor.” No wonder Clyne closes her article with the comment, “Perhaps it’s only reasonable that global warming activists would turn to God for help as the scientific case for their position collapses.”

But let me be blunt and suggest that Mrs. Hybels would be better informed if she would read Theodore Dalrymple’s *Life at the Bottom*, Peter Bauer’s *Equality, the Third World, and Economic Delusion*, and Thomas Sowell’s *Intellectuals and Society*.

In fact, if she were to read Sowell’s work she would discover at least one secret to lifting the poor out of poverty, which we can assume is her desire in attaining “social justice,” since she never clearly articulates what she means by the term. Writes Sowell, “Under new economic policies beginning in the 1990s, tens of millions of people in India have risen above that country’s poverty level. In China, under similar policies begun earlier, a million people a month have risen out of poverty.”

Unfortunately this is not welcomed news by the radical left because these economic policies are capitalistic and hence politically incorrect. Sowell quotes French writer Raymond Aron, who admits that intellectuals want to see prosperity only “through State intervention” and “the revolutionary code” and hence are resentful over such capitalistic victories. Better poor under socialism than well off under capitalism seems to be their motto!

Indeed, a fellow lecturer told me of his recent trip to Cuba where “social justice” reigns supreme. Everyone in Cuba works for the government and receives \$15 a month (doctors receive \$18) which barely buys beans and rice and a little cooking oil. The 500 pastors he taught for a week said that Cuba today is an island prison and no one can escape. People are starving even though their waters are alive with fish, but no fishing boats are allowed since they would be used to escape from paradise to the “evil” United States.

This is the Cuba the Rev. Jim Wallis and his *Sojourners* crowd hold up as an example of “social justice.” Question: Is this Mrs. Hybels’ understanding of “social justice”? Why doesn’t she make it her short-term mission trip to rescue some of those 500 wives of those 500 preachers who are begging for help to escape their prison of poverty and hopelessness?

According to Olavo de Carvalho, nearly a dozen Latin American countries are presently being ruled by Communist or pro-communist parties. Are evangelical Christians so ignorant and/or misinformed of what is entailed in so-called “social justice” policies that they are willing to sacrifice the poor for an idea that hasn’t worked in nearly 5,000 years of recorded history?

Well, I’m still thinking! What I think is that Mrs. Hybels and her husband need to read Erwin Lutzer’s *When A Nation Forgets God* and then attend a two-week session at the Summit this summer!

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PRESIDENT'S LETTER

Most ministries, charities, and non-profits have suffered in this difficult economy—and IPS is not too different. Unlike many other groups, however, we have been able to expand our work over the past two years because a few key donors have funded specific expansions. To these supporters we are eternally grateful. But while new money has supported specific areas of expansion, our funding for existing programs and operations has diminished.

It is a strange thing to have funded growth opportunities in the works and yet still be in a difficult financial situation, but this is precisely our current position. I would like to encourage our readers to consider an extra gift to IPS this summer to remedy this problem.

Our fundraising is made even more difficult because our work focuses on long-term solutions to America's problems. Just as it has taken decades for Americans to learn bad ideas about government and economics, it will take decades to replace this thinking with sound principles. Unfortunately, many traditional-thinking Americans who are sympathetic to the IPS message prefer to contribute to short-term works. They contribute to the next election or other projects that demonstrate success or failure within a year. Of course, many such short-term efforts fail—and those that don't fail outright bring only temporary success. On those occasions when such Americans do take a long-term approach to their giving, it might be to projects, organizations, or buildings that are not at the center of the battle for a solid worldview.

Ultimately, it is long-term thinking that will always win in the end. This means, however, that the real fruit of our money and our labor might not be visible for 20 or 30 years—and this, of course, is a more difficult fundraising appeal.

If you are able to make some extra contributions to our long-term work, I would greatly appreciate it. Thank you for standing with us as we labor to change hearts and minds and to rebuild our institutions on sound biblical principles.

Sincerely,

Michael R. Winther
President