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The Political Voice of Conservative Reform



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What Will Save Our Troubled Economy?

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Volume 2 • Issue 1

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“Everybody can be great... because anybody can serve. You don't have to have a college degree to serve. You don't have to make your subject and verb agree to serve. you only need a heart full of grace. a soul generated by love.”

— Dr. Martin Luther King Jr.

TABLE OF CONTENTS



Publisher's Welcome **5**

FEATURES

Economics of Obama By Deneen Borelli **6**

Understanding Free Markets and the Consequences of the Alternatives By Ralph Conner **8**

Liberty and Economics **10**

Cold-Hearted Capitalism By Julia Nelson **12**

The Constitution and Welfare By Walter E. Williams **16**

Individual Responsibility vs The Welfare State: A Biblical Perspective By Eric Wallace, PhD **18**

How Should We Help The Poor? **20**

Wealth Building 101 By Eddie Huff **22**

Is There Really Such A Thing As Fair Tax? **24**

The Economics of Abandoning Traditional Family Values By Fran Eaton **26**

Intergenerational Wealth By Steven Sauerberg, MD **30**

The Call of the Entrepreneur **32**

An Interview With Ken Blackwell By Ceasar Le Flore, III **34**

HISTORICAL PERSPECTIVE

The First Prominent Black Politician From Chicago,
Is Not Who You Think! By Timothy E. Johnson, PhD **38**

FREEDOM'S VOICES

Network of Politically Active Christians By Jennifer Salley **40**

EDUCATION

Public School System, Not Vouchers, Is What's Unfair By William Gangware **42**

HEALTH CARE

Fewer Doctors Are Accepting Medicare Cases By Krystle Russin **44**

OPINIONS

Tax Holiday Lost in the Chaos By Herman Cain **46**

Republicans Need A Shareholder Revolt By Star Parker **47**

The Separation of Powers By Armstrong Williams **48**

Yes, We Can By Harry R. Jackson **49**



Welcome to Freedom's Journal Magazine (FJM)

Welcome to the first issue of 2009 for Freedom's Journal Magazine. This issue marks the beginning of our second year in operation; and the second volume of issues in which we plan to inspire you our readers with insight and opinion, challenge ideology and presumptions, and some times stir up a hornet's nest. In doing so we may offend some; but as Thomas Paine once said, "He who dares not offend cannot be honest." We see honest debate in keeping with our maxim that we are the "political voice of conservative reform, which sets the standard for black conservatism".

This issue commemorates, in many ways, a new era as together we celebrate the life of Dr. Martin Luther King, Jr.; and look forward to the celebration of black history month, and the inauguration of our 44th president of the United States of America who happens to be of African descent. Although we recognize and applaud this historic event, we also acknowledge that we have a lot of work ahead of us. We wish our new president well because he presides over our nation and his policies either help pave the way to prosperity or lead us down the road to mediocrity and ruin. I pray it is the former.

We at FJM agree it is our job to applaud and support our new leader when he is right; but also offer constructive criticism when he is wrong. We will continue to discuss the issues that affect our nation through the spectacles of conservative principles (L.I.F.T) and hold to those principles even when others choose to abandon them. These principles are founded on the ideas expressed in the declaration of Independence; "[w]e hold these truths to be self-evident, that all men

are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness." We wholeheartedly believe that to make this declaration a continued reality we must be diligent to insist on Limited government, Individual liberty and responsibility, Free enterprise, and Tradition values (LIFT Principles).

In this issue, we examine the financial crisis confronting the nation. One with the potential to affect our nation's future, good or bad, for generations to come. And at its core, what we believe the strongly challenge is—underscored by the LIFT principles. How much authority should the government have in our financial markets? Who is responsible for the care of the poor and needy? Where does personal responsibility begin and government help end? Can the government stimulate the economy or should it just let the free market work us out of our crisis? Are taxes a help or a hindrance to our economy? Does promoting traditional values advance or burden our economy? We will attempt to address these and other questions in this issue in an endeavor to "stir the nest" of ideas.

We hope you enjoy this issue as well as those to come. We encourage you to send comments on various articles that we can print in upcoming editions of FJM. We want to know what you think even if you disagree.

Lastly, I leave you with this caveat from Frederick Douglass who said, "Find out just what people will submit to, and you have found out the exact amount of injustice and wrong which will be imposed upon them; ... The limits of tyrants are prescribed by the endurance of those whom they oppress".

Amen!

Eric M. Wallace, PhD

Eric M. Wallace, PhD

PUBLISHERS WELCOME



Economics of **OBAMA**

By Deneen Borelli

Barack Obama's election victory is a truly historic event. His eventual legacy as president, however, will be shaped by the success of his economic and energy policies. Despite a lack of specifics, his campaign of "hope" and "change" nonetheless proved compelling to voters tired of the status quo of the administrations of Bill Clinton and George W. Bush. This was decisive in blunting his primary challenger Senator Hillary Clinton (D-NY) and general election opponent Senator John McCain (R-AZ).

Enthusiasm for and against Obama's candidacy resulted in the 2008 election having the highest level of voter turnout in 40 years. More than 131 million votes were cast.

At the time this is being written, a record number of visitors are expected to descend on the nation's capital to attend Obama's swearing-in ceremony.

Obama's election has several notable milestones.

Most importantly, his victory is a capstone of sorts in the progression of blacks' struggle for acceptance in America. After all, claims of institutional racism permeating American society now ring hollow after a majority of American voters selected someone of African descent to the highest office in the land.

Pockets of racism still exist and always will, but the Obama victory shows that America is truly a place where opportunities are endless for those willing to work hard to gain success.

Obama broke with the victimization mantras of Al Sharpton and Jesse Jackson. Growing up in a modest household and fatherless at a young age, Obama made the most of achieving the American Dream through hard work and perseverance. As a result, he was able to cross racial barriers in ways that Sharpton and Jackson never could.

Both Jackson and Sharpton mounted their own White House campaigns, but it was the more congenial Obama who eventually made history.

Obama ran a masterful campaign. He artfully used his liberal credentials during the primaries by running to the left of Hillary Clinton in calling for universal government-funded health care, taxing windfall profits on “Big Oil,” canceling the Bush tax cuts and immediately ending the war in Iraq. During the general election, Obama ran toward the middle by toning down his rhetoric on Iraq and promising to “cut” taxes for 95 percent of citizens.

When the inaugural balls are over, the self-congratulation and adulation must be set aside for the hard work of leading America to begin. Obama will face new and challenging realities as commander-in-chief – daunting challenges such as a weakening economy, mounting job losses and continuing threats of terrorism.

With an economic team deemed by many of his campaign supporters as too moderate and his decision to not eliminate the Bush tax cuts or pursue windfall profit taxes, some are hopeful he will govern from the middle. On the other hand, judging by his stimulus plan and nominations for key positions for energy and the environment, Obama is instead demonstrating he is liberal to the core.

Obama’s record as an elected official sheds little light on his true beliefs. While serving in the Illinois State Senate, he was known to vote a noncommittal “present” most of the time. As a first-term U.S. senator, the respected and politically neutral National Journal magazine cited Obama for having the most liberal voting record.

When he is challenged by the media, he has thus far been evasive and unwilling to provide details.

To confront the economic slowdown, Obama and his economic team are considering a massive economic stimulus plan estimated to cost \$850 billion or more. With details still pending, it appears Obama’s major point of emphasis is improving the nation’s infrastructure such as construction and repair projects for roads, bridges and schools.

With this emphasis on infrastructure, Obama is repeating mistakes made to confront the Great Depression – when Franklin Roosevelt’s New Deal adopted Keynesian philosophy to stimulate economic growth through massive increases in government spending. Obama seems to be ignoring a more recent example from Japan, where infrastructure programs failed to achieve economic growth in that nation.

The fundamental problem with the infrastructure plan is that it relies on government spending to create jobs. It’s merely another wealth transfer program. When the projects are complete and the jobs are finished, the government is left with debt that requires more taxpayer money. It’s a vicious cycle

that does not lead to long-term economic prosperity.

With our government already deeply in debt, Obama may essentially be mortgaging our future to buy jobs today. This will hurt average Americans – and for black Americans in particular who are just now climbing the economic ladder – when it comes to efforts to save and to start and maintain small businesses.

The failure of New Deal spending to create jobs was summarized by Henry Morgenthau, Jr., Roosevelt’s own treasury secretary: “We have tried spending money. We are spending more than we have ever spent before and it does not work... I say after eight years of this administration, we have just as much unemployment as when we started. And enormous debt to boot.”

In the early 1990’s, Japan initiated an enormous infrastructure spending program to stimulate its economy, but it failed. “Learning from Japan: Infrastructure Spending Won’t Boost the Economy,” a study by The Heritage Foundation, reports: “After peaking at 86 percent of U.S. income in 1991 and 1992, Japanese income continually fell behind the U.S., and by 2000, Japan’s per capita gross national income had fallen to 73.7 percent of that of the U.S. despite the increased spending stimulus in Japan during the 1990s and into the 2000s. This decline in relative performance reflects the fact that the Japanese economy grew at an annual rate of only 0.6 percent between 1992 and 2007.”

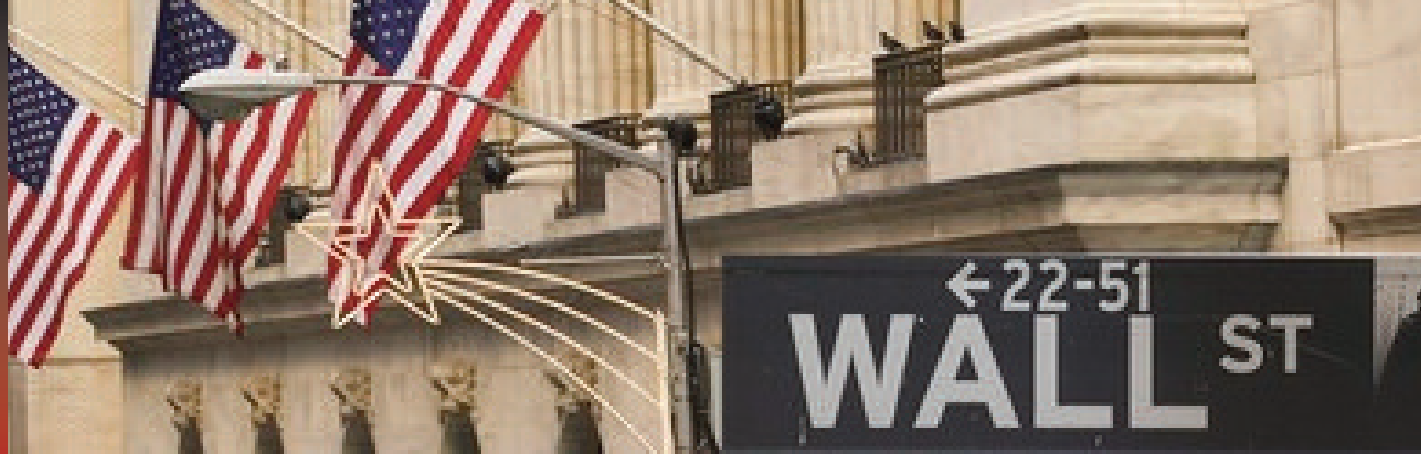
While Obama’s infrastructure plans are troubling, his environmental policies are just as frightening. Obama is a passionate believer that burning fossil fuels – coal, natural gas and petroleum – are responsible for causing global warming. He is thus far packing his administration with individuals who are ardent supporters of laws designed to increase fossil fuel costs to discourage use.

This war on fossil fuels represents a significant challenge for the economy. Since 85 percent of U.S. energy comes from fossil fuels, discouraging their use by raising prices will lead to higher energy prices for households and business and slower economic growth for the nation.

The biggest energy source casualty would be coal, which is responsible for about half of America’s electricity needs.

Dr. Steven Chu, Obama’s energy secretary, is a vocal critic of fossil fuels. During a presentation in 2008, Chu said “Ok so let me go to the supply side of the energy problem. Now we have lots of fossil fuel. That’s really both good and bad news. We won’t run out of energy but there’s enough carbon in the ground to really cook us.” Additionally, he has said, “Coal is my worst nightmare.”

Emphasizing his commitment to addressing global warming, Obama selected the former head of the Environmental Protection Agency Carol Browner as “Energy



Understanding Free Markets and the Consequences of the Alternatives

By Ralph Conner

In the aftermath of the November 2008 election, America stands on the brink, wondering what type of economic system will evolve under the leadership of president Obama. The economic debacle of a \$700 billion bailout delivered the new administration an era of doubt and fear about the sustainability and “fairness” or “economic justice” of the American free market system. In Europe, countries have responded by nationalizing their banking and financial industries. In America, the Bush administration and Congress followed suit by purchasing Fannie Mae and Freddie Mac’s assets to keep the housing and mortgage industries afloat.

Copy-cat China, a former socialist/communist economy currently “morphing” into a combined state-owned and free market industrial giant, is critical of the capitalist system, while the French President Sarkozy has declared, “laissez-faire is finished.”

But President Bush rose to the occasion to defend the free market: “Free market capitalism is far more than economic theory. It is the engine of social mobility -- the highway to the American Dream. It’s what makes it possible for a husband and wife to start their own business, or a new immigrant to open a restaurant, or a single mom to go back to college and to build a better career. It is what allowed entrepreneurs in Silicon Valley to change the way the world sells products and searches for information. It’s what transformed

America from a rugged frontier to the greatest economic power in history — a nation that gave the world the steamboat and the airplane, the computer and the CAT scan, the Internet and the iPod..” But why is this system better for allocation of resources amongst social classes?

Capitalism is an economic system based on the recognition of individual rights, including property rights, in which property is privately owned. Entrepreneurs invest capital in order to get a “profit” or rate of return on their investment in order to invest in more inventory, hire more workers and create more products for the marketplace. The function of the government is to protect private property rights: Economist Walter Williams offers that “Prior to capitalism, the way people amassed great wealth was by looting, plundering and enslaving their fellow man. Capitalism made it possible to become wealthy by serving your fellow man.” But what about economic justice in allocation of resources?

Capitalism allows the invisible hand of the market to set prices and wages instead of government bureaucrats. Free markets allow a large amount of consumers and suppliers to set a prices on goods and services based on their aggregate utility for the population. Because consumers know how to maximize utility or to purchase what they want voluntarily, resources will make their way to individuals who will best use them. In socialist countries, centralized government bureaucracies are the

arbiters of prices for resources instead of customer preferences. So resources are allocated inefficiently based upon politics and central planning rather than the preferences of individuals who are free to choose what products and services they desire.

This failure to recognize and “measure” the importance of consumer preference is called the “calculation error,” which is systemic to the inefficacy of socialist systems. A collectivist system can never determine the value of manufactured products because there are no profits or prices derived from supply and demand.

But Adam Smith, contrary to common belief, never used the term capitalist. He referred to an economic system as either natural or artificial, the former being defined by freedom and the latter defined by coercion. The natural system is capitalism, an informal system.

Capitalism is an informal system because it is based upon the idea of laissez-faire, a French term, which roughly translates into “allow

to do” or “leave alone.” Capitalism, unlike centrally managed economies, does not seek to impose answers upon society to the three fundamental questions facing all economies: What should we produce? How should we produce? And, for whom should we produce? Under capitalism these questions are answered by you and I and every other individual. Capitalism occurs when individuals are free to choose or are left to our own economic devices. Adam Smith explained that “All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord.”

Nobel Laureate Milton Friedman put it this way: “Fundamentally, there are only two ways of coordinating the economic activities of millions. One is central direction involving the use of coercion ... The other is voluntary co-operation of individuals. Formal economic systems (communism, feudalism, etc.) are defined by some

form of coercion in order to direct production and to impose answers upon society; the definition of capitalism, the informal system, is the absence of coercion.”

Confiscatory taxation of “wealthier” Americans to support the expansion of a welfare state for the middle-class is often defined as economic justice or compassion. Such is the danger of the incoming Obama administration from an economics standpoint. The Joint Tax Committee reports that the bottom 60% of taxpayers with incomes below \$50,000 paid less than 1 per cent of the total federal income tax in 2006, while the 3.3 per cent with incomes over \$200,000 paid more than 58%. The challenge of the “Age of Obama” is for the leader of our times to decide whether or not he will mimic the Bill Clinton administration in 1993, when controlling Democrats passed a tax hike on income, gasoline, Social Security income, small businesses and investors. Clinton Democrats increased federal spending on entitlements more than \$250 billion over a five-year period.

In Clinton’s mid-term in 1994, Republicans won the House and Senate. Barack must beware in 2010. The lessons learned from the past: Americans thrive and grow wealth with popular policies of lower spending, limited government, and lowered taxes. Using the economic crisis to expand the reach of government in our daily lives by offering more government entitlements like “free” government health care for adults will hasten the day when America exists as a feeble model of a declining European society rather than the erstwhile leader of the free world.

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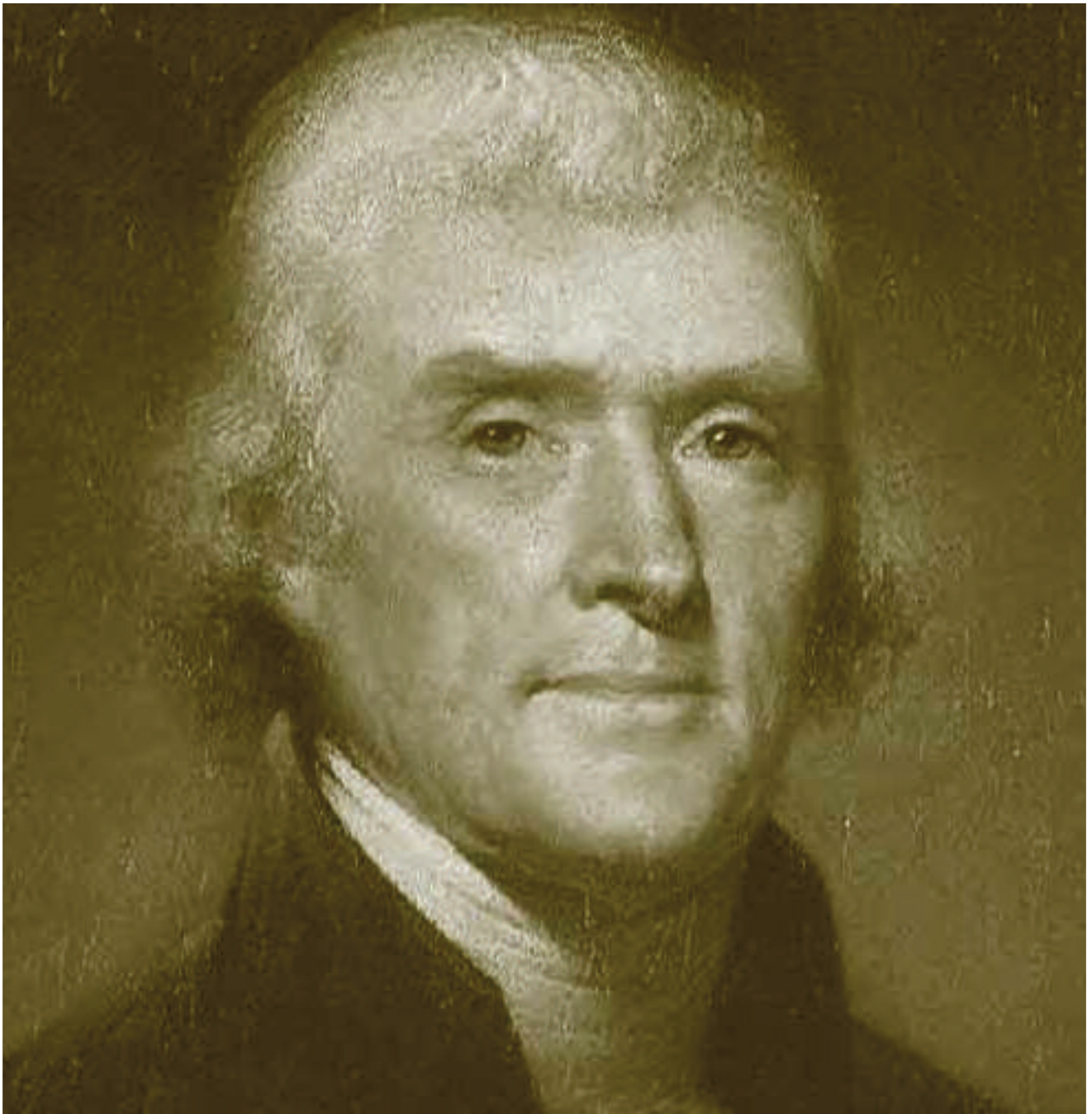


FEATURE VIDEO

Liberty and Economics



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“To take from one, because it is thought his own industry and that of his fathers has acquired too much, in order to spare to others, who, or whose fathers, have not exercised equal industry and skill, is to violate arbitrarily the first principle of association, the guarantee to everyone the free exercise of his industry and the fruits acquired by it.”

—*Thomas Jefferson*,
letter to Joseph Milligan, April 6, 1816

Cold-Hearted CAPITALISM

By Julia Nelson



Thomas Sowell's Research Shatters the Myth of Exploitative Free Markets

We've all been told at one point or another that Republicans are okay on those moral issues, but it's Democrats who really understand social justice. Republicans are too favorable to corporate America, those cold hearted capitalists who exploit the poor and middle class for a profit. Democrats are the ones who care about "everyday people" and enact policies to help us. Leaving aside partisanship for the moment, this juxtaposition carries several assumptions about the way the world works which are rarely examined, let alone challenged.

First of all, those who believe this assume that well-meaning government intervention in the lives of citizens is automatically beneficial. Government funded Pre-Kindergarten, government subsidized agri-

culture, and government-mandated health benefits must all be grand ideas. Second, such people often assume that anyone who opposes well-intentioned programs does not care about the fate of the people those programs are supposed to help: they are "mean-spirited," "uncompassionate," or "selfish," we are told. Third, they also assume that the interests of businesses and regular Americans are naturally opposed to the one another. They believe a policy that benefits business must hurt everyday Americans, and a law that "sticks it to corporate America" must also provide some well deserved breaks to regular Joes. Hence, every election cycle we are subjected to rhetoric from both parties about "fighting for the regular folks" as if lower and middle class American families were defenseless pawns on the capitalist chessboard whose only hope lies with benevolent political messiahs.



Dr. Thomas Sowell, a senior fellow at the Hoover Institution who is not a member of any political party, has devoted his life to examining such assumptions empirically. After dropping out of high school and being drafted into the Marines, he graduated from Harvard University, received a Master's in Economics from Columbia University and a Ph.D. in Economics from the University of Chicago. Besides his weekly syndicated column, he has authored nearly thirty books which shed light onto many economic, cultural and political myths, including the previously described assumptions.

What is Capitalism?

In his 1996 book "Vision of the Anointed: Self-Congratulations as a Basis for Social Policy," Sowell contests the notion that capitalism should be discussed as a counterpart

to socialism or communism. "Despite the name, capitalism is not an 'ism.' It is not a philosophy but an economy. Ultimately it is nothing more and nothing less than an economy not run by political authorities," he writes. Economies are not good or bad, generous or stingy. They are efficient or inefficient.

In a capitalist, or "free market," economy, profit and loss provide the motivation for businesses to produce and stop producing. When iPods or Harry Potter books fly off the shelves, Apple and Bloomsbury Publishers make more. The opposite is also true. When everyone stopped buying piles of Tickle-Me Elmo dolls or Britney Spears CDs, their producers stopped making so many. In less plentiful times, the reality of profit and loss meant that if a lot of people stopped buying a luxury like ice cream because money was tight, more milk would naturally go to a staple like cheese. Of course sometimes the grocery store is out of the kind of cheese you want, and sometimes those Britney Spears CDs pile up in a warehouse somewhere, but overall, profit and loss control production and distribution pretty efficiently.

Now contrast this with the Soviet economy where the government owned every factory, store and middleman. In the name of caring for the people, government planners decided how much to produce of everything, from cheese to sweat socks, and how it should be distributed. Did the government do a better job than profit and loss? Sowell writes in his primer *Basic Economics*, "The Soviet economy...often had unsalable goods piling up in warehouses while people were waiting in long lines trying to get other things that they wanted." While we Americans become irate if the supermarket runs out of our favorite brand of pulp-free, calcium fortified, not-from-concentrate orange juice, Soviets faced bare supermarket shelves on a regular basis. The effect of this inefficiency went beyond just the inconvenience of running out of cheese and sweat socks. Although their land was rich in natural resources, over six million Soviets starved to death in a single famine.

The fact that capitalism is merely an economy free from political controls, not a philosophy which makes value judgments about money and how we spend it, is very unsettling to some. Sowell explains that such criticism is misguided: "Many have argued that capitalism does not offer a satisfactory moral message. But that is like saying that calculus does not contain carbohydrates, amino acids, or other essential nutrients. Everything fails by irrelevant standards." Again, Sowell and other free-market proponents do not argue that capitalism or capitalists are "good," but rather that an economy run by profit and loss is more efficient than one run by the government. This is better for businessmen, surely, but it is also better for everyday folks.

What Makes Good Economic Policy?

In a nation like the United States, restrictions on the free market come in smaller doses through partic-

ular kinds of economic policy. For years Thomas Sowell has urged his readers to examine all policies based on the incentives they create rather than their stated intentions. Nothing is easier than saying that a specific initiative will accomplish a particular goal or help an intended group of people. Yet as Sowell puts it, “Consequences matter more than intentions.” A classic example of such misguided policy is the notion that all jobs should pay a “living wage.” In practical terms, this equates to the existence of a minimum wage and the calls to raise it in name of improving the situation of low income workers.

What proponents of minimum wage hikes refuse to acknowledge is that raising the cost of labor has the same effect as raising the cost of any other commodity. If a law were passed that raised the cost of iPods to \$900 each, sales would go down, no matter how many great colors Apple offered. Likewise, when labor costs more, employers purchase less of it. Sowell’s research also exposes a little-known fact about the history of the minimum wage: “The first federal minimum wage law, the Davis-Bacon Act of 1931, was passed in part explicitly to prevent black construction workers from ‘taking jobs’ from white construction workers by working for lower wages. It was not meant to protect black workers from ‘exploitation’ but to protect white workers from competition.”

Although modern proponents of minimum wage hikes are certainly less likely to subscribe to an openly racist agenda, the effects of the policy on the job market remain the same. Most tragically, those who become unemployed because of such laws are not the deep thinkers and policy makers, but the least educated and the least skilled. The very people that the policy is supposed to help are the ones most damaged by its enactment.

Many people who support the notion of a “living wage” also demand that certain necessities in life, such as housing and healthcare, need to be made “affordable.” In practical terms this desire translates into either price controls or government subsidies which use taxpayer money to drive prices lower than they would naturally be. Sowell’s research reveals that such price fixing also has the opposite of its intended effect. Rent control was intended to make housing more affordable, but cities with rent control have higher homeless rates than those without. Subsidized medical care is supposed to ensure universal coverage, but instead nations with such healthcare systems often have months-long waiting lists to see a doc-

tor. Each attempt to restrict the free market in the name of “compassion” has innumerable unintended, and too often unexamined, consequences.

Taxing the Rich?

When politicians are asked how they will pay for the subsidies and other compassionate programs they propose, they often promise to tax “the rich.” However, taxing the rich, whether it is an individual or a company, affects everyone else too. Companies that have to pay higher corporate taxes merely raise the price of their products or services to make up for it. So “regular folks” who buy gas, groceries and clothing from large “rich” corporations are the ones who pay for the tax in higher prices.

The same is true of the capital gains tax, which taxes profit made on stocks, bonds, real estate and the like. At

first glance, it seems like only wealthy investors would be affected by such policy. Yet Sowell points out that these same investors may find more attractive investments in other countries that have a lower capital gains tax. “Much wealth from Third World countries flows out to richer countries like Switzerland or the United States, where it is safer from confiscation. Jack up the capital-gains tax rate in the U.S. and more Americans can be expected to send their capital elsewhere. That means sending jobs elsewhere, so that even people with no capital to invest lose employment opportunities.”

Only economically literate Americans can hold leaders of both political parties accountable for the consequences of their policies. Sowell has written his books and columns with the belief that every citizen can and must understand fundamental economic principles in order to participate responsibly in a democracy. May every American take advantage of the wealth of understanding contained in his writings and put it to good use when listening to the rhetoric of politicians.

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¹Thomas Sowell. *Basic Economics: A Citizen’s Guide to the Economy*. Revised and Expanded Edition. New York: Basic Books, 2004. p. 10

²Thomas Sowell. *The Vision of the Anointed: Self Congratulation as a Basis for Social Policy*. New York: Basic Books, 1996.

³*Basic Economics*, ix

⁴Thomas Sowell. “Ignoring Economics” November 15, 2005.

⁵Thomas Sowell. “Sanity in ‘Frisco” August 21, 2000.

⁶Thomas Sowell. “The ‘Cost’ of Medical Care” May 4, 2004.

⁷Thomas Sowell. “Tax the Rich and they Move their Money” October 29, 2008.

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“America will never be destroyed from the outside. If we falter and lose our freedoms, it will be because we destroyed ourselves.”

—Abraham Lincoln

The Constitution and Welfare

By Walter E. Williams, PhD

On September 17, 1787, thirty-nine men signed the U.S. Constitution. Each year since 2004, we have celebrated Constitution Day as a result of legislation fathered by Senator Robert Byrd that requires federal agencies, and every school that receives federal funds, including universities, to have some kind of program on the Constitution. I cannot think of a more deceitful piece of legislation or a more constitutionally odious person to father it - a person who is known as, and proudly wears the label, "King of Pork." The only reason that Constitution Day is not greeted with contempt is because most Americans are totally ignorant about the framer's vision in writing our constitution. Let's examine that vision to see how much faith and allegiance today's Americans give to the U.S. Constitution.

James Madison is the acknowledged father of the constitution. In 1794, when Congress appropriated \$15,000 for relief of French refugees who fled from insurrection in San Domingo to Baltimore and Philadelphia. James Madison wrote disapprovingly, "I cannot undertake to lay my finger on that article of the Constitution which granted a right to Congress of expending, on objects of benevolence, the money of their constituents." Today, at least two-thirds of a \$2.5 trillion federal budget is spent on the "objects of benevolence." That includes Medicare, Medicaid, Social Security, aid to higher education, farm

business subsidies, and welfare, *ad nauseam*.

A few years later, James Madison's vision was expressed by Representative William Giles of Virginia, who condemned a relief measure for fire victims. Giles insisted that it was neither the purpose nor a right of Congress to "attend to what generosity and humanity require, but to what the Constitution and their duty require."

In 1827, Davy Crockett was elected to the House of Representatives. During his term of office a \$10,000 relief measure was proposed to assist the widow of a naval officer. Davy Crockett eloquently opposed the measure saying, "Mr. Speaker: I have as much respect for the memory of the deceased, and as much sympathy for the suffering of the living, if there be, as any man in this House, but we must not permit our respect for the dead or our sympathy for part of the living to lead us into an act of injustice to the balance of the living. I will not go into an argument to prove that Congress has not the power to appropriate this money as an act of charity. Every member on this floor knows it. We have the right as individuals, to give away as much of our own money as we please in charity; but as members of Congress we have no right to appropriate a dollar of the public money."

In 1854, President Franklin Pierce vetoed a popular measure to help the mentally ill saying, "I cannot find any authority in the Constitution for public charity." To approve the measure "would be contrary to the letter and the spirit of the Constitution and subversive to the whole



theory upon which the Union of these States is founded.” During President Grover Cleveland’s two terms in office, he vetoed many congressional appropriations, often saying there was no constitutional authority for such an appropriation. Vetoing a bill for relief charity, President Cleveland said, “I can find no warrant for such an appropriation in the Constitution, and I do not believe that the power and duty of the General Government ought to be extended to the relief of individual suffering which is in no manner properly related to the public service or benefit.”

Compared to today, yesteryear’s vision vastly differs in what congressional actions are constitutionally permissible. How might today’s congress, president and courts square their behavior with that of their predecessors? The most generous interpretation of their behavior I can give is their misunderstanding of Article I, Section 8 of the Constitution that reads, “The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States.” Misuse of the “general welfare” clause serves as warrant for Congress to do just about anything upon which it can secure a majority vote.

The framers addressed the misinterpretation of the “general welfare clause. James Madison said, in a letter to James Robertson, “With respect to the two words ‘general welfare’, I have always regarded them as qualified by the detail of powers connected with them. To take them in a literal and unlimited sense would be a metamorphosis of the Constitution into

a character which there is a host of proofs was not contemplated by its creators.” James Madison also said, “If Congress can do whatever in their discretion can be done by money, and will promote the General Welfare, the Government is no longer a limited one, possessing enumerated powers, but an indefinite one, subject to particular exceptions.” James Madison laid out what he saw as constitutional limits on federal power in Federalist Paper Number 45 where he explained, “The powers delegated by the proposed Constitution to the federal government are few and defined . . . to be exercised principally on external objects, as war, peace, negotiation, and foreign commerce.”

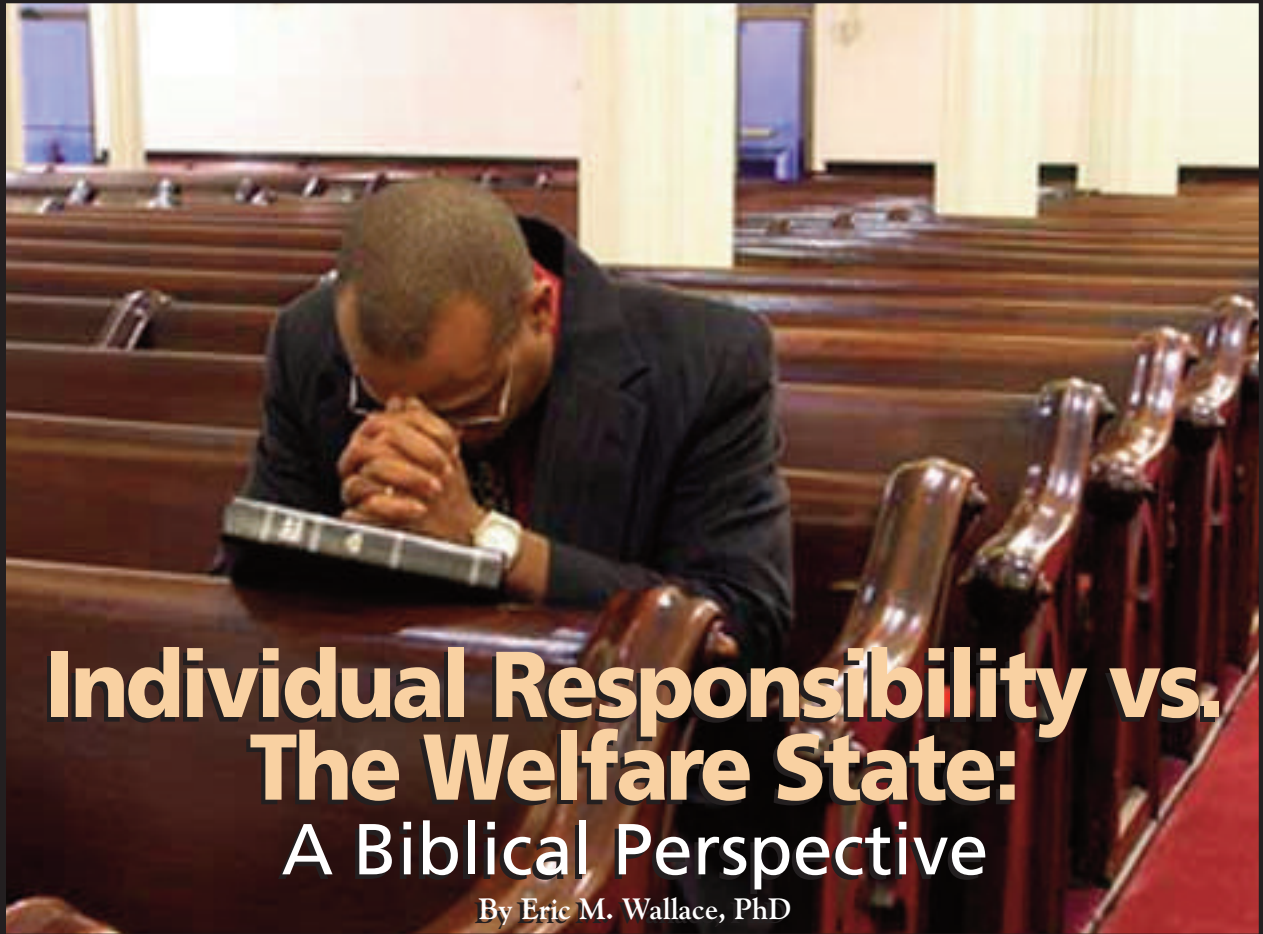
Thomas Jefferson explained in a letter to Albert Gallatin, “Congress has not unlimited powers to provide for the general welfare, but only those specifically enumerated.”

What accounts for today’s acceptance of a massive departure from the framer’s clear vision of what federal activities were constitutionally permissible? It is tempting to blame politicians and yes we can blame them some but most of the blame lies with the American people who are either ignorant of the constitutional limits the framers imposed on the federal government or they have contempt for those limits.

We can see this by imagining that, say, former presidents James Madison, Franklin Pierce or Grover Cleveland were campaigning for the presidency today. Imagine their saying to today’s Americans they cannot find: “a right to Congress of expending, on objects of benevolence, the money of their constituents”, “any authority in the Constitution for public charity”, or saying, “I can find no warrant for such an appropriation in the Constitution.” Their candidacy would be greeted with contempt by most Americans. They would be seen as callous, mean-spirited men by a nation of people who have now come to believe they have a right to live at the expense of other people through a variety of federal programs. Such a belief differs only in degree, but not kind, from the belief that one American should be forcibly used, through the tax code, to serve the purposes of another American.

The tragedy is that once such a belief system becomes acceptable, it pays for all Americans to become involved in the attempt to live at the expense of another. If one American does not use government to live at the expense of another American, that does not mean he will pay lower taxes. It only means that there will be more money left over for others. In a word, or so, once legalized theft becomes the standard, it pays for everyone to become a thief. A hundred years from now what congress does and what is in the Constitution will bare absolutely no relationship at all. As a result Americans will be poorer both in terms of liberty and standard of living and they just might curse today’s generation. ■

Walter E. Williams is a professor of economics at George Mason University.



Individual Responsibility vs. The Welfare State: A Biblical Perspective

By Eric M. Wallace, PhD

You might think the one place to find support for an ideological premise that we should “do well by our fellow man” would be the Bible. The truth is we’re supposed to help those in need—right? And with a number of scriptures including those calling upon us to help the poor, widowed and orphaned; many willingly agree: those who are well off bear some responsibility to help those who are not.

Coincidentally, these same scriptures often provide the grounds for government imposed higher taxes to “feed the hungry, clothe the naked, and give shelter to the homeless”. It’s a model taken from Matthew 25:35-46 where Jesus says the “King” will reward those who care for the less fortunate or the “least of these”, and will punish those who have not. This leads many to the conclusion that society must do its part, even if the coercive power of government is required to fulfill the mandate.

Unfortunately, not only have they misread the admonition; but it’s also taken out of context. In fact, upon further study of this passage (Matthew chapters 24-25) we find Jesus’ teachings are more about personal responsibility and relationship with the King than coercion to help the poor.

When Will The End Be?

The disciples ask Jesus about the signs of his return and the end of the age beginning in Matthew 24:3. Jesus lists a host of events, which must occur first, advising that the son of man will come in power (v. 30) and without warning (vv. 32-41). The key to Chapter 24 and 25 is what Jesus says next in verses 42-44. The disciples are told to “keep watch” and be “ready,” because as stated in earlier verses, “no one knows when the Lord will return”. What follows are parables about being ready for the return of Christ and a call for its readers and hearers to be faithful in whatever task God has given them to do.

Disciplined Focus (Matt. 24:45-51)

The first parable, in the string of three, provides the lenses through, which to view the other two. The wise servant is one who does what is required by his master. He is faithful to the task that is given him. He is disciplined enough to stay focused on the task before him. The wicked servant shirks his responsibility; abuses the other servants and associates with people of questionable character. He is undisciplined lacking focus and character. The consequences of the wicked servant’s actions incurred judgment; while the faithful servant received promotion. Lack of discipline and moral judgment seals the fate of the wicked servant.

Prepared For The Opportunity (Matt. 25:1-13)

In this parable ten virgins are awaiting the bridegroom to let them into the wedding banquet. All of the virgins have oil lamps but only five have enough to last the evening. The virgins running out of oil (foolish virgins) ask to borrow some of the oil of the wise virgins. The response is a resounding ‘no’: they reply, “There may not be enough for both us and you. Instead, go to those who sell oil and buy some for yourselves”. There is no welfare here. The responsibility is on each individual virgin to be ready for the bridegroom’s return. Lack of preparation or planning for the future assured a negative outcome. As the old adage says, “When preparation meets opportunity you have success.” Five of the ten virgins were not prepared and missed their opportunity.

Capitalize On The Opportunity When Presented (Matt 25:14-30)

In the parable of the talents (money) a master goes out of town but leaves three of his servants with various sums of money. Each is expected to do something with the talents he is given. The master does not give the money for them to wast. He gives them money according to their “ability” or “capacity” for using it to make more (v. 15). The sums given allow us insight into which servant the master trusted the most. Clearly, the servant with 5 talents was perceived to have more capacity than the servant with 2 or 1 talent.

This was not a charity or welfare program. They were each given an opportunity to perform regardless of their capacity and regardless of the amount of money entrusted to their care. They were supposed to produce. Two of the servants doubled their respective amounts. The third buried his talent in the ground.

As you can imagine, the two who were successful in doubling their master’s investment were promoted; and given greater responsibility. The one who hid it in the ground was punished; and his money given to the servant with ten talents. Then a very interesting statement is made in verse 29, “[f]or everyone who has will be given more, and he will have abundance. Whoever does not have, even what he has will be taken from him.” While space won’t permit me to fully unpack this statement for this article; suffice it to say, those who see opportunity and use it wisely: will always be rewarded. But, those who for whatever reason do not nor will not seize the moment: it will be counted as lost. This is not only an economic principle; but one that applies to one’s spiritual development as well.

The servant is called “useless” or “unprofitable” in verse 30 as judgment is pronounce on him. His fate is similar to the wicked servant mentioned above (24:51).

The Final Result (Matt 25:31-46)

This section is actually the final judgment; and is the result of our actions. Our actions are a reflection of our relationship to the Lord (master). In the parables, those who

What the gospel writer calls “righteousness” can neither be mandated nor carried out by the government.

trusted the master proved faithful to him. In the story of the ten virgins, the ones who understood what was required of them entered into the banquet. Those who did not were too late and they are told by the bridegroom “I tell you the truth, I don’t know you.” (25:12)

Hence, when Christ returns he will divide the nations (people) into two groups, the sheep and the goats. He places the sheep on His right and the goats on His left. He then pronounces judgment starting with the sheep. They are allowed to enter into the Kingdom because they have been faithful in attending to the needs of the King/Christ. The goats are judged harshly for not attending to the needs of the King/Christ, and are condemned to eternal punishment (25:46).

The only thing both groups have in common is that they ask a related question: “When did we run into you?” The response from the King is, “every time you helped a stranger or the least of these my brethren you ministered to me”. This is ‘personal responsibility’ in carrying out the teachings of the Sermon on the Mount (see Matthew 5-7), and ‘random acts of kindness’, which are motivated by a love for the Savior and a desire to “do unto others...” (Matt 7:12). Look closely at the ‘Be Attitudes’ and you find the prescription for personal/ spiritual growth. Read intently Matt 7:21-23 along with Matt 25:31-46 and you see that neither ‘religiosity’ nor ‘indifference’ gain favor from God. It’s obedience to the teachings of Jesus (Matt. 7:24-27) that please God. And while Matthew 24-25 highlights the need we all have “to be ready”—it clearly demonstrates that readiness is simply our faithfulness to the task God has given us to do, along with the merit of acts of kindness. These things can’t be legislated. What the gospel writer calls “righteousness” can neither be mandated nor carried out by the government. It is our personal responsibility to help the poor, feed the hungry, clothe the naked, and visit those in prison. The only thing government can do is get out of the way and allow the ‘work’ of private citizens and non-profit organizations to provide the help that people need.

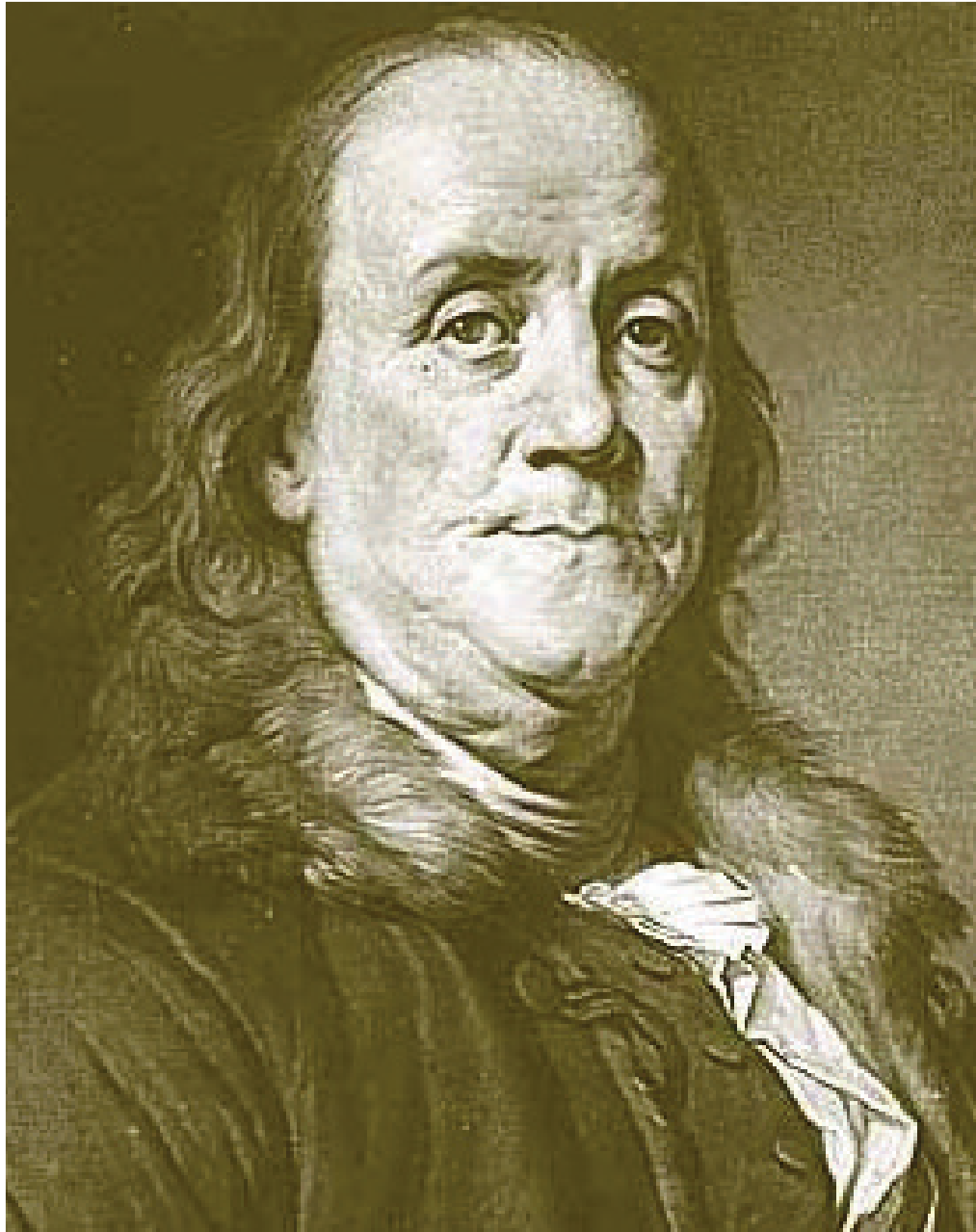
But in the meantime, don’t let politicians fool you into thinking that paying more taxes fulfills the command of scriptures like that found in Matthew 25. It is (at the least) an attempt to take more of your money so they can spend it as they see fit. In all actuality, the more money you pay in taxes the less you have to give to others. And it’s this writers opinion that if the government got out of the business of “helping the poor”—the poor would be better off. ■

How *Should* We Help The Poor?



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“I am for doing good to the poor, but I differ in opinion of the means. I think the best way of doing good to the poor, is not making them easy in poverty, but leading or driving them out of it.”

—*Benjamin Franklin*,

On the Price of Corn and Management of the Poor, November 1776



Wealth Building 101

By Eddie Huff

For almost 30 years, I have been involved at various levels in the business of wealth and legacy building. During this period of time I have discovered that just as with so many other things, even including the Christian faith, while new trends, so-called tricks of the trade, and fads continually emerge, it is the simple basic principles that always yield the steady, consistent and long-term returns. Don't misunderstand my point. New and innovative vehicles that may provide a better return on your money are constantly appearing in the marketplace, but it remains the strength of the underlying principles of these vehicles that provide the opportunity for the greatest returns.

Early in my career I studied the financial lives of those who had become financially successful and thus benefited from their wisdom. I learned, among other things, that financial failure is most often the result of either of two situations, or the combination of both: 1) Lack of capital, and/or 2) Lack of knowledge and information. Simply put, you may

have knowledge and information, yet lack the necessary money with which to apply the information or, on the other hand, you may have the money but lack the knowledge of what to do with it. Unfortunately, those who are truly financially impoverished usually lack both knowledge and capital. However, the vast majority of us find ourselves in one of the two situations cited above. Although correcting the deficit in these areas will greatly enhance one's ability to enjoy a sound financial future, it is not until that all important third ingredient of discipline is added that a secure financial future becomes almost a given.

A number of years ago, I attended a sales training seminar and the seminar speaker required those attending to take an oath. We were required to vow that we would never accept one penny from a government social security program. The oath had the effect of removing our false "safety net" as it focused us on the fact that it is only our hard work and our skill at saving and investing that would truly secure our retirement. I have never forgotten that lesson and I am convinced that everyone should make a similar oath.

Before I proceed to discuss some of the strategies and vehicles for maximizing one's investments, I would like to share some of the words of wisdom pertaining to finances that have greatly impacted my life over the years.

One famous quote was first offered by Mark Twain and later attributed to Will Rogers. I suggest that each of us permanently etch these words into our psyche:

"I am more concerned with the return of my money than the return on my money."

Warren Buffet has offered something similar as put forth in his "two rules" for successful investing.

Rule 1) Never lose money and, Rule 2) Never forget Rule 1.

These principles sound pretty simple, almost too simple, but more often than not, failure to heed either of these words has prevented many from succeeding in their financial goals.

As the Booker T. Washington admirer and devotee that I am and as this magazine is geared toward the issues directly effecting black Americans, I feel compelled to include some of Dr. Washington's sage advice, especially in the area of finance. His words, more than those indicated above are in fact even more appropriately suited for our group as they relate particularly to the descendants of slaves. He knew, even in his time, over 100 years ago, the critical need for us to renew our minds.

He said:

"There are certain great natural and economic laws that govern the problems of nations and races. Soil, rain and sunshine draw no color line. The forces of nature will yield their wealth as quickly to the hands of the brown man, the yellow man, as they will to the hands of any other race. Man may discriminate, but the economic laws of trade and commerce cannot discriminate."

He also added:

"As fast as possible we should see to it that every individual in the community who we can influence has a bank account: a bank account is a great maker of character; a bank account is a great maker of useful citizens; a bank account teaches the lesson of saving today that we may have tomorrow; teaches the lesson of doing without today that we may possess tomorrow."

Booker T. Washington was not speaking of a checking account, but rather he was referring to a savings account or vehicle by which one might accumulate capital for a later use.

Encapsulating the thoughts of Twain, Buffet, and Washington, it seems imperative that we save and in-

Man may discriminate, but the economic laws of trade and commerce cannot discriminate."

vest with discipline and wisdom to assure that our capital is not lost or squandered and that it continues to grow for future use. The question remains; however, how do we best do that in today's struggling economy?

Unfortunately and certainly partially due to the fact that we have had to play "catch up" as a result of the long years lived under a chattel slavery system, historically black Americans have always come to the party late. In the 1960s and early 1970s as middle class whites were discovering new insurance vehicles and mutual funds, black Americans, who were saving at all, were largely deceived into believing that whole life insurance and passbooks savings accounts were a good investment. As black Americans became aware of the superiority of Universal Life and 30 year Term Life policies and mutual funds, whites were moving into Limited Partnerships, Real Estate Trusts, Options trading and other vehicles. Today, we have discovered many of these vehicles, but unfortunately we still often fail to take full advantage of all the available options.

Let me share a few strategies and vehicles to consider for your investment portfolio.

Remembering "Rule 1", especially with a nest egg, in my opinion, there is no better investment vehicle today than the Fixed Index Annuity. The Fixed Index Annuity is an insurance related product that is merely a tracking vehicle. The word "Fixed" is the key, because unlike the "Variable" product, which is actually a securities transaction and has a risk of market loss, a "Fixed" product is not subject to such loss. A Fixed Index Annuity tracks a particular exchange or multiple market exchanges without actually investing in these. The beauty of these is that, as the index of the Dow, S&P 500, NASDAQ increases, as the stock in the companies represented increases, so does the money invested in the index. But unlike stocks, a mutual fund, or variable products, with a Fixed Index Annuity one can never lose money. In fact the modern products even have a guaranteed minimum annual return from 4%-12% per year.

For those young people who are just starting or early in the accumulation phase of investing, while Mutual Funds are still a good choice, another and possibly better choice, because of much lower fees, might be Exchange Traded Funds or EFTs. Whether selecting a Mutual funds or an EFT, those funds associated with sound, dividend paying companies, tend to perform the best over the long haul.

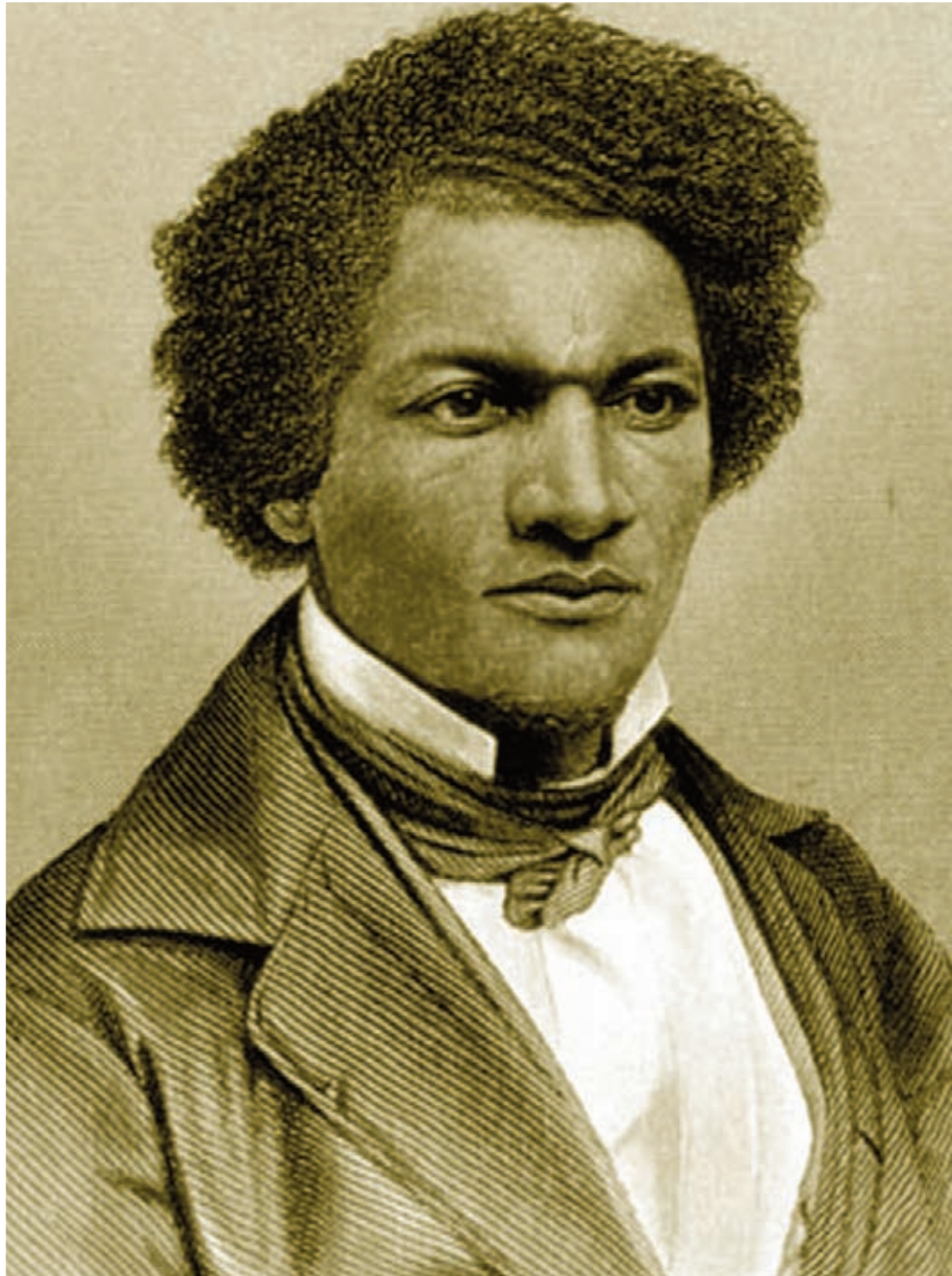
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Is There *Really* Such A Thing As A **Fair** Tax?



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“Find out just what people will submit to, and you have found out the exact amount of injustice and wrong which will be imposed upon them; ... The limits of tyrants are prescribed by the endurance of those whom they oppress. ”

—*Frederick Douglass*



The Economics of Abandoning Traditional Family Values

By Fran Eaton

On January 20, 2009, the first African-American president and his family moved into the White House. During the months leading up to the November 2008 presidential election, voters nationwide were struck by the close relationship between Barack and Michelle Obama and their two pre-teen daughters. They emerged quickly as the model traditional family – publicly displaying the kind of healthy familial relationships providing needed emotional and psychological support, spiritual encouragement as well as economic stability.

One poster on the blog “Single Black Male” wrote a week after the election:

Yes ... we now have what may be the perfect role models for the traditional black family .

I mean ... driven and successful husband ... well dressed, intelligent wife and mother ... and exactly two beautiful girls ... as soon as that puppy comes along ... absolutely perfect.

Not even the Huxtables were this perfect ... with their 50 kids and no dog living in a town house (I still love you Claire though).

Indeed, the need for strong family ties surpasses color boundaries. It is the heart and soul, yes, the bedrock of American values. The stronger the family foundation, the better off America will be.

That’s why conservatives cannot leave behind tradi-

tional family values from its future political discussion, no matter how Republican moderates such as columnist David Brooks insist social issues are passé and political dead ends.

In a post-election New York Times commentary Brooks wrote that Republican reformers were weary of outdated GOP priorities:

...Reformers argue that the old G.O.P. priorities were fine for the 1970s but need to be modernized for new conditions. The reformers tend to believe that American voters will not support a party whose main idea is slashing government. The Reformers propose new policies to address inequality and middle-class economic anxiety.

While Reformers are focused on “new policies to address inequality and middle-class economic anxiety,” as well as promote individual rights and free market principles, they miss the obvious: a government that respects the value of the traditional American family, promotes its well-being and expansion, and protects the family’s future. Such public policy is the only way government will be restrained, inequalities eradicated and individual liberties advanced.

One conservative Republican group in Illinois has developed [and adapted by this magazine] “LIFT Principles” meant to encourage not only limited government, individual rights and free marketry, but also traditional American values, as in “L-I-F-T.” The 74-year-old United Republican Fund writes:

The family is the foundation of society; therefore, the state should generally encourage its formation and interfere in its function as little as possible. Family unity and inter-dependency is necessary to foster and encourage culture, learning and long-term national stability. Marriage is intended to be a permanent relationship between one man and one woman and is a foundation for healthy and stable families.

President-elect Barack and Michelle Obama’s traditional family is one of the nation’s 9.1 million black families. The Obamas’ structure is, however, considered a minority among a minority. Only 47 percent of America’s black families center around a married couple.

THE HIGH COST OF ABANDONING FAMILY VALUES

There is a high cost to us all for broken and dysfunctional American families. A study published in the

The family is the foundation of society; therefore, the state should generally encourage its formation and interfere in its function as little as possible.

Children and Youth Services Review found married-couple households’ mean net worth (\$187,102) was substantially higher than that of live together-couple households (\$77,093), male-headed households (\$92,045) or the lowest mean net worth of all family structures, female-headed households (\$48,716).

The less families are able to meet their own health, education and welfare needs, the more dependent upon Uncle Sam those individual members become. The more dependent, the more power that source wields in making decisions for the family, thereby eroding their individual freedoms.

“Government power is inherently limited by the role of other social institutions, such as families, religious congregations, schools, and businesses,” conservative think tank Heritage Foundation writes in a 2007 online position paper, “The rightful authority of these institutions helps to check the authority of the state.

Author Ryan Messmore goes on:

Government is supposed to protect the ability of individuals and social institutions to exercise legitimate authority within their own particular areas of influence without unjust interference from other institutions. If the government is supposed to protect this freedom for citizens, its power to intrude must be subject to clearly defined limits. Such limits are defined in the United States Constitution and individual state constitutions.

When the family foundation is ignored and those in a position to correct those ails focus elsewhere, the problem doesn’t go away, it worsens. That’s why government authorities and public officials need to do all they can to promote the traditional family.

A 1999 Heritage Foundation report explained how directly divorce affects the nation’s economy and Americans’ financial welfare:

When America’s economic productivity fell by 2.1 percent from 1981 to 1982, it was called a reces-

Government can encourage traditional families by funding programs that promote positive parenting, sexual abstinence, long term marriages, and stay-at-home parenting choices.

sion. And when the economy contracted by 30.5 percent from \$203 million to \$141 million (in constant 1958 dollars) from 1929 to 1933, it was called the Great Depression. Yet each and every year for the past 27 years, over one million children have experienced divorce in their families with an associated reduction in family income that ranged from 28 percent to 42 percent. It is no wonder that three-fourths of all women applying for welfare benefits do so because of a disruption of marriage.

The holistic effect of stable family life has an unquestionable positive effect on subsequent generations. Children from stable home environments perform better academically. They tend to delay sexual experimentation and accept moral responsibilities earlier. Freedoms are dependent upon the ability of its citizenry to exercise self-control and moral restraint.

Religion itself plays a key part in teaching and exercising virtues that work toward common good. The stable environment of a traditional family setting is the best place to learn those virtues, backed up by accountability to the local church and community. State and federal governments should be the last resorts for law enforcement, thereby naturally limiting need for statist controls.

There is a justifiable role for government in influencing morals. We hear often, "You can't legislate morality," pertaining to sexual orientation or abortion issues, but those same people will be the first to toughen drunk driving laws or restrict smoking in public places.

Government can encourage traditional families by funding programs that promote positive parenting, sexual abstinence, long term marriages, and stay-at-home parenting choices. They can encourage private/ religious schooling and reward fiscal independence with tax credits and reductions.

Lawmakers can utilize natural bully pulpits to encourage the independence of traditional families and reward those who overcome adversity towards government independence.

CONCLUSION

Despite David Brooks' idea that Traditionalism and its promotion of the natural family is an outdated political ideology, practical modern living points directly to the opposite. Not only do traditional family values play a huge part in our nation's future, they influence our politics of today.

The more families provide for their own health care, the less universal health care will be lauded as a cure-all. The more families are allowed to keep resources and make choices for their own family members' education, the less public schools will be needed and the more competition will fill in the void. The more families are strengthened through entrepreneurial challenges and financial success, the less government welfare programs will cost.

The Obamas are role models for American black families because they're teaching that hard work, perseverance, forgiveness and commitment are the ingredients their family has been built upon. That's a laudable example for all of us.

Let's just hope the Obamas pick up the laudable cause of traditional family values by preaching nationwide what they practice at home. ■

¹"The Obamas: Perfect Family Role Model" at Single Black Male blog, November 11, 2008. <http://www.singleblackmale.net/2008/11/11/positive-black-relationship-role-model/>

²Brooks, David. New York Times, November 11, 2008. "Darkness at Dusk." http://www.nytimes.com/2008/11/11/opinion/11brooks.html?_r=1

³United Republican Fund's 2008 Legislative Scorecard, pg. 3. <http://illinoisreview.typepad.com/08Scorecard.pdf>

⁴"Asset Holding and Net Worth among Households with Children: Differences by Household Type" Grinstein-Weiss, Michal, Yeo, Yeong Hun, Zhan, Min; and Pajarita, Charles, Children and Youth Services Review Vol. 30, Number . , 2008. Page(s) 62-78.

⁵Messmore, Ryan, Web Memo #1620: "Government for the Good of the People: Ten Questions about Freedom, Virtue, and the Role of Government," September 2007. <http://www.heritage.org/Research/Religion/wm1620.cfm>

⁶Fagan, Patrick, "How Broken Families Rob Children of Their Chances for Future Prosperity," June 11, 1999, Heritage Foundation, <http://www.heritage.org/Research/Family/BG1283.cfm>

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Intergenerational Wealth

By Steve Sauerberg, MD

The black community has many difficulties from an economic perspective, and one key area is a lack of intergenerational wealth. Many others in America have wealth that can help young people by allowing them to purchase a car, a home or even start a business. Even a modest amount of money makes a tremendous difference early in life and provides many tremendous economic advantages. This is really a need that must be met for a thriving, growing community that provides opportunities for its members.

In addition, for several decades there has been a call to reform Social Security, but little action. During that time there has also been much discussion about the effect of privatization of Social Security on the black community and much disagreement. Many see Social Security as a program that shortchanges the black community and feel that privatization would be beneficial. Others see it as a

necessary and critical aspect of our safety net for the elderly and disabled that must be maintained in its current form. I believe that there is a strong argument for privatization of Social Security for the benefit of the black community, in that it would provide intergenerational wealth that is critical to economic development going forward.

Current arguments against privatization revolve around fear. People are concerned that individually owned investments could deteriorate and the benefit levels would end up at a lower level. The current stock market decline is often cited as an example. It is often written or discussed as though if there is any movement towards privatization that Social Security will evaporate. There are several things to consider in this regard. There is no need to allow investment in the stock market and certainly not to require it. There are many safe investments that could be purchased that far exceed current returns that Social Security might provide. Some statisticians believe that particularly with black men, whose average age of death is 68, the return on investment is actually negative and

this group would be better off taking their Social Security contributions and putting them under their mattresses. Regardless, one can always use fear to justify inaction. Caution is always indicated but fear often precludes positive movement. The fact of the matter is that statistically, blacks do not receive the same benefits as other groups who live longer. Another argument from some writers evolves around fixing the early death rate as a solution to the fact that blacks do not fare well in regards to Social Security. This is a legitimate concept that I will discuss later.

It has also been noted that because of the early death rate in black males that other aspects of Social Security benefits might be at risk. Social Security disability is a critical safety net program that should not be changed. I also do not believe that there has been an effort to do so, or to link it to privatization of Social Security retirement benefits. There are also benefits to minor children that are critical to the black community. This program would also be left intact, and the privatized portion of the program would be available to the minor children upon death of a parent. This is yet another opportunity to create intergenerational wealth. I am not aware that anyone is proposing that these programs be fundamentally altered.

To have a rational discussion on the privatization of Social Security, it is first critical to understand the financial aspects of the program. Few are aware of the magnitude of income that is devoted to Social Security. In general terms, 6% of an individual's salary is deducted and the employer is required to place yet another 6% into the fund. So in reality, nearly 12% of an employee's potential earnings are unavailable to the employee to fund Social Security. That is an enormous amount of money. Even if only 10% of that money were put into a private fund that made 4% interest, it would lead to an accumulation of \$35,000 in a family whose family's income was \$50,000 for 30 years. At an incredibly low 2% interest there would still be \$25,000 accumulated. Even this modest sum of money would make a huge difference to the next generation of the black community. If there were 4,000 deaths per year of Social Security recipients in the black community of Chicago, assuming the 4% interest rate, \$140 million of wealth would be potentially passed on to the next generation each year. I believe this would have a great impact on the community.

If we had the courage to privatize the entire program, it could be even more dramatic. At just a 4% interest rate, one could accumulate \$350,000. This could be distributed to provide the same level of income as Social Security, and if the individual died prematurely there could be a very significant sum remaining for distribution to heirs. You could distribute the interest and an additional \$1000 of the principal each month to essentially match the typical Social Security payment and after

People are concerned that individually owned investments could deteriorate and the benefit levels would end up at a lower level.

5 years there would still be \$275,000 to distribute after death if it occurred at that time. There are limitless options, but all should be considered when the goal of creating intergenerational wealth is so critical.

Many writers, as mentioned earlier, simply implore that we work harder to prolong the lives of black men, but this is a difficult thing to alter. The primary component of longevity is genetics. This will not be altered in the meaningful future. Other components are cultural, and include crime, and inadequate medical care. Both can and should be improved. This article does not propose to speak to these complicated issues in any depth, but it is critical to note that increased intergenerational wealth could have a profound effect on the health of the community as a whole. Crime is typically worse with poverty as is impaired access to medical care, and both could be dramatically altered with improved economic conditions. Clearly, a longer life span for black men is a very desirable goal, which would provide a fairer experience with Social Security. Nevertheless, it would have no impact on intergenerational wealth which is what I believe is a separate and critical issue in the black community and the thrust of this article.

The economic plight of the black community has been a serious issue for decades and there has been very little improvement. Social Security provides an opportunity to change that. The current structure of the program does shortchange the black community, and rather than simply pointing to potential fears that have no serious logical support, we should be open to solutions. Virtually any form of privatization has the potential to dramatically improve the economic circumstances, and thus the quality of life and even the longevity of the black community. There are very few opportunities that provide for change in the same manner than this could. Lastly, if we do not provide for privatization, there may be no Social Security program for anyone, and that is not helpful to any group of citizens in our nation. We must overcome our fear and move forward in our understanding of the critical role of Social Security and intergenerational wealth in the black community.

Steve Sauerberg, MD is a family physician at the Family Medical Center of LaGrange, IL and former candidate for US Senate in Illinois.

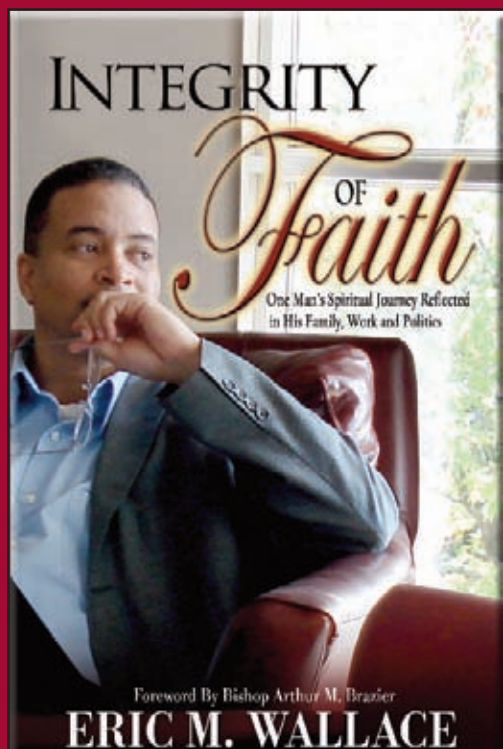
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Ken Blackwell

By Ceasar LeFlore, III

KEN BLACKWELL is a giant among men in Republican political circles. Not only is the former Ohio Secretary of State and Xavier College football star a physically imposing figure, but he also is a person of extreme personal, professional, and political accomplishment. He has a distinguished record of achievement as a finance executive, entrepreneur, diplomat, educator and independent corporate director. He is one of the nation's leading conservative voices and a strong advocate for free market enterprise. In 2006, he became the first African-American in Ohio history to be a major party nominee for governor. Among his many accomplishments in Republican politics is the courageous decision he has made to seek election to the chairmanship of the Republican National Committee.

After the disastrous 2008 elections, where Republicans literally got their clocks cleaned by the Democrats in both state and national elections; one might view Mr. Blackwell's ambition for headship of the RNC the same as someone seeking to become captain of the Titanic after it hit the iceberg.

Freedom's Journal Magazine sat down with Mr. Blackwell to hear his heart concerning the state of the Republican Party and to explore his vision of reform (shareholders' revolt as he calls it) that he would oversee as the next Republican Party Chairman.

FJM: Mr. Blackwell, welcome to *Freedom's Journal Magazine*.

You've recently made the decision to seek the chairmanship of the Republican National Committee (RNC), which would be ground breaking if you are able to succeed. Can you give our readers a brief assessment of the state of the RNC as you see it, and to borrow a little from the Obama campaign, what **hope** for **change** would you offer for the party in the immediate future?

Blackwell: Thank you for the opportunity to share my vision for a unified and principled GOP. I appreciate the attention you and your readers are giving to this important process. It is funny that you mention "hope" and "change" right off the bat. Of all of my worthy competitors for RNC chairman, I believe I am the best qualified to deliver the message that hope and change does not mean much without specific policies that defend our God given individual liberties and support the rule of law.

There is a great deal of dissention in the ranks – a shareholders' revolt as I call it. Empowerment of the grassroots is the best solution to revitalize the GOP. We must provide our state and local parties with the financial and political resources to cultivate and activate the grassroots supporters who are the backbone of our party. Only when the party's base is engaged can we truly keep our elected leaders accountable.

FJM: To para-phrase a scripture in the Bible: "Where there is no vision or revelation from heaven, the people wander aimlessly until they perish."

Your press release stated that you prayed a lot before making the decision to seek the chairmanship of your party. After hearing from heaven, what specific course adjustments do you envision as needed to keep the party from drifting aimlessly during a time of Democratic dominance in Washington D.C.?

Blackwell: Well let me just say that prayer was the most important part of this decision making process, but there has

been plenty of hard work to follow! I firmly believe that the only way to bring the Republican Party back is by clearly articulating conservative principles, inspiring our base, decentralizing authority, and building an organization that will pave the way for a conservative resurgence across the country. Not only am I the most experienced candidate in the race, but I have worked directly with grassroots activists across the nation and I know what it takes to put them to work and rebuild our party.

FJM: What measurable outcomes would you look for in deciding whether or not your plan would be working?

Blackwell: I actually address that in my Conservative Resurgence Plan, which I released last week. In my plan, I outline three major benchmarks that will define success as a party chairman. These are definable goals that will clearly display how my plan works, and how we are growing as a party.

- 50 Strong State Parties equipped with the technical tools and skills necessary to be successful down to precinct-level.
- Increase in the number of Federal Republican Officeholders.
- Adding more Republican Governors and more Republican State Legislators as we prepare for redistricting.

A change in management is not usually in order when an organization is meeting its goals. But when these benchmarks are not met, we need to start making changes to get different outcomes. It's well known in politics that when a party is winning elections you keep the current leadership, and when a political party is losing elections it's time to look for new leadership. We've reached that time.

FJM: There is another well respected Black candidate for the RNC chairmanship; one Michael Steele, (former

Lt. Governor of Maryland and present chairman of GOPAC). What would it mean for the image of the Republican Party if a black man wins the chairmanship and becomes its recognized leader, or is that not important? What would it say if neither of you manages to win, and is that important?

Blackwell: I think Michael Steele is a good and honorable man and a strong spokesman for our party. But I am not running for RNC Chairman because of my race — I am running because of my principles and my vision, and I believe that I have the most experience and the best plan to activate the base of our party and bring back Republican victories nationwide.

FJM: Do you believe that the Republican Party can ever have wide range appeal to the African American community, again? And if so, what specific strategies do you need to consider that would allow you to connect with them more effectively and make the party a viable option.

Blackwell: Absolutely. Listen, the Democrat Party has done an amazing job of making African Americans feel that they understand their values and struggles better than anyone else. But it's not true. African Americans believe in strong traditional values that are better represented by the Republican Party. The principles of personal freedom, traditional values, and the rule of law are just as appealing to African Americans as they are to Hispanics or any other group of Americans who want to have a stable job, a good home, quality education, and a safe community.

The Republican Party must do a better job of reaching out to those voters who don't traditionally side with them, and this message will bring a better version of hope and change for all Americans.

FJM: Who are the new emerging black stars within the Republican Party

that we should be looking out for? Is there an African - American who could be taken seriously as a contender for the 2012 Republican presidential nomination, or challenge for important seats in the House and Senate?

Blackwell: Many of the finest African-Americans in politics aren't just elected officials, but conservative intellectuals who help frame the debate. But one of the problems we have is looking nationally for that leadership, when we need to be building a farm team on the local level. Barack Obama started as a community organizer, not a U.S. Senator, and right now we don't have any black Republicans in the House or the Senate. I think focusing on recruiting smart and young African American candidates at the state and local level is just as important as running at the federal level.

FJM: One of the most significant promises that attracted people to Barack Obama was his claim to be able to reach across party lines and find consensus with Republicans on important issues. It often seems that for many Democrats the only legitimate consensus is when Republicans give in and come over to agree with them.

How will the RNC establish the delicate balance of remaining faithful to the core values of it's constituents on major issues like taxes, abortion, and healthcare without seeming to be maliciously contrary to a liberal black president, which perhaps would lead to more charges of racism against our party?

Blackwell: The Republican Party needs to not only activate our base, but expand it, and the best way to do that is to offer better solutions that appeal to the American spirit. We're not out here to demonize Obama — we're here to let everyone know there is a political philosophy that will offer better results for all Americans. For instance, school choice is an issue that Republicans have been forwarding for decades, and I know because I have been in-

volved in the movement from the beginning. Empowering individuals to make their own choices will economically benefit the black community as well as all communities, and provide better opportunities for education, health care and personal growth.

FJM: Understanding that we live in a time of labeling, how do you identify yourself within the big tent of the RNC? Are you a conservative, or moderate, or maybe even blue blood country club type?

Blackwell: I am definitely a conservative on all counts – social, fiscal and national security.

FJM: Can you talk about how you came to those convictions?

Blackwell: Actually, I used to be an Independent back in Cincinnati in the 1970s when I first entered politics. It was Jack Kemp, who I met in an NFL alumni association (he played for 13 years, I played for about 13 minutes), who I first talked to about spurring economic development in inner cities. He liked my ideas and my personal story and later introduced me to President Ronald Reagan (who also started with another political party) and I knew I had found the right principles and the right party for me.

FJM: Former New Jersey governor Christine Todd Whitman has recently insinuated that the decline of the Republican Party can be laid at the feet of the social or Christian conservative influence within the party. First of all, do you agree with her? And secondly, will social conservatism always have a home in the Republican Party?

Blackwell: It's unfortunate that some Republicans want to base their victories on subtraction and division, when politics is a game of addition and multiplication. What most people

don't realize is that few people fall into one category of conservatism.

Typically, social conservatives are also opposed to increased government spending and our current, immoral tax code. And practically all conservatives agree that a strong national defense is necessary for the protection of our freedoms. It's that delicate balance of fiscal, social, and defense conservatives that unite the coalition that is the base of the Republican Party, and without all three, we will find ourselves rapidly shrinking.

FJM: The economy is obviously in very real trouble and apparently getting worse by the day. It's also happening at the end of a Republican administration in the White House. From your perspective, what went wrong as it concerns Republican oversight of the economy? Was it failed policies, or simply a flawed economic philosophy that emerged from within the Bush administration.

Blackwell: I think there were many factors involved in the current economic situation and you can't pin them on the president, but he does share some of the blame. Reckless spending, especially in these final months of the Bush Administration, are opening up the door to big government activism and even more spending in an Obama administration.

At the same time I do believe in the power of free markets, and for too long our financial institutions had been taking orders from the government and covering up a severe sickness that would come to infect us all. Financial growth all comes down to letting the market do its job, and when people aren't sending half their paychecks and control of their spending to the government, they're more likely to invest in their future and grow the economy.

FJM: Joe the plumber, who is from

your state and became an icon of the McCain / Palin campaign, has recently come out saying that he was appalled at Senator McCain for voting for the 700 billion dollar Wall Street bailout. Do you believe Republican support for the bailout, including that of our presidential nominee, was a mistake?

Blackwell: Absolutely. After all, what is the point of having principles in the first place if you abandon them for the polls?

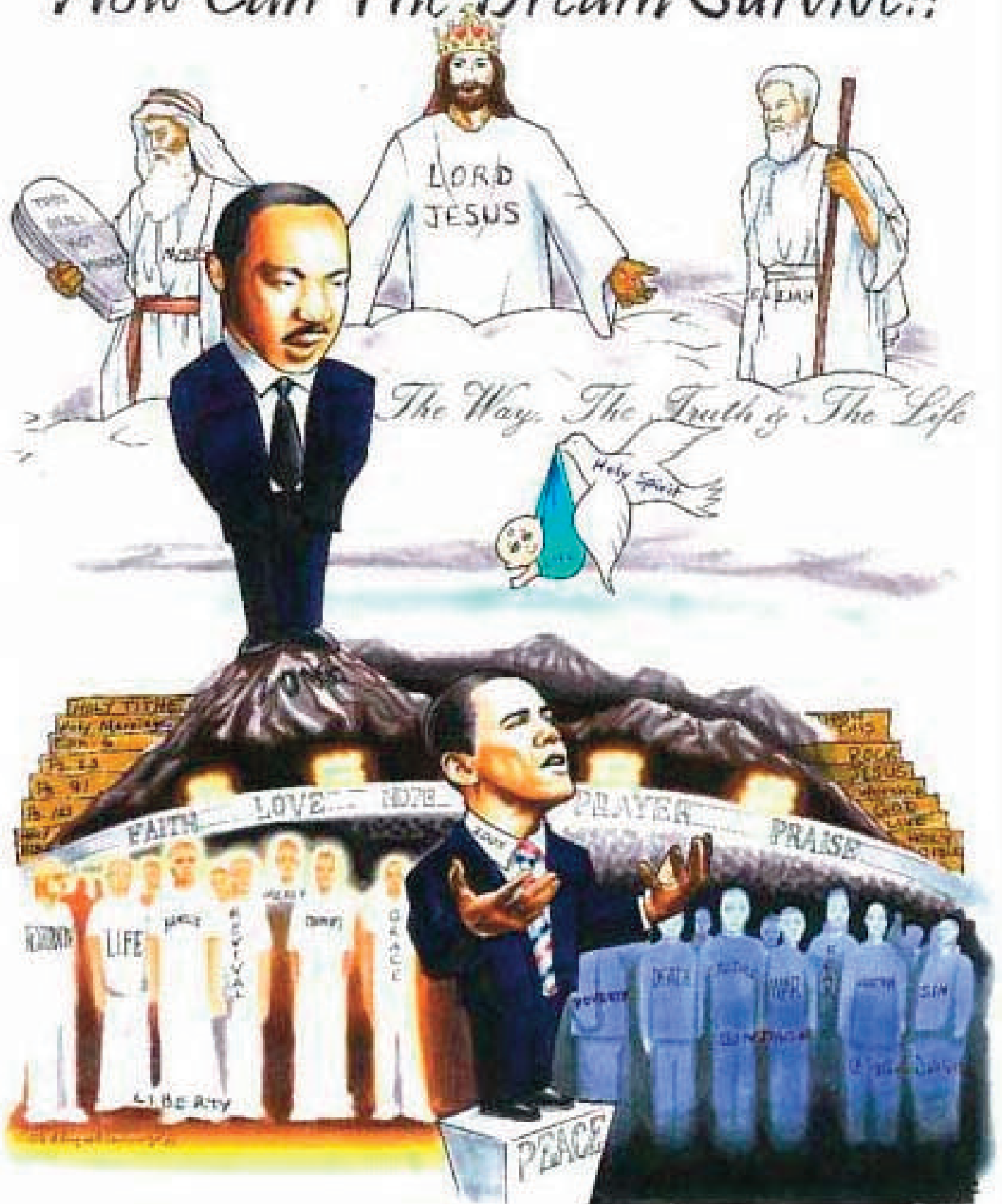
FJM: What role, if any do you think is appropriate for the federal government to assume in creating and maintaining a robust economy that includes job creation?

Blackwell: The only role the government should have is to serve as a referee of sorts — get off the field, let us play ball, and throw the flag if someone is breaking the rules. American ingenuity is second to none, and given the opportunity to start or invest in a business, we will take the path toward success. I also think that fundamental tax reform (I support the flat tax, but anything is better than what we have right now) is the first step toward expanding our economy and evening out the rules.

FJM: If the Lord blesses you to win in January, and I'm praying that you will, what would be your overriding message to your party constituents, and how could resource like Freedom's Journal Magazine assist you in conveying that message?

Blackwell: Oh, thank you, we're working day-in and day-out on this race and your prayers and the opportunity to share my vision are appreciated more than I can express here. And you know that *Freedom's Journal Magazine* will have a place at the table when it comes to delivering our message of conservative resurgence for the Republican Party. ■

How Can The Dream Survive!?



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The First Prominent Black Politician From Chicago, Is **NOT** Who You Think!

By Timothy F. Johnson, Ph.D.

CONGRESSMA

OSCAR

Many would have you think that President-Elect Barack Obama is the first Black politician from Chicago to achieve a prominent place in our nation's history. However, that esteemed honor is reserved for Oscar Stanton De Priest. He was the first Black elected to Congress in the 20th century, ending a 28-year absence of Black representatives. De Priest's victory — he was the first Black Republican member from the North — marked a new era of Black political organization in urban areas, as evidenced by the South Side district of Chicago, whose continuous Black American representation began with De Priest's election in 1928. Although he made scant legislative headway during his three terms in Congress, De Priest became a national symbol of hope for Black Americans and he helped lay the groundwork for future Black members of the U.S. House and Senate.

The future congressman was born on March 9, 1871 to former slaves Alexander and Mary (Karsner) De Priest in Florence, Ala. In 1878, the De Priest family, along with thousands of other Black residents of the Mississippi Valley, moved to Kansas. The migrants from Mississippi, Louisiana and Alabama sought to escape poor economic and social conditions after Democrats and former Confederates regained control of Southern state governments at the end of Reconstruction. De Priest graduated from elementary school in Salina, Kansas and enrolled in a business course at the Salina Normal School, where he studied bookkeeping. In 1889, he settled in Chicago before the great wave of African-American migration to Northern cities during and after World War I. In Chicago, De Priest worked as an apprentice plasterer, house painter and decorator. He eventually established his own contracting business and a real estate management firm. He married Jessie Williams on Feb. 23, 1898,

ar De Priest

and the couple had two sons, Oscar Stanton, Jr. and Laurence De Priest.

The only African American in Congress during his three terms, De Priest discovered that in many respects he represented not only his Chicago district but the entire Black population of the United States. His entry into the national spotlight established a pattern for future Black members, who typically found their legislative records scrutinized in terms of their effectiveness in advancing African-American rights. Mindful of such expectations and eager to use his position to promote racial equality, De Priest proposed a reduction in the number of seats for states that disfranchised Blacks, legislation originally introduced more than 30 years earlier by George White of North Carolina. White, a Republican, was the last Black to serve in Congress prior to De Priest. In 1932, De Priest introduced a bill to provide monthly pensions to former slaves older than 75 in an effort “to give recognition and do justice to those who are now living who were emancipated by the Emancipation Proclamation issued by Abraham Lincoln in 1863.” A response to the acute economic problems of the Great Depression, rather than the chronic problem of economic disparity between races, this proposal echoed social welfare plans advanced by Dr. Francis Townsend and Father Coughlin, both prominent social reformers of the era.

In 1933, De Priest introduced a joint resolution that would have authorized federal courts to change the location of a trial if a defendant’s right to impartiality was compromised by consideration of race, color or creed. This move was prompted by the infamous Scottsboro, Ala., case in which nine African-American boys were sentenced to death by an all-white jury for the alleged rape of two white women, despite a lack of credible evidence. Outlining several high-profile cases involving unfair treatment of Black Americans in the judicial system, De Priest said in a speech, “I am making these remarks because I want you to know that the American Negro is not satisfied with the treatment he receives in America, and I know of no forum where I can better present the matter than the floor of Congress.” He also backed a measure to hold states and counties responsible for the prevention of lynching. The unsuccessful legislation he introduced in 1934 would have fined and imprisoned local authorities if

prisoners in their jurisdiction were lynched. In 1931 De Priest introduced a bill to make Abraham Lincoln’s birthday a legal holiday — a symbolic gesture for Black Americans.

However, De Priest’s refusal to support President Roosevelt’s remedial economic measures alienated many voters in his inner-city district. Ultimately, his loyalty to the Republican Party and his inability to provide economic relief for his constituents cost him his seat in the U.S. House.

In the November 1934 general election, De Priest faced a formidable challenge from Arthur Mitchell, a former Republican lieutenant in Chicago’s political machine who switched to the Democratic Party and became an ardent supporter of Roosevelt and the New Deal. In a campaign that received national attention because both candidates were African American, Mitchell attacked De Priest’s refusal to vote for emergency federal aid to the poor and criticized his ineffective protest of segregation in the House restaurant. De Priest earned just 47 percent of the vote in a losing cause, paving the way for Mitchell to become the first Black Democrat elected to Congress. The De Priest–Mitchell contest reflected a larger political trend occurring in Chicago and in many other northern cities: Black Americans were changing their allegiance from the Republican Party to the Democratic Party because of dissatisfaction with the GOP response to the plight of Black Americans during the Depression. Two years later De Priest failed to regain his congressional seat. In 1943, De Priest again was elected Third Ward alderman and served once more on the Chicago City Council. Defeated for re-election in 1947, De Priest remained active in his real estate business until he died in Chicago on May 12, 1951, of complications after he was hit by a bus. ■

“I’m going to have the rights of every other congressman—no more and no less—if it’s in the congressional barbershop or at a White House tea.”

—Congressman Oscar DePriest



Network of Politically Active Christians (NPAC)

By Jennifer Salley

With the Obama administration's vow to assume responsibility to provide financial stability (American Recovery and Reinvestment Plan) in these difficult economic times; the question remains what future consequence(s) this welfare has for those living beyond 1600 Pennsylvania Avenue. And while many in Washington are calling for legislation to support 'more' government involvement; there are those like NPAC (The Network of Politically Active Christians) who believe the solution to stimulating our nation's economy starts with "thinking biblically about the issues."

NPAC, whose three-fold mission to "teach, train, and elect" Christian leaders committed to "political activism based on biblical principles", maintains that many Blacks "have mistakenly compromised their traditional values for the sake of expediency". A choice NPAC's Executive Director Dean Nelson adds "has led many Christians to a reckless disregard for biblical practices such as stewardship; and an over-reliance on government to solve social-ills.

In response, NPAC's recent efforts have included two-day biblical worldview seminars on "Economics and Business" featuring topics ranging from "the Principles of Christian Economics" to "Work, Welfare and the Socialist State". Nelson believes that "by reacquainting participants with sound biblical principles NPAC is doing its part to develop a culture of dependency on God rather than government."

[For more information on the Network of Politically Active Christians (NPAC) visit, www.npac.wellingtonboone.com]

Freedom's Voices spotlight is devoted to promoting awareness of civic, social and religious organizations that share the views and support FJM's cause of revitalizing conservative (L.I.F.T) principles, freedom and a judicious political process that reflects the traditions, values and issues facing our nation's African American constituency.



“Faith is the first factor in a life devoted to service. Without it, nothing is possible. With it, nothing is impossible.”

—Mary McLeod Bethune



Public School System, Not Vouchers, Is What's Unfair

By William Gangware

A recent op-ed in the Atlanta Journal-Constitution unfairly claims vouchers are cheating poor students out of quality schools, but the evidence shows exactly the opposite is true. School choice opponents sometimes characterize vouchers as tuition subsidies for the wealthy. Claiming public schools are vastly underfunded, they say the only solution is a dramatic increase in taxpayer funding. They claim voucher programs lead government money away from these schools, leaving poorer students behind. The facts say otherwise.

According to a 2006 U.S. Department of Education report, average U.S. public school spending is about \$9,600 per student. In private schools it's approximately \$6,600 — \$3,000 less than public schools. So private schools are getting by with just over 2/3 of what the “underfunded” public schools are spending. Maybe the real problem is that public schools aren't spending their money wisely.

Consider this example: The District of Columbia is widely cited as having one of the worst public school systems in the country, with reported graduation rates at a mere 57 percent and politicians crying foul over an alleged lack of funding.

But as Andrew Coulson of the Cato Institute noted in the Washington Post, public funding of DC schools is commonly claimed to be \$8,322 per pupil, which is higher than the tuition for many private schools in the area. And when Coulson accounted for all education expenditures in the district, he found actual public school spending was about \$24,600 per child! You could send your kids to the toniest of private schools for that kind of money, yet the DC schools are a disaster.

The claim that vouchers merely subsidize private schooling for wealthy families is equally misguided. New Orleans' newly instituted voucher program is available only to families whose annual income is under \$53,000 for a family of four, and most participating families earn significantly less than that. The average family participating in D.C.'s Opportunity Scholarship Voucher Program earns \$22,736, a number very near the poverty line and below what the government is prying out of taxpayers to pay for each DC student.

Both of these voucher programs completely pay for sending these low-income, largely minority children to schools of their family's choice. Not partially, not mostly, but completely. It costs the same amount for the poor family — zero dollars — to send their children to some of the finest secondary schools as it does to attend the dilapidated public schools, and it costs the taxpayers significantly less per student.

The concept behind school choice is simple: giving families the freedom to choose which school their child will attend instead of being forced by government to go to the geographically closest one.

Entrenched interests find this threatening, as it would create competition for students, so their lobbyists push hard against real school choice. These powerful groups, especially the teachers unions, are intent on keeping and expanding their vast sums of currently allocated public school money.

The data prove the superiority of school choice. With vouchers, the government can completely fund poor students in failing districts to attend successful public or private alternatives, and could save on average up to 30 percent of their currently reported education costs, and probably a lot more since those costs are undoubtedly being routinely underestimated, as Coulson notes.

These millions of saved dollars could be used to increase the overall per-pupil funding in the remaining public schools — which is exactly what the anti-voucher advocates are calling for.

That way, economically disadvantaged students could attend the schools their parents want for them, while the public schools could get even more money per pupil to cut classroom size and expand teacher pay and other resources. If those really will make education better, the public schools will attract students to return. Vouchers aren't the reason public schools are failing. They're the solution. And for low-income children in the worst districts, they are a necessity. ■

Originally published in The Heartland Institute

William Gangware (wgangware@heartland.org) is an undergraduate at Yale University and a legislative specialist intern at The Heartland Institute.



Fewer Doctors Are Accepting Medicare Cases

By Krystle Russin

The number of Texas physicians willing to take on Medicare patients is declining, according to the Texas Medical Association, and even fewer doctors are expected to do so in the future. Only 58 percent of Texas physicians are taking new Medicare cases, and only 38 percent of primary care physicians are doing so, according to a study conducted by the Houston Chronicle.

Across the country, only 600,000 of 1.5 million total physicians are currently willing to treat Medicare patients, the study notes. “We are headed toward a two-tier health system. Unless something changes, we will be rationing care to the elderly the way health care is rationed in

Canada,” said John Goodman, president of the National Center for Policy Analysis.

Lobbying for Government Money

“Once again we see the dismal failure of government-run health care. Everyone is bickering about reimbursement rates from politicians, rather than letting the market set prices for the goods and services,” said Michael Quinn Sullivan, president of Empower Texans, a watchdog group dedicated to advocating for fiscal responsibility in Texas government.

“The [Texas Medical Association] and other physician lobbying groups would be better served demanding the market set the rates,” Sullivan continued. “When they go

along with the premise of government pricing, it becomes a battle of the best lobbyists, not the rational needs of patients and doctors expressed and priced through the market.”

According to the Texas Medical Association, 78 percent of the state’s physicians took new Medicare patients in 2000, which dropped to 72 percent in 2002 and 68 percent in 2004.

Looming cuts in the rates at which doctors are reimbursed for treating Medicare patients promise to depress those numbers even further in the coming months and years, analysts say.

Dragging Out Funding Debate

The lobbyists succeeded in part on July 15 when Congress overrode President George W. Bush’s veto of legislation that would have again delayed the 10.6 percent Medicare physician reimbursement cut originally scheduled for December 2007 and temporarily extended to July 1. The override prevented the cuts from going into effect.

At the time of his veto, Bush said he supported delaying the reimbursement cuts but did not agree with Congress’s plans to fund that extension by taking away public funding for private

Unless something changes, we will be rationing care to the elderly the way health care is rationed in Canada,”

health care plans serving the disabled and the elderly.

Though the U.S. Department of Health and Human Services has enacted an emergency program to maintain reimbursements at the current rates while Congress continues working on related legislation, the overall financial state of the Medicare program is expected to force rate cuts in the near future.

Analysts say the cuts would lead to an even greater reduction in the number of physicians in Texas and across the country who are willing to accept Medicare cases.■

Originally published in The Heartland Institute

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A Time to Laugh



Tax Holiday Lost In The Chaos

By Herman Cain



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A great economic stimulus proposal by Rep. Louie Gohmert of Texas has gotten lost in the midst of bailout mania, spending madness, political scandals and the media's pom-pom parade for President-elect Barack Obama. It's called a tax holiday.

Rep. Gohmert has introduced legislation (H.R. 7309) that would suspend all federal income tax on wages earned and FICA withholding for two straight months. According to American Solutions, headed by former Speaker of the House Newt Gingrich, it would cost less than the remaining \$350 billion in already authorized bailout funds.

More importantly, the tax holiday would be a direct stimulus to the economy by allowing workers and families to decide how to spend or save their money, instead of another round of pork barrel derby in Congress.

President-elect Obama has stated that he is open to all ideas. Well, here is a great idea that the mainstream media and the Democrats in Congress are trying to ignore. This is consistent with what they do with most good ideas. They ignore them and hope they go away.

Opponents of the tax holiday idea will claim that it will not help the lowest income workers. Wrong! A two-month tax holiday in this economic downturn might save a small business on the edge of going under so Paul and Pamela Pitiful won't lose their jobs.

Opponents will also argue that it would reduce federal tax revenues that the government can't afford to give up. Wrong again! First of all, it is not the government's money, it is our money, and every tax cut in history has produced greater tax revenues into the federal Treasury.

The most recent example is the effect of the tax cuts passed in 2001. The overwhelming positive results were overshadowed by constant Bush bashing about the war, a prolonged presidential election and a congressional spending spree that is simply out of control.

Last week the Congressional Budget Office projected that the federal deficit for FY2009 will be \$1.2 trillion. This will be the largest annual deficit in our history. The Treasury only collects about \$1.2 trillion from income and FICA taxes each year.

That's right! The projected annual deficit will equal income and payroll tax revenues. To make matters worse, the Treasury pays about \$450 billion a year in just interest on all of our outstanding national debt.

That's insane! Four hundred and fifty billion dollars is about \$1,500 per man, woman and child living in the USA legally. That's \$6,000 a year for a family of four in just interest.

The impact of the tax holiday would be \$334 billion directly into the economy through our hands instead of Congress's big sticky paws. That money would go a whole lot further than another toothless stimulus package, because dollars earned by the people, saved or spent by the people is a direct stimulus for the people and the economy.

The biggest reason Congress is trying to ignore the tax holiday proposal is the fear of workers seeing all of their earnings for two months. People might like it and start demanding better results out of our elected officials. Now that's another great idea! But the pom-pom parade goes on. ■

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Republicans Need A Shareholder Revolt

Star Parker, President of CURE

The first Gallup poll out on President-elect Barack Obama's stimulus plan shows a divided country, with Republicans in a distinct minority and in opposition.

Democrats support the \$750-billion plan (67 percent to 19 percent) as do Independents (54 percent to 37 percent). But Republicans stand in opposition (56 percent to 34 percent).

But taking a look at Republican Party reality inside the Washington beltway, we see a rudderless ship, out of touch with the grass roots of its own party.

Our Republican president — yes, he is still president — has taken himself out of the discussion. And on Capitol Hill, the Republican leadership appears quite comfortable with the initiative in principle, expressing reservations only in regard to its form and content.

Senate Republican leader Mitch McConnell called it an “obvious need” but expressed concern about the massive spending proposal translating into “long-term systematic changes ...” House Republican leader John Boehner appealed to the importance of finding “the right balance.”

Pretty tepid stuff, given the severity of the times and the underlying ideological implications of where Obama and his Democratic cohorts in Congress plan to take us.

Where is the Republican leader who is going to challenge the basic premise upon which our president-elect is rationalizing this massive new government intrusion into our economy and our lives?

Mr. Obama said it quite clearly. “...at this particular moment only government can provide the short-term boost necessary to lift us from a recession this deep and severe. Only government can break the cycle that is crippling our economy...”

The fact that there does not appear to be a single Republican leader who is capable or ready to challenge the assertion that “only government” can put our sputtering economy back on track shows we need a rebirth of the Republican Party. And that this rebirth must come from the grass roots.

Those 56 percent of Republicans that said “no” in this latest Gallup poll are looking for a leader. And that leader certainly does not seem to be in Washington.

The Wall Street Journal tallies up that when all is said and done, with the latest round of bailouts and the spending that Obama is putting on the table, the federal government will be sucking out 28 cents of every dollar produced in the American economy. The word “unprecedented” should be on our minds here.

Since World War II, the federal government take has averaged about 20 cents on the dollar. Now, take the 28 cents and add in state and local government spending and we arrive at about 40 cents of every dollar we produce that will be going to government.

Is this really the formula for restoring American greatness and prosperity?

Despite Senator McConnell's stated reservations about this spending tsunami becoming “systematic” and Obama himself saying “I'm not out to increase the size of government long-term,” it's impossible to take these disclaimers seriously.

History shows that every expansion of government stays permanent.

Until now, the greatest expansion was under Franklin Roosevelt's New Deal that our president-elect seems to be taking as his model. At the beginning of the 1930s total government take was about 12 cents from every dollar. By the beginning of the 1940s it more than doubled to 25 cents of every dollar.

As Harvard Economist Greg Mankiw
Cont. on pg 50

OPINIONS



Star Parker is president of the Coalition on Urban Renewal & Education and author of the new book *White Ghetto: How Middle Class America Reflects Inner City Decay*.

The Separation of Powers

By Armstrong Williams



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The Separation of Powers is an essential element of our Constitutional structure. It is designed to limit aggregation of power at the federal level at the expense of the people and to foster competition and a balancing mechanism among the three branches of government; the legislature, executive, and judiciary. Here is how it works: when Congress objects to an action (or inaction) by the executive, it can pass a law or withhold or increase an appropriation; the President can veto a bill passed by the Congress; Congress can with a 2/3rds vote override the President's veto; the Supreme Court can hold a law passed by Congress and signed by the President unconstitutional; Congress can pass, and the President sign, a new law overriding the court's decision; and so on and so forth. Therefore it should not be a surprise that, in recent times at least, the legislative and executive branches both fair better when they are in different party hands and thus freer to pursue their institutional Constitutional aims. Put another way, Obama may yet quietly celebrate the failure to attain a filibuster-free 60-vote Senate, and indeed at some point he may long for the divided government that saved Clinton's Presidency and that could have greatly benefited his successors.

The problem that dogged both Clinton (for the first two years) and Bush 43 (for the first 6) is that having both branches in the same party's hands made it very difficult for either President to resist overreaching and overspending by their legislative partners. When Gingrich took over the House in 1994, however, he was liberated to pursue his own agenda. He became master of his own house, took charge of what had been a very fragile beginning period of governance and developed an agenda that put him in charge of the government with, to his credit, many accomplishments—like welfare reform and spending restraint—that would have been near impossible otherwise.

By the same token, where Speaker Gingrich was liberated, President George W. Bush was trapped by his legislative party leaders into a spending spiral that dispirited his party base and limited his policy options. His loss of party control of the Congress resulted, perhaps counter-intuitively, in a more sure-footed Presidency. He was freer to proceed with the highly successful surge in Iraq and to respond with greater flexibility to the financial crisis when it hit. One can only speculate whether he could have had more success in reigning in Fannie Mae and Freddie Mac and other excesses of the housing crisis if he could have “taken off the gloves”, as it were, against the Congress earlier.

It is sometimes said that at the end of the day, the two national parties are not the Republican and Democrat, but rather the White House Party and the Congressional Party. As noted above, they were in fact supposed to compete as well as collaborate. But when they are controlled by the same party, the dynamics seem to bring out the worst in both—collaborating either to overspend or to paralyze. Bush 43 was able to achieve a tax cut and No Child Left Behind before the bad behavior began, but not much thereafter.

His father, by contrast, was faced with a solidly Democrat controlled Congress and yet still managed a rich record of legislative accomplishment—the ADA, Clean Air Act, the Civil Rights Act of 1990, the first important energy bill that initiated integration of the power grid, and last but not least, the S&L reform legislation that cleaned up the banks and help set the table for the great economic growth of the 1990s and beyond—a clean-up that Japan could never accomplish for its own banks, with more than a decade of stagnation as a result.

Speaker Pelosi will demand her due, and Obama will have to provide some deference for party, though not necessarily for political or policy reasons. Better to have a Republican

Cont. on pg 50

Yes, We Can

By Harry R. Jackson, Jr

President-elect Obama's presentation of his economic stimulus plan last Thursday was thoughtful, clear, and excellently delivered. Despite its charismatic delivery, the speech concerned me. First, the soon-to-be-president sought to lower the expectations of the American public concerning his first term, create a sense of unity, and to communicate a huge number of details about his economic plan. This was too much territory to cover in one short speech.

Unfortunately, his comments may have the unintended consequence of taking away the very confidence he wanted to give to the nation. I was shocked that the "Yes we can!" presidential candidate sounded more like a technician than a visionary. Hope was present, but the audacity of hope was nowhere to be found.

Consider his words, "If nothing is done, this recession could linger for years. The unemployment rate could reach double digits." Even if these are potential realities, he is painting a very grim picture. He went on to say, "Our economy could fall \$1 trillion short of its full capacity ... We could lose a generation of potential and promise, as more young Americans are forced to forgo dreams of college or the chance to train for the jobs of the future."

Like a salesman that does not realize that he has already secured the contract, the president-elect continued to make the case that the nation needs to trust his plan. In addition, his emphasis on the role of government seemed a little baffling — especially in light of the criticism by many experts that we are becoming a "socialistic" country.

I am concerned about the heavy emphasis on the government's role versus job creation through small and medium sized businesses. Many Americans are convinced that a revival of the innovative and entrepreneurial spirit of our nation will be key to our victory.

Ironically, these two factors kept the "master communicator" from giving the nation what we need most — passionate confidence or hope. Barack Obama, more than most, knows that words matter.

In order to beat the economic problems we face, both leaders and the media must vigilantly watch what and how they communicate. Whether they like it or not, today's media often creates more history than it reports. Leaders also can shape the public's thinking by what they choose to say and they do. The negative effect of media and government communications was demonstrated by how the media over-emphasized our national financial woes during the Christmas season.

Hearing news commentators repeatedly report that Christmas sales were going to be down during the holidays set many shoppers on a scavenger hunt trajectory vs. their normal holiday shopping ritual. To our family, this meant that the post Christmas sales would be significant because we knew we would get more bang for our buck at this crucial time. We waited to buy many of our gift items until after Christmas. We also used gift checks to let the recipient find the truly outstanding deal. For most families, money was dribbled out instead of being shoveled out. Shopping in many malls became an outing for food and sightseeing more than an occasion for serious purchases.

Experts reported that retail purchases, excluding automobiles and gas, fell dramatically this holiday season. Specifically, women's apparel sales were down 23% this year vs. last. Men's apparel was down 14%, and electronics and appliances dropped 27%. These losses are actually worse than they sound because retailers had already slashed prices to unhealthy levels before Christmas. When you are giving the products away, you can't make it up on volume.

Dan Butler of the National Retail Federation told Jayne O' Donnell of USATODAY,



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Cont. on pg 50

Economics of Obama cont'd. from pg 7

Czarina” – a new position that would coordinate energy and climate change efforts among various government departments and agencies.

Browner is a disciple of Al Gore, believing global warming is “the greatest challenge ever faced” and is a staunch advocate for regulation. For instance, she supports California’s effort to make automakers significantly reduce tailpipe emissions further than existing federal law and to have the EPA regulate carbon dioxide emissions under the Clean Air Act.

Reducing our fossil fuel use comes with a huge price tag. In the previous session of Congress, “America’s Climate Security Act” (S.2191) would have created a policy to regulate carbon emissions known as “cap-and-trade.” According to Charles River Associates International, this scheme would have resulted in a loss of 3.4 million jobs and cost up to \$6 trillion over 40 years.

Defeated last year, the chances of this scheme coming up again and being passed in the upcoming session of Congress – and with Obama as president to sign it into law – are much better.

This effort would fly in the face of the reality that a cheap and abundant supply of energy is required to revitalize the nation’s economy. Experimenting with untested policies to reduce carbon emissions could easily unleash a series of unintended consequences with dire human and economic costs.

Again, it is blacks – who are paying a larger percentage of their budgets to cover essentials such as utilities – who will end up with less money to save for education, health care and retirement security. Although Obama’s victory is a significant milestone on many levels, his economic and energy plans are an odd liberal mix of failed Depression-era economic policies and 21st century environmental extremism. As we confront the greatest economic challenges of our time, Obama’s policies may end up being the type of change our country can do without. ■

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Wealth Building 101 cont'd. from pg 23

Another relatively new and little known investment vehicle is that of Life Settlements. Because Life Settlements are in class of their own and while they are not complicated, they do require additional explanation and, unfortunately, time and space prevent me from doing that here. However, when considering investment vehicles, bear in mind that Life Settlements offer some of the highest returns with the lowest risk of any investment vehicle available.

Due to SEC and NASD rules, I cannot and will not recommend any specific companies or products in this article however: I will state that any of the aforementioned investment vehicles are a sound, safe choice for a longer term investment strategy. Be advised that the choice of which product best suits you depends upon your age, current financial situation and other factors. Seek out those professionals in your area that are willing to take the time to educate you and to work with you as you take steps to become a master at handling your money. That should be your goal to become educated in handling your own finances and using professionals to place your capital where you are comfortable based upon your acquired knowledge and experience. ■

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Republicans Need... cont'd. from pg 47

points out, the massive expansion of government during those years was supposedly to deal with temporary problems — the depression and then the onset of World War II.

But there was never a subsequent cut back. The expansion just continued to where we are today.

As the political class in Washington transforms our once great, prosper-

ous, and free country into a lumbering socialist mediocrity, a voice of dissent is needed.

In this sense, I like what Ken Blackwell is proposing in his run for RNC Chairman. Blackwell is calling for a “shareholder revolt” within the Republican Party and to move power, money, and influence to State organizations.

We do need a shareholder revolt in the Republican Party followed by one in the country as a whole.

The Separation... cont'd. from pg 48

Speaker and full throated competition for the best ideas and to force inter-party cooperation. This may be a fantasy presently, but I am betting it may be one Obama will dream about from time to time. The pressures he will face will come from the more extreme elements of the House—such as Charlie Rangel, who wants to take wealth directly from the successful and Henry Waxman, who is a near radical hoping to unseat John Dingell as Chairman of the House Commerce Committee, the most powerful panel in Congress. They will both push Pelosi to punitive extremes, and Pelosi will in turn push Obama. The new Chief of Staff has a reputation for toughness—but will he use it against his own party? If he does not, he will cause a lot of short term harm, but he will also give the Republicans an opening for resurgence over the long term. ■

Yes, We Can cont'd. from pg 49

“Consumers had a reawakening... voting with their dollars now.” It seems that a fundamental shift in consumer behavior is occurring. A Consumer Reports National Research Center survey projects that 22% will pay off debt in March or later. Last year 31% of the public paid off their bills in March or later. This means most of us are not going to get out on a debt limb. The average consumer seems to be settling in for a long economic fight. Unfortunately, a “bunker mentality” will make our recession longer and recovery harder.

Many can't help thinking about their 401(k)s which have dropped by 45%. Charles Schwab makes the clearest articulation of what most folks feel. "To be a successful investor you have to have the component for optimism. You have to believe in the innovation of the human mind and the human spirit. That is what investing is all about—frankly, being a part of companies that create new value. And that will continue to be true. But we go through these undulations in the process of discovery.

The bottom line—you have to be somewhat optimistic and know that the future will be better than the past."

In light of Schwab's statement, we can deduce that the media should begin to report strategies for small business turnarounds and stories of jobs being saved. They need to encourage us by doing profiles on optimistic business leaders who have made things happen. We want to hear about people who represent the American spirit by being in the trenches, creatively finding ways to enjoy life in spite of the economic setbacks. Once President-elect Obama takes his seat, his early steps will be important.

I am sure that America's economy will rise again. Our optimism will be key in helping us regain our groove. Change experts say that celebrating early victories is often an important part of building unity and momentum. The media helped get us into this mess. Now we need them to help Mr. Obama and his administration get us out!■



"Freedom and justice cannot be parceled out in pieces to suit political convenience. I don't believe you can stand for freedom for one group of people and deny it to others."

— Coretta Scott King

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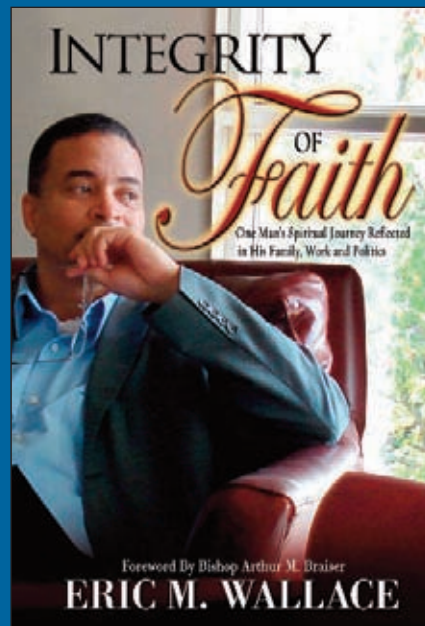
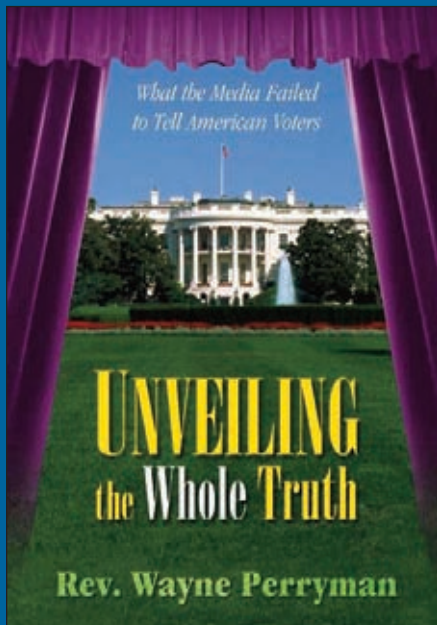
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