

# Things That Need to Be Said

A TELLING  
BEHIND THE SCENE LOOK  
AT GOVERNMENT

Ted Gagné DVM

IN CONGRESS, July 4, 1776.  
The unanimous Declaration of the thirteen united States of America.

WHEN in the Course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.



*Gagné's letter to his grandchildren is a succinct summary of the many challenges that threaten nation. His letter is a unique blend of political insight, ancient wisdom, philosophy, and the key role moral and ethical guidelines play in the nations well being. He unabashedly faults president Obama for his failed policies, his radical political appointments, and his obsession with political power to the detriment of the entire nation. He especially faults Obama for his divisive and dangerous appeal to voters based on their ethnicity, gender, sexual orientation, union member versus nonunion member and affluent versus poor.*

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*A Telling Behind the Scene  
Look at Government*

Ted Gagné, DVM

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## **Chapter 9**

### **The Nation's Financial Crisis**

Your generation will be burdened with excessive taxes to pay billions of dollars a year interest on the debt spawned by our country's financial condition. Your opportunity to secure meaningful employment at this time is uncertain. That's also a consequence of the financial crisis. Home values have stabilized in some areas, but only after declining 20 to 50%. Millions of Americans have lost their jobs and their homes. Savings and retirement plans have taken a financial hit, and many will never recover what they have lost.

#### **Genesis of the Crisis**

Let's begin by reviewing the genesis of the crisis. The Community Reinvestment Act (CRA) was created to increase home ownership in low and moderate-income communities. Former President Clinton wanted to increase minority home ownership, so he instructed Treasury Secretary Robert Rubin to tweak the act to meet his goal. The CRA was altered to enable individuals who were not creditworthy by traditional lending standards to qualify for home loans. Clinton's strategy was successful, as home ownership increased by 87.2% in the Hispanic community, 71.9% in the African-American community, and 46.3% in the Asian American community. Home ownership increased from 63% in 1993 to 68% during Clinton's time in office. It increased 1% during the George W. Bush presidential years.

### **Why Did Banks Make Loans They Considered Risky?**

The Clinton-modified CRA required banks to file a report listing loans and/or other financial assistance they provided to low-income, inner city, and rural communities. The banks then received CRA credits for loans or contributions they made to these communities. Those credits enhanced a bank's opportunity to grow through mergers, acquisitions, or branch expansion. Some banks resisted making what they considered risky loans, but banks usually cooperated because their plans to expand could otherwise be denied by federal regulators.

Banks that did not make the riskier loans faced public scorn. ACORN activists crowded bank lobbies, blocked drive-up teller lanes, and created a ruckus when demonstrating in and outside a bank. They did the same outside bankers' homes. ACORN, legislators, and commentators in the mainstream press accused banks that did not make the questionable loans of discrimination. Critics of the banks disregarded the fact that most residents in the targeted communities who did receive loans could not qualify for home loans via traditional lending standards. That didn't matter to people on a crusade.

The demonstrations stirred up considerable public outrage against the big banks. Several banks yielded to the pressure. They made huge sums of money available for home loans in high-risk communities and advertised their services in community papers to comply with the requirements of the CRA and nullify the negative PR campaign that had been lodged against them. The song "Who's Sorry Now?" came to mind as I completed this paragraph. The banks, those who got the loans and are now in foreclosure, Clinton, or all three? The recipients of

*THINGS THAT NEED TO BE SAID*

these risky loans are in foreclosure at a rate three times that of the general public.

Some banks resisted the risky loans, but Attorney General Janet Reno made the administration's position on the matter clear. She said, "No loan is exempt, no bank is immune and, for those who thumb their nose at us, I promise vigorous enforcement." Pressure came from another source as well. A class-action lawsuit filed July 6, 1994, alleged that Citibank had engaged in redlining practices in the Chicago metropolitan area. The lawsuit was filed on behalf of ACORN, a powerful activist group. The plaintiff's attorneys included Illinois Senator Barack H. Obama, now President Obama. ACORN won the suit, and Citibank was forced to make loans it considered risky.

The Clinton Administration turned to the Secretary of Housing and Urban Development (HUD) Andrew Cuomo, in order to increase HUD's role in the sub-prime market. So HUD proposed that Fannie Mae and Freddie Mac increase loans in their portfolio to low and moderate-income borrowers from 44 to 50%. The Bush administration, after initially raising the requirements on Fannie and Freddie to 56%, then lowered them to 27% and 39% in subsequent years. Raising the rate to 56% was a mistake because it poured more money into an already troubled program.

According to the *Washington Post*, Fannie threatened to sue Representative Richard Baker (R Louisiana,) chairman of the House Financial Services Subcommittee, which was responsible for GSE oversight over the duo. He considered going public about the huge salaries paid to executives of both companies. Fannie threatened to sue him if he released the data, so he kept it secret for a year because he feared the expense of a lawsuit.

Representative Baker warned, "I have concerns that if appropriate resources aren't allocated for internal risk

management, the consequences will be far more severe than just a real estate slowdown. The losses would fall quickly through the capital these companies have and down to shareholders and taxpayers. These companies have some of the lowest capital margins of any financial institution in the nation, yet at the same time, they are two of the largest. The concern is that if something doesn't work out, *American taxpayers* could be called on to pay off the debt in some sort of a bailout."

According to a White House release, Treasury Secretary John Snow testified that Congress should enact legislation to create a new federal agency to regulate and supervise the financial activities of our housing-related government-sponsored enterprises and set prudent and appropriate minimum-capital-adequacy requirements.

### **Did Anyone Sound an Alarm?**

Many did, but their warnings were disregarded. Proponents implied that critics had ulterior motives, while others labeled such warnings as "racist." The cautionary warnings ran headfirst into a concrete wall, concrete fortified by rebar forged in a Democratic foundry.

Representative Barney Frank (D Massachusetts) said, "I do not want the same kind of focus on safety and soundness that we have in the Office of the Comptroller of the Currency and the Office of Thrift Supervision. *I want to roll the dice a little bit more in this situation towards subsidizing housing.*" [Emphasis added]

He rolled the dice with your money. It has been a costly roll thus far. A host of Democratic congressional representatives blocked reform efforts. Maxine Waters of California, Gregory Meeks of New York, Lacy Clay of Missouri, and Arthur Davis of Alabama all aided Barney Frank's efforts to thwart oversight of F&F. Members of the



THINGS THAT NEED TO BE SAID

Congressional Black Caucus were particularly vociferous in their objections to regulating the two companies. Melvin Watt (D North Carolina,) a member of the black caucus, accused Bush of wanting new regulations so he could weaken the power of poorer families.

If you will only take the time to either read the transcript of a congressional hearing devoted to oversight of the two entities *or* listen to the congressional hearing on You Tube, you will witness for yourself that it was far more about racially driven politics than lending practices.

In 2004, F&F increased their holdings of subprime mortgages by tenfold, but foreclosure rates were also rising. Subsequent investigations revealed the two began buying risky loans as early as 2003. They reported them as prime, when the particulars of the loans clearly made them subprime. A subprime loan requires a higher rate of interest because there is a greater risk of nonpayment.

In 2005, Federal Reserve Chairman Alan Greenspan appeared before the Senate Banking Committee and warned the Senators that by failing to act, they were placing the entire financial system at risk. He noted, "If Fannie and Freddie [F/F] continue to grow, continue to have the little capital that they have, continue to engage in the dynamic hedging of their portfolios, which they need to do for interest rate risk aversion, they potentially create ever-growing potential systemic risk down the road. We are placing the *total* financial system of the future at substantial risk."

The Senate Banking Committee finally brought a bill to a vote to address Greenspan's concerns. It was defeated on a *straight party-line vote*, as all fourteen committee Democrats voted against the bill. They were not going to support any regulation of F/F. The Democrats won the political battle, but set the nation up for a devastating financial collapse. Democrats blocked reform because

blacks and Hispanics enjoyed unprecedented levels of home ownership, which they attributed to Clinton and the Democrats.

Senator Richard Shelby (R Alabama) and chairman of the Senate banking committee *continued* to push for comprehensive reforms of GSEs. But, Senator Dodd (D Connecticut) threatened a filibuster to kill the reforms President Bush and Alan Greenspan recommended. Obama was Senator Obama at the time and he supported Dodd's filibuster. The filibuster killed the bill, which would have regulated Fannie Mae and Freddie Mac and substantially reduced the consequences of the financial crisis. The Democrats successfully blocked a number of proposals the Bush administration made over the years to regulate Fannie Mae and Freddie Mac. Failure to pass the Senate bill in 2005 was the last chance to regulate the two GSEs. The die was cast and a financial tsunami swept across the land with all its devastating consequences.

A few Wall Street firms, other financial institutions, and home lending companies drove the financial crisis to new and more devastating highs, all in the pursuit of riches. They poured gasoline on the Democrats refusal to regulate Fannie Mae and Freddie Mac and blew a hole in the nation's financial markets. The manipulators were well-educated, talented, and capable individuals. They earned huge incomes when they played it straight; but it was never enough. Moral guidelines were ignored or cast aside and virtue gave way to unmitigated greed. We've paid a terrible price because some in Wall Street ignored the ancient wisdom so aptly spelled out in the Ten Commandments.

The Bush administration played a lesser role in the housing crisis, but President Bush could have done more to thwart Democratic tactics. He should have taken his case to the American people when it became clear the

*THINGS THAT NEED TO BE SAID*

Democrats had no intention of regulating the two GSEs. The proposal he submitted in 2003 to regulate the home lending and finance industry would have avoided, or at least minimized, what became a national economic crisis. He might have faced inferences of racism had he appealed to the public, but I believe he could have used those falsehoods against those who opposed his bill.

Karl Rove succinctly summarized the final blow to dealing with the crisis when he wrote, "If Democrats had granted the Bush administration the regulatory powers it sought, the housing crisis would not have been as severe, the financial sector's collapse not nearly as damaging, the economy's slide not nearly as steep or lengthy, and global distress not nearly as widespread."

Peter Wallison co-authored an editorial with Charles W. Calomiris in September 2008, which addressed the last chance to regulate the two GSEs. The authors wrote, "If the Democrats had let the 2005 legislation come to a vote, the huge growth in the subprime and Alt-A loan portfolios of Fannie and Freddie could not have occurred, and the scale of the financial meltdown would have been substantially less. The same politicians who today decry the lack of intervention to stop excess risk taking in 2005-2006 were the ones who blocked the legislative effort that could have stopped it."

Former Federal Reserve Chairman Alan Greenspan testified before the Financial Crisis Inquiry Commission on April 7, 2010. He stated that mortgage giants Fannie Mae and Freddie Mac played a critical role in fostering an explosion of growth in subprime-mortgages that led to the global financial crisis. Pay particular attention to the portion of his remarks that led to the global financial crisis. He notes that the subprime market grew from less than 2.5% of the mortgage market in 2000 to encompass 40% of Fannie's and Freddie's more than \$5 trillion

mortgage portfolios by 2004. Mr. Greenspan testified that the demand for sub-prime mortgage-backed securities during the years 2003-2004 was essentially *politically* mandated.

So what's the essence of the remarks by Wallison, Rove, and Greenspan? They believe failure to regulate Fannie Mae in particular contributed to the financial crisis. Keep in mind, the legislation was blocked, despite an abundance of warnings about what an unregulated Fannie posed for the economy. The failure to regulate Fannie gave birth to what I consider the most damaging political scandal by a political party in the nation's history. The genesis of the crisis rests primarily on the shoulders of Democratic legislators, including then Senator Obama, President Clinton, and Jim Johnson, a Democratic kingmaker.

Please remember that our main topic is the ethical and moral collapse of our society, and that our goal is to understand its driving forces—in order to make better decisions. Any new law regulating national finance, just like previous laws, cannot fulfill its mission to protect the public if regulators and legislators are bereft of moral principles.

In April 2010, at a speech in Cooperstown New York, Obama said, "A lack of consumer protections and—accountability" created the credit crisis. It wasn't a lack of consumer protection or accountability that precipitated the crisis; it was the old-fashioned playing the race card that fueled the crisis. What is noteworthy about Obama's comments? They belie his politically motivated support of a filibuster that contributed to the crisis he now publicly deplores. He and his party are primarily responsible for the financial crisis, because their support of Dodd's filibuster was the final act in a series of actions by Democrats that spawned the financial crisis.

*THINGS THAT NEED TO BE SAID*

The Democrats controlled Congress, from early 2007 through December of 2010, and persistently criticized Bush for not spending enough. Obama was the most liberal senator in Congress and voted for the spending he now blames for the financial crisis. The \$35 billion addition to the Children's Health Insurance Program (CHIP) is one example. Bush vetoed the measure twice, but Obama signed a bill adding \$35 billion to the program soon after he took office as president. Obama routinely pins the financial meltdown on Bush, but Obama and his party persistently refused to support regulation of Fannie and Freddie. The press never called Obama on his important role in the financial crisis and his support of the spending he now deplors, because he's their guy and largely their creation.

As I previously noted, Bush bears some of the responsibility for the crisis but the refusal of Democratic legislators to support any of the multiple proposals offered, by his administration or by Republican senators, to regulate Fannie or Freddie gave birth to the economic crisis. The ultimate cost of that crisis is incalculable at this time.

Democratic office holders, including Senator Obama, finally voted to address some of the failures in the troublesome duo, but only after the housing and lending market had collapsed.

The Democrats remain true to their cause, because the massive 2,300-page Dodd-Frank Act (the financial overhaul bill) that became law, in July 2010, does not touch Fannie and Freddie. Congress often names legislation after a member or members who made significant contributions to passage of the legislation. There is a real irony in naming this legislation the Dodd-Frank Act because Senator Dodd (D Connecticut) and Representative Barney Frank (D Massachusetts) were the

major villains in blocking regulation of Fannie Mae and Freddie Mac. The fallout associated with the failure to regulate F/F cost thousands of Americans their homes, their jobs, their savings, and their lifetime dreams. The financial chaos associated with the financial collapse remains with us to this day, December 2011. The ultimate consequences for the nation are unknown, but lives continued to be devastated as I write.

If the act was named the Dodd-Frank Act to hide or compensate for their deadly political legislative maneuvering, it will fail because the Dodd Frank Act will impair the financial sectors opportunity to recover. On April 4, 2011, Allen Greenspan predicted in the *Financial Times* that regulatory agencies “will in the coming months be bedeviled by unanticipated adverse outcomes as they translate the Dodd-Frank act’s broad set of principles into a couple of hundred detailed regulations,” and that the resulting inconsistencies will have “consequences [that] cannot be readily anticipated. Early returns on the restructuring do not bode well.” Greenspan’s views are widely held throughout financial circles, and I outlined some of the consequences in Chapter 2.

It is apparent that the Dodd-Frank Act will further denigrate the stature of Senator Dodd and Representative Frank. Naming the act after them, which is supposed to be an honor, when they have brought so much misery to millions of Americans, is reflective of the pathological approach to governance in Congress. It is distressing that so many Democratic senators went along with naming the act after the two men most responsible for the financial collapse.

There is an additional aspect to the financial crisis that has escaped public attention and it centers on Frank Raines who was appointed to head Fannie Mae by Clinton in 1999. Federal regulators revealed a massive fraud at

*THINGS THAT NEED TO BE SAID*

Fannie Mae as earnings were overstated by billions of dollars in order to award bonuses to key executives. Fannie Mae's accounting was faulty, signatures were forged, and Fannie was eventually fined \$400 million by the SEC. An independent commission also concluded that senior management was involved in earnings manipulation year in and year out. Fannie's management made sure the reported earnings equaled the maximum for their bonuses in every year from 1998 through 2004.

The Office of Federal Housing Enterprise Oversight sued Raines seeking \$50 million of the \$90 million he received in compensation during his tenure. His bonuses during that time totaled \$50 million. Clinton appointed Jamie S. Gorlic to Fannies Board of Directors, and she was paid \$26,466,834 between 1998 and 2002. Approximately \$15 million of that came from earnings-per-share bonuses. She left Fannie Mae in 2003 and Raines departed in December of 2004.

Clinton finally commented on his role in the financial crisis on September 28, 2008, during an appearance on ABC's *Good Morning America*. Clinton said, "I think the responsibility that the Democrats have rests more in resisting *any* efforts by republicans in the Congress, or by me when I was president, to put some standards and tighten up a little on Fannie Mae and Freddie Mac."

Clinton said on another occasion, "There was possible danger in his administration's policy of pressuring Fannie Mae...to lower its credit standards for lower and middle-income families seeking homes."

factors that contribute to an unproductive lifestyle. They afflict all groups of people but are more common in the African-American and some elements of the Latino community. It is politically incorrect to be judgmental about others' personal standards of behavior. However, there are behaviors that society should discourage. Adopting a welfare-driven lifestyle ranks high on that list. Sweeping the essence of these issues under the carpet will only delay their resolution.

Ron Haskins and Isabel Sawhill, scholars at the Brookings Institution, a liberal think tank, noted that the least-educated women were six times as likely as the most-educated women to have a baby outside marriage. Duncan Currie, a writer for *National Review*, believes that non-marital births are inextricably tied to social and economic divisions. He cites a variety of studies to support his view. We will soon cover Dr. Moynihan's warnings that out-of-wedlock births, coupled with welfare, threatens the viability of the black community.

President Obama in his 2008 Father's Day remarks observed, "Children who grow up without fathers are five times more likely to live in poverty and commit crime, nine times more likely to drop out of school, and twenty times more likely to end up in prison." The 2008 Census Bureau Current Population Survey noted that only 38% of black children lived in a two-parent family, compared to 78% of non-Hispanic white children. Sixty-four percent of Hispanic children lived with both parents in 2008, and that was down from 75% in 1980.

The Center for Law and Social Policy (CLSP) reported, "Most researchers now agree that on average, children do best when raised by their two married, biological parents who have low-conflict relationships." A percentage of children who grow up in single-stepparent or cohabitating-parent households are more likely to suffer lower levels of



### THINGS THAT NEED TO BE SAID

education, become teen parents, or experience physical health, behavior, and mental health problems. CLSP found that growing up in a single-parent environment of poverty places the child at risk for not completing school, becoming a teen parent, being unemployed, and making it less likely that the child will eventually marry or stay married. However, the report also noted that most children, who grow up in a single-parent family, grow up without serious problems. The data indicate that marriage itself does not lift a family out of poverty, but it may reduce material hardship. Marriage appeared to be less of a protector against poverty in Hispanic marriages.

Charles Murray, author of *Losing Ground*, faults poverty programs because some are ineffective and they create an underclass of lazy citizens. William L. Anderson, economics professor at Frostburg State University in Maryland, criticized the war on poverty, noting the increasing dependency on the government as being harmful to the lower classes. He concluded that the Great Society programs actually made things worse.

### **Non-marital Births, Family Life, and Educational Achievement**

Murray developed preliminary data, which indicate: approximately 70% of births in the white underclass and 40%, or more, of births in the white working class may be non-marital. Out-of-wedlock births are approaching 20% in the white middle class and 4–5% among high-wage earners. The percentage of American children living with both parents declined from 85% in 1970 to 67% in 2008. Also, that year, 23% of children from broken homes lived with their mothers, 4% lived with their fathers, and 4% lived with neither parent. Births to unmarried women

stood at less than 4% in 1940. The percent of these births increased from 18.4% in 1980 to 39.7% in 2007.

Children born of unmarried women, who are living with or near poverty, face a less certain future. James Heckman, a University of Chicago economist, believes that about 50% of the disparity in lifetime earnings is determined by age eighteen. He also suspects that most of the gaps, which help explain gaps in adult outcomes at age eighteen, are present at age five.

Second-generation Hispanics caught up in the welfare system are also burdened with a rising illegitimate birth rate. It increased from 37.6% in 1990 to 51.3% in 2009. Heckman is concerned about the divide emerging between children born into disadvantaged families and those born into better environments. He also suggested that the proper measure of disadvantage is not necessarily family poverty or lack of parental education, but rather a scarcity of a desirable quality of life.

Ongoing research indicates that school quality contributes little to test score gaps among children. By the second grade, gaps and ranks of test scores across social and economic groups are stable, suggesting that later schooling has little effect on either widening or narrowing the gap that appears before students enter school. Heckman continues, "The family plays a powerful role in shaping adult outcomes that is not fully appreciated by current American policies." The more we understand the linkage between family environments and income equality, the more we appreciate the significance of out-of-wedlock births. Heckman believes early interventions that enrich early childhood environments may produce adults that are more successful.

In 1990, Wendy Kopp founded Teach For America. They recruit recent college graduates to teach for two years in the nation's troubled schools. Teach For America

*THINGS THAT NEED TO BE SAID*

has developed time-tested protocols for teaching minority students, which enables them to close the gap in academic achievement between them and the general student population. Good for Teach For America, and inner city schools would do well to seek their advice.

I am not convinced that the school environment makes little or no difference in a child's academic success. Teach for America, private Catholic inner city schools, and some charter schools, have improved academic achievement of minority children. Children in these schools leave home prepared for school and they know that parents and teachers alike expect them to meet standards of behavior and performance in the classroom.

University of Chicago economist, Dr. Derek Neal, a colleague of Heckman, found that "at the dawn of the twenty-first century, black-white differences in family environments are by far the most important source of black-white differences in levels of resources devoted to children." Dr. Robert Lerman of the Urban Institute estimates that between 1989 and 2004, the net worth of middle-income parents increased by 52%, while that of middle-income unmarried parents actually decreased by 15%.

The behavioral and lifestyle issues we just reviewed are not confined to minorities, but they are more prevalent in minority communities. My goal is to alert specific groups of Hispanics to the perils of welfare. Millions of Hispanics and Latinos throughout the world are self sufficient, capable individuals and are engaged in every level of vocational and professional achievement.

The African-American experience with welfare may help Hispanics understand where they are headed, if second and third-generation members of their community continue to gravitate toward welfare. Not all Mexicans or

blacks are trapped in the welfare system, but it matters to those who are. Welfare is a cruel master.

### **The African-American Experience and Welfare**

Daniel Patrick Moynihan was a statesman, a Democratic senator, and an advisor to presidents. His views on family and welfare add an important perspective to this topic. His concerns merit our consideration because he was an intelligent, well-regarded individual who genuinely cared about his country. He was a liberal, but he tempered his liberalism with sensible doses of reality. One of his many statements addressed liberalism, and is pertinent to the essence of my views on government and welfare:

“Somehow liberals have been unable to acquire from birth what conservatives seem to be endowed with at birth: namely, a healthy skepticism of the power of government to do good.”

Moynihan believed that the family plays a key role in individual lives as well as the community at large.

He said, “The institution of the family is decisive in determining not only if a person has the capacity to love another individual but in the larger social sense whether he is capable of loving his fellow men collectively. The whole of society rests on this foundation for stability, understanding, and social peace.”

In 1963, Moynihan aptly warned us that he feared welfare risked creating a permanent black underclass. What was the basis for his fear? He described the emergence of a “tangle of pathology,” including delinquency, joblessness, school failure, crime, and fatherlessness, which characterized the ghetto. Moynihan believed the rate of illegitimacy, which was 26% at the time, was at the heart of the deterioration of the black

THINGS THAT NEED TO BE SAID

family. (The illegitimacy rate in the black community currently exceeds 71 %.) He noted, "The steady expansion of welfare programs can be taken as a measure of the steady disintegration of the Negro family structure over the past generations in the United States." He understood the impediments this behavior posed to the building of strong viable families. He believed that the risks were magnified in the case of blacks, because their "matriarchal" family had the effect of abandoning men, leaving them adrift and alienated.

Dr. Thomas Sowell, a black American economist, social critic, and author, believes President Johnson's Great Society programs contributed to the destruction of African- American families. Sowell notes, "The black family, which has survived centuries of slavery and discrimination, began rapidly disintegrating in the liberal welfare state that subsidized unwed pregnancy and changed welfare from an emergency rescue to a way of life." Dr. Walter Williams, also a distinguished black American, and retired chair of the Department of Economics at George Mason University, is critical of the provision of entitlements to women who give birth out-of-wedlock because government is sanctioning an activity that has *contributed* to the collapse of the black community.

Over the years, government supported billions, if not trillions, of welfare for black communities. I am not sure it would be considered well-spent if measured on a cost/benefit ratio. The long-term future of the black community rests, as it does with any community, more with the community itself than dependence upon government. Curbing out-of-wedlock births and teenage pregnancies, and couples only raising children they can properly support, would eventually break the tangle of pathology described by Dr. Moynihan. Twenty years of this

approach would pay unbelievable dividends to the black community. Government would happily assist with an array of birth-control measures. It does not require big money or another program. All it requires is a change of attitude, a change of heart, and a willingness to take the first step and stick with it. Prevention of pregnancy is a sensible option. What I outlined applies equally well to other ethnic groups or individuals who have adopted similar lifestyles.

### **PPACA and Illegitimate Birth Rates**

I penned the above long before the Patient Protection Affordable Care Act (PPACA) became law. The act requires all health plans to cover certain preventive screenings, and also provides other services to poor pregnant women at no additional cost to the patient. These include folic acid supplements, which reduce the risk of neural tube defects. The PPACA provides counseling to help pregnant women stop smoking. Medicaid will also begin to cover smoking cessation counseling and drug therapy for pregnant women. The act authorizes funding for research and treatment of postpartum depression. Additional support services will include a pregnancy assistance fund that will provide \$25 million annually for ten years for housing, childcare, and other services. An additional \$1.5 billion is dedicated to expanding home visiting programs. Nurses and other providers will visit pregnant teenagers and young mothers to suggest ways of coping with the stress that inevitably comes with being a parent. As of 2014, many health plans will be required to cover maternity and childbirth services as part of an “essential benefits” package detailed by the federal government. Insurers are barred from charging pregnant women higher rates or refusing to cover their childbirth costs.

### *THINGS THAT NEED TO BE SAID*

I know this approach is well intended, but I question the wisdom of rewarding behavior that should be discouraged. Isn't that what we have been doing since 1935? It's not politically correct to say so, but many of these women do not have what it takes to raise a child. They can't pass on what they don't know. They live in troubled, sometimes horrible environments, so their children have less chance to succeed in a demanding world.

In 1940, 84% of black children were born inside marriage. I don't think it is a coincidence that non-marital births, increased under programs like Aid to Dependent Children (ADC). ADC was enacted in 1935 but later titled, Aid to Families with Dependent Children (AFDC.) The latter was replaced by Temporary Assistance for Needy Families (TANF).

The PPACA ignores the consequences of more welfare for individuals already highly dependent on welfare. Is it unrealistic to suspect that the availability of welfare has contributed to an illegitimate birth rate that has been destructive to the black community? I think not. Second-generation Hispanics caught up in the welfare system are also burdened with an out-of-wedlock birth rate. It increased from 37.6% in 1990, to 51.3% in 2009. The PPACA is a massive extension of previous programs that added to the illegitimate birth rate hence, it's unlikely to reduce out-of-wedlock births.

### **Private Schools and the Black Experience**

Educators, politicians, and civil rights activists believed that the presence of black teachers, counselors, and principals would provide role models that would enhance the education of black students. That approach may be

helpful, but test scores of inner-city minority students in public schools still lag behind those of other students.

Black students from low socio-economic neighborhoods who attend private schools, generally Catholic schools, improve their academic performance. These schools are noted for their structure, standards, expectations, and discipline; all supported by caring parents.

New York City schools chancellor Joel Klein reported that 88% of students in the Harlem Success Academy are proficient in reading and 95% are proficient in math. In those subjects, six nearby schools averaged 31% and 39%. More than 90% of the academy's fourth graders scored at the highest level on New York's science test, compared to only 43% of students citywide. Klein found that some charter schools got amazing results, and the Harlem charter school students performed at the same level as gifted students at other New York City schools. His article notes that Texas and California have comparable demographic groups, but Texas outperforms California on all four national tests. Texas also spends less money per pupil. (WSJ May 10, 2011.)

Stanford economist Caroline Hoxby reported that poor urban children who attended charter schools from kindergarten through the eighth grade reduced the learning gap with affluent suburban children by 86% in reading and 66% in math.

Some inner-city schools run by black administrators do well, but there is considerable room for improvement in these schools. The examples I cited are ample evidence that inner-city children are capable of improved academic achievement in a proper environment. It is ironic that Obama and the Democratic Congress terminated the voucher program that served primarily poor inner city black children in Washington, D.C. Pressure from the teachers union contributed to the termination of the



program. Senator Lieberman (I Connecticut) is working to restore the program.

### **Is More Money the Answer?**

The Kansas City, Missouri, School District was operating in the red and had to close down half its schools. In 1985, a federal district judge took partial control of the troubled Kansas City School District because it was an unconstitutionally segregated district, with dilapidated facilities, and students who performed poorly. In an effort to bring the district into compliance with his liberal interpretation of the federal law, the judge ordered the state and district to spend nearly \$2 billion over the next twelve years to build new schools, integrate classrooms, and spur test scores up to national norms. Sadly the \$2 billion expenditure failed on many counts.

Kansas City spent as much as \$11,700 per pupil, which was more money per pupil, on a cost of living adjustment basis, than any other of the 280 largest school districts in the country. The funds increased teacher salaries, created fifteen new schools, and such amenities as an Olympic-size swimming pool with an underwater viewing room, and television with animation studios. Other amenities included a robotics lab, a twenty-five-acre wildlife sanctuary (a zoo,) a model of the United Nations with simultaneous translation capability, and field trips to Mexico and Senegal. The student-teacher ratio was 12 to 13:1.

The outcome? Test scores did not rise, the black-white gap persisted, and there was less, not greater integration. In 2000, the *Los Angeles Times* reported that the Kansas City public school district had become the first in the nation to lose its accreditation because it failed all of Missouri's performance standards. The *Times* cautioned

that the district could be abolished if it did not improve. The *Associated Press* reported that the Kansas City school system considered closing twenty-nine of sixty-one schools due to budget problems—a \$50 million shortfall.

The Kansas City failure is an example of judicial activism and its destructive consequences. The entire community lost in this instance.

Patrick Walsh teaches at what he describes as the state-of-the-art, \$100 million T.C. Williams High School in Alexandria, Virginia, where every child is given a laptop and where there is open enrollment in advanced placement and honors courses. In November 2007, he outlined his views on the gap in educational achievement between white and minority students in an article titled, *Making the Grade Isn't About Race. It's About Parents*. His views touch on the gap in other schools, such as the Kansas City school district.

Mr. Walsh asked his class, which was virtually all black, “Why don’t you guys study like the kids from Africa?” One student shouted, “It’s because they have fathers who kick their butts and make them study.” Mr. Walsh said he was stunned, because the message underlined what he knew: that it was the lack of a father in their lives that impaired their education. The young man who spoke out said he would not rank where he did if he did not have a father at home. Another student realized he did well, in part, because his dad would never let him get away with anything. This young man grew up with friends who had not done as well. He pointed out that hardly any of his friends had fathers living with them, their mothers are soft on them, and they do not get any push from home. The young man’s remarks support Walsh’s view that children who are held to expectations do better at school. It is worth noting that some of the children understand the value of a “kick in the butt,” as

*THINGS THAT NEED TO BE SAID*

one youngster described it, a role usually played by a strong father. There is nothing like what comes from the heart of a youngster to set the record straight.

My general reading tells me there is growing appreciation and understanding that a mother and a father (a two-parent family) significantly enhance a child's lifetime growth and achievement. Why has it taken so long for us to understand that dynamic?

Federal education officials singled out T.C. Williams (Alexandria's only public high school), as one of the nation's poorest-performing schools, making it eligible for dramatic instructional reforms supported by new federal funding. This school was singled out because it failed to improve the achievement of a large population of minority students. Their performance lagged behind those of white students.

There is little doubt that inner-city schools, no matter the color of the administration, could take a lesson from their private counterparts. I am not sure the blame rests with the schools as much as it does with what children did or did not experience from birth to their first day of school. Failure or inability of parents to prepare their children for school, coupled with an inadequate educational experience, may doom them to an unsatisfactory life. Poor academic achievement often rests more with the parents than the schools.

Charles Swindoll's piece on attitude came to mind as I reviewed these data with you. He found that the longer he lived, the more he concluded that attitude is more important than facts. He found it more important than education or money. Good habits, intellectual stimulation, cognitive ability, and attention to detail—all enhance learning. Its attitude that unifies these attributes and the proper attitude is best developed in early childhood.

### **Black Political Power: A New Way Forward?**

Others saw black political power as the way forward. It did increase all forms of welfare to the black community. African-Americans now hold high office and dominate the political arena in Detroit, Baltimore, Philadelphia, New Orleans, and Washington, DC. Sadly, these cities harbor the nation's worst schools, highest crime rates, highest illegitimacy rates, weak family structures, and other forms of social pathology. Detroit is closing 50% of its schools. In May 2011, the Detroit Regional Workforce Fund reported 47% of Detroiters are functionally illiterate. They noted that half of the illiterate population had a high school diploma or GED. Almost all of the illiterate population had completed elementary school (K-6,) where reading is taught. How can this be?

In 2008, seventeen of the nation's fifty largest cities had graduation rates below 50%. Of those, Cleveland, Detroit, and Indianapolis had the lowest rates.

Walter E. Williams, economist, commentator, and academic, stated, "Black political power is not the answer in my mind, and may actually be an impediment to greater achievement for black youth." I ask myself, how is it that children who fled from Vietnam to America, a completely foreign land, would—in a few short years, rank near or at the head of their classes? Sociologists attribute the Asian American ability to thrive in a new land to their deeply held traditions of learning, strong family ties, and expectations.

**Assimilation/Welfare and the Legal/  
Illegal Latino Population**

Hispanic immigrants, especially those from immediately south of the border, may not be assimilating as well as the early wave of immigrants from Europe. The European immigrants, with few resources and little or no money or job skills, gradually made their way in the New World. They built a life for themselves and their families. They did this generation by generation, as each did better than the preceding generation. Jason Richwine, a research fellow at the American Enterprise Institute, found that grandchildren were “often indistinguishable from the founding stock.” He asserts that three generations were enough to turn “ethnics” into “plain old Americans.”

Richwine said, “Taken as a whole, the research on Hispanic assimilation, principally those from south of our border, presents two conclusions. Either Hispanic assimilation will be exceedingly slow—taking at least four or five generations, and probably several more—or it will not happen.” In either case, Hispanic immigration will have a serious long-term consequence, as the grandchildren of today’s Hispanic immigrants may lag far behind the grandchildren of today’s white natives.

Richwine found second-generation Hispanics doing better than their parents. When he compared children of both groups growing up in similar disadvantaged circumstances, he found that they tended to assimilate as well as first-generation Americans of European ancestry. However, he reports that third-generation Hispanics fail to reach the socio-economic status of third-generation white Americans and that their assimilation seems to stall after the second generation.

The Pew Hispanic Center reported that 69% of first-generation Latino children lived in married-couple

families. That statistic increased to 73% in the second generation but declined to 52% in the third and succeeding generations. Several socio-economic factors, which I have outlined, appear to be leading some members of the Hispanic community, primarily Mexicans, into the lifestyle that has been so detrimental to the African-American community. Members of other ethnic groups are trapped in a welfare driven destructive lifestyle, but not to the same degree as African-Americans and second or third generation Hispanics from Mexico.

American-born Hispanics have high dropout rates in high school and college after the second generation, which may account for many of them remaining in the lower class. The Pew Hispanic Center reported that 49% of adult illegal immigrants are high school dropouts. They also reported that 25% of legal immigrants and 9% of native-born individuals are high school dropouts.

A Pew Hispanic Center survey in 2004 found that only 46% of American-born Hispanics identified themselves as American, while the remainder identified with their country of origin or stated they were Latino. I was taken aback by this because I have never considered myself anything but American. My maternal ancestors emigrated from Great Britain. My father's father was French and his mother was Sioux Indian. A report by the Pew Center, April 14, 2009, notes the following:

- Adult unauthorized Hispanic immigrants are disproportionately likely to be poorly educated. Among unauthorized immigrants aged twenty-five to sixty-four, 47% have less than a high school education.
- By contrast, only 8% of U.S-born residents aged twenty-five to sixty-four have not graduated from high school. An analysis of college attendance finds that among unauthorized immigrants aged eighteen to

### *THINGS THAT NEED TO BE SAID*

twenty-four who have graduated from high school, half (49%) are in college or have attended college. A comparable figure for U.S. born residents is 71%.

- The 2007 median household income of unauthorized immigrants was \$36,000, well below the \$50,000 median household income for U.S. born residents. In contrast to other immigrants, undocumented immigrants do not attain markedly higher incomes the longer they live in the United States.

- A third of the children of unauthorized immigrants and a fifth of adult unauthorized immigrants live in poverty. This is nearly double the poverty rate for children of U. S. born parents (18%.)

### **Disparity in Cognitive Skills between White and Hispanic Children**

A study by the National Center for Education Statistics conducted by researchers at the University of California, Berkeley, highlights the disparity in cognitive skills between Hispanic (generally Mexican) and white infants. The report is based on data collected from 8,114 infants born in 2001 and followed for their first two years of life. These children performed equally well on tests of basic cognitive skills, such as understanding their mother's speech and using words and gestures from nine to fifteen months of age. From twenty-four to thirty-six months; however, the Hispanic children fell about six months behind their white peers on measures like word comprehension, more complex speech, and working with their mothers on simple tasks.

The paradox is well known by educators and Hispanic families. Hispanic children apparently fall behind their peers in mental development by the time they reach grade school. The gap appears to widen as they get older. Bruce

Fuller, a professor of education at U.C., Berkeley, believes the statistical results show a very significant gap in mental development, even at age three. He also notes that blacks and poor whites lag behind the curve, indicating that poverty may be a factor in predicting how well a young mind develops. The drop-off in cognitive scores of Hispanic toddlers, especially those from Mexican backgrounds, was steeper than for other groups, but could not be explained by economic status alone. Meanwhile, Mexicans ranked last in reading in examinations of students from the many countries that are members of the Organization for Economic Cooperation and Development. The examinations included students from Asia, Mexico, Europe, and the United States. See page 170.

Dr. Eugene Garcia, a professor of education at Arizona State University, said the Berkeley study confirms discoveries by others; that children of Hispanic immigrants tend to fall behind white students by as much as a grade level by the third grade. Some investigators suggest the mothers of these children have less formal schooling than the average American mother, be they black or white, and therefore unable to pass on to their children what they have not experienced or do not understand. Hispanics also tend to have larger families, which combined with managing a home on a marginal family income, limits the time a mother can spend with each child. I was stunned by the results of these studies but a follow-up study reported by Heather MacDonald of the *New York Times*, in October 2009, reported similar findings.

We have not been able to manage the liabilities that the present underclass poses for our country. That is another reason why I support a thorough overhaul of our immigration policy. Immigration should be restricted to



## *THINGS THAT NEED TO BE SAID*

individuals who have unique talents or skills that are essential to the country's well being.

It is estimated that 15% of welfare spending goes to homes headed by lower-skilled immigrants with a high-school degree or less. I believe welfare adversely influences the lives of every group of our diverse population. Welfare is a slow, persistent, insidious social cancer that gradually erodes individual character. Government never learns that rewarding counterproductive, irresponsible behavior often leads to more of the same. I believe the new act, PPACA, will perpetuate the cradle-to-grave mentality with all its nasty consequences. It is unrealistic to transfer the responsibility for one's life from the individual to government and expect a desirable outcome. Society must question the wisdom of providing financial assistance to women who give birth to a child they cannot possibly support.

### **Welfare and Immigrants from Other Lands**

Immigrants from other lands, such as Russia, Haiti, Nigeria, Cuba, Somalia, Asia, and Europe also receive social services and welfare upon entering the United States. They do not get as much attention because their numbers are small compared with the growing Latino or African-American populations. In January 2011, a Fox News reporter visited one of several detention centers that housed illegal aliens. The men within this center were from eighty different countries.

### **Welfare and America's Future**

We face the potential for an even larger underclass if current illegal individuals become citizens and eligible for welfare. The Obama administration continues to expand

welfare programs at the federal level and offer incentives to states to increase their welfare spending. Welfare attracts people to the United States, which only compounds our inability to manage current programs. The War on Poverty cost about \$9 trillion. The cost of the Great Society Programs is incalculable. Some great society programs are widely supported by the public, but there are downsides to them that's escaped public notice. The programs are not sustainable without huge increases in taxes. The funding is eventually passed to future generations, and these programs have the propensity to increase dependency on government. Historian Francis Fox Piven says that Great Society programs were specifically designed to attract black voters. They bypassed local political organizations, because these organizations were considered too independent or "unreliable." President Johnson wanted the federal government to be clearly seen as the source of largesse for the African-American community.

Welfare spending has taken on a new and dangerous dimension since Obama has taken office. Annual spending on welfare for the first two years of his administration was scheduled to increase from \$522 billion to \$697 billion. Welfare spending may reach \$10.3 trillion by 2019–2020. I understand there will always be a need for welfare, but we must be more judicious about how it's managed.

## **Chapter 15**

### **The Implications of Continued Population Growth**

Our current population exceeds 300 million. Forecasts by the Census Bureau suggest the population will reach 407 million by 2027 and 571 million by 2100. Most Americans support legal immigration, but there are consequential downsides to immigration, whether it be legal or illegal. We must give more thought to what a larger population means, for our quality of life and preservation of our cultural heritage.

#### **Growth and Quality of Life**

Review this with an open mind and consider how growth will influence the quality of your life in these ways:

- Air and water quality.
- Availability of water for homes and businesses; irrigation for farmland.
- Demand for new roads and highways; increased auto and truck traffic.
- Demand for medical, social and welfare services, hospitals and clinics.
- Demand for housing, schools, colleges, hospitals, and shopping malls.
- Welfare programs that encourage immigration.
- Poor new immigrants who are marginally educated and lacking job skills.

- Social and political implications once they become citizens.
- Unknown but enormous costs of adding millions more to our social welfare (S/W) programs.
- Decreased ability to protect the country from terrorists and gangs from various parts of the world.
- Our fiscal and economic vitality.
- A more powerful government with all that encompasses for freedom and liberty.

You are welcome to add your own concerns to the list. I believe we can expect what I have listed to move in a negative direction with consequences we cannot imagine or predict. Other ramifications of continued growth include:

- Accelerated depletion of our natural resources, especially water, and its consequences for farmers.
- Increased demand for public transportation which routinely operates at a loss.
- Growth of public-sector unions at all levels of government.
- Increased pollution of our air, soil, and water, despite massive levels of spending and increased taxes to reduce pollution.
- Predictions of 80 million or more cars on the road.
- Dramatic loss of farmland with irreversible consequences.
- Larger and likely more powerful gangs, increased crime, huge costs to combat crime.
- Major increases in social welfare costs.
- Decreased access to quality medical care, decreased quality of medical care.
- Greater ethnic tension and divide.

### *THINGS THAT NEED TO BE SAID*

- Massive increases in waste, fraud, and abuse.
- Decreased ability of government at all levels to manage its responsibilities effectively.

You might find my views on citizenship for the illegal population unrealistic, but hear me out before you pass judgment.

### **Currently Employed Illegal Immigrants**

No doubt, most illegal immigrants are honorable people and I fully sympathize with their plight. That does not change the fact that we are a ship under sail in dangerous waters when it comes to unbridled immigration. We must make some difficult choices to save the nation from fiscal and economic collapse.

I believe America should curb both legal and illegal immigration. It is in our best interest to accept only those whose skills and talents enhance and grow our economy. Canada assigns points to potential immigrants that are based on desirable characteristics. A graduate degree is worth five times as many points as a high school diploma. Australia uses a similar system to rate potential immigrants. What I am suggesting is not all that unusual. I will begin with some general concepts.

Workers from south of the border play a major role in some of our industries. Agricultural workers and caregivers, for example, should not be held to the same immigration standards as those with advanced degrees who fill key positions in industry. A sound guest-worker program would ensure that those who have a good relationship with an employer enjoy a legal opportunity to work in America. It is not necessary that they become citizens to work in this country. I mentioned earlier that men comprise 25% of the illegal work force. They do not

represent the same degree of risk for dependence on welfare as their families, who will add to the anchor-baby population and are likely to create an additional burden for our S/W programs.

We cannot afford our current S/W programs. We are funding them with borrowed dollars. It is irrational to forge blindly ahead with immigration when it will exacerbate our fiscal and social instability. We risk massive civil unrest, as we have seen in Europe, when the financial burden of these programs overwhelms the nation. The ship-of-state could sink into a bottomless whirlpool of unrest. So, like the captain of the ship, government will be forced to take drastic steps to enforce a return to order. Fiscal and social chaos also risks the creation of an even more *powerful* central government.

### **Legal and Illegal Immigrants and Social Security**

We could provide decent housing, a satisfactory wage, and employer-financed health care as well as establish a separate savings/retirement program for illegal immigrants who are gainfully employed. They would put a huge drain on Social Security (SS) if they become citizens because they would be eligible for benefits far in excess of what their contributions justify. Congressman Lamar Smith (R Texas) asked the Social Security Trustees what it would cost to add illegal immigrants to SS. The following are some examples. The totals are staggering. For a single, twenty-five-year-old male with low earnings, today's value of his and his employer's contributions would fall short by \$15,596 of the benefits he would ultimately receive. A single female would receive \$20,936 more in benefits than she would pay into the system. If the immigrant is married but the sole wage earner, the couple would cost \$54,460 more than their contributions would justify. An immigrant

*THINGS THAT NEED TO BE SAID*

married to another low-wage earner would drain \$39,037 from the trust fund. The legalization of *one million* illegal immigrant couples who work for very low wages would potentially cost taxpayers \$101 billion. Note that this is the cost for just one million illegal couples, and it does *not* include the cost of welfare benefits.

Low-skill workers typically do not pay taxes but do receive a check from the IRS. It is a benefit provided by the Earned Income Tax Credit program. Robert Rector of the Heritage Foundation found that the average immigrant household headed by an immigrant without a high school diploma receives over \$19,000 more in benefits annually than the household pays in local, state, and federal taxes.

The Federation for American Immigration Reform estimates that it costs \$28.6 billion per year to fund K-12 education for illegal immigrant minors and U.S. children born of illegal immigrants. The estimated cost of adding illegal individuals to the health-care bill ranges from \$10 billion to \$30 billion.

The validity of these numbers could be argued, but the numbers provided by the Social Security Administration are good faith estimates. The essence of what I have just reviewed is that we need a guest-worker program, not amnesty for illegal individuals already working in the country.

We should consider a retirement plan for guest workers in their home country. (See Chapter 22.) Employers could also utilize flexible work schedules, in concert with a guest worker program, so their employees could travel home from time to time, without fear of deportation upon re-entering the United States. A revolving work crew could facilitate these leaves of absence.

Some may complain that the guest-worker program I suggest will raise the price of food, milk, and a host of

other products dependent on illegal workers. The increase in food prices, while plausible, might be modest, but the cost will be more than offset by the guest workers' ineligibility for SS benefits and other S/W programs. In addition, employer-provided health insurance would reduce the financial burden on taxpayers who currently pay for their health care. Families of seasonal workers would not be automatically eligible for entry to the U.S. under my plan. A full-time worker, whose family accompanies him or her to the U.S., must be able to support the family because, under my plan, they would not have access to welfare.

### **Legal Status vs. Citizenship**

My approach, legal working status rather than citizenship and no amnesty, would greatly reduce the strain on schools, hospitals, law enforcement, and S/W programs. It would enhance our security because, a manageable guest-worker program, combined with strict border security, would significantly reduce the illegal population. Properly controlling our borders would save us billions, perhaps even a trillion dollars annually. England is placing a cap on the number of non-EU workers who will be allowed into the United Kingdom. Their firms are required to provide private health care for immigrant workers, and the measure will prevent further strain on the National Health Service, according to a news release.

Under my plan, professionals such as physicians, engineers, and other highly skilled workers would be encouraged to seek work in the United States. Hiring companies would have to be fully responsible for them, including their health-care. These hires would not automatically be eligible for citizenship or public assistance during their stay in the United States. If their



### *THINGS THAT NEED TO BE SAID*

employment was satisfactory to all parties, they could be processed for citizenship in accordance with the law.

We must also graduate more native, well-trained physicians, scientists, and engineers. The need to employ individuals from foreign countries should give us pause to ask why we are not producing sufficient numbers of professionals. Qualified Americans who want to become physicians must go elsewhere because we do not have enough medical schools; so we welcome MDs from various parts of the world. We were once the country that could tackle a job and get it done. What has happened? Why can't we build more medical colleges?

### **The Risk Posed by Citizenship**

There are no good answers to dealing with the huge number of illegal individuals in the country. To me it is not a matter of ethnic origin. My views would be the same if they were of my own French-Sioux Indian ancestry. Let's face the cold reality here: we run the risk, the probability, that citizenship for illegal immigrants could turn the country into a welfare state. We cannot afford our current level of welfare. How can we justify huge increases in our welfare dependent population?

Welfare begets welfare and Obama understands that. Why do you think he has massively increased welfare spending and rewarded states that enroll more people in welfare programs? A government check fosters dependency and dependency means votes. Welfare was not available when I was a boy, and people were ashamed to accept it when it became available. Welfare now invades every element, every aspect of society. What is the bottom line for me? How do I see it? Citizenship for the illegal population poses huge, unknown, and potentially irreversible consequences for the nation. Mexico will fail if

we become a welfare state, and the world will lose the stabilizing influence we brought to it for many years. As I noted, there are no good answers when it comes to dealing with the illegal population but the risk of citizenship for them far exceeds the difficulties of minimizing that population.

### **The Financial Cost of Growth**

The cost of continued growth is unquantifiable, but our history suggests it will be staggering. We cannot afford our current welfare burden and we do not understand either the financial cost of new welfare programs or the recently enacted PPACA. There are multiple indications, at this point (December 2011) that it will be a budget buster. I have noted that Obama offers incentives to the states to increase their welfare programs. They had a price tag of \$888 billion in fiscal year 2010, and an annual spending of \$1 trillion a year by 2014. Who knows how well that estimate will hold up? These programs will probably require increased funding when it is time to renew them.

A larger and likely more dependent population will run the welfare budget to levels we cannot imagine. Welfare is the fastest growing part of federal government spending, having increased by 292% from 1989 to 2008. Social Security and Medicare grew 213% during that period. One out of every seven state or federal dollars goes to welfare.

A liberal government is not likely to abandon a welfare program. Forty cents of every dollar Obama spent in 2010 was borrowed money, and that trend is likely to continue if Republicans are unable to reduce spending. As more is learned about it, the projected cost of his vaunted health care bill, PPACA, increases month by month. In fact, it may exceed its projected cost by more than a trillion

*THINGS THAT NEED TO BE SAID*

dollars during its first decade. I will not be surprised if those estimates are too conservative.

Update! The PPACA included a \$70-80 billion Community Living Assistance and Support Services (CLASS) program. The administration terminated the CLASS program in October of 2011, because it was unsustainable and too costly. I believe the PPACA is a giant economic time bomb that will tick away below the radar for several years, before it explodes and scatters its social and economic shrapnel over the national landscape.

It appears the Obama administration will not address the precarious financial structure of SS, Medicare (HI), or Medicaid until sometime in 2012, well more than three years after taking office. That delay will rob young Americans trillions of dollars in future benefits. It will also require larger tax increases than it would have if government had acted sooner to stabilize these programs. Keep in mind, the Democrats controlled both houses of Congress from January 2007 through January 2011. The failure of Congress and the president to act is unconscionable.

I noted elsewhere that, despite the multiple billions of dollars we currently spend on welfare, we are unable to provide adequate assistance to many of our citizens. Ask yourself, can we afford an even larger, increasingly dependent population? We must not ignore the consequences associated with the fiscal train roaring down the tracks because Mexico, the United States, and the rest of the world will pay a horrible price if it flies off the tracks. Why? Many countries depend on a viable U.S. economy for a portion of their exports and maintenance of their own economies.

### **Growth and Public Employee Labor Unions**

A growing population walks hand in hand with growth of government, not only at the federal level, but also at the city, county, and state levels. The trend toward unionization of public employees poses a serious threat to the nation, because billions more dollars and political muscle will come under union control. Union campaign donations will support legislators who promise to promote increased salaries at the state level and increased benefits at the state and federal levels. The cycle of union membership fees, union campaign donations—principally to Democrats—and election or reelection of Democratic legislators will be regenerated at every election. It is an incestuous relationship, because a legislator beholden to unions for campaign funds *cannot* honestly represent the taxpayers' interest.

For instance, the nation would do well to adopt policies that protect teachers' rights to select a bargaining agent or policy that works in their behalf without having to belong to a powerful labor union.

### **Summary of My Views on Growth**

Every concern I outline in this letter will be compounded many times over as the population grows. Government's ability to manage its myriad of programs and deal with fraud, for example, will diminish with growth. That is inevitable; it is the nature of the beast. The more of anything an agency or organization tries to manage, the less effective the management. It is especially true of government because political considerations weigh so heavily on the scale. Factors such as race, ethnic origin, gender, and diversity also play roles, handcuffing the rational administration of government programs. This

*THINGS THAT NEED TO BE SAID*

is true in America, as well as throughout the developed world. If there were a better option, wouldn't you expect it to be adopted by a government some place in the world? I am excluding countries with ten million or fewer citizens and a homogeneous population from consideration, because they lend themselves to better and more efficient administration.

The Obama administration's goal of citizenship for the illegal population is not in our best interest. Obama sees the populace as groups of people rather than individuals. His actions are based on sexual preference, ethnicity, race, income level, and union involvement. That's how the Obama administration slices up the nation's economic pie and how it campaigns for public office. Obama's approach to government is the antithesis of effective use of programs and tax dollars. His prescription for America is a double dose of divisiveness, with all its horrible consequences. Can you appreciate what this means for America?

All aspects of government will feel the brunt of an even larger population. Public transportation, which operates at a loss, will consume more dollars. The ability of government to address unemployment, health-care, welfare programs, the environment, crime, incarceration, public health, the safety of our food supply, national defense, utilization of dwindling resources, and education will suffer as we grow. We risk becoming an importer nation, as our natural resources diminish and farmland is converted to meet the needs of a larger urban population. We will lose control of our destiny once we depend on food from other countries to feed our population. The costs of government will grow, but it will never keep up with the demand. Isn't that exactly what we are now dealing with? The federal government is too big, it has too many responsibilities, and it is unable to critically monitor or maintain oversight of the thousands of programs it funds.



*Gagné's letter to his grandchildren is a succinct summary of the many challenges that threaten nation. His letter is a unique blend of political insight, ancient wisdom, philosophy, and the key role moral and ethical guidelines play in the nations well being. He unabashedly faults president Obama for his failed policies, his radical political appointments, and his obsession with political power to the detriment of the entire nation. He especially faults Obama for his divisive and dangerous appeal to voters based on their ethnicity, gender, sexual orientation, union member versus nonunion member and affluent versus poor.*

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