
FUTURE OF FREEDOM

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*Better fare hard with good men than feast it with
bad.*

— *Thomas Paine*

FUTURE OF FREEDOM

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The Future of Freedom Foundation

11350 Random Hills Road

Suite 800

Fairfax, VA 22030

...

www.fff.org · fff@fff.org

...

tel: 703-934-6101 · fax: 703-352-8678

<i>U.S. Anti-Communist Propaganda at SiriusXM</i>	2
Jacob G. Hornberger	
<i>Beltway Baloney on “Speaking Truth to Power”</i>	10
James Bovard	
<i>Balanced-Budget Baloney</i>	16
Laurence M. Vance	
<i>Private Government in Genoa</i>	26
Lawrence M. Ludlow	
<i>Freedom’s Frauds</i>	35
George Leef	

U.S. Anti-Communist Propaganda at SiriusXM

by *Jacob G. Hornberger*



If you want to get a taste of what life was like in Cold War America, buy a subscription to SiriusXM, the privately owned satellite radio broadcasting service. Then tune in to Channel 153. You will think that you have entered into a Cold War time warp. That's because SiriusXM Channel 153 serves as an anti-communist propaganda channel for the U.S. government.

The only thing is that you'll have to know Spanish. That's because SiriusXM's Channel 153 is run by Radio Marti, a radio station that is owned and operated by the U.S. government and whose mission is to broadcast U.S. anti-communist propaganda into Cuba, which has been run by a communist regime since 1959.

Established during the Cold War and, specifically, during the Reagan administration, Radio Marti operates under the auspices of the U.S. Office of Cuba Broadcasting (OCB), which is part of a U.S. agency called the Broadcasting Board of Governors (BBG). According to the BBG's website, the OCB's mission is to "promote freedom and democracy by providing the people of Cuba with objective and information programming."

According to Wikipedia, SiriusXM has 32 million subscribers. How many of them are Cuban citizens? My guess — and it's only a guess — is very few. That's because the Cuban regime has always done whatever it could to block the transmission of radio broadcasts from Radio Marti directly into Cuba and has also made it illegal for Cuban citizens to listen to Radio Marti.

But realizing that I could be wrong about that, I decided to contact SiriusXM, the BBG, and Radio Marti. Not only was I curious about the number of SiriusXM subscribers in Cuba, I was also interested in finding out how the relationship between SiriusXM and Radio Marti came into existence. Most important, since the vast number of the SiriusXM subscribers surely are Americans, I was particularly inter-

ested in knowing how SiriusXM and federal officials justify broadcasting official federal propaganda to American citizens, specifically those SiriusXM subscribers across the country who speak Spanish. (According to the *New York Post*, “a report published by the renowned Instituto Cervantes research center says there are now an estimated 52.6 million people in the United States who can speak the worldwide romance language, which is second only to Mexico’s 121 million.)

Alas, my efforts to get answers to my questions were unsuccessful.

I did receive a polite reply to my email from a representative at SiriusXM, which requested more specifics regarding my request for information. After I replied with more specifics, I never heard from her again, notwithstanding a follow-up email I sent her.

The Smith-Mundt Act prohibited the federal government from employing propaganda on the American people.

I then telephoned BBG in Washington, D.C., and spoke to a person who told me that she would have someone call me with the information I was seeking. I did not hear back from her. But it is possi-

ble that she was responsible for my being contacted by a Radio Marti representative in Miami after I sent an email through Radio Marti’s website. He requested that I send him my questions by email, which I did. When I didn’t hear back from him, I emailed him to ask how things were going with my request for information. He said he needed to check with BBG to get the answers to my questions and that that would take some time. When I asked him whether it would be possible for him to provide me with a direct contact at BBG in order to accelerate the process, I received no further communication from him.

In a 2007 interview on the television program *Democracy Now*, John Nichols, professor of communications at Penn State University and author of a book entitled *Clandestine Radio Broadcasting*, pointed out that after Americans had seen how the Nazi regime had successfully employed propaganda on the German people, Congress wanted to make sure that the United States would never have what Nichols described as “a taxpayer-funded propaganda arsenal turned against our own people.” Thus, in 1948 Congress enacted the Smith-Mundt Act, which was signed into law by Harry Truman. The law prohibited the federal gov-

ernment from deploying propaganda at the American people.

Therefore, obvious questions arise: Why is the federal government propagandizing listeners on Channel 153 of SiriusXM? How much money, if any, is the federal government paying SiriusXM to enable it to propagandize listeners on SiriusXM? How does the federal government reconcile propagandizing American citizens who subscribe to SiriusXM with the provisions of the Smith-Mundt Act? Why is the U.S. government meddling in Cuban affairs by broadcasting propaganda to Cuban citizens? Even if SiriusXM is reaching listeners in Cuba, does that justify the propagandizing of even one American citizen on SiriusXM? And why are officials at the BBG, the OCG, Radio Marti, and SiriusXM reticent about providing answers to such questions?

Since I was getting no answers to my inquiries from the people who could provide them, I decided to seek answers on the Internet, which I will share in this article. I apologize in advance if any of my information is mistaken or incomplete.

Balanced and unbiased?

In 2007 Sirius Satellite Radio and XM Satellite Radio agreed to enter into a merger. Federal law (in

a nation that prides itself on being based on the principles of free enterprise) required them to get the approval of the U.S. government. In 2008, the federal government, specifically the Federal Communications Commission (FCC), approved the merger, on the condition that SiriusXM provide a certain number of channels to minority groups.

The press release failed to point out anything relating to compensation.

In 2011, a newly formed company called National Latino Broadcasting (NLB), which was based in Miami, issued a press release stating that it had been chosen to operate four Latino channels on SiriusXM. According to the press release, NLB was formed as a subsidiary of a company named Eventus Marketing, Inc., which, according to a Bloomberg page on the Internet, is a subsidiary of a company named Advantage Sales and Marketing, Inc., which now goes by the name Advantage Solutions. The press release stated that NLB would bring “creative, entertaining, and culturally relevant” programming to the Latino market over SiriusXM.

The press release failed to point out anything relating to compensa-

tion. Did SiriusXM lease those channels to NLB for money or did it give them to NLB for free? What were the terms of the lease, including the expiration date? Did NLB have the authority under the lease to assign the lease or particular channels to a third party? If so, did that require the approval of SiriusXM?

I couldn't find answers to those questions on the Internet. Therefore, even though I had struck out with SiriusXM, BBG, and Radio Marti, I decided to expand my search for answers. I first telephoned a number that a Bloomberg page on the Internet had for National Latino Broadcasting. I received a message that I had "reached a number that had been disconnected or was no longer in service." I then sent an email to the address that was posted on NLB's one-page website (nlblive.com). It bounced back to me. I then found another Bloomberg page with a different number for NLB, which was the same number for its parent company, Eventus Marketing, Inc. I telephoned that number and received a recorded message enabling me to leave a voicemail. I did so, explaining that I was looking for Mr. Nelson Albareda, the president of NLB, or anyone else who could provide me with the information I was seek-

ing. No response. I then sent emails to Eventus and Advantage Solutions. Alas, no one responded.

My Internet research revealed that in February 2015 — four years after SiriusXM leased those four channels to NLB — the BBG issued a press release announcing that "two popular Radio Marti programs will now be available on SiriusXM Satellite Radio, thanks to an agreement between the Office of Cuba Broadcasting and National Latino Broadcasting." The two programs would air on Channel 153 from 9 p.m. to 11 p.m. Monday through Friday.

It seems that every time I tune in to Channel 153, Radio Marti is broadcasting.

Today, that two-hour broadcasting period has been expanded, significantly. It seems that every time I tune in to Channel 153, Radio Marti is broadcasting. In fact, I wouldn't be surprised if Radio Marti has taken full control over Channel 153, thereby plying the listeners of SiriusXM's Channel 153 with 24 hours of U.S. propaganda, seven days a week.

Did NLB assign its lease of Channel 153 to Radio Marti? Or was a new lease entered into between the federal government and SiriusXM?

Is Radio Marti paying money to SiriusXM or to NLB? If so, to what extent, if any, are U.S. taxpayers subsidizing a private, for-profit American company with what amounts to a corporate welfare dole?

I could not find any answers to those questions on the Internet. And as I previously indicated, the people who could provide answers to such questions weren't talking.

Given that what Radio Marti broadcasts on Channel 153 is dull anti-communist propaganda, it is not exactly the "creative, entertaining, and culturally relevant" programming that National Latino Broadcasting described in its 2011 press release.

**Imagine that:
the U.S. government employing
socialism here at home to
criticize socialism in Cuba.**

A 2015 press release issued by the BBG stated, "The arrangement provides another way for audiences in Cuba to receive balanced and unbiased news."

That is one big piece of laughable propaganda. If there are Cuban citizens who do subscribe to SiriusXM, the last thing they are going to hear is "balanced and unbiased news." That's because most of the program-

ming at Radio Marti revolves around criticism of the communist regime in Cuba and, to a certain extent, the socialist regimes in Venezuela and Nicaragua.

There is one thing that listeners of SiriusXM's Channel 153 never hear and will never hear: any criticism of the U.S. government's decades-old interventionist policies towards Cuba, Venezuela, and Nicaragua or, for that matter, Chile, Guatemala, Iraq, Afghanistan, Syria, Yemen, or many other countries around the world that have been on the receiving end of U.S. intervention and meddling. That, of course, shouldn't surprise anyone. This is a U.S. government-owned and government-operated radio station. Its broadcasts are propaganda in their purest form, designed to mold the listeners' minds in such a way as to support the U.S. government's policies.

Given that Radio Marti is a government-owned and government-operated radio station, that of course makes it a socialist entity. Imagine that: the U.S. government employing socialism here at home to criticize socialism in Cuba, Venezuela, and Nicaragua. And notice that the U.S. government employs official propaganda to achieve its goal of influencing people's think-

ing, just as communist regimes do (and as the Nazi regime did).

It was through force and oppression that the U.S. government secured its military base at Guantanamo Bay.

Despite their repeated claims in a ditty sung on Radio Marti that their goal is to lend a “helping hand” to the Cuban people by bringing them “liberty,” the history of U.S. interventionism would indicate that what U.S. officials really want to do is restore a pro-U.S. dictatorship into power in Cuba, much like that of Fulgencio Batista, the brutal pro-U.S. dictator whom the Cuban revolutionaries ousted from power during the Cuban Revolution in 1959 or like that of Gen. Augusto Pinochet, the brutal military dictator whom the U.S. national-security establishment installed into power in Chile as part of a U.S. regime-change operation in that country during the 1970s.

The goal

In other words, the people at BBG, OCG, and Radio Marti are not libertarians and, therefore, have no desire for a genuinely free society in Cuba. Far from it. They are obviously conservatives, ones with

a Cold War-era mindset. In fact, they even emphasize this over and over again in a propagandistic slogan on Radio Marti that states, “Conservatism is at the heart of the Hispanic culture.”

And what is conservatism? It is a political and economic philosophy that supports such statist programs and institutions as Social Security, Medicare, Medicaid, public schooling, public housing, welfare, economic regulations (including forcing private companies to seek government permission to merge and then forcing them, as a condition of approval, to devote channels to government-approved programming), a central bank, paper money, a progressive income tax, a massive military-intelligence establishment, secret surveillance, torture, indefinite detention, military tribunals, kidnapping, and assassination. In other words, the same types of statist programs and institutions that exist in Cuba and other totalitarian regimes!

You will never hear any criticism of any of those things on Radio Marti. In fact, one will listen in vain for any criticism of the U.S. government’s policy of continual interventionism in Cuba for more than 100 years, beginning with the Spanish-American War in 1898,

when U.S. officials deceived and double-crossed the Cuban people by leading them to believe that the U.S. government was helping them win their independence. As the Cuban people soon discovered, the truth was that the U.S. government was planning on simply replacing Cuba's Spanish rulers with U.S. government rulers. In fact, there is no reasonable possibility that Radio Marti would ever point out that it was through force and oppression that the U.S. government secured its imperialist military base at Guantanamo Bay in perpetuity for a nominal price.

Listeners to Radio Marti will also never hear any criticism of the CIA for its paramilitary invasion of Cuba in 1961, an invasion against a country that had never attacked the United States or even threatened to do so ... or any criticism of Operation Northwoods, where the Pentagon recommended to John Kennedy that he employ a false-flag operation to serve as an excuse for a full-scale military invasion of Cuba ... or any criticism of the Pentagon and the CIA for exhorting Kennedy to bomb and invade Cuba during the Cuban Missile Crisis, which would have meant nuclear war between the United States and the Soviet Union ... or any criticism of the

deadly and destructive acts of sabotage and terrorism against innocent people committed by CIA operatives in Cuba ... or any criticism of the Mafia-CIA partnership to assassinate (i.e., murder) Cuban leader Fidel Castro. And needless to say, they will hear no condemnation of the cruel and brutal Cold War-era economic embargo that U.S. officials have enforced against the Cuban people for more than half a century, which, in combination with Cuba's socialist economic system, has squeezed the economic life's blood out of the Cuban people.

Listeners to Radio Marti will never hear any criticism of the CIA for its paramilitary invasion of Cuba in 1961.

In fact, the question has to be asked: What role, if any, does the CIA play in Radio Marti, including, say, secret and surreptitious control of the BBG, the OCB, or Radio Marti itself, which, given the CIA's penchant for secrecy, might explain the secrecy at BBG, OCB, and Radio Marti? Before anyone cries "Conspiracy theory!" let's not forget about Operation Mockingbird, the CIA's secret program of acquiring assets in the mainstream press to propagandize the American people.

In 2006, it was discovered that Radio Marti secretly had journalists on its payroll at the *Miami Herald*. Of course, the question naturally arises: Were they actually Radio Marti assets or CIA assets disguised as Radio Marti assets, á la Operation Mockingbird? (To the credit of the *Miami Herald*, they were fired.)

One thing is for sure: The goal of the BBG, OCB, and Radio Marti is the same as that of the CIA (whose Cold War base in Miami was once the second-largest CIA base in the world): regime change in Cuba.

I would be remiss if I failed to point out that on Sunday mornings Radio Marti broadcasts a Catholic Mass. Thus, not only is the U.S. government using SiriusXM to influence people's thinking with political propaganda, it's also using SiriusXM to engage in a bit of religious indoctrination. I can't help but wonder whether there are at least a few Jews, Muslims, Protestants, atheists or other non-Catholics who find it objectionable that their federal tax monies are being used in this way.

Isn't it ironic (and a bit hypocritical) that U.S. officials are crying and complaining about Russian "meddling" in America's political affairs, even while they continue to meddle

in Cuba's political affairs? The U.S. meddling occurs not only through the broadcast of U.S. propaganda into Cuba but also through the continued enforcement of one of the most brutal economic embargoes in history, which, like sanctions against Iran and North Korea, intentionally targets innocent people with economic suffering and death with the aim of bringing about the regime change that Radio Marti and the CIA and other elements of the U.S. national-security establishment continue to long for.

Finally, isn't it perversely ironic that U.S. officials would name their interventionist radio station after José Martí, the father of Cuban independence, given that Martí gave his life in the Spanish-American War in the hope that Cuba would finally be free and independent?

The fact that federal officials are hitting both Americans and Cubans with official propaganda through a U.S. socialist radio station really shouldn't surprise anyone. But what is SiriusXM's excuse for letting them do it on SiriusXM?

Jacob Hornberger is founder and president of The Future of Freedom Foundation.

Beltway Baloney on “Speaking Truth to Power”

by James Bovard



Lying and piety go together in Washington like ham and eggs. After 9/11, a profusion of government falsehoods on Iraq and other topics ravaged official credibility. The political class responded with an endless profusion of promises to “speak truth to power.” Unfortunately, there are far more Washingtonians praising honesty than there are honest politicians.

According to Wikipedia, “Speaking truth to power is a nonviolent political tactic, employed by dissidents against the received wisdom or propaganda of governments they regard as oppressive or authoritarian.” Ironically, that phrase has become one of the favorite accolades in the least trusted city in America.

When seven-term congressman and low-watt Republican functionary Porter Goss was nominated in 2004 to become CIA chief, Sen. Barbara Mikulski (D-Md.) endorsed him after he promised to “always speak truth to power.” Fat chance: after he was confirmed, Goss speedily sent a memo to CIA employees muzzling them, declaring that their job was to “support the administration and its policies in our work.” Goss bungled the CIA so badly that the Bush administration heaved him out less than two years later. Columnist Walter Shapiro observed, “Normally under Bush, promoted-above-your-abilities incompetence is not a firing offense unless, of course, you drown an entire city.”

“Speaking truth to power” had a starring role in the 2005 Senate coronation of John Negroponte, America’s first director of National Intelligence. While working as Reagan’s ambassador to Honduras, Negroponte perennially denied that the Honduran regime was committing vast atrocities, despite its killing of tens of thousands of its own citizens. (Honduras was aiding the Nicaraguan Contras at the time.)

Yet, when the Senate Intelligence Committee held his confirmation hearing, he was treated as if he were Diogenes waiting to carry

his lamp into the White House. Sen. Jay Rockefeller (D-W.Va.) talked about Negroponte's record breeding "a tough and disciplined man with self-esteem and with the willingness to make decisions and to tell truth to power, which I think is key in all of this." Sen. Jon Corzine (D-N.J.) filibustered: "It seems to me that it is almost imperative that the director of national intelligence — what's the term? — speak truth to power or whatever the phrase is will be absolutely a requirement." Senator Mikulski also recycled the "speak truth to power" bromide while kowtowing to the nominee. The Democrats on the committee approved Negroponte at the same time they permitted Republicans to thwart their investigation into whether the Bush administration deceived the nation regarding intelligence on Iraq. (Negroponte was confirmed by the full Senate in a 98-2 squeaker.)

Mike McConnell, a retired admiral and prominent defense contractor, took Negroponte's place in early 2007. McConnell never wearied of proclaiming in congressional testimony and TV interviews, "My job is to speak truth to power." This claim was rarely challenged, allowing McConnell to preen to greater credibility. In reali-

ty, his job was to frighten Americans who sought the truth about government. McConnell helped frighten Congress into submission with bizarre tall-tales, as when the Bush officials falsely claimed that al-Qaeda could imminently attack Capitol Hill — coincidentally when Congress was considering legislation to expand and extend NSA wiretaps on Americans.

McConnell helped frighten Congress into submission with bizarre tall-tales.

When Michael Hayden was nominated as CIA chief in 2006, Sen. Carl Levin (D-Mich.) vouched that Hayden would "speak truth to power." But Hayden profoundly misled Congress regarding the CIA's torture program, and his credibility was demolished in the 2014 Senate Intelligence Committee report on the enhanced-interrogation program.

From 2010 to 2016, James Clapper served as director of National Intelligence. He scored a "speaks truth to power" honorific when Defense Secretary Ash Carter awarded him the Distinguished Civilian Service Medal. He is much better known for his false 2013 congressional testimony denying that the

National Security Agency collected data on millions of Americans. Legal experts marked the day earlier this year when the statute of limitation expired for indicting Clapper for perjury. Law professor Jonathan Turley observed, “The problem is not that the perjury statute is never enforced. Rather it is enforced against people without allies in government.”

The torture scandal

When James Comey was nominated as FBI chief in 2013, the ACLU and Human Rights Watch protested his role providing legal buttressing for Bush-era torture. But Comey worked the media so well that people probably thought he copyrighted “speaks truth to power.” But, from misrepresenting the FBI’s ability to crack an Apple iPhone encryption, to falsely promising transparency after the Orlando Pulse nightclub massacre, to perpetuating often deceptive FBI interview practices, he failed to live up to his hype.

The “speaks truth to power” surge hit new high-water marks this spring with the nomination of Gina Haspel to be CIA chief. Haspel was notorious for her role in the Bush-era torture scandal. She was perhaps best known for sending out

an order to destroy 92 videotapes of waterboarding. As an ACLU analysis noted, “In 2004, one year before the tapes’ destruction, a judge ordered the CIA to ‘produce or identify’ records relating to the treatment of detainees in CIA custody. That order came as a result of a legal challenge by the ACLU. One year later, a federal judge in a separate case ordered the government to search for video or audio recordings of detainee interrogations. In clear defiance of the courts, the CIA destroyed the tapes.”

As acting CIA chief, Haspel had discretion to determine what details from her CIA career would be disclosed to Congress.

As acting CIA chief, Haspel had discretion to determine exactly what details from her 33-year CIA career would be disclosed to Congress. The public heard about her meeting Mother Teresa but details on her linchpin role in the torture scandal were sparse.

Many of her supporters recited the “speaks truth to power” accolade as if they were trained seals waiting to earn a treat. At the brief Senate Intelligence Committee hearing to confirm Haspel, Sen. Roy Blount (R-Mo.) threw Haspel a soft

ball: “Talk about your sense of obligation to present those facts and to speak truth to power at a moment when it matters.” Haspel replied, “Truth to power is one of CIA’s most important missions.” (She also assured senators and the television audience that “my parents gave me a very strong moral compass.”) Haspel initially dodged making criticisms of the torture program but eventually conceded that “the program ultimately did damage to [CIA] officers.” After the committee hearing, she sent a letter to senators assuring them, “I have spent my life speaking truth to power.”

Perhaps Haspel will speak truth after she finishes destroying all the evidence of federal criminality.

Shortly before the vote on her nomination, the Senate Intelligence Committee “restricted access to a classified memo that Democratic staff put together, detailing Haspel’s role in advocating for torture and later destroying related evidence,” *The Intercept* reported. Sen. Ron Wyden (D-Ore.) complained of an “A to Z” coverup of Haspel’s torture record.

There was an uproar by liberal activists, libertarians, and others

about the CIA’s withholding of Haspel’s record. That did not stop Sen. Richard Burr, chairman of the Senate Intelligence Committee, from announcing during the Senate confirmation vote, “Gina has also the courage to speak truth to power, and she has demonstrated that courage time and again.” Sen. Mark Warner (D-Va.), the ranking Democrat whose public support for Haspel clinched her confirmation, portrayed himself as an innocent victim of Haspel’s stonewalling: “I wish she had been more open with the American public during this process.” Then he declared, “Most importantly, I believe she is someone who ... will speak truth to power.” Perhaps Haspel will speak truth after she finishes destroying all the evidence of federal criminality.

Actual truth-speakers

Praising nominees’ candor seeks to make Americans believe that honesty has a snowball’s chance in hell inside the Beltway. But people who speak truth to power tend to end up fired, exiled, shafted, or imprisoned:

- Lawrence Lindsay was George W. Bush’s economic advisor — until he predicted that Bush’s war on Iraq could cost \$200 billion. (The actual costs of the war far exceeded \$1 trillion.)

- Eric Shineski was U.S. Army chief of staff — until he testified to Congress in 2003 that “several hundred thousand soldiers” would be necessary to occupy Iraq after Bush invaded that nation. The shortfall in the occupying army quickly turned Iraq into a catastrophe.

“Our own willingness to tolerate dishonesty in service of party, and in pursuit of power” is “the greatest threat to American democracy.”

- Valerie Plame’s career as a covert CIA operative was torpedoed by leaks by Bush administration officials in retaliation against her husband, ambassador Joseph Wilson, who publicly criticized Bush’s falsehoods on the Iraqi regime’s pursuit of nuclear weapons material.

- CIA agent John Kiriakou disclosed that the CIA was waterboarding detainees and was prosecuted by the Obama administration Justice Department — the only CIA official to be sent to prison for the torture scandal. (Kiriakou led the charge in the media against Haspel, whom he nicknamed “Bloody Gina.”)

- Former NSA staffer Edward Snowden exposed a vast NSA ille-

gal surveillance network and remains living in exile in Russia, perhaps because a top congressman and former intelligence agency chief publicly joked about putting him on a “kill list.” Snowden’s experience illustrates that exposing federal crimes is the ultimate unforgiveable sin in Washington.

The notion that some official will stalwartly tell the truth is supposed to spur Americans’ faith that Washington can be redeemed — as if we are only two or three nominations away from honest government. This is why “speaks truth to power” is lathered onto almost any nominee without multiple felony convictions. But it remains the political equivalent of a used-car dealer’s swearing a vehicle was previously owned by a grannie who only drove on Sunday afternoons.

“Truth delayed is truth defused” is a much better guide on how most political appointees will behave. But, as former New York City mayor Michael Bloomberg declared in a recent commencement address, “When we tolerate dishonesty, we get criminality.” Bloomberg labeled “our own willingness to tolerate dishonesty in service of party, and in pursuit of power” as “the greatest threat to American democracy.” Unfortunately, there is no reason to

expect this threat to subside anytime soon.

Promising to “speak truth to power” encourages Americans to view political life as a fairy tale — or perhaps a variation of the old story of a young George Washington confessing to his father about axing a cherry tree. But this wishful storyline obscures the profound damage to the Constitution and to Americans’ rights and liberties that both parties have inflicted for decades. As Haspel’s case illustrates, political appointees receive far more career boosts from covering up atrocities than from speaking truth to power.

James Bovard is a policy advisor to The Future of Freedom Foundation

and is the author of a new ebook, Freedom Frauds: Hard Lessons in American Liberty, published by FFF, Public Policy Hooligan, Attention Deficit Democracy, and eight other books.

NEXT MONTH:

“The War Against Cuba Destroyed Our Freedom and Values”

by Jacob G. Hornberger

“Latest Debacle Proves Need for Sweeping FBI Investigation”

by James Bovard

If the bureaucracy is not checked, it will tend to build, in the name of peace, a defense against every conceivable contingency — so much ‘security’ that ‘the secured’ are without resources — helpless and hopeless.

— Leonard E. Read

Balanced-Budget Baloney

by *Laurence M. Vance*



It wasn't that long ago (1987) that the entire budget of the federal government was "only" a trillion dollars. It reached the \$2 trillion mark in 2002, and didn't exceed \$3 trillion until 2009. Even after a long series of budget deficits, the national debt didn't exceed \$1 trillion dollars until 1982 and \$5 trillion until 1996.

The first budget that Donald Trump proposed soon after taking office was \$4.094 trillion, even though federal government receipts were projected to be only \$3.654 trillion. Now the federal budget is well over \$4 trillion a year, the budget deficit is approaching \$1 trillion a year, and the national debt is more than \$21 trillion. Even worse, the Congressional Budget Office (CBO) projects federal spending to grow by

\$329 billion from fiscal year 2018 (which began on Oct. 1, 2017) to fiscal 2019 (which begins on Oct. 1, 2018). The CBO also projects federal spending to grow by approximately \$3 trillion over the next 10 years, for an average annual spending increase of about \$300 billion. Total federal debt is projected to top \$30 trillion by 2028.

The budget process

Although the Constitution doesn't mention a federal budget, according to the Budget and Accounting Act of 1921, the president must annually submit a proposed federal budget to Congress for the next fiscal year by the first Monday in February. According to the Congressional Budget and Impoundment Control Act of 1974, within six weeks of the president's submitting his budget, twelve congressional subcommittees are required to submit their "views and estimates" of federal spending and revenues to the House and Senate budget committees. The budget committees hold hearings on the president's budget and then draft and report a concurrent resolution on the budget. Action on the concurrent resolution is supposed to be completed by April 15. It is only then that twelve regular appropriation bills

are enacted and sent to the president for his signature. Although the Budget Act requires Congress to consider budget plans covering at least five years, the current practice is that budget plans cover 10 years. If Congress fails to pass an annual budget, a series of appropriations bills or an omnibus bill is passed to fund the federal government for a certain period of time. That is what usually happens, for as Sen. Rand Paul explains, “Congress has funded the government on time and under the process enacted through the Congressional Budget Act just four times: fiscal years 1977 (the first year the process was used), 1989, 1995, and 1997.”

On February 12, Trump released his proposed budget for fiscal year 2019. The White House’s Budget & Spending website still proclaims, “With our national debt well above \$20 trillion, now is the time to reverse the trend of climbing government spending. The President’s federal budget commits to restraint while prioritizing funding to rebuild our national defense and strengthen America’s borders.” “Restraint” is an unusual word to describe a budget proposing that the federal government spend \$4.4 trillion in fiscal year 2019. According to *The Hill*, although the presi-

dent’s budget includes proposals to reduce deficits by \$3.6 trillion over ten years, deficits are still estimated to total more than \$7 trillion over the same period. Office of Management and Budget Director Mick Mulvaney acknowledged at a briefing that Trump “has — for now — given up on balancing the budget over the next decade.”

“Restraint” is an unusual word to describe a budget proposing that the federal government spend \$4.4 trillion in fiscal year 2019.

The president’s budget ended up being just a formality. Just a few days before its release, Trump signed into law the Bipartisan Budget Act of 2018 or BBA (H.R.1892). It raised the caps on appropriated spending by \$300 billion over two years and included a continuing resolution to fund the government through March 23, 2018. When that expired, Trump signed into law the Consolidated Appropriations Act, 2018 (H.R.1625), a 2,232-page, \$1.3 trillion omnibus spending bill that passed both the House (256-167) and Senate (65-32) within two days of the bill’s being introduced. The bill funds the federal government through the end of the current fiscal year. Two weeks later the

Congressional Budget Office released a report estimating the fiscal 2018 budget deficit to be \$242 billion larger than it projected in June 2017.

Even so, Republicans have come up with several plans this year to balance the budget.

The RSC budget

The Republican Study Committee (RSC), currently with 150 members, is the largest caucus of conservatives in the U.S. House of Representatives. The RSC “is dedicated to preserving the values that America was founded upon: a constitutionally limited role for the federal government, a strong national defense, protection of individual and property rights, economic opportunity, and preservation of traditional family values.” The RSC claims to believe

- that a centralized and pervasive federal government slows America down while contradicting the principles on which our nation was founded.
- that the appropriate role of a limited government is to protect liberty, opportunity, and security, and that it is the responsibility of each genera-

tion to preserve them for the next.

- that increasing the power of government is the problem, not the solution, for the toughest issues facing our nation.
- that there is no limit to the ingenuity, innovation, and prosperity Americans can create when allowed to live their lives freely, according to their beliefs, and in pursuit of the fruits of their labor.

The RSC budget “is intended to chart a course toward solvency.”

The RSC introduces budgets every year as more-conservative alternatives to the budget resolutions released by the House Budget Committee. The RSC’s Unified Conservative Budget for Fiscal Year 2019 was released on April 25. The group calls its 169-page blueprint “A Framework for Unified Conservatism.” The RSC budget “is intended to chart a course toward solvency” by “incorporating cutting-edge solutions that may not have widespread support initially,” but that “need to be included in the policy discussion as they gain acceptance over time.”

The RSC budget proposes to cut government spending by more than \$12.4 trillion over the next ten years

and balance the federal budget within the ten-year budget window. According to an analysis by the Heritage Foundation, among other things, the RSC budget aims to do this by

- Cutting or eliminating programs that fall outside Congress’s constitutional authority and those that are “duplicative, unnecessary, wasteful, or ineffective,” and limiting funding for “unauthorized programs.”
- Banning budget earmarks for lawmakers’ pet projects, ending permanent authorizations, and increasing transparency in the budget process.
- Reforming and ensuring solvency for Social Security, including more accurately calculating cost-of-living adjustments and phasing in a higher eligibility age of 70 to avoid tapping out the trust fund by 2035.
- Improving Medicare through more choices, lower costs, and a simpler model.
- Converting some mandatory government programs to discretionary programs so that Congress can set funding levels each year.

- Reforming the regulatory process and expanding congressional oversight of government programs.
- Requiring work, job searches, or training, or volunteering for able-bodied adults who want to qualify for welfare programs.

The plan is doomed to fail because it ignores and actually enlarges “defense” spending.

Although the plan puts forward “over 300 specific policy reforms and spending cuts,” it is doomed to fail because it ignores and actually enlarges the elephant in the living room: “defense” spending. The RSC wants to increase defense spending “from \$716 billion in fiscal 2019 to \$800 billion in fiscal 2028, with an emphasis on military readiness, a ‘robust naval fleet,’ and responsiveness to threats in multiple theaters.”

The penny plan

Rep. Mark Sanford (R-S.C.) and Sen. Rand Paul (R-Ken.) have each introduced in their respective houses of Congress a “penny plan” to balance the budget. This is something that was first introduced in 2011 by two other members of the House and Senate.

Representative Sanford introduced the “One Percent Spending Reduction Act of 2018” (H.R.5572) on April 19. It would “balance the budget by cutting one percent of government spending each year over the next five years.” According to a Sanford press release,

The idea is simple: for the next five years, cut a single penny from every dollar that the federal government spends, excluding interest payments on the debt. By 2024, the budget would be balanced and would remain balanced by mandating that spending not exceed revenue. The plan’s only mandate is a one-percent cut in spending every year for five years. Limiting spending would be forced as an issue to be dealt with because if the political body didn’t find consensus on where best to limit government, then the one-penny cut would be automatic.

The bill “escapes the politics that prevent a balanced budget.” It “puts the power of compound interest on the side of limited government rather than where it usually rests in growing government.” However, once a balanced budget is reached

in 2023, the federal government can still grow as long as “total outlays” don’t “exceed 18% of the gross domestic product (GDP) for that year as estimated by the Office of Management and Budget (OMB).” It should also be noted that the provisions of the bill can be waived or suspended in the House or Senate by “the affirmative vote of two-thirds of the Members.”

Senator Paul’s plan would likewise allow the federal government to grow.

Senator Paul introduced his “penny plan” on April 18. His plan balances the budget in just five years “without touching Social Security” by requiring Congress “to make a one percent cut to on-budget spending for five years.” According to a Paul press release, his plan “reduces spending by \$404.8B in FY19 and by \$13.35T over 10 years relative to baseline” by requiring that “for every on-budget dollar the federal government spent in FY18, excluding the BBA, it spend one penny less for the next five years (at which point balance is reached), with spending then growing at one percent thereafter.” This plan would likewise allow the federal government to grow, since “total spending

still increases by 14.6 percent over the ten-year window.”

A balanced-budget amendment

On January 3, 2017 — the first day of the 115th Congress — Rep. Bob Goodlatte (R-Va.) introduced in the House (H.J.Res. 2) a balanced-budget constitutional amendment proposal. Said Goodlatte, “A constitutional amendment requiring a balanced budget would finally bring discipline to federal spending and would benefit generations to come. I have demonstrated my commitment to fiscal responsibility by introducing constitutional amendments to mandate a balanced budget every Congress since 2007.” Goodlatte’s joint resolution simply states, “Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the whole number of each House of Congress shall provide by law for a specific excess of outlays over receipts by a rollcall vote.”

It likewise mandates that “the limit on the debt of the United States held by the public shall not be increased, unless three-fifths of the whole number of each House shall provide by law for such an increase by a rollcall vote.” Congress may also override the resolution’s provisions “for any fiscal year in

which a declaration of war is in effect.” The proposed amendment also requires that the budget that the president submits to Congress each year must be balanced. If ratified by the states, the new amendment would “take effect beginning with the fifth fiscal year beginning after its ratification.”

After languishing in the House Judiciary Subcommittee on Constitution and Civil Justice for more than a year, the House finally voted on the proposed balanced-budget amendment on April 12 — just weeks after enacting a \$1.3 trillion spending package projected to add billions to the deficit. Representative Goodlatte challenged his “colleagues in the House and Senate to do what is morally right and responsible by passing this amendment and sending it on to the states for ratification.”

Goodlatte’s joint resolution states, “Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless ...”

Nevertheless, the proposed amendment failed just like the last time it was voted on in 2011. Although the measure had a majority (233-184), it failed because a constitutional amendment resolution

needs to pass both Houses of Congress by a two-thirds margin. Six Republicans voted against the measure, but seven Democrats voted in favor of it, all of whom are the most conservative House Democrats, who tend to believe that some restraint must be put on government spending. And of course, once a proposed constitutional amendment is passed by both Houses of Congress, it must still be ratified by three-fourths of the states.

There are now twenty-seven states that have passed resolutions calling for a constitutional convention that would propose a balanced-budget amendment. Thirty-four states (two-thirds of the states) are needed to meet the Constitution's Article V requirements for a convention.

The federal government currently violates its own Constitution in thousands of ways.

The House Liberty Caucus urged opposition to the proposed balanced-budget amendment because of its “serious flaws that undermine its effectiveness as a fiscal restraint and render it unfit as an amendment to the Constitution.” The measure “doesn't provide any mechanism, such as multi-year av-

eraging, to dampen annual revenue fluctuations.” Its “efficacy as a budget constraint is undermined almost to the point of uselessness by allowing the spending rule to be waived, for any reason whatsoever, with the support of a mere three-fifths of each chamber — a standard lower than the House itself requires to consider supposedly ‘uncontroversial’ legislation under suspension of the rules.” It also “permits deficit spending related to military conflicts with the support of just a simple majority.”

The real issue

There are a number of problems with a balanced-budget amendment, statute, or goal in theory and in practice.

A balanced-budget amendment or statute is unnecessary. If the president wanted to, he could submit to Congress a budget that was balanced. If Congress wanted to, it could produce a budget that was balanced. If Congress wanted to, it could simply not spend beyond what the federal government takes in. The problem is that members of Congress are profligate spenders of other people's money.

A balanced-budget amendment would not stop Congress from having an unbalanced budget or spend-

ing beyond its means. Congress doesn't follow the Constitution now. What makes anyone think that Congress would follow any new amendments to the Constitution? The federal government currently violates its own Constitution in thousands of ways. Why would anyone think that the federal government would follow the Constitution in any respect? Is federal spending on education authorized by the Constitution? Of course not. But that hasn't stopped the federal government from handing out Pell Grants and having a Department of Education. Is federal spending on the drug war authorized by the Constitution? Of course not. But that hasn't stopped the federal government from enforcing drug prohibition and having a drug czar and a Drug Enforcement Agency. Every state but Vermont has some form of a balanced-budget amendment, but that hasn't prevented states such as California, Illinois, and New Jersey from increasing spending beyond revenues and accumulating more debt.

A balanced budget is a gimmick to make Americans think that members of Congress are fiscally responsible instead of spendthrifts — just like all of the other proposals that have been put forth to rein in government spending. Things such

as baseline budgeting, sequestration, automatic across-the-board spending cuts, sunset provisions, reclassifying spending from mandatory to discretionary, spending increases limited to the rate of inflation, spending caps based on GDP, deficit-reduction targets, elimination of earmarks, deficit commissions, temporary freezes on certain categories of spending, spending rollbacks to some previous level, non-binding public voting on spending cuts, and, of course, empty promises to cut waste, fraud, abuse, and unnecessary spending.

A balanced budget is a gimmick to make Americans think that members of Congress are fiscally responsible.

A balanced budget is based on projections. And as explained by Sen. Howard Metzenbaum (D-Ohio) in a Senate Judiciary Committee report on a proposed balanced-budget amendment in the 99th Congress, "There is a high degree of inherent uncertainty in spending and revenue projections. It is impossible to guarantee congressional budget decisions at the beginning of a fiscal year will lead to a balanced budget at the end of the year."

A balanced-budget amendment or statute can lead to a tax increase. In a 1993 letter to congressional leaders, Bill Clinton characterized a proposed constitutional amendment as a “budget gimmick,” the result of whose vagueness would be that budget decisions would be made by “appointed judges with life tenure” instead of their being made by elected officials. In his 1997 State of the Union Address, Clinton stated that he believed it to be “unnecessary and unwise to adopt a balanced-budget amendment that could cripple our country in time of crisis later on and force unwanted results such as judges halting Social Security checks or increasing taxes.”

A balanced budget doesn't in and of itself rein in federal spending.

In the Supreme Court case of *Missouri v. Jenkins* (1990), justices ruled that federal judges can order local elected officials to raise taxes, even if state law imposes a limit on such taxes. The case stemmed from an attempt by the Kansas City, Missouri, School District to combat segregation in public schools by complying with court directives, even though its ability to raise taxes was limited by state law. The Court ruled that court orders directing lo-

cal governments to levy taxes were “plainly” judicial acts within the powers of federal courts.

A balanced budget doesn't in and of itself rein in federal spending. It is not designed to do so. And it certainly doesn't limit the size and scope of government. In the future, when the U.S. budget reaches \$10 trillion, will that be okay as long as it is balanced?

The real issue is out-of-control federal spending.

The solution to the problem is a simple one, but one with the result that libertarians, fiscal conservatives, and constitutionalists who propose it are viewed as stark raving lunatics: Limit federal spending to only what is authorized by the Constitution. That would mean, at least on the federal level, that there would be no farm subsidies, student loans, foreign aid, refundable tax credits, job training, art and culture grants, funding for scientific and medical research, funding for space exploration, housing subsidies, or Pell Grants; no programs such as Social Security, SSI, NSLP, Head Start, LIHEAP, Medicare, Medicaid, AmeriCorps, CHIP, food stamps, WIC, or TANF; no agencies such as the EPA, TSA, FCC, FHA, SBA, TVA, ATE, SEC, CFTC, CPB, USAID, EEOC, CPSC, FTC,

FDA, DEA, NASA, or FEMA; and, of course, no departments such as Health and Human Services, Education, Transportation, Commerce, Interior, Energy, Agriculture, Labor, or Housing and Urban Development. And no more military-industrial complex, CIA, NSA, foreign military bases, foreign aid, or foreign interventions.

The only way to rein in federal spending is by the wholesale elimination of federal departments, agencies, commissions, administrations, corporations, councils, boards, and bureaus with all of their programs and personnel. Balanced-budget baloney is not going to do it.

Laurence M. Vance is a columnist and policy advisor for The Future of Freedom Foundation, an associated scholar of the Ludwig von Mises Institute, and a columnist, blogger, and book reviewer at LewRockwell.com. Send him email: lmvance@laurencemvance.com. Visit his website at: www.vancepublications.com.

NEXT MONTH:
**“Efficiency Experts for the
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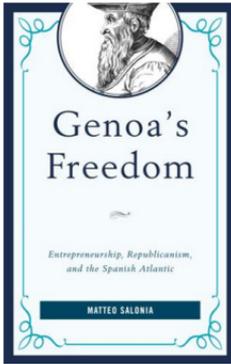
“Business” is a product of civilization and it cannot exist for long in the absence of a specific constellation of conditions, chiefly moral, which support our civilization. The economic ingredient in the constellation is ... free competition.

— William Roepke

Private Government in Genoa

by Lawrence M. Ludlow

Genoa's Freedom: Entrepreneurship, Republicanism, and the Spanish Atlantic by Matteo Salonia (Lexington Books, 2017); 214 pages.



If the city of Genoa had advertised for security services in the 15th century, the job description might have looked like this:

Security-Services Wanted

Entrepreneurs in the city of Genoa recently fired the king of France and seek a replacement to provide security services.

REQUIREMENTS/DUTIES

- Provide cost-effective domestic and foreign security services for 1 year, renewable annually.

- Abide by the Genoese law code and procedures for arrest and prosecution.

- Operate within a fixed budget to be negotiated at contract signing.

- Respond quickly to monthly and ad hoc reviews by Genoa's fiduciary, the Bank of St. George.

TERMINATION: 30-day notice by either party.

SUBVERSION: Attempts to undermine the contract will result in contract termination (see king of France).

CORPORATE CULTURE: The city values unhampered economic activity. As a hiring, you are not to expand or redefine services to include new tasks (mission creep) or place security employees above the law.

The practice and concept of liberty in Genoa

The preceding job description, although fanciful, captures Genoa's spirit at the close of the Middle Ages (roughly from the late 5th century to the end of the 15th century). In his book *Genoa's Freedom: Entrepreneurship, Republicanism, and the Spanish Atlantic*, Matteo Salonia (a lecturer at King's

College, London) explains that the people of Genoa refused to trust government (i.e., the commune of Genoa) to manage the city and its many trading centers in a conventional way. Instead, they assigned the task of city finance and governance to shareholders (bondholders) of the privately owned Bank of St. George. This approach to finance and governance was remarkably successful and enduring in comparison with more conventional practices adopted elsewhere in Italy and throughout Europe.

For the Genoese people, control of their economic lives was more important than membership in a political body.

Most fundamentally, the Genoese people conceived of liberty (*libertà*) in a way that differs from commonly held assumptions about that historical period. Instead of tying it to the exercise of monopolistic political control in a geographically defined area, they viewed liberty as the “freedom to do business.” Consequently, they actually delegated both internal political control (peacekeeping) and foreign defense to leaders of other states. As long as they could conduct business without interference, they believed

their liberty was safe. For them, control of their economic lives was more important than membership in a political body.

Salonia’s work is important for libertarians, voluntaryists, and private-property (ethical) anarchists because Genoa was a vital trading center in the late Middle Ages and early Modern Era, and these aspects of its history have not been told. Furthermore, the practices of other Mediterranean centers, such as Florence and Venice (which functioned along conventional lines), have been recited over and over again. Why? Florentine and Venetian writers were numerous, prolific, and talented, and their widely available writings were accepted as exemplars of political and standard economic thinking. But Salonia has uncovered a much-needed “corrective” of the received narrative by exploring the city archives of Genoa. And those records tell an inspiring story of private individuals’ exercising genuine control over their political hirelings. They also show that the Genoese “were primarily preoccupied with making money, so they did not write masterpieces of political thought; neither did they indulge in numerous philosophical debates on the best government” (p. 74).

Instead of submitting themselves to power brokers engaged in land acquisition, glorified kingship, and the centralized state, the Genoese viewed security services merely as a way to safeguard the utilitarian institutions and physical objects that made their comfortable way of life possible (pp. 74-79). Their poetry and orations, for example, show that the Genoese valued the city for its *useful* features: the lighthouses, the harbor with its vessels and navigators, the massive pier that made the harbor safe, the aqueduct that brought clean water, and the underground tunnel that collected the city's drain-water.

Just as the Genoese avoided the acquisition and administration of an expensive land empire, they also limited government in its domestic role.

Furthermore, rather than listing the names of Genoa's wealthy men one by one, their literature cites the economic activities and attitudes that flourished there, the industrious nature of its citizens, and the vast trading networks dispersed around the world. In other words, the idea of "civic space" emphasized their *economic* activities, not political participation. That distinguishes

them from the devotion to politics that has plagued the West since the ancient Greeks first placed the life of the individual under the jackboot of the *polis*, the same polis that condemned Socrates to death.

Salonia concludes that "the Genoese late-medieval colonial system was characterized by private entrepreneurship, geographical vastness, and adaptability. It facilitated the movement of capital toward more profitable markets and determined the fluidity of the Genoese intercontinental network" (p. 35). He points out a crucial difference in the approach of the Genoese (quoting Tom Scott): "[Unlike] Venice, Genoa never sought to construct a colonial *territorial* empire." And just as the Genoese avoided the acquisition and administration of an expensive land empire, they also limited government in its domestic role. Salonia explains that "as early as 1303 the Genoese had in mind a coherent project of constitutional governance" (p. 54).

That included the conceptual framework famously described by Douglass C. North: "A capital market entails security of property rights over time and will simply not evolve where political rulers can arbitrarily seize assets or radically alter their value" (p. 54). That defini-

tion reminds us of the insights of the great economic historian, Robert Higgs, who coined the term “regime uncertainty” and identified its stultifying effects on business and, as a result, economic progress — especially in his book *Depression, War, and Cold War*. The point is that the Genoese — from generation to generation — were able to protect the rule of law, limit the power of the doge (duke), enjoy financially sound self-government, and safeguard economic prosperity (p. 55). The remainder of this review outlines three examples (among many) of how the Genoese practiced their form of liberty.

Example #1: Private governance of a dynamic trading network

In his second chapter, Salonia introduces us to the resilient and wide-ranging Mediterranean trading network of the Genoese. In particular, he describes the active day-to-day role of businessmen in delegating tasks, acquiring price data, monitoring investments, verifying the honesty of their agents, and doing business of any kind with virtually anyone willing to do likewise. Most vitally, he elucidates the quintessentially capitalistic practice of accumulating capital, perpetually reinvesting this capital to fund ad-

ditional business expansion, and the key role played by individual businessmen in financing the governance of the city — a kind of “private investor” role that ultimately led to the foundation of the Bank of St. George (1407) as a way to institutionalize this practice. The Bank of St. George controlled the use of funds by the commune of Genoa (i.e., the city’s political governing body) by maintaining tight control of the purse strings. As a result, the Genoese flourished economically and exhibited a constant interplay between the aristocracy and day-to-day businessmen — akin to the economic and social fluidity we would expect in a capitalistic economy. Not only did that foster individual entrepreneurial initiative, but it also had a positive impact on the physical security of the Genoese trading network.

Example #2: The physical security of the Genoese trading network

A common objection to large-scale private-sector provision of security services is the claim that it doesn’t work in the “real world.” But Salonia demonstrates that Genoa’s far-flung trading network enjoyed security that was equal to or better than that provided by politically centralized solutions in the face of

the expanding Ottoman Empire of the Turks. One way to measure Genoa's success in defending private property in far-flung locations is to study the Crimean settlement of Caffa (Kaffa), now called Feodosia. This settlement was able to outlast the "10-ton political gorilla" of the Eastern Mediterranean — the city of Constantinople, which fell to the Ottoman Turks in 1453 — by 22 years. And even when it fell, in 1475, its fate was still in its own hands — not in the hands of the Ottoman Turks.

One way to measure Genoa's success in defending private property is to study the Crimean settlement of Caffa.

The story of Caffa is told in a remarkable series of documents located in the state archives of Genoa. They show that the eventual fall of the city was not caused by military weakness. As an overview, I quote Salonia's introduction to the chapter entitled "Self-Government and Self-Perception" (p. 63):

After the fall of Constantinople, the Genoese could have decided to create a public fleet and to grant more powers to the communal government in

order to defend their Crimean colonies. Instead, they decided to transfer the government of the colonies to the private businessmen of St. George [a private bank established to manage and pay back the debts incurred by the city's political government]. This move is noteworthy, because it shows the Genoese's distrust of their doge [i.e., duke] as well as their belief in the power of private arms — even when facing extraordinary challenges.

The Genoese believed they had sealed their own fate because of internal discord within the colony. One manuscript (by an unknown author) describes a dispute among the Genoese inhabitants of Caffa about whether or not to return some slaves who had escaped from the neighboring realm of the Tartar (Tatar) khan, himself a vassal of the Ottoman sultan (pp. 64-65). The sultan had requested the return of the slaves to the local Tartar captain, a man called Eminec, but the Genoese refused. Among the Genoese, there was a dispute about the matter; some looked with favor upon returning the slave, but the opposing Genoese won out. This created a division within Caffa.

As a result, some of the Genoese devised a plot to poison Captain Eminec — eliminating the complaining party. To carry out the plot, they asked the Tartar khan to visit the city and to bring the captain with him. The khan agreed but the Genoese who favored Eminec warned him ahead of time not to eat or drink anything. Even then, the Genoese could still have killed him to “resolve” the issue, but they could not agree on how to carry out the assassination.

It important to see this situation for what it was: The Genoese clearly felt secure enough in their military position vis-à-vis the Tartars and the Turkish sultan to murder a complaining party who was the direct appointee (the captain) of the Tartar khan! They somehow felt that the khan would permit or at least accept it. But the situation took an interesting turn.

Salonia contrasts the Genoese conception of *libertà* with the conventional practice of political state-building and territorial acquisition.

Eventually, after a number of plots were hatched among the Tartars, the Genoese faction that favored the original slaveholding cap-

tain began to engage in a kind of civil war within the city. At that point, the Turkish armada reached the city, and they commenced with a siege. After great suffering, the people of Caffa sent out a delegation of ambassadors to establish a treaty with the Turks, but the ambassadors betrayed the city in exchange for their own safety and the safety of a number of their friends (about 4,000 people). The Ottoman Turks were allowed to enter the city because the people of Caffa believed that agreeable terms had been reached. But upon entering, the Turks imprisoned those who were not protected by the betrayers (pp. 66-67). So the Genoese people of Caffa sealed their own fate.

Example #3: Negotiating for security

Salonia also shows (pp. 69-73) how Genoa negotiated for its security services — first with the king of France (Charles VI) and then with the famed *condottiero* of Milan, Francesco Sforza. In doing so, he contrasts the Genoese conception of *libertà* with the conventional practice of political state-building and territorial acquisition. Like many Renaissance city-states, Venice in the late 14th century sought to dominate its neighbors through conquest. As a result, that city was

soon expending vast quantities of resources on the defense of its land empire. This change in focus was at odds with the early history of the city, when Venetians focused on lucrative trade instead of political conquest. In contrast, Genoa refused to acquire extensive landholdings, and for a period of two centuries, the city “outsourced” its military and domestic peace-keeping functions to foreigners.

The Genosese feared the predatory rule of a compatriot more than the rule of a foreign *signore*.

In 1395, the city was afflicted by civil conflict between factions. Rather than grant additional military and political powers to its own doge (Duke Antoniotto Adorno), the Genoese commissioned the duke to negotiate with King Charles VI of France to send a governor (a *signore*) to protect the treasured *libertà* of Genoa’s citizens, which they valued more than political sovereignty. Clearly they feared the predatory rule of a compatriot more than the rule of a foreign *signore*. Order was restored, and the Genoese prospered. In 1464, there again was civil strife as the doge, Paolo Fregoso, sought to attain domi-

nance in the city. So the Genoese retained an outsider, Francesco Sforza, the duke of Milan, to end the conflict. Once again, economic considerations, which constituted the heart of Genoese *libertà*, were the chief concerns. Furthermore, the Genoese had already shown that when a foreign *signore* became too greedy, they were fully prepared to rebel. So although it is true that both France and Spain were making incursions into Italy at that time, the outlook of the Genoese allowed them to retain through negotiations what was most important to them — their entrepreneurial endeavors.

Conclusion

Even though the idea of a centralized nation-state came to dominate European political theory, Genoa provides a fascinating alternative: a late-medieval form of government that “was lacking almost any fiscal and military power” (p. 165). In its protection of property rights and support for the accumulation of capital (through budgetary laws imposed on government and the use of private banks with shareholders to provide funding), the history of Genoa may even help to explain why European civilization was the first to achieve long-term economic growth.

- They relied on private-sector notaries instead of state diplomats to organize their network of trading posts throughout the Mediterranean and Black Sea.

- Their model of private economic expansion was flexible and spontaneous — responding to changing market signals instead of grand political visions, which is why Genoese settlements survived the dissolution of the Mongolian order in Asia and the advancing Turks much longer than some notable rivals.

- In the 16th century, the unique Genoese conceptions of sovereignty and political legitimacy meant that Genoa did not create a territorial state, standing army, or a publicly controlled military fleet to counter the incursions of France and Spain into the Italian peninsula.

Most critically for those who study the Americas, the entrepreneurial, mercantile, legal, and banking institutions of Genoa played a central role in the vast shift of economic activities from East to West after the fall of Constantinople — as Europeans focused less on trade with East Asia and began to exploit opportunities in the New World. Indeed, some of the most riveting

material in the book addresses the role of Genoa in developing Central and South America with Spain. Unlike other European royal houses, the Spanish Hapsburg rulers with their far-flung empire were able to appreciate the curious spirit of the Genoese. As a result, both nations shared a mutually beneficial relationship that harnessed Genoese business practices, entrepreneurial energy, colonial techniques, diplomacy, and administrative know-how. To this very day, one can find Genoese communities dispersed across Latin America. They serve as reminders that, in addition to the military might of Spain, decentralized individual efforts played a key role in New World developments.

Lawrence M. Ludlow provides international location analyses, technical writing, and marketing services to corporate clients. He holds an M.A. in medieval studies from the University of Toronto's Centre for Medieval Studies and has lectured on manuscripts, early printing, and art history at the Newberry Library in Chicago and at the San Diego Public Library.

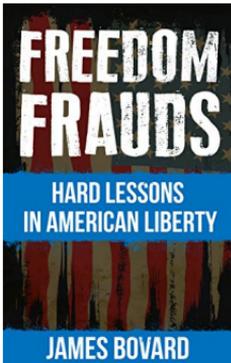
The WORLD is not sufficiently aware of the influence that sophistry exerts over it. When the rule of the stronger was overthrown, sophistry transferred the empire to the more subtle, and it would be hard to say which of these two tyrants has been the more disastrous for mankind. Men have an immoderate love of pleasure, influence, prestige, power — in a word, wealth. And, at the same time, they are driven by a powerful impulse to obtain these things for themselves at the expense of others. But these others, who constitute the public, are impelled no less powerfully to keep what they have acquired, provided that they can and that they know how. Plunder, which plays such an important role in the affairs of the world, has but two instruments: force and fraud, and two impediments: courage and knowledge.

— Frédéric Bastiat

Freedom's Frauds

by George Leef

Freedom Frauds: Hard Lessons in American Liberty by James Bovard
(Future of Freedom, 2017), 184 pages.



James Bovard has been a thorn in the side of the statists for decades. His books and columns have exposed the incompetence, hypocrisy, arrogance, and sheer venality of the American political class much as H.L. Mencken did in the early part of the 20th century. Like Mencken, Bovard cuts right through the mind-numbing slogans, deceptions, and outright lies they use to wheedle the support of clueless voters. To read Bovard is to get the antidote for the poison of government propaganda. Once you've read him, you can think clearly about the state.

One of the complaints that “mainstream” writers level against libertarians is that they cause people to distrust government and lose their faith in democracy. To that supposed crime, Bovard must plead guilty. Ordinary people, he shows again and again, should distrust government because it is primarily devoted to enriching those who know how to take advantage of its power to coerce, and they should not have any faith in democracy because it has become a smokescreen covering a vast array of violence and theft. This book demolishes the notion that government — from the local cops to the president of the United States — operates in the public interest.

Freedom Frauds is a collection of Bovard's columns written in the 1990s and up until 2017. They cover a wide range of topics including war, regulations, government “jobs” programs, police lawlessness, eminent domain, and tax laws and their abuse. The common thread running throughout is that the state and its minions are enemies of people who just want to live their lives in peace.

Early in the book we learn that Bovard came to his radically anti-statist views gradually. He grew up in Virginia, in a conservative fami-

ly, participated in the Boy Scouts, supported the Vietnam War because it was against the terrible commies, and accepted the standard civics textbook depiction of the greatness of American democracy. But once he was old enough to work, Bovard started to realize that government worked more like a conspiracy to mulct the productive for the benefit of the unproductive. One of my favorite essays is entitled “How I Learned Not to Shovel.”

In it, he writes, “I learned a lot about the nature of government work during the summer I spent on the payroll of the Virginia Highway Department, digging postholes, cutting brush, and, best of all, wielding a chainsaw — an experience that proved invaluable for my future work as a journalist.... For some reason, I was usually assigned to the crew renowned as the biggest slackers. Working slowly to slipshod standards was their code of honor. Anyone who worked harder was viewed as a menace.”

Another thing Bovard learned from that highway work related to the war on drugs. He discovered that many of the prisoners who were compelled work on road crews were not truly criminals at all, but rather were just ordinary people who had been put behind bars for

harmless drug offenses. The state treated those men as demons but Bovard understood that they were “human beings who had transgressed an arbitrary line between licit and illicit conduct.” What he learned about the waste and evils of government that summer would later prove invaluable to him.

Those who enforce the law often trample the rights to life, liberty, and property of the very people they are supposedly sworn to protect.

Throughout the book, Bovard gives readers penetrating insights into what we call “law enforcement.” The problem is that those who enforce the law often trample the rights to life, liberty, and property of the very people they are supposedly sworn to protect. The police, he makes clear, have their own incentives that often work contrary to freedom and justice for the citizenry. The instances Bovard cites range from the merely annoying (for example, police quotas for DUI arrests, which lead to harassing stops of many perfectly sober drivers) to lethal encounters such as that of Eric Garner, who died of a heart attack, very likely induced by a chokehold by a New York police

officer during an arrest for selling individual cigarettes.

The really disturbing news is that the police are rarely held to account, even for murder. For instance, FBI agent Lon Horiuchi shot and killed Randy Weaver's wife (while she was holding their baby) in the infamous Ruby Ridge, Idaho, case, but was never punished. Federal officials pulled out all the stops to make certain that Horiuchi went free. Something is badly awry in a country where government agents can harass and even kill innocent people. Conservative "law and order" types who are inclined to automatically believe that law enforcement officials are "good guys" who are dedicated to protecting the people will have to come to grips with the strong evidence Bovard amasses to the contrary.

Padding pockets

Falling in between harassing highway stops and lethal shootings or chokings is a host of police abuse that Bovard exposes. Consider, e.g., civil-asset forfeiture, the practice of seizing private property from its owner based solely on suspicion that the property was somehow involved in or the fruit of criminal activity. After the police grab the property, it is up to the owner to

fight through a maze of legal procedures that are stacked against him to prove his innocence and recover the property.

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Bovard recounts the idiotic case *Bennis v. Michigan* in which a woman's car was seized because it was "involved" in a crime. What crime? Her estranged husband had taken the vehicle for a liaison with a prostitute. Obviously, Bennis herself had done nothing wrong and her car couldn't be guilty of anything. It seems like something out of *Alice in Wonderland* until Bovard explains that police budgets are padded when they sell forfeited property. Why bother with the dangerous work of fighting true crime when nailing someone for a non-crime to seize lucrative property can pay off so nicely?

And before leaving the subject of private property, Bovard excoriates government for another category of offenses — eminent domain. Perhaps unwisely, the Constitution grants government the power to take private property by eminent domain, provided that

just compensation is paid and the land will be put to some public use. Unfortunately, the Supreme Court opened the door to abuse of eminent domain in 1954 when it ruled in *Berman v. Parker* that land confiscation just for beautification was permissible. With that precedent, local officials began seizing large tracts of land, usually from poorer people so that know-it-all planning elites could redesign cities. The result was “urban renewal” projects in cities great and small, which did grave damage to their social fabric, unleashing a wave of homelessness and violence.

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Bovard correctly notes, “The combination of the Court’s acceptance of legislatures’ definition of the public interest and its deference toward government agencies’ interpretation of laws creates an overwhelming bias against citizens who are seeking relief from government oppression.” Indeed so — just ask Susette Kelo, whose modest home was taken so that New London, Connecticut, officials could hand a large tract of land over to a compa-

ny (Pfizer Chemicals) just because Pfizer would presumably pay more in taxes than the homeowners did. That eminent-domain case ended when the Supreme Court sided with government planners, ruling that they could use eminent domain as long as they claimed that the public will somehow benefit from a land seizure.

By that point, Bovard probably has “liberals” who believe in the beneficence of government planning feeling uneasy.

Bovard never pulls any punches, but arguably his strongest attacks are against politicians who say they are advancing or protecting our freedom, when in fact they are undermining it.

First, he blasts Franklin Roosevelt for “telling people that control of their lives was a mirage; thus they lost nothing when government took over.” Especially damaging was his 1941 “Four Freedoms” speech, where he claimed that people deserve freedom from want. That notion, Bovard writes, “liberated government while making a pretense of liberating the citizen.” Roosevelt later expanded on that statist idea by declaring in 1944, “True individual freedom can’t exist without economic security.” Ever since, presidents of both major par-

ties have justified increased federal domination over Americans as necessary to provide everyone with economic security. “Roosevelt’s Four Freedoms speech provides a push-button invocation for any U.S. president who wants to sound as though he cares about liberty,” Bovard writes.

Fraudulent freedom language is often used by presidents when they want public support for foreign military adventures.

The idea that you aren’t really free unless you have been guaranteed financial security by the state may sound reasonable, but it is very pernicious. It steals from the productive and turns the needy into dependents. Bovard attacks it straight on: “Faith in welfare state freedom depends on a political myopia that focuses on only one side of the ledger of government action. It measures freedom according to how much government does for people and totally ignores what government does to people.... In an age of unprecedented prosperity, government tax policies have turned the average citizen’s life into a financial struggle and ensured that he will likely become a ward of the state in his last decades.”

Boundless trust

Moreover, fraudulent freedom language is often used by presidents when they want public support for foreign military adventures. George W. Bush was particularly brazen in that regard, arguing that the terrorists “hate us for our freedom” and therefore the United States must fight wars in places such as Iraq and Afghanistan so that Americans can remain free. All a president needs to say is that we are fighting for freedom and off go thousands of American soldiers to kill and be killed in remote parts of the globe. Bovard acidly writes, “Bush freedom was based on boundless trust in the righteousness of the rulers and all their actions. Bush offered Americans the same type of freedom that paternalist kings offered their subjects in distant eras. But Bush’s supposedly lofty intentions were no substitute for the Constitution and the rule of law.”

Thanks to the way our presidents have undermined the rule of law and debased the language, we are gradually losing our freedom; it “is destroyed piecemeal, one emergency edit at a time and with continual public assurances that the government does not intend to go any further — unless absolutely forced to by events beyond its

control,” our author accurately observes.

Of course, such events keep occurring and government power keeps expanding. It isn't our savior; it isn't our friend — it's our enemy.

I would love to send every American a copy of *Freedom Frauds*, but if I could select only one group, I would send it to young people. Let them get a true understanding of the nature of govern-

ment at an early age — before all the political messaging and deception takes hold of their minds. Guarding against that is the inestimable value of Bovard's book.

George C. Leef is the research director of the Martin Center for Academic Renewal in Raleigh, North Carolina.

This is the shabby secret of the welfare statist's tirades against gold. Deficit spending is simply a scheme for the "hidden" confiscation of wealth. Gold stands in the way of this insidious process. It stands as a protector of property rights. If one grasps this, one has no difficulty in understanding the statist's antagonism toward the gold standard.

— Alan Greenspan

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THE FUTURE
of
FREEDOM FOUNDATION

11350 Random Hills Road
Suite 800
Fairfax VA 22030

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www.fff.org

fff@fff.org

Tel: 703-934-6101

Fax: 703-352-8678