

## The Case Against Nancy Pelosi – Part I



### **Why Her Ideology, Intentions, and Power Are a Dangerous Threat to Liberty and Prosperity**

Presented by:

**Dana Walsh for Congress**  
Eighth District, California

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### **Why Her Desire for Government Growth is Economic Suicide And a Threat to Liberty and Prosperity**

“The price of freedom is eternal vigilance,” said Thomas Jefferson, and vigilance is most critical concerning the character and conduct of our elected leaders. Freeing Congress of Nancy Pelosi is an important challenge, for she is the wrong person to lead in circumstances requiring sober, experienced judgment. Nancy rules as an entrenched political animal, one who “owns” her district and achieved her position after years of political allegiance buying. What the country needs in a Speaker in these trying times is a statesman, not a political partisan who diminishes the Speakership with her words and actions. Nancy’s personal approval rating and that of the Congress under her leadership are at historic lows. <sup>1</sup>

Nancy has served in Congress since April 1987 (winning her seat with just 36% of the vote), representing an ultra-liberal stronghold. But, what are Nancy’s credentials, really? She’s a San Francisco socialite – with an attitude and a wide network of wealthy donors. She was elected Speaker without overwhelming support by a 118-95 margin; she was (and remains) a leftist insurgent and far more radical, according to Dick Morris, than the “regular” Democrats. But, we live in very serious times. *Actual* experience-based leadership is essential. Her polarizing and radical positions, mean-spirited divisiveness and blame games, machine politics, and focus on parochial interests put the country on a path to failure. Politics and power over people and principle is a bad way to run a country.

The case against Nancy Pelosi is compelling: The U.S. faces monumental, varied, and grave problems. Nancy is not equipped to seriously and competently face, address, and manage, much less solve, such problems. Meddling liberal do-gooders have one mission: to serve political donors, and perpetuate their own political kingdoms by expanding the dependent class at public expense. Elected officials like Nancy can’t be trusted to stand up for citizens’ actual rights and interests, because doing so conflicts with the demands and imperatives of *special* interests to whom they are beholden; they won’t take the political risk of offending those interests.

"It is a misfortune incident to republican government, though in a less degree than to other governments, that those who administer it, may forget their obligations to their constituents, and prove unfaithful to their important trust." --James Madison

Big government politicians and their big-government ideas are largely responsible for creating and fostering many of the problems we face. In their zeal to wield power, they’re careless about constitutional values. It’s foolish and unrealistic to expect that those responsible for these problems recognize what they’ve created, much less have the ability to solve them. It’s questionable whether they even have any genuine interest in ending them. Looming problems are, after all, the lifeblood of big-government politicians – without such problems they wouldn’t hold the power they do. Solving problems *poses* a problem for the power focused – it diminishes their relevance.

Leaving Nancy in power requires that we abandon our nation’s first principle: individual liberty. If we yield to Nancy’s reign, we’ve surrendered. There *is* a better alternative.

## Government Spending – For Nancy, “It’s Never Too Much”

Nancy Pelosi believes, as do most leftist public servants, that their intentions and compassion are what matter, not so much the results of their actions (they accept no accountability). Their high-minded intentions lead them to embrace this mantra: "What greater service we could render if only we had a little more money and a little more power." But, it's been clear at least since Greek / Roman historian and biographer Plutarch (AD 46 – 120) so warned that, "The real destroyer of the liberties of the people is he who spreads among them bounties, donations, and benefits." Plutarch's truth is apparently unknown to Democrats like Nancy Pelosi. They don't pause to observe the results or consider the harm done by their well-intentioned programs. They don't recognize the sage proverb, "The road to hell is paved with good intentions." We're closer to hell now, and it's time to get on a better road.

Nancy wants to not only help the helpless, she wants to help the clueless<sup>2</sup> too. Democrats want to help *anyone* who is a *potential* dependent – institutionalizing the culture's "victim" mentality – because it ensures loyal and growing voting constituencies. If they could get away with it, Democrats would distribute most anything as a demographic bribe; they routinely take policy positions not because those policies work, but to get votes, and, of course, political donations. An honest government supports the productive and focuses government programs only on those who legitimately need help, i.e., those who can not help themselves. With Nancy in control, that notion is a pipe dream.

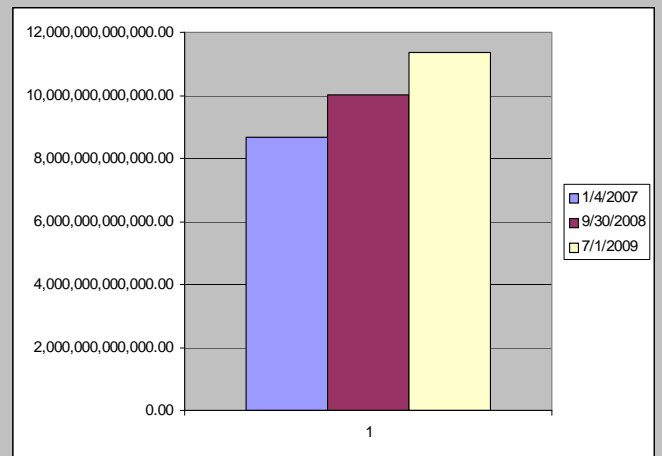
History repeatedly shows that governments can't spend their way out of a slow economy. Japan in the 1990s and U.S. in the 1930s spent massively to little avail. In fact, we have yet to see any evidence that government spending and government aid programs have ever actually

There can be no security anywhere in the free world if there is no fiscal and economic stability within the United States. – Ronald Reagan

accomplished their stated mission or *solved* a social or economic problem. Yet Obama, with Pelosi's enthusiastic support, proposed more spending in the first six weeks of his administration than all federal spending from the founding of the country to the start of his term<sup>3</sup> – and they've only started.

**How Much Spending?** Despite history's lessons, under Nancy's "leadership" the Left in Congress have rammed through *trillions* of dollars of new government spending, causing all congressional Republicans and even some Democrats to recoil. Nancy has enthusiastically shepherded \$12.8 Trillion in spending or commitments through Congress since fall 2008.<sup>4</sup> The \$787 billion stimulus package is little more than a spending wish list, which won't hasten economic recovery, but will hinder it. Under the FY2010 3.5 Trillion budget spending will rise to 28.5% of GDP,<sup>5</sup> the highest ever, and the Congressional Budget Office (CBO) projects the budget deficit for the fiscal year ending September 30, 2009 will *triple* to a record \$1.85 trillion,<sup>6</sup> up from last year's already obscene (thanks to bipartisan overspending) \$454.8 billion—and nearly quadruple that previous annual record. Almost 50% of each dollar of federal spending will be borrowed through selling Treasury securities.

Since Pelosi and the Democrats regained control of Congress on January 4, 2007 \$2.69 trillion has been added to the total national debt. That's a 31% increase in less than 2½ years. When Nancy became Speaker, the national debt was \$8,670,596,242,973.04 -- that's \$8.67 trillion. On July 1, 2009 the national debt was \$11.365 trillion.



Source: <http://www.treasurydirect.gov/NP/BPDLLogin?application=np>

It took the nation its entire history, **233 years**, to rack up its 2008 \$5.8 *trillion* national debt (debt held by the public, which excludes intra-governmental holdings like social security), but, *incredibly*, that figure will also nearly *triple* in just **10 years** under the Pelosi-approved Obama 2010 budget, according to the CBO.<sup>7</sup> Total federal debt will soar from 41% of GDP to 82% in those 10 years.<sup>8</sup> More will be added to the national debt by Pelosi's congress than under the first 43 presidents combined.<sup>9</sup> Unconstitutional earmarks in the budget number 10,160 and the dollar amount for those earmarks is \$19.6 billion, up from \$17.2 billion in 2008.<sup>10</sup>

During George W. Bush's tenure Congress also over-spent, adding \$2.3 trillion to the national debt. That was bad enough, and Nancy denounced it as "deficits as far as the eye can see." But, Speaker Nancy ardently supports the *Democrat* budget, and she made it a reality – emptying the treasury, ruining our credit, and debasing our currency. As we witness the most fiscally irresponsible government in U.S. history, Nancy boasts of her fiscally responsible accomplishments. Prudent Americans can't believe they're watching the Speaker of the U.S. House of Representatives applauding while deliberately tanking the country's economic future, and further diminishing the Speakership.

Republican Senator Judd Gregg, an Obama commerce secretary nominee, when asked about Congress' spending under Pelosi told the Wall Street Journal, "We're headed on an unsustainable path. The simple fact is these [budget] numbers don't work and the practical implications of them are staggering for the nation and the next generation. ... [T]he Obama budget projects on average about a \$1 trillion deficit [every year] over the next 10 years. ... You see the size of government growing from 21% [of GDP] ... toward 30%."<sup>11</sup>

Despite these numbers, and the prospect of ongoing Trillion dollar deficits (which knock rational people off their chairs), it's only the beginning (of the transformation). Regardless of the "crisis," these government spending and deficit levels pose dire and inevitable economic consequences. The Dollar's value will decline, inflation will accelerate, taxes will increase, and future generations will pay for our spending (which itself is a moral outrage!). Recovery from these mistakes may not be possible.

**It's time to get serious and stop the feckless, irresponsible, cynical politicians** who persist in advocating policies and practices proven to fail: more spending, more government, unsustainable and immoral debt, more centralization of power, and more power for politicians like Nancy and their bureaucrats. Over and over again these politicians fail to solve problems, and instead saddle the country with *more* problems. Worse, they refuse to acknowledge that their ideas and their spending don't work, can't work, and haven't worked. Nancy is their figurehead ... their embodiment.

Nancy promotes irresponsible spending and expects responsible taxpayers to foot the bill; she insists on unprecedented deficit spending with no plan detailing where the money will go, how the obscene spending will

If you're looking at what we're doing in Washington and you're not upset, the problem is with you, not the [tea party] protesters. The Obama budget triples the national debt. In 2019, we'll pay more interest on the national debt than [we pay for] the Defense Department.

He raises taxes on job creators. He cuts the defense budget dramatically over a 10-year period. This is a budget that's a nightmare for the country. The stimulus bill and the omnibus bill together have spent more money in 90 days than we did in Iraq, Afghanistan and Katrina combined.

People need to be upset. This is a complete, absolute abandonment of fiscal discipline, and the Obama budget is a road map for disaster that will bankrupt this country. I am glad people took to the streets. There's nothing wrong with you. The problem's wrong in Washington.

This is not the change people were hoping for. This is unbelievable growth in government at a time we can afford it the least.

--Senator Lindsey Graham (R-SC),  
Fox News Sunday April 19, 2009

One of the most important talents for success in politics is the ability to make utter nonsense sound not only plausible but inspiring.

– Thomas Sowell

occur, or how it *actually* creates economic growth. (Yet Nancy and Congress demand that private sector companies like GM explain *exactly* how they will use bailout money.) She carelessly states that the country can *survive* trillion dollar deficits, arrogantly insisting that Congress pass the stimulus bill without even reading it, or permitting time for a detailed public review, trying to conceal its shameful pork, waste, political payoffs, and influence peddling from the public.

Congress has a singular role in appropriating (spending) the nation's money, and does so under Nancy's "leadership." Remarkably, Nancy casually blames "Bush" for all past and present spending, excusing Congress' Democrats. Yes, the leader of the government's legislative branch either doesn't know what her job is or thinks the public doesn't know. She can't abide deficits under Republicans, but advocates Democrat deficits never before imaginable. Because she is so hopelessly entrenched in petty partisan politics, she's blinded and can't lead effectively. To her, Boogeyman Bush was reckless and irresponsible for allowing deficit spending; she's not. The dishonest inconsistency is as troubling as the reckless spending itself. While she habitually blames others, she's unaccountable to the country. Her sorry lack of expertise in economics and history, and her lack of respect for America's taxpayers, are an embarrassment to the office she holds.

"When you tax something you get less of it, and when you reward something you get more of it."

"Our friends in the other party say the economy is moving forward, and it is. But it is moving like a ship dragging an anchor, the anchor of high taxes, excessive regulation and big government."

— Jack Kemp (1936-2009)

**Nancy Pelosi represents all that is wrong with government.** In 2009 we are watching an imperialistic government destroy our Constitution and two centuries of liberty. She desires and intends to reshape American politics, society, and the economy. According to Nancy's standards, some individuals have a right to the earnings of (the wealth produced by) other individuals – and in her twisted world view this is "fair." Nancy thinks government has every right to take money directly from the producers' pockets (money that the government did not produce), and give it to Democrat loyalist groups like ACORN. (In the private sector this would be a felony.) Nancy and her political allies believe that citizens work for the benefit of Washington DC, not for themselves and their families.

"The principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a large scale." --Thomas Jefferson

"The multiplication of public offices, increase of expense beyond income, growth and entailment of a public debt, are indications soliciting the employment of the pruning knife." --Thomas Jefferson

"The earth belongs to each of these generations, during its course, fully, and in their own right. The 2d. generation receives it clear of the debts and encumbrances of the 1st. The 3d of the 2d. and so on. For if the 1st. could charge it with a debt, then the earth would belong to the dead and not the living generation. Then no generation can contract debts greater than may be paid during the course of its own existence."

-- Thomas Jefferson, Letter to James Madison, 1789.

But, Socialism, the grim, unacknowledged reality behind Nancy's folly, doesn't provide for the general welfare; it discourages entrepreneurial activity, and stifles freedom, liberty, and happiness. Socialism fails because, like cancer, it destroys what it feeds on; socialism feeds on both "producers" and "dependents." It consumes producers' resources, stealing their ability to produce; it destroys dependents' initiative, stealing their desire to produce. Nancy has no sense of how economically destructive her redistributionist policies are.

Economists warn that American free enterprise will be wiped out by the generational tax burden imposed by this spending. Historically, ending an economic crisis requires that businesses and entrepreneurs be able to invest and hire. Reagan observed, "You just simply can't tax the rich enough to make this all up. Raising taxes will slow economic growth, reduce production, and destroy future jobs, making it more difficult for those without jobs to find them and more likely that those who now have jobs could lose them."

But, Nancy and her Democrats don't accept this simple truth. To them, the key to recovery is apparently to siphon more money from the struggling private sector via new tax regimes to fatten government coffers. She thinks that Democrats are somehow exempt from the laws of economic reality and logic – and is determined to gamble that massive, unprecedented government spending (and borrowing and printing money) will suddenly work now that Democrats are in charge. Human history yields no discernable evidence that such actions have ever worked.

In the "Wall Street-to-Washington Power Grid," rules that no individual would ever follow seem to apply. In Nancy's worldview, if a bank fails because it loaned billions to unqualified borrowers, no problem! That's why the federal government exists – to save banks from their own reckless, negligent conduct. We'll just give banks billions of taxpayer dollars that we haven't collected yet to cover their losses and make sure their bonuses are paid, because it's our job to prevent them from failing. Government's job is to make sure nobody fails (at least not anybody who has made political campaign contributions). Your trillion-dollar budget has no room for a *new* set of big-government entitlements? No problem: We'll just print a few trillion *more* dollars -- and worry about inflation later.<sup>12</sup>

What has Nancy *ever* done to cut federal spending (except spending on national defense)? Nothing! In her mind the *growth* of government is the *solution* to all problems.



## The Relentless Advance of Government Control

America has long had a well-defined, successful relationship between the private sector and the government, one where the economic sphere is deliberately separated from government. This has directly produced America's historic, unprecedented prosperity; it is central to America's genius. But our government is now spiraling out of control, and Nancy's leading the charge. It's time to heed Jefferson's prescient warning: "A government big enough to give you everything you want is big enough to take away everything you have."

Nancy and Democrats constantly stoke citizens' fears and anxieties about financial and other "crises" that will continue unless government "does something." Pelosi assures her Democrat allies they will gain from such "crises" the ability to make profound changes to the relationship between government and the private sector – and the U.S. economy.

Pelosi and her Democrats use "crisis" to incrementally seize control of our private economy and hand it to the government. Without the "perception of panic" her ideas would fall flat and never make it through Congress. So they must do these radical things now, while everyone is filled with nervous uncertainty. Once stability returns, it's too late.

**They are going to grow this government.** Nancy advocates an unprecedented expansion of government and intends to control ever more of our private and economic lives. Under her "leadership," the government is annexing (socializing) the American economy, occupying the private sector, and assaulting market capitalism. These are Nancy's goals. Her policies put government before the people. We are being "dumbed down" so we will accept an increasingly intrusive government; as we do, our national character is transformed. Little can stop this until citizens wake up and turn Democrats like Nancy out of office.

"In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself." --James Madison, **Federalist No. 51**

"We are a nation that has a government -- not the other way around. And this makes us special among the nations of the earth. Our government has no power except that granted to it by the people. It is time to check and reverse the growth of government, which shows signs of having grown beyond the consent of the governed." --Ronald Reagan

"Americans face a choice: They can rediscover the animating principles of the American idea -- of limited government, a self-reliant citizenry, and the opportunities to exploit your talents to the fullest -- or they can join most of the rest of the Western world in terminal decline." -- Columnist Mark Steyn

TARP funds already "invested" in banks, insurance companies, and the auto makers, there appears to be no limit to Nancy's and Democrats' intentions to interfere with and control large parts of our economy. GM and Chrysler may only be the beginning of a long descent into government ownership. As of June 1, 2009, the federal government owns 60 percent of GM; the United Auto Workers own 17.5 percent. After the September 2008 nationalization of Fannie Mae and Freddie Mac, 85% of the mortgage market is now under government control. A once vibrant mortgage industry has collapsed because of wrongheaded government policies. Nationalizing health care will permanently change citizens' relationship to the state, and will hook them on unsustainable levels of government services. Implementing "cap & trade" will enable government to dictate who gets how much energy, essentially shutting down market decisions and ruining American competitiveness. In April 2009 it became clear that Democrats want government to not only "assist" these industries, but to be a stakeholder.

**Venezuela's Chavez Cheers** -- Any doubt about how un-American and radical this is ended when Venezuelan dictator Hugo Chavez said in early June 2009 in a lecture on socialism: "Hey, Obama has just nationalized nothing more and nothing less than General Motors. Comrade Obama! Fidel [Castro], careful or we are going to end up to his right!" Now socialists and communists cheer our Democrats on! Nancy's comrade Barney Frank also sees the government as hero. When asked if he was

Nancy and Obama's administration are moving the country from entrepreneurship and private initiative to a European model of regulation and government control. She *wants* us to be like them - despite their obvious failures and economic stagnation, and despite the low-tax, low-regulation economic successes of Singapore, Chile, and Hong Kong.<sup>13</sup> (Ireland, Estonia, and Georgia are also economic miracles that occurred following steps to free their economies.) Nancy refuses to recognize that economic freedom is vital to good economic performance,<sup>14</sup> and that certain economic models work, and others repeatedly fail. She prefers the ones that fail for some reason, or perhaps she is oblivious to the distinctions.

The Russians are snickering now as U.S. citizens do nothing about their country's slouch toward Socialism; they know where we're headed. Socialism doesn't require nationalizing every U.S. business; it only requires that government control those that control *the finances* of U.S. businesses. We're there - the government has its tentacles wound around America's business. With

"If you put the federal government in charge of the Sahara Desert, in five years there'd be a shortage of sand."

--Nobel prize-winning economist Milton Friedman (1912-2006)

"There was a lot of wisdom in the 18th century. The Constitution of the United States set out to limit the powers of the federal government, but judges have greatly eroded those limitations over the years and the dispensing of bailout money has allowed the Obama administration to exercise powers that the Constitution never gave them."

--Hoover Institution economist Thomas Sowell

concerned about government meddling in General Motors, Frank said: "That's a very odd question. If the government hadn't 'meddled' in General Motors, there would be no General Motors. 'Meddle' is what you say when you don't like it. 'Involve' is what you say when you do."<sup>15</sup>

Government "involvement" only *compounds* problems. When the government is a stakeholder in the private market, the market is no longer private. Government's presence corrupts all of the market's ordinary incentives, influences, and motives. Political imperatives are substituted for reason and neutral economic logic in business decisions. Factors completely outside the businesses' realm become highly relevant. Lacking a genuine understanding of business fundamentals, surrogate political decision-makers are left *guessing*, which inevitably leads to Crony Capitalism.

"The difference between the path toward greater freedom or bigger government is the difference between success and failure; between opportunity and coercion; between faith in a glorious future and fear of mediocrity and despair; between respecting people as adults, each with a spark of greatness, and treating them as helpless children to be forever dependent; between a drab, materialistic world where Big Brother rules by promises to special interest groups, and a world of adventure where everyday people set their sights on impossible dreams, distant stars, and the Kingdom of God. We have the true message of hope for America."

--Ronald Reagan

The corruption causes *serious* inefficiencies. Economic inefficiency reduces prosperity and stifles opportunity. When the government takes over GM, it is suddenly regulator of *and* competitor to, say, Ford Motor Company. When the game's referee has a vested interest in the opposing team's success, it poses a problem: as the referee, government can change the rules of the game any time to suit its convenience and assure that it wins. This renders the market dysfunctional, unable to make economic choices freely.

**Nancy's leftist agenda undermines our nation's great Constitution and founding principles.** Sadly, it seems Nancy has little understanding of these realities and even less respect for the U.S. Constitution. Her policies and views seek to

control personal conduct; she is systematically dismantling the conditions necessary to enterprise and prosperity. She's a dutiful socialist and statist.

Socialists and statist haven't advanced human civilization, prosperity, or liberty. They've succeeded only in advancing their own power, which requires that they dismantle the things necessary for human prosperity. To secure their power, they destroy liberty, especially when annexing the economy. The Russians know this. In late April 2009, Pravda, the Russian daily, ran an article by Stanislav Mishin entitled, "American Capitalism Gone with a Whimper," which notes that American Democrats are tanking the American way of life. Mishin observes: "It must be said, that like the breaking of a great dam, the American descent into Marxism is happening with breath-taking speed, against the back drop of a passive, hopeless sheeple, excuse me dear reader, I meant people. ... [Their] spending and money printing has been record setting, not just in America's short history, but in the world. If this keeps up for more than another year, and there is no sign that it will not, America at best will resemble the Weimar Republic and at worst Zimbabwe. ... Prime Minister Putin, less than two months ago, warned Obama not to follow the path to Marxism, it only leads to disaster."<sup>16</sup>

Nancy wants to punish (burden) enterprise and prosperity through taxation and regulation (e.g., by imposing a cap & trade regime on carbon), and the *political* allocation of wealth and opportunity. She thinks government must control and regulate the "private sector" to prevent greedy people from doing bad things, but she refuses to acknowledge what the Founders knew:

"The essence of Government is power; and power, lodged as it must be in human hands, will ever be liable to abuse."

--James Madison, speech in the Virginia constitutional convention, December 2, 1829

"To cherish and stimulate the activity of the human mind, by multiplying the objects of enterprise, is not among the least considerable of the expedients, by which the wealth of a nation may be promoted."

--Alexander Hamilton, Report on Manufactures, December 1791



that the government itself must be controlled and constrained. To Nancy, government control is a brilliant solution to most anything (but only when Democrats are in charge). In Nancy's world, government *is* legitimacy, it can do no wrong, and it always, by its nature, improves the human condition. In her view, "government" has no limitations, and it always *successfully* executes its appointed tasks, because it is comprised of well-educated, dedicated elitists who know better and have good intentions. She is utterly (and willfully) blind to government's proven limitations and inefficiencies.

**Nancy wants Americans to be dependent on the federal government** for their basic needs. She has a vested interest in advancing policies that generate more reliance and dependency, and that institutionalize a permanent welfare constituency. This dependency creates a highly reliable voting class. It also makes people more inclined to surrender their liberties for a quiet life of government-sponsored "security." Once comfortable as wards of the state, it's easy for big-government (with the complicity of a fawning media) to manipulate their thoughts (because their independence is gone).

As a committed big-government believer Nancy is apparently convinced that:

- Only the government can solve citizens' problems or run the economy.
- Individuals are not capable of leading independent, productive lives – they can't help themselves.
- Individuals don't have what it takes to succeed without government support.
- Free individuals can't be trusted to run their own lives and exploit their own potential.

Given Nancy's policy positions, it's difficult to imagine that she believes in personal responsibility, or wants (trusts) free people in a free society. Her policies don't give people more choices and more control over their lives – they limit individual choices and control. She likely doesn't think that people can govern and police themselves - that's not their province; it's the benign paternalist state's province. Has Nancy ever said, "Well, I just don't think that is an appropriate subject for government to get involved in?" Or, "Individuals have a duty to govern themselves well?" Or, "You can't always go crying to the government when life is unpleasant?" No. She hasn't and won't advocate market-based solutions to public issues, because she believes that the private sector is inherently bad – and that freedom causes pain. She can't bear letting Americans (or anybody else) suffer the consequences, or reap the rewards, of their own action or ideas. There is no belief in the individual.

Nancy's judgments are profoundly shortsighted, and pose grave implications for those who value freedom. Long term, her policies (the welfare society) lead to what Hilaire Belloc called "the infantilization of the population" in his 1912 book *The Servile State*, a process that ensures increasing needs and decreasing individual ability. Eventually, as all the producers yield to dependency, and citizens no longer function as adults, society is dysfunctional.<sup>17</sup> Who will Nancy have pay for government when the producers are gone?

**Our government was instituted solely for the purpose of ensuring the preservation and protection of individual liberty.** The reason is simple. When individuals are at liberty, they prosper. When they are not, they don't. Individual liberty is the one thing human prosperity and advancement require. Unfortunately, evidence,

"A fondness for power is implanted, in most men, and it is natural to abuse it, when acquired."

--Alexander Hamilton, *The Farmer Refuted*, 23 February 1775

It is not conceivable that a Reagan or Kemp would have directed the U.S. economy's legendary energies into building hybrid cars, windmills and bullet trains. It would not have occurred to them that America's next Silicon Valley - - Apple, Intel and Oracle -- could grow out of "investments" listed in the federal budget. This would not have occurred to either man because their politics were rooted in the 300-year-old, singularly American tradition of individuals freely deciding how to spend their productive hours and money inside a public system that mainly provides security and safety.

-- Wall Street Journal Columnist Daniel Henninger, May 8 2009

logic, and history, don't factor into Nancy's views and conclusions. Ultimately, Nancy's policies lead to the denial of liberty and, to that extent, interference with prosperity.

"I believe President Obama has proposed the most significant shift toward collectivism and away from capitalism in the history of our republic. I believe his budget aspires to not merely promote economic recovery but to lay the groundwork for sweeping expansions of government authority in areas like health care, energy and even daily commerce. If handled poorly, I'm concerned this budget could turn our government into the world's largest health care provider, mortgage bank or car dealership, among other things."

-- **Senator Tom Coburn** (R, OK),  
RealClearPolitics.com, April 2, 2009.

"Liberty has never come from the government. Liberty has always come from the subjects of government. The history of liberty is the history of resistance. The history of liberty is a history of the limitation of governmental power, not the increase of it."

--**President Woodrow Wilson** (1856-1924)

"Every measure which establishes legal charity on a permanent basis and gives to it an administrative form creates thereby a class unproductive and idle, living at the expense of the class which is industrious and given to work." --

**French political thinker and historian Alexis de Tocqueville** (1805-1859)

"The world ain't going to be saved by nobody's scheme. It's fellows with schemes that got us into this mess. Plans can get you into things, but you got to work your way out."

--**American humorist Will Rogers** (1879-1935)

The folly of her view is that 60 - 80 years on, the problems government proclaimed it would solve persist, and for every problem do-gooders like Nancy have undertaken to solve, 10 more have emerged. Why? Because government doesn't solve problems, any more than bureaucracies streamline efficiency. Because government growth and power depend on persistent problems; bureaucracies have no incentive to *solve* problems, only to continue *managing* them. To Nancy, the more problems there are (whether real or imagined), the more she and her political allies can justify expanding their power.

**Collectivist policies encumber the economy, they don't improve it.** They transfer wealth on a huge scale from the most productive to the least productive, at great cost. They diminish freedom, they don't enlarge it. Government consumes resources, but produces nothing; it lacks incentives to maximize efficiency and productivity; it lacks *actual* accountability because it doesn't produce the wealth it spends, but takes it from others.

Government planning and control do not work, and there is a solid record and understanding of its failure. The bigger government gets, the more it destroys individual ambition – it destroys the ambition of both the producers (who are having their production taken from them) and the receivers (because ambition is driven by necessity and opportunity, which the government steals). History proves that as reliance and dependency increase, citizens' dreams, futures, and hope are stifled and destroyed. Nancy's brand of liberalism enslaves both the dependent and those who pay for government's dependency programs.

It's sad to realize that America's "leading" politicians don't know U.S. history well enough to understand and embrace the essential truths handed to us by our Founders. Nancy, like most on Capitol Hill today, apparently hasn't read the words of Benjamin Franklin, who rightly said "the best way to help the poor is to make them uncomfortable in their own poverty."

(Government should create incentives to prosperity.) Worse, Nancy likely presumes she and her comrades know better. She strives to make the dependent *comfortable* in their dependency, undermining the qualities that *really* lead to prosperity – independence, individual liberty, and self-reliance.

**Nancy's policies are not informed by an understanding of free markets.**

Markets are connected in remarkably complex ways that no one is capable of anticipating, especially politicians and bureaucrats. When government regulates intending to fix one thing or change behavior, unintended consequences naturally follow because legislators are messing with things beyond their comprehension.

A classic example was Congress' blatant interference with Fannie Mae and Freddie Mac, which catalyzed the recent financial meltdown. Intending to help everyone own a home, lawmakers required Fannie and Freddie to

accept loans with relaxed underwriting standards (like no money down, and “ninja” loans [no Income, no job, no assets]). They implemented policies designed to artificially lower the cost of borrowing, which caused the housing bubble’s unsustainable price increases and the resulting collapse. Had the government not dictated to the market what its underwriting standards should be, the housing bubble, related subprime mortgages, and negative equity as the bubble burst – and the worst financial crisis the U.S. has seen in decades – would very likely have never occurred.

The current economic crisis emerged directly out of policies driven by good intentions and limited by lousy political thinking. As Economist Thomas Sowell has noted “Beginning in the 1990s, getting a higher proportion of the American population to become homeowners became the political holy grail of government housing policies. Increasing homeownership among minorities and other people of low or moderate incomes was also part of this political crusade.”<sup>18</sup> Nancy Pelosi was then and remains an ardent supporter of such policies, despite their clear connection to the 2008 housing and mortgage implosions.

**Nancy embraces the notion that she and her minions are more qualified than the mortgage-lending industry to discern who “deserves” a mortgage loan.** They aren’t. Their presumptuous disregard of important, long-existing lending practices and standards with sound historic and economic foundations, lead directly to the economic failures we have witnessed. Sowell concludes: “Riskier mortgage-lending practices, imposed by government, were what set the stage for many mortgage payments to stop and thus for the financial disasters that followed. Political rhetoric, echoed in the media, seeks to obscure that painfully plain fact.”<sup>19</sup>

None of these arrogant politicians, especially Nancy, have the expertise or experience in the areas they presume to dictate, which is why the U.S. Constitution doesn’t give them such authority. Yet, they persist in thinking that they *should* fix everything, know *how* to, and are permitted to. And they persistently refuse to accept any responsibility for their actions.

As Wall Street Journal columnist Daniel Henninger observed,<sup>20</sup> when Nancy’s House voted to punish corporate bonus payments, the Democrats fully severed any ties with the private marketplace and said goodbye. They revealed, for those who needed more evidence, that they don’t understand the marketplace, its roles, or its systemic needs, much less how these relate to a functioning economy. To them, the marketplace is an abstraction, not a living, breathing human reality in which market freedom allows merit to emerge, and incompetence to fail.

Unfortunately this attack on private prerogatives isn’t an aberration ... it is routine, and will continue. It takes the form of laws that are breeding grounds for lawsuits and goldmines for lawyers (and Democrat campaign coffers). Laws that disrupt business operations and cause costs to rise. The 1,300 page Cap and Trade bill,<sup>21</sup> which passed the House on June 26, 2009 and regulates everything energy touches, is a good example. Nancy and her Democrats have made private businesses and productive enterprises of all kinds the peoples’ enemy. While this may appear to Democrats as politically expedient, they are methodically undermining and encumbering the American business system on which they themselves and U.S. economic growth depend.

**Where does this lead?** To government control and influence over every aspect of private decision-making; to private-sector decisions hamstrung awaiting government approval or sanction. It means no more private decisions based on market reality, but decisions made by nameless, faceless, unaccountable government bureaucrats - decisions driven by political considerations instead of sound economic response to real market conditions. What is its logical conclusion? Failure, disappointment, and a *shrinking* economy. The kind of people and circumstances that growing economies need can’t exist in such an environment.

Capitalism has its own naturally-occurring methods of creative destruction, through which inefficient or dysfunctional elements are cleared out, and the productive are rewarded. But the government, because of misguided do-gooders like Nancy, repeatedly prevents this natural process by requiring markets to adopt government's prescribed bad ideas and failures, or by forcing the taxpayer to bail out capitalism's bad ideas and failures. By preventing naturally occurring success or failure, Democrats prevent society from learning the lessons of both failure and success, and forever deny society the benefit of that knowledge and experience. What is that benefit? Ongoing innovation – and the ability to attain what works, and leave what doesn't work in history's dust bin! The cost of interfering with the markets' efficient delivery of knowledge is incalculable.

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

--Thomas Jefferson, letter to Joseph Milligan, 6 April 1816

**Innovation, economic growth, and productivity require free people and free markets.** The U.S. is a great, prosperous country because of these things; not because of Washington politicians or their programs - but in spite of them. And Nancy clearly acts in opposition to the views of most Americans. In March 2009 the Pew Research Center asked if we are better off "in a free market economy even though there may be severe ups and downs from time to time."<sup>22</sup> 70% said yes! Only 20% said no. Despite this resounding rejection of collectivism Nancy persists in her curious delusions.

It is not within the government's legitimate authority to disrupt free-market capitalism and autocratically take over industry. And for good reason. Throughout our history government attempts to manage (regulate, subsidize, or control) markets have caused disarray and failure. Yet those like Nancy who advocate such things never learn. Americans need to ask themselves, "How much longer can a strong U.S. survive with officeholders like Nancy who don't care about results?"

**Pelosi's gang will be our masters.** They think power is theirs by right and will stop at nothing to secure it, build it, and keep it. They will do whatever is necessary to harass, intimidate, and marginalize any conservative opposition that challenges them. They abuse the federal legislative process, and their authority as federal legislators, to stifle public debate – e.g., by reviving the "Fairness Doctrine,"<sup>23</sup> by silencing conservative talk-radio, by enacting "card check" laws that expose anti-union workers to intimidation and harassment, and by passing the "so-called" Freedom of Choice Act<sup>24</sup> to essentially *mandate* (due to its nullification of state conscience clauses) that pro-life medical professionals and institutions perform abortions. Under Pelosi, individual rights and free expression are being gradually supplanted with the worship of government power.

And who will stop them? No one, unless citizens wake up, realize that their country is being hijacked, and say "Stop!" And mean it. The media will not stop this takeover from occurring. They'll participate and applaud.

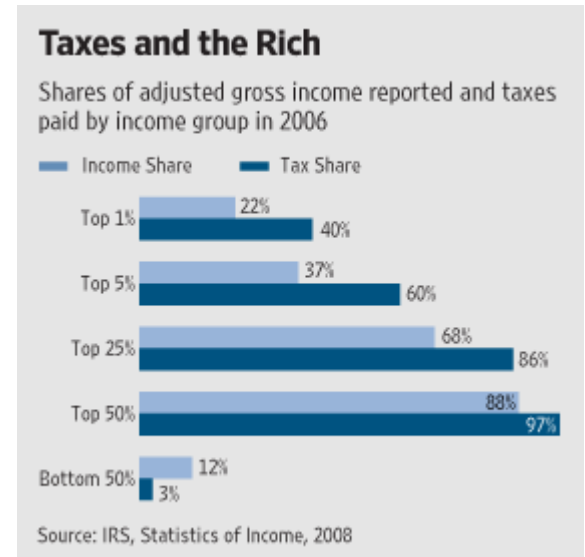
## **Economics by Nancy**

What are Nancy's economic policies? Does anyone know? Has she ever competently articulated them? What has she written that reveals she has even a rudimentary understanding of economics? Struggling for an answer? The fact is that Nancy, like many in Congress, is ill-equipped for wise economic decision making, and is burdened by economic illiteracy. She is not one of the only 36 members of Congress with an economics major, has no other credentials in this important area of governance and leadership, and it shows.

Marinating in partisanship is Nancy's chosen governance tool, and it has left her incapable of understanding the compelling historic studies<sup>25</sup> demonstrating that as tax rates increase, economic activity decreases and tax receipts decline, and that as tax rates are reduced, economic activity increases along with tax receipts.

When asked to comment on April 15, 2009 about the Tea Party protests of government taxing and spending us into oblivion, Nancy replied:

“Well I totally disagree. What we're doing is investing in the future. What [the protestors] want is a continuation of the failed economic policies of President George Bush, which got us in the situation we are in now. What we want is a new direction. Under Obama's programs 95% get a tax cut. ... This [tea party] initiative is funded by the high end — we call it Astroturf, it's not really a grassroots movement. It's Astroturf by some of the wealthiest people in America to keep the focus on tax cuts for the rich instead of for the great middle class.”



Nancy apparently doesn't read the Wall Street Journal (we assume because it's a newspaper for "rich" people), which noted on July 21, 2008 that when rich people get tax cuts, they end up paying a lot *more* in taxes:

“The idea that [Bush's tax cuts have] been a giveaway to the rich is a figment of the left's imagination. Taxes paid by millionaire households more than doubled to \$274 billion in 2006 from \$136 billion in 2003. No President has ever plied more money from the rich than George W. Bush did with his 2003 tax cuts. These tax payments from the rich explain the very rapid reduction in the budget deficit to 1.9% of GDP in 2006 from 3.5% in 2003.

“If Mr. Obama does succeed in raising tax rates on the rich, we'd also wager that the rich share of tax payments would fall. The last time tax rates were as high as the Senator wants them -- the Carter years -- the rich paid only 19% of all income taxes, half of the 40% share they pay today. Why? Because they either worked less, earned less, or they found ways to shelter income from taxes so it was never reported to the IRS as income.

“The way to soak the rich is with low tax rates, and last week's IRS data provide more powerful validation of that proposition.”

How is Nancy going to “invest” in the future when her tax policies are a prescription for *declining* tax receipts? So, she doesn't advocate tax reduction, or spending reduction or limiting government, each of which are economic engines. Unable to think outside of her intensely partisan box, Nancy doesn't notice or care about these engines of prosperity. Unwilling to grasp economic history, Nancy ignores the consequences of her policy positions. As Speaker of the House, this inevitably fosters bad outcomes.

**The policies Nancy advocates that affect the economy (one hesitates to call them economic policies) are designed to drive America into full embrace of socialism.** Her prescriptions for combating economic crises will prove disastrous. She either understands this and does it deliberately, or is ideologically incapable of recognizing policy consequences and does it negligently. Either way, she's unsuited to her leadership role. It is reasonable to surmise, however, that Nancy is deliberately and consciously an economic illiterate. How else to explain Nancy's ramming a \$1 Trillion stimulus bill and a multi-trillion dollar “cap & trade” bill and through Congress knowing that they were being voted on by members who didn't read or debate them because she, the Speaker, wouldn't permit it. Every citizen should be *outraged* that 219 members of Congress voted on the cap & trade bill they did not read, much less understand, capitulating to the political shenanigans of a Speaker short on principled governance and long on strong-arm tactics. This is NOT responsible leadership.

Nancy insists that reckless federal spending and borrowing by Bush got us into this mess (more dissembling since only Congress appropriates money and Democrats have run Congress since January 2007). Yet her prescription to get us out of the mess is *unprecedented* federal spending and borrowing. No explanation is given for the contradiction. We're just expected to agree that her solution is logical and obvious – even though history teaches just the opposite and western European countries (who have extensive experience in the failure of socialist experiments) definitively said “no” to more and bigger government in June 2009. Those who have recently been living the big-government nightmare (Europeans) are now (finally) rejecting state-directed answers to economic crisis, but Nancy is convinced she knows better.

**The question is “is Nancy incapable of grasping the broader economic consequences of her policies and ideas, or does she just not care?”** It doesn't matter which it is. Either way, it spells trouble for leadership in this country. Government “leaders” who utterly fail to recognize the inherent limitations of government policy repeatedly create consequences and problems they did not foresee. They then refuse to acknowledge that they (and their policy prescriptions) had any causal relationship to the problem at all. Instead, they blame the industries they presumed to dictate to. Nancy is a serial offender in this regard. When industries don't bend to the will of government do-gooders they are pilloried and made enemies of the state, giving investors and businesses worldwide another reason to mistrust the U.S. as a destination for their capital.

### **America's Economic Engine Requires Certainty – and Political Trust**

What are the incentives to take economic risk? Certainty. Predictability. To create jobs business must invest capital. Prudent investment requires stability, and a reliable, predictable legal environment. Without informed, successful economic choices, economic growth can't occur.

Persistent changes in the regulatory environment and the tax code make it almost impossible for businesses to make investments or take risks. So when regulatory, economic, and tax environments are in flux, the decision-making environment is filled with uncertainty and investments aren't made (because there's no sufficiently reliable foundation on which to make them). The result? Jobs (and wealth) aren't created.

**Nancy and her ilk are the anti-certainty for economic decision makers.** With their anti-business mindset and misunderstanding of wealth creation and the incentives to productivity they don't recognize the importance of certainty and predictability to economic decision-making.

Nancy advocates and pursues constant, fundamental changes, and they keep coming out of left field. She and Mr. Obama have hamstrung business and economic decision-making processes. Each day brings another brazen or unforeseen proposal that seeks to, will, or does change the economy's fundamentals. They can't stop changing the rules of the game, and will change anything, any time, as long as it suits their agenda. Each proposal, bill, or pronouncement indulges her personal ideology, leading businesses the world over to minimize their planned investment until sanity (stability in government – the absence of constant rule-changing) returns. With every new law, they change the law; every change in the law increases costs and undermines the ability of economic interests to reasonably anticipate the future, or rely on the agreements they enter into.

Nobody knows who or what Nancy and Obama will begin to regulate next, or what contracts they will seek to compromise or ignore next (e.g., government *telling* Chrysler's secured creditors to take 30%, while the government *gives* a favored constituency, the unsecured union, 55%). When government intervention benefits one party to an economic transaction to the detriment of another party, there is a significant cost to society. The more Pelosi and her followers shake things up with political favoritism, uncertain proposals, potential changes, and left-field maneuvers, the more she stifles the very investment the economy needs.

In this environment no one can make an informed, reliable, predictable, or prudent decision because essential assumptions cannot be relied upon. With every action Nancy and her allies take or advocate she foments uncertainty, which shuts down investment planning, risk taking, and lending. This, in turn, hinders real growth in jobs and prosperity. Yet, Nancy has no interest in “economic certainty,” much less its affect on stability, prosperity, and growth.

**The Founders wisely put the Contracts Clause in the Constitution to circumscribe arbitrary government power,** and establish rules that applied equally to the strong and weak, the favored, and the un-favored, and thereby afforded the certainty needed for economic strength and growth. When a government whimsically ignores, interferes with, or tramples on contract rights or obligations (e.g., plundering the rights of certain secured Chrysler and GM creditors to benefit junior creditors – or telling banks what their executive compensation policies should be) economic chaos emerges. When government strong-arming on behalf of the politically influential replaces the sanctity of honoring freely created contracts, the government destroys the incentive to participate in economic transactions and alienates capital. The logic underlying economic activity is undermined. Why would anyone take an economic (contractual) risk knowing that the government may arbitrarily or impulsively destroy an investment’s value to enrich or reward a politically favored group, or punish the politically unpopular? They won’t – thus preventing capital from being available to those who need it and causing great economic suffering. Capital will migrate to stable, reliable, and predictable political environments.

## **It’s Time to Expose Nancy Pelosi and Defeat Her**

What should citizens look for in their elected representatives, especially those in leadership? Experience? Intelligence? Good judgment? Respect for citizens’ intelligence? Many characteristics come to mind; sadly, few typify Nancy Pelosi. We’ve illustrated Nancy’s intense partisanship and her disregard for consequences. Her relentless commitment to class warfare and empowerment of her political machine are no substitute for deliberate inquiry and persuasion. Her policies, failure to encourage dialog, and deliberate stifling of debate demonstrate her lack of experience, judgment, and leadership. Nancy’s many limitations diminish the speakership, betray her constituents, and imperil the country. Stopping her is as simple as recognizing these failures and taking action.

**Congressional Candidate Dana Walsh (8<sup>th</sup> District California) is the alternative to Nancy.** She actually has what we want in our elected representatives, without the baggage. Dana Walsh, a true “citizen politician,” offers many benefits – first among them is the benefit of ending Nancy’s reign.

**What can you do?** Please visit <http://www.danawalshforcongress.com> or <http://www.defeatnancypelosi.com> to learn more about Dana, her experience, and her commitment to openly and honestly serving the country, the Constitution, and the 8<sup>th</sup> District’s citizens. There you will learn much more about what successful political leadership is, and why Nancy’s ideas and actions are a path to continuing failure. To help Dana prevail in this important mission, visit the websites above to volunteer or contribute.

**Look for The Case Against Nancy Pelosi - Parts II and III,** which explain many reasons, beyond economics and government growth, why Nancy is bad for America’s future and must be replaced by a competent leader like Dana Walsh. Please watch for these additional informational tools.

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## Endnotes

- <sup>1</sup> Sixty percent (60%) of U.S. voters now have an unfavorable opinion of House Speaker Nancy Pelosi, including 42% Very Unfavorable, according to a new Rasmussen Reports national telephone survey. A growing number of her doubters seem to be fellow Democrats. – Rasmussenreports.com Mar. 27, 2009; While poll results fluctuate depending on news cycles, Congress' disapproval numbers are very high. Most think Congress is doing a poor job. See, also, <http://www.pollingreport.com/CongJob.htm>, [http://www.rasmussenreports.com/public\\_content/politics/mood\\_of\\_america/congressional\\_performance/congressional\\_performance](http://www.rasmussenreports.com/public_content/politics/mood_of_america/congressional_performance/congressional_performance) and <http://www.politico.com/news/stories/0708/11617.html>
- <sup>2</sup> As used here, the clueless are those who are willingly ignorant. They are capable of helping themselves, but don't because they don't have to, preferring the easy non-thinking life afforded them by government nannies.
- <sup>3</sup> Rush Limbaugh, speech to **Conservative Political Action Conference (CPAC)**, February 28, 2009; transcript here: [http://www.rushlimbaugh.com/home/daily/site\\_030209/content/01125106.guest.html](http://www.rushlimbaugh.com/home/daily/site_030209/content/01125106.guest.html)
- <sup>4</sup> Mark Pittman and Bob Ivry, **Financial Rescue Nears GDP as Pledges Top \$12.8 Trillion (Update1)**, Bloomberg.com, *March 31, 2009*, <http://www.bloomberg.com/apps/news?pid=20601087&sid=armOzfkwtCA4>
- <sup>5</sup> Peter Ferrara, **The GOP's Alternative Budget**, Spectator.org, April 1, 2009, <http://spectator.org/archives/2009/04/01/the-gops-alternative-budget>
- <sup>6</sup> <http://www.cbo.gov/ftpdocs/102xx/doc10296/TablesforWeb.pdf>
- <sup>7</sup> Id.
- <sup>8</sup> Id.
- <sup>9</sup> Mark Steyn, **Obama's False Choice**, March 28, 2009, National Review Online; <http://article.nationalreview.com/print/?q=YiBINjQyNzYzNzk2YjBhNjg4NDM2Y2I5MjkMDYzNiQ=>
- <sup>10</sup> Citizens Against Government Waste, **Earmarks Rise to \$19.6 Billion in CAGW's 2009 Pig Book**, April 14, 2009 Press Release <http://www.cagw.org/site/News2?page=NewsArticle&id=11994>; National Center for Policy Analysis, [http://www.ncpa.org/sub/dpd/index.php?Article\\_ID=17858](http://www.ncpa.org/sub/dpd/index.php?Article_ID=17858)
- <sup>11</sup> Wall Street Journal, April 25-26, 2009.
- <sup>12</sup> Mike Huckabee, **What My Mother Would Tell Obama**, April 14, 2009 subscriber email
- <sup>13</sup> Heritage Foundation, press release, January 13, 2009: **Hong Kong Leads World in Economic Freedom, 2009 Index Shows**; <http://www.heritage.org/press/newsreleases/index09b.cfm>
- <sup>14</sup> Id.
- <sup>15</sup> Frank Langfitt, **Government Stake In GM Creates Complications**, NPR.org, June 11, 2009, <http://www.npr.org/templates/story/story.php?storyId=105565087>
- <sup>16</sup> <http://english.pravda.ru/opinion/columnists/107459-0/>
- <sup>17</sup> Mark Steyn, Eugene C. Pulliam Visiting Fellow in Journalism, Hillsdale College – Imprimis, April 2009
- <sup>18</sup> Thomas Sowell, **The Housing Boom and Bust - A political crusade gone wrong**, National Review Online, April 29, 2009, <http://article.nationalreview.com/?q=NmU3OWZkMDVmZDUwNzFiZGMxNzlwOWNIZDE3YWESYU=>
- <sup>19</sup> Id.
- <sup>20</sup> Wall Street Journal, March 26, 2009.
- <sup>21</sup> American Clean Energy and Security Act of 2009, H.R. 2454, <http://thomas.loc.gov/cgi-bin/query/D?c111:1::/temp/~c111bp30m0::>, <http://www.govtrack.us/congress/bill.xpd?bill=h111-2454>, <http://www.opencongress.org/bill/111-h2454/show>
- <sup>22</sup> **Pew Research Center For The People & The Press**, March 2009 Political Survey, Final Topline, March 9-12, 2009, <http://people-press.org/reports/questionnaires/498.pdf>
- <sup>23</sup> John Gizzi, **Pelosi Supports 'Fairness Doctrine,'** Human Events, 06/25/2008, <http://www.humanevents.com/article.php?id=27185>; [http://en.wikipedia.org/wiki/Fairness\\_Doctrine](http://en.wikipedia.org/wiki/Fairness_Doctrine)
- <sup>24</sup> <http://www.govtrack.us/congress/bill.xpd?bill=s110-1173>, <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:s1173>:
- <sup>25</sup> See, e.g., [http://www.cato.org/pubs/tbb/tbb\\_1008-50.pdf](http://www.cato.org/pubs/tbb/tbb_1008-50.pdf), <http://www.cato.org/pubs/tbb/tbb-0302-13.pdf>, [http://www.cato.org/pub\\_display.php?pub\\_id=5436](http://www.cato.org/pub_display.php?pub_id=5436)