

## Gas Stations in the Sky: \$35 Billion in Corporate Welfare

Thomas L. Knapp | Guest Writer  
CENTER FOR A STATELESS SOCIETY

Readers should take note of this advance warning: My math may be bad.

I'm working with big numbers and dubious, sometimes unclear statistics.

In April of 2010, US customers purchased/consumed 273,090,000 barrels of gasoline (source: US Energy Information Administration).

A barrel is 42 gallons, so that's just shy of 11.5 billion gallons of gas.

Also in April of 2010, the average price of gas at the pump was \$2.84 and 8/10ths of one cent per gallon (source: op. cit.).

So, US consumers spent about \$32.75 billion dollars on gas in April.

In the meantime, two mega-corporations -- Boeing, an American firm, and EADS, a European concern -- continue to vie for a US government contract to build gas stations in the sky (air-to-air refueling tankers for the military) at an "estimated" (in English, "lowball") cost of \$35 billion.

\$35 billion is a pretty big number, so let's break it down into something more manageable: \$115 from every man, woman and child in the US.

For gas stations.

In the sky.

Well, hey, it's for "defense," right?

Of the top 15 global government big "defense" spenders, five (Brazil, South Korea, Canada, Australia and Spain) each spent less than \$35 billion on "defense" in 2009. Not less than \$35 billion on gas stations in the sky. Less than \$35 billion total.

Italy spent \$35.8 billion on "defense" in 2009. Not just on gas stations in the sky -- that's their whole army, navy and air force.

India -- a nuclear power with a blue-water navy (including aircraft

carrier and nuclear submarine components), a long history of border tensions with another nuclear power (Pakistan), a big bristly neighbor (China) and a population nearly four times as large as that of the US -- spent \$36.3 billion on "defense." Not just on gas stations in the sky, but altogether.

Meanwhile, the US government will spend somewhere in the neighborhood of \$1 trillion on "defense" in fiscal year 2010.

Given that the US hasn't fought an even nominally defensive war in more than 60 years, does it strike anyone as oh, maybe a little odd that its politicians feel the need to spend 40 times as much on "defense" (half again as much on gas stations in the sky alone!) as South Korea, which has technically been at war for nearly 60 years?

Odd, perhaps, but not especially surprising. The *raison d'être* of the state is the redistribution of wealth from the pockets of the productive class to the portfolios of the political class. In the United States since World War II, that political class has been partly composed of, and wholly dominated by, what President Dwight D. Eisenhower dubbed the "Military-Industrial Complex."

It's not so much that \$35 billion must be spent on gas stations in the sky as that gas stations in the sky constitute an excuse for redistributing \$35 billion from you to the shareholders, employees and political allies of Boeing or EADS (my guess is Boeing, but who knows? -- the American and European political classes are increasingly transnational and commingled). The only thing that makes the tanker fight stand out is that two loud mouths are fighting for the opportunity to lock onto one corporate welfare teat.

And of course, if it wasn't "defense" it would be something else. In other countries where "defense" doesn't play as well, the redistribution is funneled through health and "social welfare" bureaucracies or internal police/security apparatuses or, where the state has become strong enough to get

away with it, simply seized without bothering to drum up a plausible excuse.

Governments, like cancers, take many forms. The one thing they all have in common with cancer, and with each other, is that they grow and thrive at the expense of their hosts' health and, eventually, lives. In the conflict between the productive class and the political class, it's to the death, and it's us or them.

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## "Financial Reform"

Howard Rich | Guest Writer  
LIBERTY FEATURES

Contrary to Barack Obama's rhetoric about protecting consumers, his new financial reform law represents a dangerous big government power grab that willfully ignores the true roots of the recent financial crisis.

It is also the latest example of America's "march to Marxism," the not-so-gradual implementation of a command economic system in which the free market is taxed and regulated into oblivion while new and expanded government bureaucracies wield unprecedented power. Like last year's failed economic stimulus (which was nothing but a bureaucratic bailout) and this year's health care reform law (the largest entitlement expansion in a generation), Obama's latest Orwellian scheme is once again being sold to the public as a necessary, even responsible measure.

"Because of this reform, the American people will never again be asked to foot the bill for Wall Street's mistakes," Obama said. "There will be no more taxpayer-funded bailouts, period."

Of course as Obama was making this pronouncement, the taxpayer tab for bailing out government-owned mortgage behemoths Fannie Mae and Freddie Mac continued to soar. That bailout will now cost taxpayers at least \$400 billion, according to the latest estimate from the Congressional Budget Office, although a deteriorating housing market could push the total above \$1 trillion.

Among the chief culprits of the 2008 collapse, Fannie and Freddie became a central repository for much of the toxic debt associated with government-mandated, high-risk loans -- like the \$2.4 trillion pumped by the government into "mortgages for affordable housing" in 2000.

"Had Fannie and Freddie not been there to buy these loans, most of them would never have been made," writes Mark A. Calabria, director of financial regulation studies at the Cato Institute. "And had the taxpayer not been stand-

ing behind Fannie and Freddie, they would have been unable to fund such large purchases of subprime mortgages."

Ironically, the chief author of Obama's so-called reform bill -- Rep. Barney Frank (D-Mass.) -- has had a front-row seat to this brewing crisis for years. Yet rather than correctly diagnosing and fixing the problem, he used his influence to block efforts that could have helped prevent the meltdown.

"Fannie Mae and Freddie Mac are not facing any kind of financial crisis," Frank famously said in 2003, accusing then-Treasury Secretary John Snow of "exaggerating" problems at the lending agencies.

Trillions of tax dollars later, it's painfully clear that it was Frank who was exaggerating (dramatically) the sustainability of government-mandated lending.

Does Obama's new "reform" legislation address this fundamental problem?

Of course not. In fact, in addition to imposing a slew of new regulations on banks that had nothing to do with the crisis, Obama's new law maintains the same strict government-mandated lending quotas as before. Accordingly, while Main Street lenders (which provide capital to small businesses across America) are forced to navigate a maze of new regulations and restrictions, the real culprits of the disaster are not only going unpunished -- they are being allowed to conduct business as usual while receiving a steady stream of taxpayer-funded bailout money.

Obviously, this is a recipe for an even bigger disaster in the future -- as is the law's "proxy access" provision, which will permit labor unions, environmental activists and "community organizing" groups to bypass existing state laws on corporate director elections and place their representatives on corporate boards of directors. And far from ending bailouts for private sector firms (as Obama has promised) the law's "orderly liquidation" provision permits the secretive Federal Reserve to seize control of any firm that it deems a threat to "financial stability" -- opening the door to bailouts of companies that aren't even asking for taxpayer largesse.

Make no mistake -- this new law is a dramatic escalation of America's "march to Marxism."

It is also the latest example of legislation that must be repealed -- and a governing philosophy that must be reversed -- if America is to avoid being relegated to the ash heap of history.

*The author is chairman of Americans for Limited Government.*

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