

Liberty for America

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A New Year

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In this issue: #Resist, National Political Convention, Guest Editorial from Joshua Katz, Raiser's Edge, Our Most Popular Column: Where Your Money Went—Johnson Campaigns, Massachusetts, Supply Demand and Economic Illiteracy

#Resist

Readers interested in finding people who are not traditional Libertarians but who are highly dissatisfied with the state of our current political system might usefully investigate Meetup groups titled #Resist – (location). According to the pretty map, there are already 987 of these groups across the United States. I'm not quite sure how I was invited to join but I happily accepted. I suspect this is a very new effort in that I was one of the first people to join the Worcester group, and Worcester is the second largest city in Massachusetts. Of the 17 members who have joined in the last day or so I am the only male.

National Political Convention

The Libertarian State Leadership Alliance will be holding its annual convention on May 28 in Manchester, New Hampshire, at the Executive Court Banquet Facility. The facility is immediately adjacent to a hotel and restaurant, and is a few minutes from the Manchester airport. There is shuttle service of some sort from Boston-Logan airport to the Manchester (MHT) Airport. This will be an all-day event, with three full meals served and three tracks of event. Larry Sharpe will be the speaker at the noon meal. Michael Pickens will run an all-day training event for candidates and activists. A second track will focus on developing political activity, including a panel on reviving the moribund state organizations, and a panel on moving state organizations to the next level. A third track will focus on the nature of the Libertarian political movement. Michael Jingoian is confirmed as a leader on two panels.

The LSLA is still looking for panelists and indications of interest in participating in different sorts of panels. Panelists will have their admission fee covered by the LSLA. If you are interested in participating or have panels you would like to hear, please contact George Phillies phillies@4liberty.net.

Guest Editorial from Joshua Katz

"The great lesson for democracies to learn is for the majority to give to the minority a full, free opportunity to present their side of the case, and then for the minority, having failed to win a majority to their views, gracefully to submit and to recognize the action as that of the entire organization, and cheerfully to assist in carrying it out..." - General Henry Roberts

Not that long ago, I chaired the math department at a fairly prestigious, very expensive private school. The school was suffering from a downturn in enrollment. This school was noteworthy for its individualized approach to education, a philosophy that centered on the student, not the content. The math department, though, had always been the furthest from this ideal. In our defense, it's easier to figure out how to individualize English class - just read different books and talk about different aspects of them - than to individualize algebra. I decided that the time had finally come to figure out how math could catch up. The result was a highly non-traditional approach to teaching math. Either the market would love it or it would hate it. I was shoving the school in the direction of going big, of taking steps that either would make enrollment skyrocket, or put us out of business quickly and painlessly. In faculty meetings and committee meetings, I urged this same approach for the school. To borrow a phrase, I pushed to burn the ships.

I tell this story to let you know I am not against this strategy, when called for, and when properly executed. In my opinion, last weekend your LNC burned the ships. Your LNC passed a budget expanding compensation and increasing expenditures. It shows a deficit of approximately 10%. Such a budget is appropriate if the mission is to become a major player, now, or die trying. Such a budget is appropriate if the type of attention and fundraising we achieved with a ticket of two Governors is to be our new normal. The premise behind such a budget is that we can, within a year or two, catch up with our spending through an expansion in influence, membership, and visibility.

I am sympathetic to this viewpoint. I am not willing to shrink back down; I am not willing to assume that what we enjoyed last year was a one-off, never to be repeated event. Yet I voted against this budget. I voted against this budget because, rather than functionally allocating compensation, it black-boxes half of our spending. Funding staff out of compensation rather than their functional lines, in my view, robs the LNC of key governance tools, while making it impossible for the members to fully and transparently judge the LNC's performance. If you cannot look at the budget and know what the LNC wishes staff to focus on, you cannot determine if the LNC's priorities are in line with yours, or if we have achieved those priorities, in any case.

I voted against the budget because, as sympathetic as I am to the Hell or High-Water approach, I do not believe it is the right move, right now. More importantly, I do not believe the party is ready to commit to it. We are in a peculiar position: our political strength is not where we would like to be, but our fundraising rapidly expanded and we have money in hand. If we wish to push for the spotlight, right now, we will need to use that money for capital investments; we will need to use that money to, in a sense, purchase consumers. I've been here before - when my school was suffering from declining enrollment, it was coming off of two very good years and was flush with money. It was absolutely crucial that the money not be left in the bank - the safe option - but be used to finance an expansion drive.

Yet, at the same meeting where this budget was adopted, the LNC chose the safe option of an extra \$100,000 principal paydown on our mortgage, and considered more. A principal paydown is prudent if investing in ourselves - spending money on political activity to grow and expand our party - cannot return more than 4.85% or its equivalent in political capital. Our budget is premised on our political investments paying more than 10% - they need to pay so much in political goodwill that we realize a 10% expansion in revenue.

The decision to take all that we have and invest it in seeking rapid expansion is incompatible with the idea that an accelerated principal paydown is advisable. The latter is the ultimate risk-averse behavior. In this regard, I note the consistency of the opposition: of the 4 of us who voted against the budget, 3 voted for expanded principal paydown (all but I - Harlos, Starchild, and Mattson). This is a consistent, coherent position. Many of those who voted for the budget, on the other hand, also voted for principal paydown.

The question now is how we will react if revenues do not expand as hoped. One option will be to reverse course; this can be done, although it would mean a significant deadweight loss. Another will be to continue on the present course, but cut expenses. I am fearful that this course will be attractive - it is a course that, in my view, must be avoided. Cutting spending will make success less likely. What we cannot do is continue down this high-risk/high-reward path while crippling ourselves by not taking the actions necessary to achieve the rewards. In short, the LNC, having chosen a course, must commit to it fully, or else abandon it. We cannot attempt to expand on the cheap. There is no worse way to waste money than to spend \$1 less than is needed to achieve a goal.

Many of us who opposed this risky budget also sought a "change of course" proviso - a requirement that compensation be decreased if revenues do not pick up as expected. This was voted down. Without an automatic trigger to change course if things do not work, the LNC will have to carefully consider throughout 2017 if we wish to continue or if a change of course is needed. This increases the chances that we will take the comfortable path: remain committed but seek to do it on the cheap. This is analogous to a school facing low enrollment and responding by cutting staff and facilities; this will likely cause enrollment to fall further, but if students do come, who will teach them? The situation cannot be remedied if resources are not devoted to doing so.

It is absolutely crucial that we fully commit to the project we have undertaken and provide every resource to maximize its chances of success. It is also crucial that, in support of such an undertaking, we nominate and elect large numbers of Libertarians to local office in 2017. We also must, to the extent possible, build on our ballot access success by maximizing our November 2018 ballot access - we must concentrate our efforts in ways that will maximize retention. The national party must build its national-level profile: we must improve our relationship with the DC Press Corps, and build relationships with Congressional staffers that will increase our access to appointed office while continuing to make our voice indispensable while reporting on any issue of national significance. We must remember that the way to make the news is to make news - the way to be covered is to be newsworthy. We must make waves - we must matter. We have taken strides in that direction, and we must continue, not retreat. We have now wagered our survival on it.

Raiser's Edge

We note with some dismay that the LNC has decided to continue with Raiser's Edge and invest in additional options. My sources indicate that Raiser's Edge is an extremely good fundraising tool, for organizations with a dozen on-site full-time fundraisers and an on-site software guru. It is highly praised for its purpose at this scale. However, it is not a membership data base, and for that purpose it is never going to be entirely satisfactory. Indeed, for most state affiliates, an excel spreadsheet and someone who knows how to sort and copy would be more appropriate as a tool.

As an aside, my research work over four decades involved interacting with computer-operated equipment. One of the standard graduate student errors seen many times was to propose to automate and wire things that could be done just as well with two legs and a floppy disk or data stick. The alleged time saving of automation was wasted many times over by the time needed to get the software and connections to work properly, when they ever did. Do not automate that which should not be automated.

Where Your Money Went – Our Most Popular Column The Johnson Campaigns

The 2012 Johnson campaign is still a million and a half dollars in debt, many months after Johnson promised Florida Libertarians that this debt was about to disappear. The third of a million dollars that the 2012 campaign owed the federal government was paid out of money raised in 2016 under conditions that donors might've expected implied that the money would be spent on the 2016 campaign.

Through to the end of the year, the Johnson campaign paid a variety of travel -related bills, including \$46,685 primarily for airlines, but also including train travel and a variety of sites and insurance points. There were also advertising expenses, including 19,749 to Facebook, \$15,634 to Prime Source of Arizona, \$8300 to MailChimp, and \$556 to Snapchat. PayPal was paid an additional \$41,728 for their services. The purposes for which several individuals were paid were not reported in the file that I have. The Gary Johnson Victory Fund gave \$40,000 to the Gary Johnson campaign committee, spent a tad under \$600 on advertising, and had some minor fundraising expenses.

Massachusetts

Long-time readers may recall that a decade and a half ago we regularly reported on the financial activities of the Libertarian Association of Massachusetts. I am no longer on the LAMA State Committee, and it seems worthwhile to resume this practice of years gone by. . Our state convention was October 1, 2016. I appeared, gave my five minute report on my activities as Chair, listened to the Treasurer's report, spent a half hour talking outside the hall with various members and others, and went on my way. I might've stayed for the business meeting, but it was chopped into little half hour segments alternating with speakers and other such events.

LAMA for its federal account began the year with \$4347 cash on hand and ended it with two \$9193 cash on hand, having during the year raised \$26,562 and spent \$21,716. A considerable part of the spending went to the presidential ballot access campaign which successfully placed Gary Johnson and William Weld on the Massachusetts ballot

From October 1 through the end of the year LAMA for its federal account raised \$770 in early October, \$10 from mid-October through the end of November, and another \$10 in December. In the same period, its federal spending included \$2000 to the Thom Simmons Congressional campaign, \$101 for newsletter printing, and just as in the days of yore \$1545 for convention speaker fee and expenses. That does not include the actual cost of the convention, which were at a minimum \$2500 up to renegotiation. Under \$30 went to merchant service fees.

For the same period, for the state account LAMA spent \$1300 on Facebook advertising for the get out the vote campaign (the amount raised was considerably larger), \$146 for domain name registration, and \$175 for an election and campaign finance reference manual. The LAMA state account raised \$155 in October, \$76 in November, and \$71 in December.

I have no verified information on rumors that William Weld wants to run for U.S. Senate from Massachusetts, as a Libertarian. However, there are rumors.

Supply, Demand, the Minimum Wage, and Economic Illiteracy

Recently, several cities and states have raised their minimum wages, leading to a libertarian chorus that thanks to the law of supply and demand people will lose their jobs. Let us consider all the points where these complaints are wrong-headed. First, the law of supply and demand refers to a situation in which there can be substitution. If the price of beef increases, people will buy more chicken. If the price of potatoes falls, there will be more demand for potatoes (some readers will be able to name the famous Irish counterexample, in which demand fell as price fell, because potatoes were so cheap that Irishmen could replace them with other more expensive foodstuffs.) However, minimum wage workers in general are not substitutable. If I am a burger stand, and the minimum wage goes up, can I fire a worker? All those people are really busy, all the time. It's called 'competent management'. If I fire a worker, what am I supposed to do, say "Even hours: burgers. Odd hours: fries."? That won't work.

As recognized by everyone except economic illiterates, the minimum wage people are a cost of production, not a consumable for which there is substitution.. In a real business, the minimum wage people each bring in far more income than their wages, which are a small part of the cost of business operations. If their wages go up, perhaps my prices go up, perhaps the portions shrink, or perhaps the owner has to take a pay cut, but if I fire them my income crashes.. Indeed, regular studies have shown as predicted above that minimum wage increases do not directly lead to more unemployment. The well-known Seattle counterexample was inaccurate; it failed to note that employment in nearby towns, that did not increase the minimum wage, dropped in line with Seattle's decline.