COLAB

San Luis Obispo County

The Coalition of Labor Agriculture and Business

WEEKLY UPDATE
SEPTEMBER 4 – 11, 2021

DON'T FORGET TO ATTEND THE DINNER THURSDAY AT 5:00 PM - IT'S THIS WEEK!!!! SEPTEMBER 9TH

COLAB
San Luis Obispo County

12th Annual
DINNER & FUNDRAISER

2020-2021 What the Heck Happened?
There has never been a more crucial time
To Raise the Lantern of Liberty

THURSDAY, SEPTEMBER 9, 2021
ALEX MADONNA EXPO CENTER

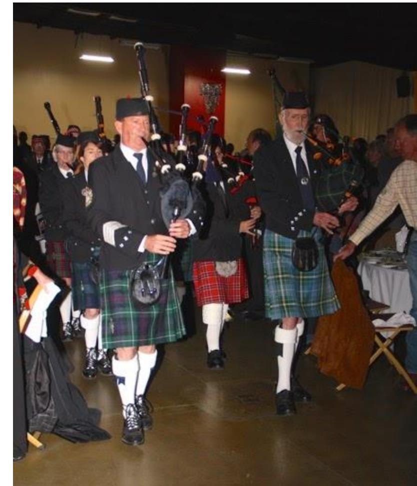
5:00 pm Social Hour, Open Bar
6:15 pm Filet Mignon Dinner including Wine

$125 a person
$1,250 a table, seating for 10

For tickets:
On-Line Reservations & Payment can be made **HERE** at
www.colabslo.org/events.asp
or
Mail your check to
COLAB SLO County, PO Box 13601, SLO, CA 93406

Cocktail Attire Optional

More info at (805) 548-0340 or colabslo@gmail.com



THIS WEEK

NO BOS MEETING

PLANNING COMMISSION CANCELLED

NO SLO COASTAL COMMISSION ITEMS
(FOR A CHANGE)

IWMA TO APPROVE BUDGET DEFERALS & LET MEMBER AGENCIES HANDLE PROP 218 FEE INCREASE VOTER CHALLENGES

LAST WEEK

CENTRAL COAST ENERGY VOTES RATE INCREASE
THEIR NATURAL GAS COSTS ARE WAY UP BUT WHY?
THEY SAY THEY ARE LOW CO_2 - THE FAKENESS BETRAYS THE WOKENESS

SLOCOG WANTS YOU OUT OF YOUR CAR
BOARD ADOPTS $230 MILLION BICYCLE AND TRAIL PLAN

EMERGENT ISSUES

COVID INFECTION RATE UP AGAIN
INDOOR MASK MANDATE RE-ESTABLISHED

NATIONAL DEBT THREATENS ECONOMY AND STABILITY

US MILITARY ABANDONS $85 BILLION IN MATERIAL

TALIBAN NOW BETTER EQUIPPED THAN MOST RESERVE AND NATIONAL GUARD UNITS

COLAB IN DEPTH

SEE PAGE 14

CALIFORNIA'S GREEN CONUNDRUM

BY EDWARD RING

THIS WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting on Tuesday, September 7, 2021 (Not Scheduled)

The next regular meeting is scheduled for Tuesday September 14, 2021.

Planning Commission Meeting of Thursday, September 9, 2021 (Cancelled)

The meeting has been cancelled.

Coastal Commission Meeting of September 8, 9, and 10, 2021 (Scheduled)

Fortunately there are no matters pertaining to San Luis Obispo County.

Integrated Waste Management Authority Meeting (IWMA) of Wednesday, September 8, 2021 (Scheduled) 1:30 PM

Item 12 - Temporary Suspension of Discretionary Expenditures Budget Questions are Resolved. The staff recommends, apparently with approval of the Executive Committee, that much expenditure planned for the fiscal year be deferred until the issues involving the legality of the revenue side of the Budget are resolved.

The IWMA adopted a Budget in June based rate on increases to residential and commercial customers. They also include tipping fee increases to the haulers. These are in large part due to the requirement that the agency implement new State mandated requirements for recycling of organic waste. These added several million per year to the agency costs.

The short tenured interim Agency Director, Paavo Ogren, pointed out that there had been no Proposition 218 fee increase challenge process to determine if rate payers accepted the fees. At this point and as explained in the next item, the Board will be considering whether to tell each member agency that they will have to determine if a separate 218 vote is required in their jurisdiction. This in turn leaves the Budget severely unbalanced in the event that the rate increases are rejected. It is not clear what would happen if some just let it ride without a Prop 218 challenge/vote: some approve it via the Prop 218 process, and some reject it.

It sounds like a terrible legal and financial mess subject to myriad legal challenges.

In the meantime, they would put as much expenditure on hold as possible. The list of deferrals is presented below. Especially interesting is that it details many of the items and programs for which the IWMA routinely expends funds. Separately from the current debacle, are these really things that the public cares about? We are not sure what the color coding means. But why should the rate payers provide $100,000 to propagandize students about this stuff?

Budget Item	Description	Possible Budget Savings	Staff Recommended Temporary Holds
Computer Software SB1383	55K in original budget was overstated because of the assumption of possible extra uploads needed. True amount is $27,500	$ 27,500.00	$ 27,500.00
Employee Mileage Reimbursement	56K based on estimates of mostly field work, new plan is to work on phone as much as possible. Possible savings 28,000	$ 28,000.00	$ 28,000.00
Advertising	All non-committed Advertising	$ 36,240.00	$ 36,240.00
SB1383 Seed Funding	Money to purchase: coolers blankets, etc.. for food recovery	$ 10,000.00	$ 10,000.00
Sharps Containers	Purchase of containers for SLO Bangers and area pharmacies that are not signed up with MED-Project	$ 25,000.00	$ 25,000.00
TAG Grants	$10,000 each grants to increase diversion	$ 40,000.00	$ 40,000.00
Reusable Bag Handouts	Reusable bags for County Social Services to had out to Food Stamp Clients to mitigate grocery bag check-out fees.	$ 10,300.00	$ 10,300.00
Oil Collection Containers	Used for the Curbside Oil Pickup Program. Containers are given by the IWMA to the haulers for FREE.	$ 10,900.00	
Compost Pails	Given to residences/multi family complexes for FREE.	$ 65,000.00	$ 65,000.00
Board Stipends	Individual board members may elect to get $100 per meeting they attended. This amount is payable in December. If all board members elect to not receive payment this year, that would result in a savings of $13,200 (assuming we have a meeting each month from now until December).	$ 13,200.00	
San Miguel CSD	New HHW facility in San Miguel	$ 190,900.00	$ 190,900.00
HHW Forklift	New Forklift for Cold Canyon	$ 30,000.00	$ 30,000.00
Oil Pumps	Replacement of oil pumps at HHW facilities	$ 1,200.00	$ 1,200.00
Electronic Waste Services	2,000/mo. to Paso Robles Landfill and Chicago Grade landfill for processing e-waste. Paso contract states we will take over e-waste disposal if we end contract.	$ 36,000.00	
Curbside Oil Pick up Payments	Payments to haulers for curbside oil pickup collection services (contracts state we will pay them amount that has been budgeted).	$ 26,000.00	
Retail Take Back Program	This program runs at a loss, and there are alternative disposal options. (Or we can increase rates that would have a negative impact on businesses).	$ 52,400.00	

HUH?

Classroom/virtual presentations	925 Classroom programs $99 in person/$82.00 virtual & Food Waste Diversion 175 hours at $49.92/hr.	$ 100,311.00	
Field Trips	100 field virtual field trips $82.00 each	$ 8,200.00	**$ 8,200.00**
School Education Website	25.0 hours at $49.92/hr.	$ 1,248.0[illegible]	**$ 1,248.00**
Education Center Maintenance	10.0 hours at $49.92/hr.	$ 499.[illegible]0	**$ 499.20**
Replacement & Development of Class Program Materials	Portfolio cases, plastic tubs, safety vests for Field Trips	$ 1,600[illegible]00	**$ 1,600.00**
Community Events	Science Discovery typically goes to 2 events for 49.92/hr. (budgeted 30 hrs.), and does 20 community presentations a year for an cost of $99/presentation. Total for this service is $3,477.60.	$ 3,4[illegible]7.60	$ 3,477.60
Administrative	Administrative and Program Management $80 hrs./$75 per hr. and 650 hrs. @$49.92 hr.	$ 38,[illegible]48.00	
Mileage	Mileage 10 months@1,500 miles/month @0.56/mile	$ [illegible]840.00	
Overhead	Overhead 12 months @$75.00/month	$ [illegible]900.00	
Field Staff SB 1383, AB 341, and SB 1826	three Outreach Specialists at $49.92/hr. 1,900 hrs. each & one lead at $53.04/hr. 1,750 hrs.	$377,364.00	
Program Administration	150 hrs. @$75./hr.	$11,250.00	

Miscellaneous	Auto mileage: 14,00 miles @ 0.56/mile	$7,840.00	
Miscellaneous	Phone, Tablet Verizon Communications Charges	$2,400.00	
Miscellaneous	Communication Equipment (phone/tablet/accessories)	$900.00	
Miscellaneous	San Luis Mini Storage: 12 months @ 365/mo.	$4,380.00	
Fliers and Printing	Posters, Food Scrap Only Stickers, Yes Food Stickers, Reminder Cards, Misc. copy/literature	$2,280.00	$ 2,280.00
Commercial Equipment and Supplies	25, 15 gallon organic containers with lid. 100 7 gallon green deskside containers. 300 7 gallon bule desk side containers, 300 23 gallon green wall hugger containers, 100 23 gallon blue wall hugger containers, 200 4 wheeled dollies for wall hugger containers, 30 lids for wall hugger containers	$19,750.00	$ 19,750.00
Household Hazardous Waste Facilities	Savings depends on how long the facilities are closed. The HHW facilities cost approximately $50,000 a month in disposal and labor costs disposal being 90% of the cost of these facilities. (Closing these facilities would have a negative impact on residences and businesses which could lead to increased illegal dumping)	$600,000	
			$ 501,194.80

Item 13 - IWMA to Dump Prop 218 Compliance Decision on Each Member Agency. In a nod to Pontius Pilot, the IWMA Executive Committee proposes that each member agency decide if it needs to go through the Proposition 218 rate increase challenge process before approving the rate increases.

In a heretofore unseen legal opinion, the IWMA Counsel recommended in part:

It is the IWMA's understanding that the Haulers will likely pass the increase in the solid waste management fees through to customers in the form of fees or rate increases. In such a case, we are advising the member agencies that the most prudent course of action is to follow the Proposition 218 protest procedures. The Resolution grants authority to the IWMA Executive Director to extend the effective date of the solid waste management fee increase if reasonable and necessary to accommodate a member agency which is otherwise making good faith efforts toward SB 1383 compliance.

And

IWMA believes the most prudent approach for local jurisdictions is to comply with the Proposition 218 process for rate increases incorporating the additional 1.25% solid waste management fee imposed by the IWMA. This is particularly important because state law prohibits public agencies from requiring the waste hauler to indemnify it for the risk of non-compliance with Proposition 218. *See* Pub. Res. Code, § 40059.2.

In the meantime, the members are all required to comply with the new and costly AB 1383 organics recycling mandates and are subject to fines if they don't.

The punch line in a proposed letter, which the IWMA Board will consider sending to all its members, states:

There was discussion among the former Interim Executive Director and varying agencies as to whether the IWMA would carry out a Regional Prop 218. Due to fact the IWMA's has not historically managed the Proposition 218 process and given its limited resources, and no contractual agreement with the haulers (i.e. access to customer information), the Executive Committee and IWMA Staff determined it is inefficient to conduct an IWMA run Prop 218 process. Instead, each member agency or special district will need to evaluate the decisions related to Proposition 218 compliance and timing thereof based on your own financial impacts and contracts with your respect hauler(s).

LAST WEEK'S HIGHLIGHTS

ALL MEETINGS ARE 9:00 AM UNLESS OTHERWISE NOTED

No Board of Supervisors Meeting on Tuesday, August 31, 2021 (Not Scheduled)

The next regularly scheduled meeting is set for Tuesday, September 14, 2021.

Central Coast Community Energy Authority (3CE) Special Meeting of Tuesday, August 31, 2021 (Completed)

Item 2 - Recommend Approval of an Adjustment to the Proposed Electric Generation Rates Set for Implementation on January 1, 2022, for Residents and Businesses in the Pacific Gas & Electric Service Area by 1.0 cent/kWh from January 1, 2022, to September 30, 2022, to Offset Escalating Costs of Energy and Approve a One Time $30 bill credit for CARE, FERA, and/or Medical Baseline Accounts (Action Item). The action put the burden of the rate increases on customers in the PG&E service area. This is because those in the SCE service area are now just joining the Authority. In order to keep its rates even with its initial promise, the Board therefore exempted them from the increase in the short term. In effect the PG&E area customers will be subsidizing people in Santa Barbara, Goleta, and Montecito. The Authority Board voted 13/2 to raise the rates. The 2 negative votes were holdouts who wanted higher rates.

There was considerable debate, which surprisingly did not contain much concern about the rate increase which just about all of the members supported. Instead, it actually focused on the assertion that it is not enough and should be more. This is because most of the members want their jurisdictions to receive more of the patronage money for pet projects such as solar panels for their constituents, electric vehicle subsidies, electric vehicle charging stations, incentives for conversion to all electric homes, etc. Except for one member, no one seemed concerned about rate impact on lower income people.

This discussion was accompanied by extensive rhetoric about the catastrophic climate crises, including emotional spiels about "dooming our children and grandchildren." Every weather disaster and mountain wildfire is attributed to global warming.

The Authority CEO, Tom Habashi was clearly becoming frustrated, as he repeatedly attempted to explain basic financial concepts, such as 95 percent of 3CE's costs are for energy and 97% of its revenue comes from the sale of energy, which leaves very little margin for passing out patronage money unless they determined to burn down reserves. Leading lights such as San Luis Obispo Councilwoman Jan Marx and Grover Beach Mayor Jeff Lee, along with a whole coterie of other analytically challenged lemmings, struggled with the concept. They were childish as they repeatedly pushed Habashi to find a way to spend more.

They are trapped by their original promise to maintain lower cost than PG&E and Southern California Edison and their desperate desire to hand out goodies.

One important revelation is that the key factor driving up their costs is the escalating price of natural gas and large scale hydro power. Even though they promised extensive green energy and, as we have pointed out for years, the actual electrical energy they sell is the same energy as PG&E and SCE. The green part is fake, as they use renewable energy certificates (RECS), which they buy from green energy suppliers and then trade for actual electricity.

The shameless scam is beginning to crack. Some of the Board members are clearly nervous and see the handwriting on the wall, but don't know what to do. They are now responsible for their respective jurisdictions' proportionate share of 3CE's long-term multi-billion energy contracts.

Background: Note that unlike the regulated investor-owned utilities, (IOUs), 3CE is not subject to California Public Utility Commission (CPUC) rate review and approval.

This recommends that the Policy Board: 1- Adopt a nine month increase of 1.0 cent per kWh to all proposed electric generation retail rates that were approved on June 16, 2021, except for streetlights and traffic control. 2- Approve one-time bill credit for income qualified residential and commercial customers participating in CARE or FERA and/or those residential customers participating in the Medical Baseline Program. 3- Re-Affirm CCCE's commitment to set retail rates to cover the cost to serve the CCCE communities and to base the allocation of the cost on the cost causation principle.

We could not find a link to whatever the "cost causation principle" is on the 3CE website. However, the paragraph below seems to say that if power costs go up and usage goes down and overhead remains the same, rates must go up. Welcome to Econ 1A.

The rising power supply costs, lower-than-expected revenue in the PG&E service area during the first quarter of FY 2021-22 (based on current IOU minus approach), and negative gross margin in the SCE service area create a significant budget revenue shortfall of $32.6 million for FY 2021-22 that should be addressed before the start of the operating year.

Why are energy costs and resource adequacy costs (reservations for energy shortage periods) going up in view of their long-term energy contracts?

Power Supply Cost: Energy and Resource Adequacy costs have been steadily rising, resulting in a forecast increase in power supply cost of $24.3 million for FY 2021-22. These increased costs were not originally considered as part of the COS rate design because power supply costs were forecasted in late 2020 to allow time to develop the COS rates. In accordance with CCCE's Energy Risk Management Policy, only 60% of the power needed to serve our customers for FY 2021-22 was hedged at that time. Throughout the Spring of 2021, staff has continued to hedge the open position intending to be fully hedged for CY 2022 by November 2021.

How are they hedging for the shutdown of the Diablo Power Plan, which provides 20% (all carbon free) of the energy in the PG&E service area?

Proposed COS Rates vs PG&E with projected rates increase of 0.6 cent/kWh across the board in 2022:

Customer Class		CCCE	PG&E [A]			PG&E vs CCCE	
Cent/kWh	% of Consumption	Proposed 2022 12-month Avg COS Gen Rate	Proposed 2022 Bundled Gen Rate	Proposed 2022 PCIA and FF	Proposed 2022 PG&E's Gen Rate minus PCIA and FF	Headroom	Headroom %
Residential	32.5%	7.06	11.83	4.65	7.18	0.12	1.7%
Small Comm	14.4%	6.35	11.66	4.66	7.00	0.65	10.3%
Medium Comm	10.3%	6.01	11.40	4.47	6.93	0.91	15.2%
Large Comm	24.3%	6.26	10.88	4.26	6.63	0.36	5.8%
Ag	17.8%	6.37	11.46	4.34	7.12	0.75	11.8%
SL	0.6%	5.83	9.69	3.76	5.93	0.10	1.7%
Average						**0.48**	**7.7%**

[A] Based on NewGen's forecast during COS rates development in May 2021

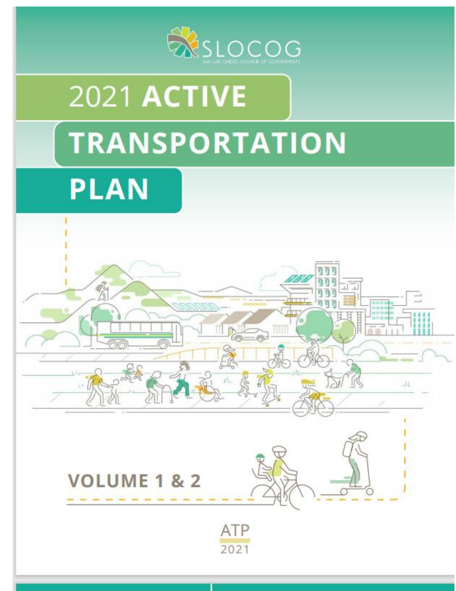
The table is a bit confusing, but in the end it appears that for a household using the California average of 557 kWH per month, the 3CE rate would come out to 66 cents lower per month than PG&E. This assumes that the CPUC

grants PG&E a rate increase of .6 tenths of a cent per kwh. Last year the average 3CE "savings" was about a $1.31 per month. It appears that the gap is closing.

Meanwhile, 3CE has signed billions in long term energy contracts. If a particular jurisdiction ever wishes to leave 3CE, it is responsible for its pro rata share. For example, if $200 million is attributable to the City of SLO, it is responsible for paying off or selling an equal amount of long-term energy contracts. The City Council ignored that fact in joining 3 CE. The progressive /liberal mind is not capable of factoring such data into a woke decision.

San Luis Obispo County Council of Governments (SLOCOG) Meeting of Wednesday, September 1, 2021, 8:30 AM (Completed)

Item A-2: Regional Active Transportation Plan Final For 2021. The Board adopted the plan on an 8/2/0 vote with Supervisors Arnold and Compton dissenting. Supervisor Peschong had left the meeting. The issue of possible use of condemnation for a portion of the Bob Jones Trail was cited by Arnold as a contributing factor to her negative vote.



This is a plan for projects and subsidies to get people out of their cars by biking and walking.

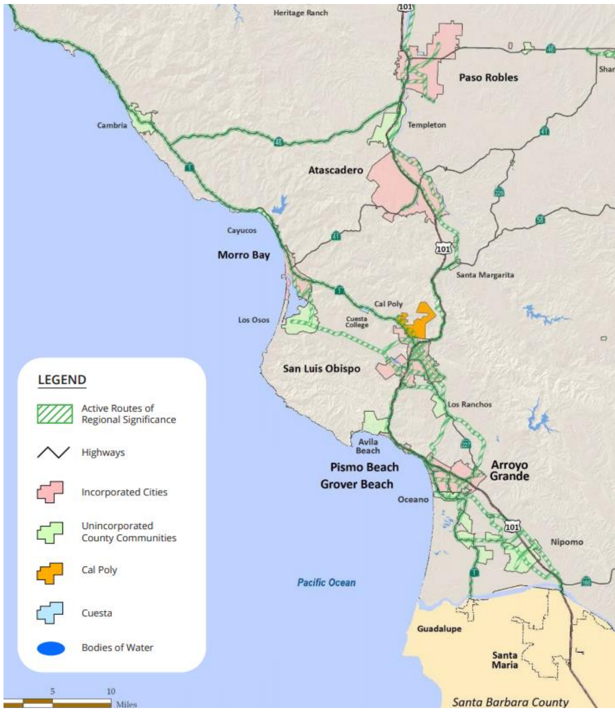
The 2021 Regional Active Transportation Plan (ATP) lays out an actionable blueprint for the San Luis Obispo region, including the seven cities and unincorporated communities to create a healthy and appealing alternative to driving. The bicycle and pedestrian planning framework is based on extensive public participation and developed in coordination with local agencies. The plan includes adopting a regional policy for a "Towards Zero Deaths" safety target, for walking and bicycling, clarifying that traffic collisions of any kind, including those resulting in the fatality of a pedestrian or cyclist, are not acceptable.

Background: The full plan can be viewed at the link: [SLOCOG Active Transportation Plan (slocogatp.org)]

The 118-page full color glossy document is more of a PR effort than a serious implementation plan. It calls for a network of bike and pedestrian trails and routes at a cost of $230 million over some period of years. The major goal seems to be to prevent injuries and deaths of cyclists and pedestrians.

The plan does not seem to contain statistics on these deaths and injuries per year nor the reduction targets or timing targets. Like so many government programs, the problem that they are attempting to solve is not adequately detailed. Thus, it is impossible for the public to assess whether it is really necessary and once completed (if ever), if it worked. Some vague data from a national survey purporting to reflect people's preferences for biking, etc., is presented, but it does not define the problem to be solved.

There was no customer information about how many people ride bikes or walk regularly. Thus, it is hard to determine a cost benefit. The local driving in the County is for commuting to and from work and school.

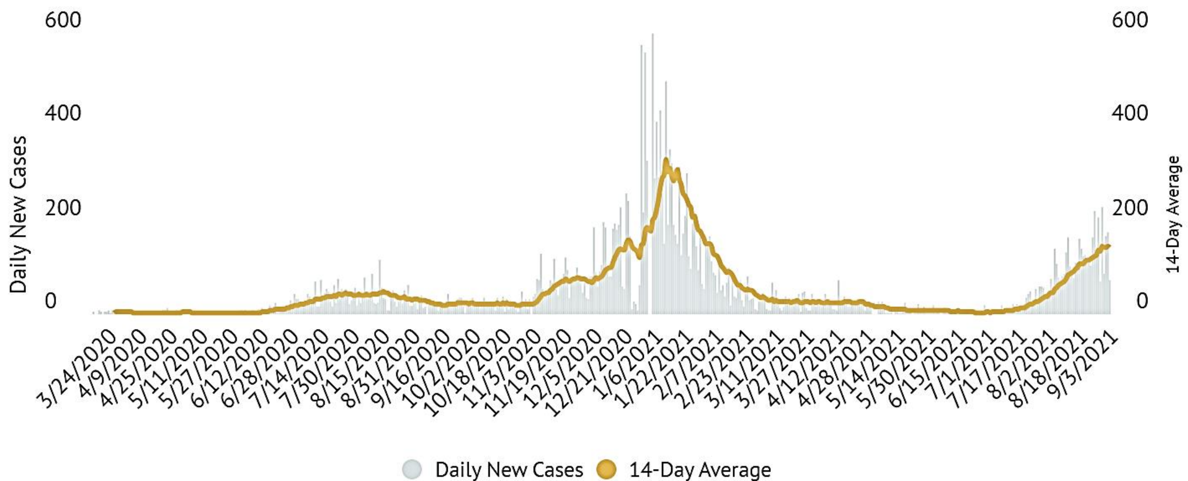


The trails become homeless paths and sprout homeless campgrounds on neighboring property.

EMERGENT ISSUES

Item 1 - COVID Status. The infection rate plateaued at week 6 of the run up. The average is about where it was last January 7th. The County reinstated the indoor mask mandate for all public places.

Daily New Cases (and 14-Day Average)



59 Hospitalized (17 in ICU)

Item 2 - Debt Update. Last week we presented some charts illustrating the exponential increases in our national debt. Coincidently, the article below, which explains some of the impacts, came out this week. As states and local governments wallow in the various versions of Federal COVID relief and so-called economic stimulus programs, please remember that at some point the piper must be paid. Also see page 16, Addendum I, for a more detailed graphic and analysis of the impact of the debt.

Our $28 Trillion National Debt Is Coming Due

If we don't stop our runaway national debt, it will require much higher taxes and dramatic cuts in spending

BY JOHN LOTT

Last September, the Congressional Budget Office (CBO) predicted the federal debt wouldn't hit $29 trillion until 2028. Just short of a year later, the national debt stands at $28.6 trillion and is set to surpass $29 trillion within weeks.

Since Congress hasn't yet enacted all its new spending proposals, the CBO debt estimates don't yet include them. The $1.2 trillion "infrastructure" bill still has to pass the House, and a $3.5 trillion budget reconciliation bill will add to the current budget. The proposed 2022 budget will likely be more than $6 trillion (up from $4.8 trillion in 2020).

Adding all this up, a $40 trillion federal debt is likely within a couple of years. Estimates that the debt will reach $50 trillion by 2030 are not particularly remarkable given the current pace.

The CBO assumes that interest rates on the national debt won't reach 2 percent until 2027, but this is a big assumption. If the interest rate rises by just 1 percent, that would create an additional $400 billion in annual payments on the national debt.

Interest Rates and Inflation Worsen the Outlook

To finance the debt, the U.S. Treasury has to sell bonds. Currently, the interest rate on ten-year U.S. Treasury bonds is just 1.29 percent. From 1990 to 2020, the rate averaged 4.4 percent. Over the 60 years from 1960 to 2020, it averaged 6.0 percent.

Even if we return to only the 4.4 percent rate, that would cause a massive increase in interest payments. A 3 percentage point increase would add $1.2 trillion to the annual deficit. Soon, we will find ourselves borrowing more just to pay the interest on the debt that we already owe.

Inflation has been on the rise, and interest rates have to at least be high enough to compensate bondholders for the dollar's diminishing purchasing power. In June and July, consumer inflation averaged an annual rate of 8.4 percent. Over that same two months, the producer inflation rate, the cost to businesses, soared at an annual rate of 12.6 percent.

In fact, interest rates on bonds have to outpace expected inflation for anyone to want to buy them. I will not lend you money if I expect the total you pay me back is worth less than what I originally gave you. The return has to be even more than inflation because bondholders also have to pay taxes on their interest income.

Increased Tax Rates Will Drive Up Debt

President Biden's proposed increases in individual and corporate income tax rates would create even greater increases in interest rates, thus adding even further to the dramatic debt increases that Biden and Democrats have planned.

Our entire national income (GDP) is now $22.72 trillion. Few European countries have higher debt burdens relative to GDP. Greece's debt is 107 percent greater than its national income, and Italy's is 55 percent greater. Few would disagree that both of those countries have debt crises, and our debt already exceeds annual income by 26 percent.

Imagine if you had to borrow each month to pay the interest on your mortgage payment, and that you did so for many years. Lending money to someone like that would be very risky, and any loan would come with high interest rates to compensate for that risk.

Countries can and do default on their debt. Argentina defaulted, but was cut off from international trade and foreign capital markets, plus faced seizure of its assets in other countries.

High Government Debt Causes Inflation

Many heavily indebted countries try to solve the problem with increased inflation. In theory, 50 percent inflation would reduce the value of the debt by 50 percent. But lenders are unlikely to simply be caught off guard, and new buyers won't buy bonds unless they have a high enough interest to protect them against hints of such rampant inflation. And, of course, high inflation comes with its own dire economic consequences.

The unique status of the dollar as the world's reserve currency would make such an inflationary escape particularly costly for the United States. In the face of high inflation rates, foreigners will sell their dollars and the dollar's value will fall. That will make it more costly for us to buy goods from other countries. Foreign-held dollars will also come back to the United States, increasing the domestic money supply and causing further inflation.

All this means a lot of pain. Given how quickly our debt is increasing, that pain isn't just in store for distant future generations. If we can't stop the runaway national debt, it will require much higher taxes and dramatic cuts in spending. For older people looking out for threats to Social Security and Medicare, this is it.

Lott is the president of the Crime Prevention Research Center and most recently the author of "Gun Control Myths." Until January, he worked in the U.S. Department of Justice as senior adviser for research and statistics.

Item 3 - US Weapons Abandoned to the Taliban, ISIS, and Al-Qaeda. Which Generals allowed $85 billion in weapons to be abandoned in Afghanistan? This is more than the $70 billion than the US has provided to Israel since its inception. If the military could not haul out the equipment and weapons, why weren't they destroyed? These terror groups are now better equipped than most US Reserve and National Guard Units.

Eventually, some of these weapons are going to find their way into US cities. In addition to being used by the terrorists, they could be funneled to Antifa and other violent groups here.

Meanwhile, the service chiefs and other higher ups are concentrating on critical race theory training for the troops, airmen, and sailors. As Victor Davis Hanson wrote last week:

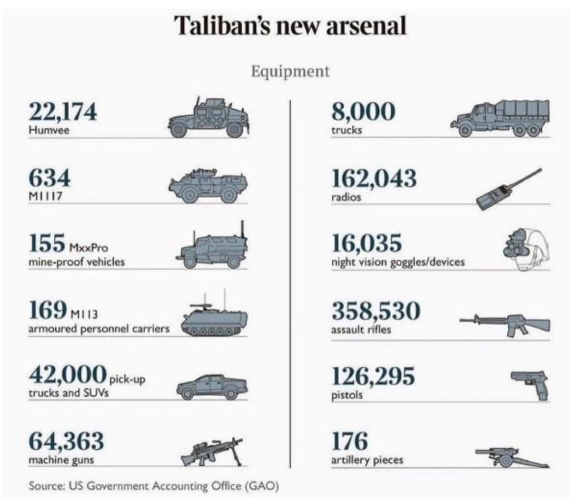
The Pentagon needs to stop virtue signaling about *diversity days, culturally sensitive food for Afghan refugees, and rooting out supposed white conspiracists.*

Instead, can it just explain why the Bagram Air Base was abandoned by night? Why suddenly are the terrorist Taliban our supposed "partners" in organizing our surrender and escape?

Which general allowed over $85 billion in American weapons to fall to the Taliban—a sum equal to the price of seven new U.S. aircraft carriers?

Who turned over to the Taliban the lists of Americans and allied Afghans to be evacuated?

Who left behind 7,000 biometric scanners that the Taliban are now using to hunt down our former Afghan friends?



The list to the left does not include huge stockpiles of ammunition.

Note the new battle dress uniforms, boots, web gear, hats, sunglasses, and the guy in front's new US rifle.

Your Federal taxes at work.

His night goggles case

embers of the Taliban Badri 313 military unit at the airport in Kabul on Tuesday.

COLAB IN DEPTH

IN FIGHTING THE TROUBLESOME, LOCAL DAY-TO-DAY ASSAULTS ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL, POLITICAL, AND ECONOMIC CAUSES

CALIFORNIA'S GREEN CONUNDRUM

BY EDWARD RING

In 2006, California Governor Arnold Schwarzenegger signed the landmark AB 32, the "Global Warming Solutions Act." Determined to leave a legacy that would ensure he remained welcome among the glitterati of Hollywood and Manhattan, Schwarzenegger may not have fully comprehended the forces he unleashed.

Under AB 32, California was required to "reduce its [greenhouse gas] emissions to 1990 levels by 2020." Now, according to the "scoping plan" updated in 2017, California must "further reduce its GHG emissions by 40 percent below 1990 levels by 2030."

The problem with such an ambitious plan is that achieving it will preclude ordinary Californians ever enjoying the lifestyle that people living in developed nations have earned and have come to expect. It will condemn Californians to chronic scarcity of energy, with repercussions that remain poorly understood by voters.

It isn't merely that Californians will experience unreliable energy, as the percentage of energy generated from "renewable" sources continues to increase. That will eventually get sorted out, although at a stupendous cost. Battery farms will replace natural gas plants to fill in those times of day when there is no sun and insufficient wind, and over time, the entire solar, wind, battery, and "smart grid" infrastructure will get overbuilt enough to cope even with those months in the year when days are short and there isn't much wind. It will cost trillions and despoil thousands of square miles of supposedly sacred open space, but it will get done.

The bigger problem is that this whole scheme is too space-intensive and too expensive to ever be scaled up to the level of abundance. To close the loop, "negawatts" will be required. That is, extreme conservation of energy solutions will become mandatory. This will affect every household, imposing LED lights, "smart" thermostats, "energy sipping" appliances, lights that turn themselves off when the sensors determine a room is empty. Every manner of intrusive, surveilled, algorithmic management of our lives will become mandatory. But it doesn't end there.

Energy isn't just required to run a household. It's also necessary to run an economy. This is immediately obvious with respect to the future of California's water infrastructure. According to the Public Policy Institute of California, "overall, water use accounts for about 20 percent of California's electricity use and 30 percent of natural gas used by businesses and homes. This energy is used to supply, convey, treat, and heat water."

Meanwhile, a rarely acknowledged fact about California is that, despite "green" ideology dominating public policy for decades, over 80 percent of California's total energy consumption relies on fossil fuel.

This is the conundrum. California's policymakers know that in order to fulfill their climate goals under the Global Warming Solutions Act, they cannot permit the growth of industry or infrastructure that may consume more energy.

The effect on water use is profound. Want to increase interbasin transfers, to deliver water from regions where water is abundant to regions where water is scarce? That, after all, was the realized intent of the California Water Project, one of the civil engineering marvels of the world. But why fix the collapsing aqueducts, or build additional pipelines and aqueducts, when that would require more pumping, and more pumping requires more energy? Why build desalination plants, when it takes a megawatt-year of electricity to desalinate every 2,000 acre feet of seawater? Why upgrade water treatment plants, when treating wastewater requires energy?

California's green solution is to ration water consumption instead of generating more energy to produce more water. This priority is felt everywhere. Neglect the agricultural canals and let more runoff flow into the ocean. Decimate California's once legendary agricultural sector. Squeeze the small farming operations into insolvency, and allow hedge funds to buy their land for pennies on the dollar. Replace a farming economy that delivers a diversity of row crops to the entire world with a few commodity monocrops that don't require as much water, or turn the farmland into solar farms and nature preserves.

The impact on household water consumption is set to become equally severe. The state wants to reduce indoor water consumption to 55 gallons per person per day, then to 50 gallons per person per day, and eventually to 40 gallons per person per day. Ban virtually all use of outdoor water for landscaping. Promote, then mandate, "xeriscaping"—because it's fun and responsible to send children out to play in the rocks. And hold on, anyway, isn't having a private home with a private yard exclusionary and unsustainable and racist? Don't laugh. They're coming for you.
Californians, even during prolonged droughts, could invest in water infrastructure and maintain an abundant supply of water for farms and cities. But abundant water policies collide with the conundrum. To supply more water requires more energy. To supply more anything requires more energy. It won't happen.

To implement California's Global Warming Solutions Act, the state has raised an army of "carbon accountants." They are charged with determining the carbon impact of everything. Want to bring back the timber industry in California? After all, there's no better way to sequester carbon than to cut down trees and mill lumber. But wait. First the carbon accountants will have to calculate the net benefit. How much energy will the lumber trucks and the chainsaws require? What about the mills?

What about the carbon absorption potential of the trees if they're left standing? Blah blah blah. To be sure, this level of analysis can't be done on a spreadsheet. Bring out the parametric database. Bring out the black box. Make sure you include a plethora of regression analyses. To do the "work," hire PhDs by the dozens. Spend millions. Spend years.

Or never mind.

With a Sierra Club litigator looking over their shoulder, don't expect carbon accountants to ever greenlight an industrial endeavor in California, unless it's a solar farm, a wind farm, or a battery farm. And never mind the collateral damage of those projects. So let the forests burn. God forbid the timber companies might come in and clear out around the power lines, maintain the fire roads and fire breaks, and thin the undergrowth, all for free in exchange for the right to log again. That's what they did up until the 1990s. Today? Not a chance. So burn baby, burn.

One way to address California's green conundrum would be to embrace nuclear and hydroelectric sources of energy. After all, these power sources do not create any emissions. Keep the Diablo Canyon nuclear power plant open. Raise the height of the Shasta Dam and immediately have more water and more electricity. But these solutions are anathema to California's green elite. But why? Is there a "climate crisis" or isn't there?

Of course, if the goal of green policy in California is to reduce the standard of living of normal residents, implement draconian controls over their lives, and move people out of spacious detached homes and into energy efficient apartments, this is not a conundrum at all.

It doesn't have to be this way. Recognize that fossil fuel cannot be phased out precipitously and set an example to the world of how to, for example, use clean natural gas in a manner that is as efficient and sustainable as possible. Pioneer new designs for nuclear power stations. Build water infrastructure that guarantees more water for everything—not only the farms and cities, but the streams and rivers. Stop using visions of an apocalypse to limit our lives and line the pockets of environmentalist litigants. Proclaim abundance in all things to be achievable and desirable, and refuse to compromise. There is no conundrum. It is a self-inflicted lie.

As America's dissident reformers focus on confirming election integrity, maintaining medical freedom, and countering the woke mob—as if that weren't enough—the agenda of the environmentalist extremists moves relentlessly forward. What's happening in California is moving East, crossing the Sierras and the Rockies, traversing the plains, and infiltrating every state house and county seat and city council in the nation. Propelled by fantasy and panic in equal measure, and manipulated by fanatics and shameful opportunists, the extreme green agenda must be recognized for what it is: a highly contagious misanthropic pathology that afflicts the young, the impressionable, the uninformed, the well-intentioned but misguided, the profiteers and the tyrants. Beware of them all.

This article originally appeared on the website American Greatness.

ADDENDUM I

Even the Fed Thinks Current Debt Levels Are Unsustainable

BY ENRIQUE BRIEGA

A few months ago US national debt exceeded $28 trillion. This number is certainly the one economists usually work with, but does this figure capture a long-term perspective?

In March 2021, the Department of the Treasury published the 2020 *Financial Report of the United States Government*. In the initial message, Secretary Janet L. Yellen writes: "This Financial Report discusses not only current financial results but also important, long-term trends affecting our critical social insurance programs and fiscal health." The report not only discloses the current debt level, but also projects the cost of the government's future obligations to its citizens. It notes that citizens will have the right to demand benefits from the state in the future.

The United States is one of the few countries whose treasury, in an act of transparency and with rigorous analysis, has warned its government of the unsustainability of the country's public finances.

The US Department of the Treasury anticipates that unless there are substantial changes, the system will not be sustainable: "If changes in policy are not so abrupt as to slow economic growth, then the sooner policy changes are adopted, the smaller the changes to revenue and/or spending [that] will be required to return the government to a sustainable fiscal path."

Government reports on macroeconomic matters tend to be ambivalent. Nevertheless, this one's conclusion is decisive: the US government's fiscal policy is unsustainable.

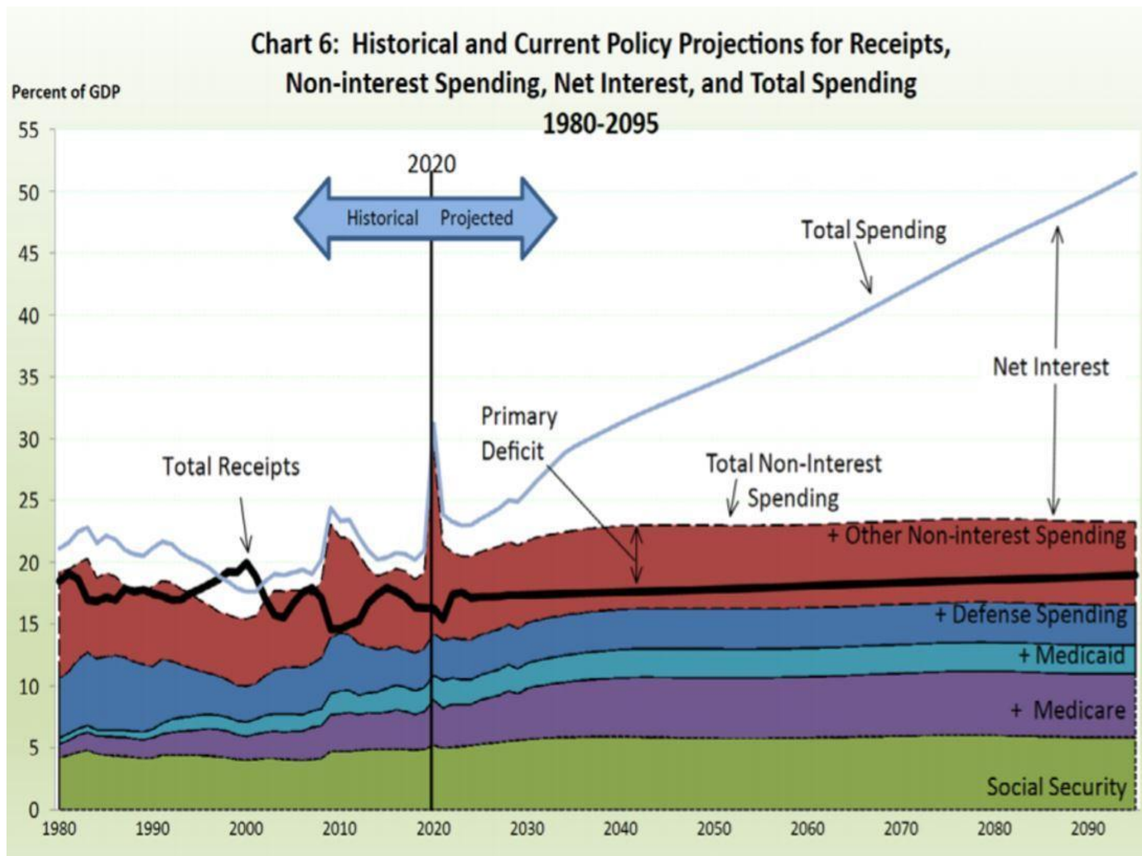
The Primary Deficit

The report usefully distinguishes between the primary deficit and the total deficit. Generally speaking, the primary deficit does not include the cost of servicing the debt (i.e., interest) while the total deficit does.

To conduct a rigorous analysis of public finance sustainability, it is appropriate to consider the primary deficit, because if there is a structural primary deficit, it is difficult for a country to achieve long-term sustainability no matter the interest rate. The Fed could help the government lower the total deficit with a rate decrease, but major structural changes are needed to lower the primary deficit.

The following graph, which appears in the report, compares total fiscal receipts, represented by the black line, with total structural expenditure. When the line representing total receipts (the thick black line) is below the sum of the various budget expenditure items, there is a primary deficit. During the years of the financial crisis (2009–12), the deficit-to-GDP ratio spiked, and it skyrocketed again in 2020 due to increased spending to address covid-19.

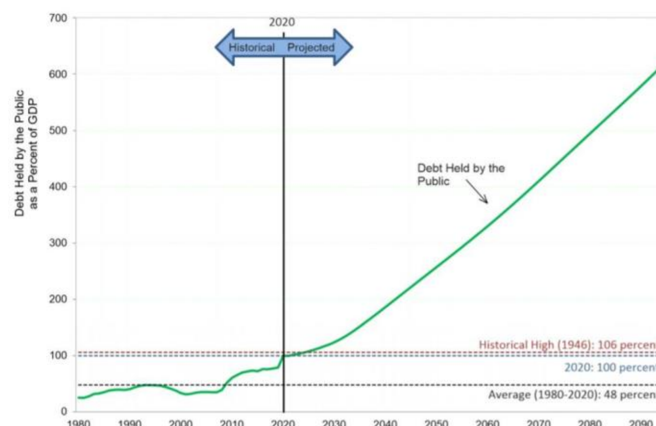
Chart 1: Comparison of Each Major Category's Weight with Respect to Tax Revenues



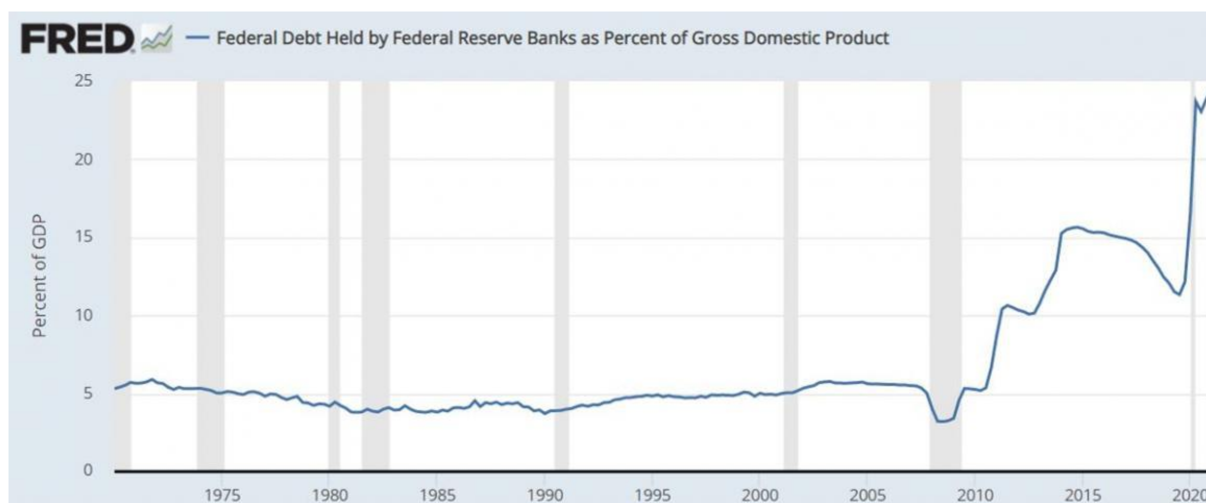
Source: US Department of the Treasury, [Financial Report of the United States Government](), FY 2020, Mar. 25, 2021.

The Department of the Treasury assumes there will be a structural primary deficit and that total deficit (represented by the difference between the blue line and the thick black line), which includes the cost of servicing the debt, will increase with time.

The report continues with a graph that illustrates how, if the trend continues, the government's debt could reach 300 percent of GDP in less than forty years.



It is important to clarify that the above graph only considers "debt held by the public," currently around 100 percent of GDP; however, if debt held by Federal Reserve Banks were included, the total debt would be 130 percent of GDP. The Fed argues that this additional $6 trillion debt should not be considered because "Federal Reserve Banks remit their profits to the Treasury, [and] any interest earned on their federal debt is rebated to the federal government." But if the Fed continues to increase its position relative to US debt, this consideration might need to be reviewed.



In any case, the Department of the Treasury projects the future debt of the government and calculates that it could triple GDP within forty years. If the Federal Reserve Banks' debt were consolidated, this threshold would be reached in much less time.

A country with a welfare state commits to offering its citizens future benefits (principally pensions and health services) using taxes collected in the present. While tax revenues are accounted for upon collection, government's future obligations are not. What would happen if we accounted for the obligations in present value terms? This is exactly what the Department of the Treasury does in its analysis.

US companies that agree to provide their employees with future pensions (which the companies have to finance) have to budget annually to satisfy their future payment obligations in accordance with US Generally Accepted Accounting Principles (GAAP). But the government is not required to make provisions to cover future benefits, currently doing so only for federal employees and veterans.

What Would the Debt Figure Be If the United States Calculated the Present Value of Future Obligations?

The Department of the Treasury declares that "[t]he long-term fiscal projections indicate that the government's debt-to-GDP ratio will rise to 623 percent over the 75-year projection period, and will continue to rise thereafter, if current policy is kept in place." Just to give an idea of how fast the debt-to-GDP forecasts are increasing, the same report two years ago estimated that same ratio would rise to 530 percent in that period.

Let's see why the debt is projected to become more than six times GDP.

First, considering a seventy-five-year projection period, the net present value of future tax revenues is estimated to be $295.4 trillion. From this the present value of future noninterest spending—$374.9 trillion—must be subtracted. The main projected expenditures are on social insurance—that is, healthcare and pensions.

	In trillions of dollars		
	2020	2019	Change
Receipts:			
Social Security payroll taxes	68.5	65.7	2.9
Medicare payroll taxes.........................	22.9	22.1	0.9
Individual income taxes	164.4	161.7	2.7
Corporation income taxes	21.0	19.3	1.7
Other receipts....................................	18.6	21.1	(2.5)
Total receipts..	295.4	289.9	5.6
Non-interest spending:			
Social Security...................................	95.2	88.7	6.5
Medicare Part A[3]	32.6	32.2	0.4
Medicare Parts B & D[4].........................	45.2	40.7	4.5
Medicaid..	37.4	37.3	0.1
Other mandatory	58.5	45.4	13.1
Defense discretionary..........................	53.6	48.1	5.5
Non-defense discretionary	52.4	46.6	5.9
Total non-interest spending	374.9	338.9	36.1
Receipts less non-interest spending	(79.5)	(49.0)	(30.5)

The Statements of Long-Term Fiscal Projections (SLTFP) shows that the present value of total noninterest spending, including Social Security, Medicare, Medicaid, defense, education, etc., over the next seventy-five years under current policy is projected to exceed the present value of total receipts by $79.5 trillion. Social insurance net expenditures (Social Security and Medicare) account for $65.5 trillion of this noninterest spending.

However, these projections fix variables that the calculation of payment obligations is very sensitive to, such as the fertility rate, life expectancy, and average annual growth in health costs. Much like in the majority of developed countries, the fertility rate (defined as number of children per woman) in the United States showed a downward trend. In 2007 this ratio was 2.1 percent while in 2020 it reached 1.64 percent, a record low. Is it realistic to assume that fertility rate will return to 2.0 and remain stable for the next seventy-five years, as the Treasury's projections assume? Using an assumed fertility rate of 1.8 percent (closer to the current one) instead of 2.0 percent increases the financing shortfall by $2.5 trillion. The same is true for average annual growth in health costs: if 4.7 percent is used instead of 3.7 percent, $14 trillion more in debt are added.

The Department of the Treasury also assumes the country will not disintegrate. Therefore, it calculates the present value of future revenues and obligations into the indefinite future (valuations by companies similarly assume they will operate indefinitely):

Experts have noted that limiting the projections to 75 years understates the magnitude of the long-range unfunded obligations because summary measures reflect the full amount of taxes paid by the next two or three generations of workers, but not the full amount of their benefits … [E]xtending the calculations beyond 2094, captures the full lifetime benefits, plus taxes and premiums of all current and future participants. The shorter horizon understates the total financial needs by capturing relatively more of the revenues from current and future workers and not capturing all the benefits that are scheduled to be paid to them.

Present Values of Costs Less Tax, Premium and State Transfer Revenue through the Infinite Horizon, HI, SMI, OASDI as of January 1, 2020

(In trillions of dollars)	HI	SMI Part B	SMI Part D	OASDI	Total
Present value of future costs less future taxes, premiums, and state transfers for current participants participants	13.1	26.9	5.7	41.8	87.5
Less current trust fund balance	0.2	0.1	-	2.9	3.2
Equals net obligations for past and current participants participants	12.9	26.8	5.7	38.9	84.3
Plus net obligations for future participants	(20.9)	52.7	20.3	14.1	66.2
Equals net obligations through the infinite future for all participants	(8.0)	79.5	26.0	53.0	150.5
Present values of future costs less the present values of future income over the infinite horizon	(7.8)	79.6	26.0	55.9	153.7

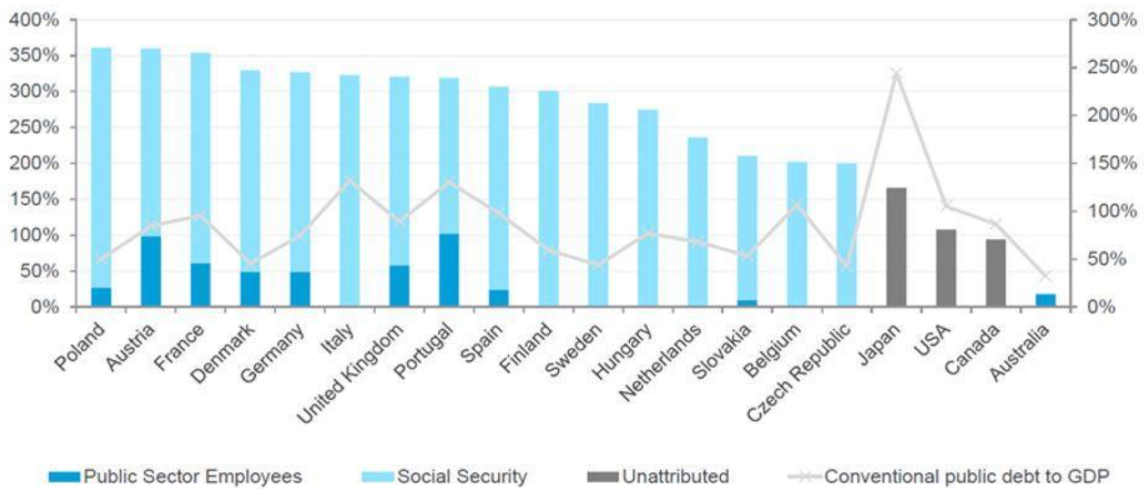
Source: 2020 OASDI and Medicare Trustees' Reports

With these adjustments, the present value of future costs less the present value of future income rises to $154 trillion, and let's recall that this figure does not include interest expenses nor the debt held by the Fed in their books.

What Is the Situation in Other Countries?

Unfortunately, the same analysis applies to other countries. In fact, some years ago Citigroup calculated what the debt would be if future government pension liabilities were accounted for in present value terms. Note that the report only includes expenditures on pensions.

Figure 15. Collated Estimates of Contingent Government Pension Liabilities as a % of GDP



Note: Most data based on 'Freiburg' model calculated on 2006 data; UK, Australia and Spain based on National calculations based on 2010 data; US, Japan and Canada based on 1996 data estimated by Chand and Jaeger.
Source: Kaier and Muller (Freiburg University), DNB, OECD, Citi Research

As can be seen in the graph, the majority contingent government pension liabilities in most European countries reached a present value of three times their GDP.

Conclusion

Economists need to warn the public of the unsustainable nature of our governments' public finances. Only then will our political leaders be able to debate measures that might reverse the undesirable trends.

Not much can be added to what has been exposed in the US government's financial report, and its conclusions speak for themselves:

The continuous rise of the debt-to-GDP ratio indicates that current policy is unsustainable…. The projections in this Financial Report indicate that if policy remains unchanged, the debt-to-GDP ratio will steadily increase throughout the projection period and beyond based on this report's assumptions, which implies current policy is not sustainable and must ultimately change. Subject to the important caveat that policy changes are not so abrupt that they slow economic growth, the sooner policies are put in place to avert these trends, the smaller are the adjustments necessary to return the nation to a sustainable fiscal path, and the lower the burden of the debt will be to future generations.

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