COLAB San Luis Obispo County

The Coalition of Labor Agriculture and Business

WEEKLY UPDATE - MAY 21-27, 2023

THIS WEEK

NO BOARD OF SUPERVISORS MEETING

SLO PENSION TRUST BOARD
VERY INTERSTING AND TIMELY PRESENTATION

LAST WEEK

BOS MEETING

NEW HOME CONSTRUCTION FAILURE
LOWEST SINCE THE RECESSION BUT RITUAL GROWTH LIMITS STILL APPROVED

3RD QUARTER FINANCIAL REPORT
COUNTY WILL END THIS YEAR IN THE BLACK BUT STAFFING AND COSTS BUILD ON THE BASE

PROPOSED FY 2023-24 BUDGET RELEASED
HEARINGS START JUNE 12TH
TOO MUCH CURRENT YEAR SURPLUS BEING USED TO BALANCE NEXT YEAR

ANOTHER $300,000 APPROVED FOR REACH
WHERE'S THE BEEF?

SUPERVISOR PAY RAISES APPROVED
ARNOLD & PESCHONG VOTED NO
PAULDING VOTED YES BUT SAYS HE WON'T TAKE IT
BUT FOR HOW LONG?
ONLY THE PAYROLL CLERK WILL KNOW

APCD CANCELLED
MISSED AGENDA FILING DEADLINE

LAFCO PRELIMINARY ON OCEANO CSD BID
TO TERMINATE FIRE SERVICES
IN THE END IT WILL COST ALL COUNTY TAXPAYERS MORE

EMERGENT ISSUES

THE WOKE ELITE WORLD GRIP
SEE ALL 3 ARTICLES BELOW

COLAB IN DEPTH
SEE PAGE 20

THE INDUSTRIAL REVOLUTION HAS HAD A MINIMAL EFFECT ON ATMOSPHERIC CO_2
BY ANDREA WIDBURG

PROGRESSIVES AGAINST PROGRESS

THE RISE OF ENVIRONMENTALISM POISONED LIBERALS' HISTORICAL OPTIMISM

BY FRED SIEGEL

AMERICAN DESPOTISM

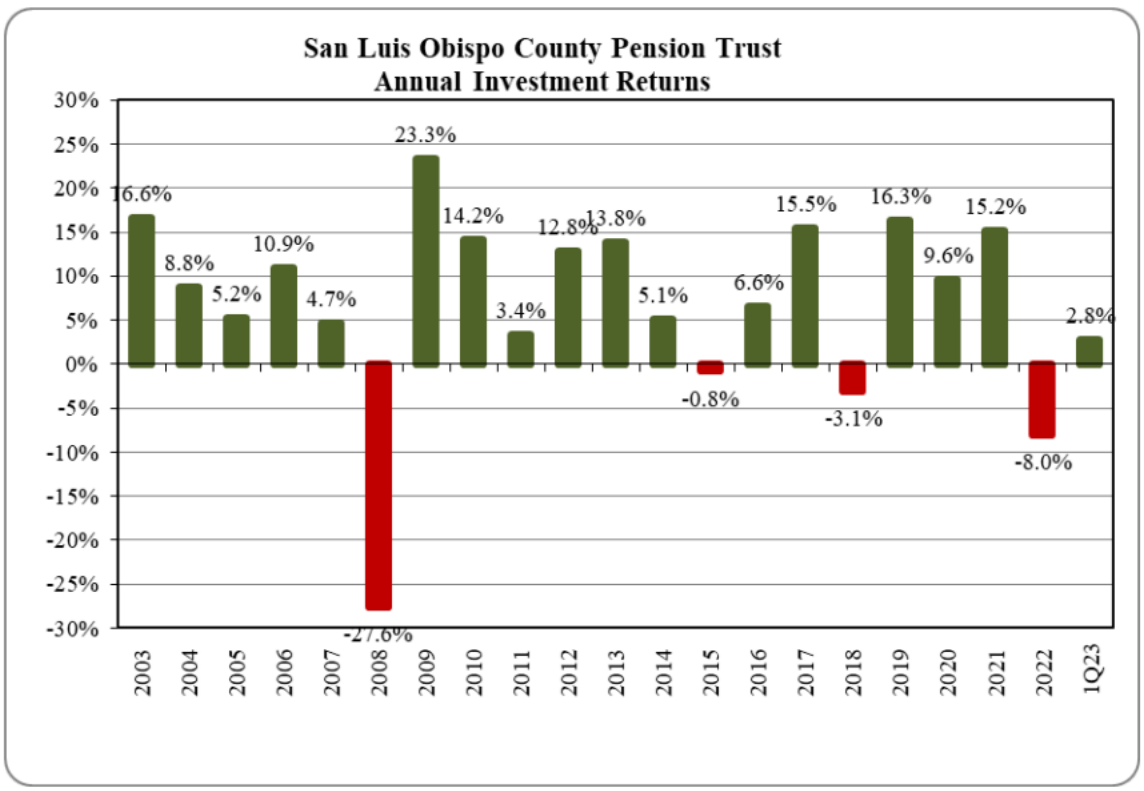
True science, the evidence before one's eyes, exposes the globalist American empire as a kleptocracy that has betrayed the country, outsourced its wealth and defense, and degraded its people

BY KEVIN SLACK

THIS WEEK'S HIGHLIGHTS

SLO County Pension Trust Meeting of Monday, May 22, 2023 (Scheduled)

Item 13 - Quarterly Investment Report for the First Quarter of 2023



The average annual return for the entire period displayed is 8.6%, which is greater than the current long range interest assumption rate of 6.25%.

Item 14 - Monthly Investment Report for April 2023 - COVID, government-imposed lockdowns, the war in Ukraine, uncontrolled immigration, climate hysteria (especially energy rationing), trillions in added national debt, and the mental illness epidemic have all contributed to recent declines.

	April	**Year to Date 2023**		2022	2021	2020	2019	2018
Total Trust Investments ($ millions)	$1,632			$1,614 year end	$1,775 year end	$1,552 year end	$1,446 year end	$1,285 year end
Total Fund Return	0.4% Gross	**3.2%** Gross		-8.0% Gross	15.2% Gross	8.9 % Gross	16.3 % Gross	-3.2 % Gross
Policy Index Return (r)	0.6%	3.9%		-9.7%	12.8%	10.0 %	16.4 %	-3.2 %

(r) Policy index as of Nov. 2021 Strategic Asset Allocation Policy with 2023 Interim targets:

Public Mkt Equity-	21% Russell 3000, 17% MSCI ACWI ex-US
Public Mkt Debt-	10% Barclays US Aggregate,
Risk Diversifying	4% Barclays US Aggregate,
	5% Barclays 7-10yr Treasury, 4% Barclays 5-10yr US TIPS
Real Estate & Infrastructure-	15% NCREIF Index (inc. Infrastructure)
Private Equity-	10% actual private equity returns
Private Credit-	8% actual private credit returns
Liquidity-	6% 90 day T-Bills

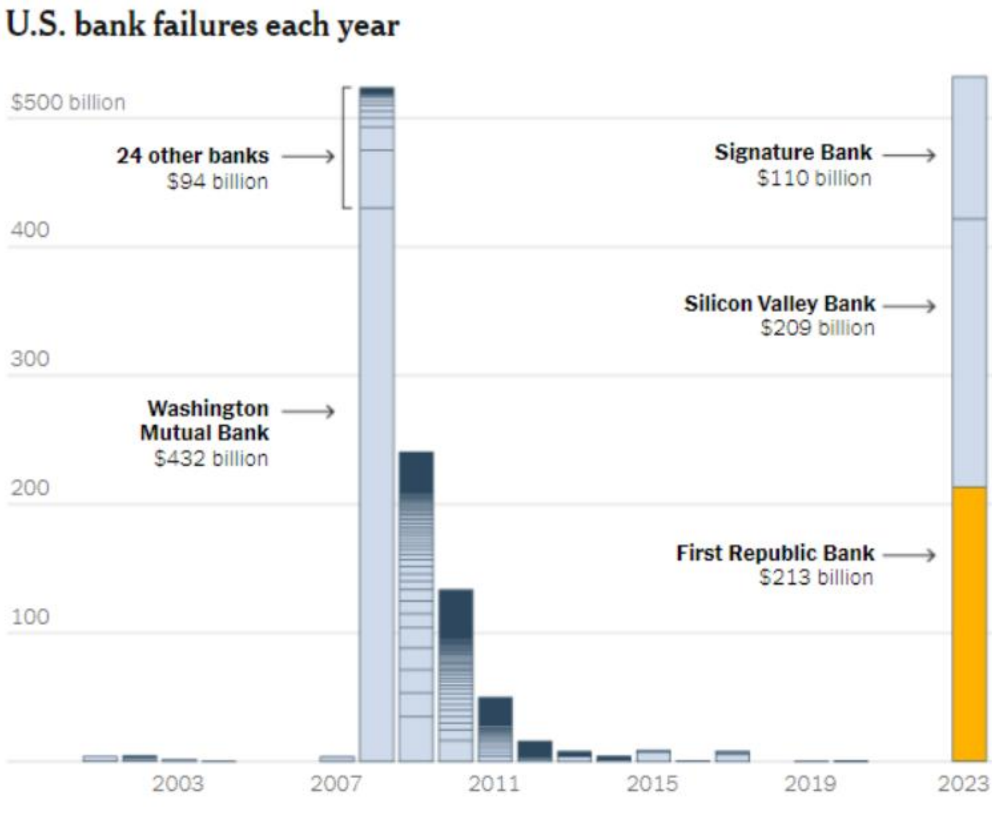
Pending annual updates to interim targets.

The Pension Trust Board's Financial Advisors, Verus, provided some very interesting information relation to the data:

The attached Verus Capital Markets Update details the investment results for the month and Verus' capital market commentary.

Capital Markets*: • Investment Markets - April saw a return to positive returns after a negative February. For March, equity markets rose – both US stocks (S&P 500 +1.6% and International stocks (MSCI ACWI ex-US +1.1%). Bonds also gained (Bloomberg US Aggregate bonds +0.6%).*

• ***Banking System*** *– Fears of growing weakness in the US banking system were fueled with the expected takeover of First Republic Bank by Federal regulators. First Republic Bank (FRB) suffered from many of the same challenges as Silicon Valley Bank – rising interest rates severely decreasing the value of Treasury bond investments and increasing interest expense for the bank combined with a skittish institutional depositor base. FRB was initially bailed out by $30 billion in deposits from 11 of the country's largest banks. Over the weekend of April 29th a deal was reached where JP Morgan/Chase purchased FRB. Jamie Dimon, the Chair of JP Morgan, commented that "This part of the crisis is over" (emphasis on the "this part"). FRB's collapse was the second largest in US history behind Washington Mutual in 2008 as shown on this graph from the New York Times*



Note: Data is adjusted for inflation. • Source: Federal Deposit Insurance Corporation • By Karl Russell

***The Economy: • Federal Debt Limit** – The political hostage-taking exercise to extend the US Federal Debt Limit continued through April and May. With the announcement by Treasury Secretary Janet Yellen that, without an extension of the debt limit, the Federal government was likely to start defaulting on paying Treasury debt and other government payments around June 1st, the pressure on the House to stop "playing chicken" with the economy ratcheted up. The negative consequences of a US debt default are so significant that –*

♣ The Council of Economic Advisors on May 3rd released forecasts of three debt default scenarios.

♣ "Brinksmanship" scenario of a last-minute debt limit deal leading 200k job losses.

♣ "Brief Default" scenario of a one-week default leading to 500k job losses.

♣ "Protracted Default" scenario of over 3 months leading to 8.3 million job losses, a 6.1% fall in GDP and a 45% fall in the stock market. In a protracted default there would be little in the way of expanded unemployment benefits or other help the US government could provide.

♣ When Fed Chair Powell was asked about the implication of a Federal Debt default, he stated "I don't really think we should even be talking about a world where the U.S. doesn't pay its bills. It just shouldn't be a thing…No one should assume the Fed can really protect the economy and the financial system and our reputation globally from such damage that event might inflict."

♣ Capital market expectations appear to be for a last-minute temporary increase in the debt limit to *avert cataclysmic consequences. But this may be optimistic.*

• Inflation –

♣ The April US CPI inflation report, as expected, showed a continued slowdown in the trailing 12-month rate of CPI inflation. The inflation rate fell to a 4.9% yearover-year increase and a 0.4% monthly increase. Importantly, the cost of shelter, which makes up 1/3rd of CPI, slowed significantly in April.

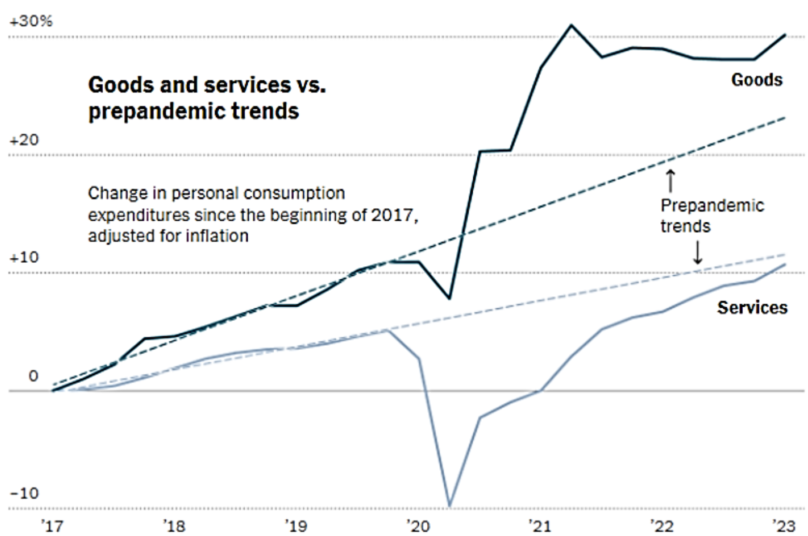
♣ Coming months CPI reports on a trailing 12-month basis are expected to moderate significantly as the months of May and June 2022 fall out of the average. Those months in 2022 saw CPI increases well above 1% each month.

• Economic Growth –

♣ GDP Growth – The 1Q23 measure of U.S. Real GDP growth came in at a positive 1.1% annual rate of inflation adjusted GDP increase. While slightly less than the consensus forecasts of a +1.9% growth, the GDP growth remained positive as consumer spending remained robust despite increasing interest rates. The 1Q23 GDP growth was down from the 2.6% rate of the 4th quarter of 2022 but was the third straight quarter of positive growth after a mild contraction in the first half of 2022

♣ Combined with the current low rate of unemployment at 3.4%, the 1Q23 GDP report paints a picture of a slowing, but still non-recessionary US economy.

♣ Consumer spending forms the backbone of GDP growth and has continued its recovery from pandemic disruptions. The quip is often made that "the US consumer will continue spending long after they shouldn't." The following graph shows the change in consumer spending on goods and services since 2017



Source: Bureau of Economic Analysis • By The New York Times

No Board of Supervisors Meeting on Tuesday, May 23, 2023 (Not Scheduled)

Planning Commission of Thursday, May 25, Continued to June 8, 2023 (Rescheduled)

LAST WEEK'S HIGHLIGHTS

Central Coast Community Energy Authority Policy Board Meeting of Monday, May 15, 2023 (Completed)

Item 2 - Adopt Resolution PB-2023-03 Approving the Sixth Amendment to the Central Coast Community Energy Joint Powers Agreement and Approve Inclusion of the County of San Luis Obispo as a 3CE Member. The Policy Board approved the acquisition of unincorporated SLO County into the Authority. This was a special meeting to approve all the documents to allow San Luis Obispo County to join 3CE. No doubt they wanted to move everything through the process as quickly as possible before San Luis Obispo County's Board comes to its collective senses.

If approved by the Policy Board, 3CE expects to serve the County of San Luis Obispo as early as January 1, 2025. Staff has prepared the required Addendum to the 3CE Implementation Plan submitted as a separate item for the Board's approval. The Board approved Addendum will then be submitted to the California Public Utilities Commission for certification prior to the end of the 2023 calendar year.

Remember: Once the County joined, it owed its proportionate share of the cost of 3CE's long term energy contracts, some of which extend out 30 years. It also owes its proportionate share of any debt instruments issued by 3CE.

Item 3 - Update on a Prepay Financing Transaction and Recommend Policy Board's Approval and Authorization of the CEO to Execute a Clean Energy Purchase Contract with California Community Choice Financing Authority and Ancillary Documents and Agreements to Effectuate the Prepay Financing Transaction. The Operations Board voted 12/ 1/1 with the City of Santa Maria voting no and the County of Santa Barbara abstaining. The vote recommends that the Policy Board enter into a very complex debt issuance mechanism to prepay some long-term (30 year) energy contracts in exchange for a 7%-12% floating discount, depending on market conditions. The whole deal sounds suspiciously like pension obligation bonds. The idea is to issue debt at government rates. An intermediary investment banker would then loan the proceeds at a higher rate. The 3CE would enjoy the benefit of the difference (arbitrage).

San Luis Obispo County Board of Supervisors Meeting of Tuesday, May 16, 2023 (Completed)

Item 1 - Request by the County of San Luis Obispo: 1) to submit an annual review of the County growth rate for new dwelling units for FY 2022-23; 2) to submit a resolution establishing the County maximum growth rate and allocation for new dwelling units for

FY 2023-24, in accordance with the Growth Management Ordinance, Title 26 of the County Code; and 3) to amend the Growth Management Ordinance, Title 26 of the County Code, (LRP2023-00005) to remove the fiscal year references for Nipomo Mesa and Cambria growth rates. The item, which is this year's version of the annual ritual to cap the rate of growth of home building permits in the County, was adopted unanimously. This has been a non-problem for years. The actual problem is that not enough homes are being built in the unincorporated area, due to the County's so called "smart growth" scheme of land use regulation, which actually is a no growth policy.

New Dwelling Units Subject to the GMO by Planning Area/Sub Area, 2006-2023[1]

lanning rea/Sub rea	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23[1]
delaida	12	21	11	3	5	3	2	5	5	4	8	5	8	6	2	3	3
Pomar-strella	53	33	14	9	11	10	20	38	16	28	19	22	26	15	19	30	19
stero	15	13	6	10	8	3	6	13	8	7	18	6	10	7	11	3	7
as Pilitas	6	5	2	5	1	3	1	2	1	0	1	1	1	0	1	0	0
os Padres Jorth)	0	0	0	1	2	1	0	0	0	0	0	0	0	0	0	0	0
acimiento	32	18	11	7	9	10	33	50	21	20	25	27	18	14	11	17	5
orth oast	7	9	1	5	0	3	7	2	3	2	0	0	2	1	0	0	0
alinas ver	41	33	36	25	16	15	21	45	60	65	207	74	86	65	32	13	16
an Luis ay oastal	22	70	7	15	13	17	34	41	25	30	39	41	9	11	4	0	2
an Luis bispo	9	11	2	4	4	5	6	9	2	4	10	5	8	12	8	14	6
handon-arrizo Jorth)[2]	28	11	5	2	4	6	2	4	0	4	4	3	6	5	3	2	2
outh ounty[3]	36	83	25	29	50	38	117	168	125	115	169	135	124	102	106	91	52
otal	261	307	120	115	123	114	249	377	266	279	500	319	298	238	197	173	112

As of March 28, 2023.

As seen from the chart above, FY 2022 was the 4th lowest number since they started tracking.

New Dwelling Units Subject to the GMO by Planning Area/Sub Area, 1992-2023[1]

Planning Area/ Sub Area	1992 through June 30, 2022	July 1, 2022 - March 28, 2023	1992 through March 28, 2023
Adelaida	430	3	433
El Pomar-Estrella	1,999	19	2,018
Estero	988	7	995
Las Pilitas	15	0	15
Los Padres (North)	139	0	139
Nacimiento	1,110	5	1,115
North Coast	1,351	0	1,351
Salinas River	2,417	16	2,433
San Luis Bay	3,353	2	3,355
San Luis Obispo	463	6	469
Shandon-Carrizo (North) [2]	1,445	2	1,447
South County [3]	889	52	941
Total	**14,599**	**112**	**14,711**

1. As of March 28, 2023.
2. Includes Carrizo Planning Area.
3. Includes South County and South County Coastal Planning Areas.

The limits for FY 203-24 are displayed in the table below:

Table 4: Maximum allocation of new dwelling units, FY 2023-24

Type of Dwelling Unit	Maximum number of new dwelling units allows for FY 2023-24
Countywide, Single-Family	736
Countywide, Multi-Family	397
Nipomo Mesa, Single-Family	86
Nipomo Mesa, Multi-Family	47
Cambria, Grandfathered in New Units	8

They should be so lucky. What if raises for the Board members and upper ranking County managers were tied to hitting even 25% of this?

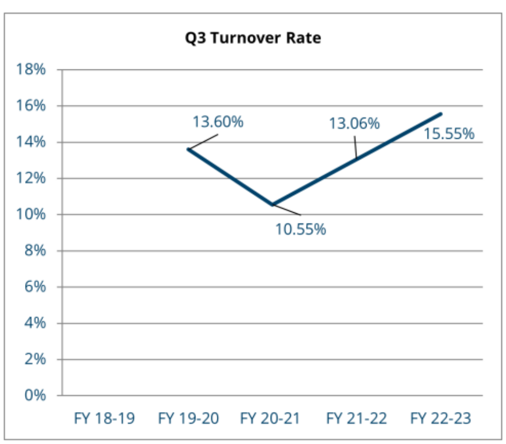
Item 38 - Submittal of the FY 2022-23 Third Quarter Financial Status Report and request to 1) approve various financial actions as detailed in Section 4 of Attachment 1 - FY 2022-23 Third Quarter Financial Report (one or more actions require 4/5 votes). The Board received the report and approved the various transfers unanimously.

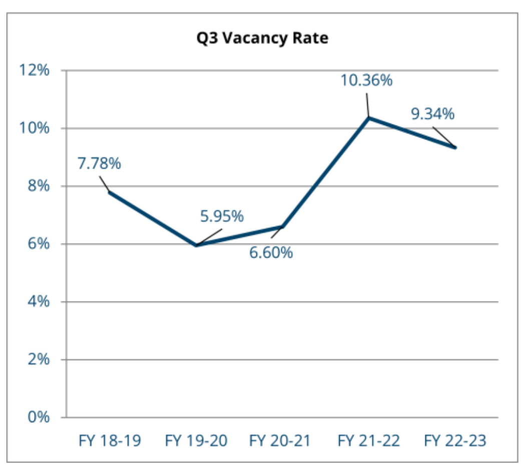
Consistent with prior years, the FY 2022-23 Adopted Budget included the salary and benefit costs as of November 2021 when the budget was being developed but does not include any negotiated salary and benefit increase that went into effect after November 2021. Based on current staffing levels, the Auditor-Controller-Treasure-Tax-Collector-PublicAdministrator's Office (ACTTCPA) is forecasting a countywide total of $21.5 million in unbudgeted negotiated salary Page 9 of 13 and benefit costs. This accounts only for negotiated salary and benefit costs which went into effect by March 31, 2023.

Table 2: Summary of Notable Issues Included in the Attached Report

Department	Issue	Potential GF Impact
Land Based		
141 – Agricultural Commissioner	**Issue:** Projecting exceedance of budgeted appropriations in the amount of $133,883 primarily due to unbudgeted negotiated salary and benefit as well as various services and supplies expenses	None
Public Protection		
132 – District Attorney	**Issue:** Update on projected revenue shortfall	None
135 – Public Defender	**Issue:** Projecting to be over its budgeted level of expenditures and General Fund support by $25,000 due to Court approved rate changes for appointed attorneys and cost for unbudgeted cases	$25,000
136 – Sheriff-Coroner	**Issue:** Projecting to be $4.3 million over its budgeted level of General Fund support due to $3.2 million of unbudgeted salary and benefits expenses and a $1.3 million increase in services and supplies	$4.3M
140 – County Fire	**Issue:** Projecting to exceed budgeted level of expenditures by $2.9 million due to State negotiated salary and benefit rate increases	$2.9M
143 – Court Operations	**Issue:** Projecting $280,541 revenue shortfall due to decreased revenue received for recording fees and a decreased revenue for fines, forfeitures, and penalties	$136,988

Health and Human Services		
182 – Social Services CalWORKs	**Issue:** Projecting to be $89,034 over its budgeted level of General Fund support due to revenue shortfall as a result of Public Health Emergency Deferred Collections	None (Absorbed)
185 – Social Services General Assistance	**Issue:** Projecting to be $404,099 over its budgeted level of General Fund support due to revenue shortfall as a result of Public Health Emergency Waivers and an increase in expenditures due to increased caseloads	None (Absorbed)
186 – Veterans Services	**Issue:** Projecting to be $77,732 over its budgeted level of General Fund support due to salary and benefits over expenditure	$77,732
375 – Health Agency Driving Under the Influence	**Issue:** Expenditures are estimated to exceed revenue by $141,131 due to a shortfall of revenue in service fees	None
Community Services		
222 - Parks and Recreation Community Parks	**Issue:** Projecting to exceed budgeted level of services and supplies expenditures by $26,389 due to increased cost of janitorial supplies	$26,389
305 - Parks and Recreation Regional Parks	**Issue:** Update on unfavorable operating variance	None
427 - Parks and Recreation Golf Courses	**Issue:** Projecting to be $109,746 over its budgeted level of salary and benefits expenditures due to personnel changes	None
Support to County Departments		
114 – Information Technology	**Issue:** Projecting to be $461,219 over its budgeted level of General Fund support due to unbudgeted negotiated salary and benefit as well as various services and supplies expenses	$461,219
116 – Central Services	**Issue:** Projecting to be $50,673 over its budgeted level of services and supplies expenditures due to unanticipated expenditures in rent payment	$50,673
Fiscal and Administrative		
100 – Board of Supervisors	**Issue**: Projecting to be $100,683 over its budgeted level of General Fund support due to salary and benefits increases and expense for the audit agreement not being included in the current budget erroneously	$100,683
104 – Administrative Office	**Issue**: Projecting to be $25,179 over its budgeted level of General Fund support due to revenue shortfall	None
110 – Clerk-Recorder	**Issue**: Projecting to be $262,606 over its budgeted level of General Fund support due to shortfall in recording revenue	$262,606





A high turnover rate will beget a higher vacancy rate in the future.

Annual County Debt Review

Debt Review: The Auditor Controller presented the report. Some Board members actually asked questions.

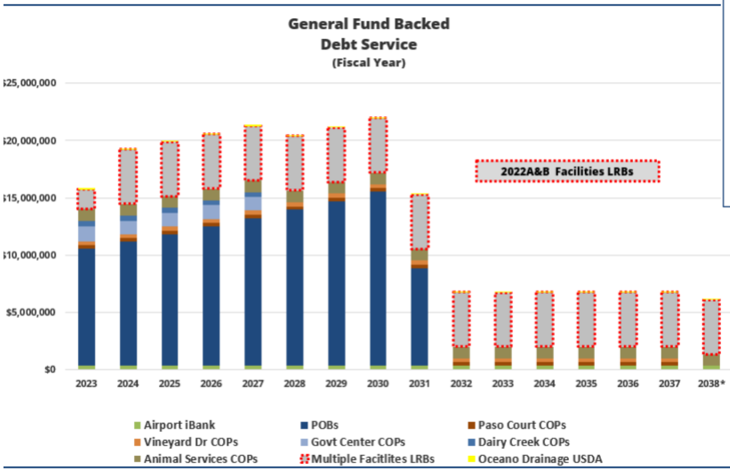
As part of the 3rd Quarter Report, the County Auditor Controller, Jim Hamilton, annually presents a review of the County's debt, except for Pension System actuarial debt. The report is excellent and comprehensive. It is easy to understand and is a great resource for those interested in County finances.

The County has very little general obligation bond debt, only $6 million. Most of its debt consists of certificates of participation used to build facilities, $125.3 million. It also has about $85 million in Pension Bond debt.

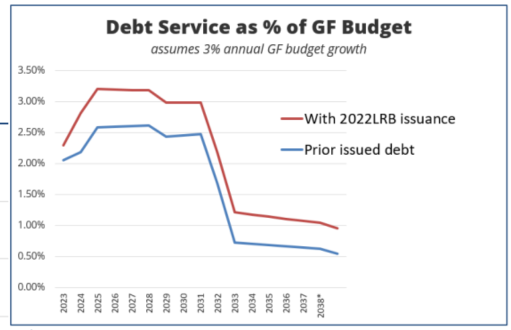
Attachment 6

Annual Debt Review

Debt Inventory - General Fund Backed



After 2038 remaining debt is Airport Terminal (2046), Animal Services Facility (2045), and Oceano Drainage (2061)



65% of outstanding debt matures in next 10 years

Issuance	Balance 6/30/22
2003 POBs	$85,112,000
2007 Paso Courthouse COPs	$3,370,000
2020B Vineyard Drive COPs	$3,900,000
2012A New Govt Center COPs *	$6,756,000
2012A Dairy Creek COPs *	$2,493,000
2016 Airport Terminal – State iBank	$5,372,000
2021 Oceano Drainage USDA Loan	$2,792,000
2020A Animal Services Facility	$15,480,000
TOTAL	$125,275,000

**refunded with 2022 LRB transaction*

Annual Debt Review

Current debt activity

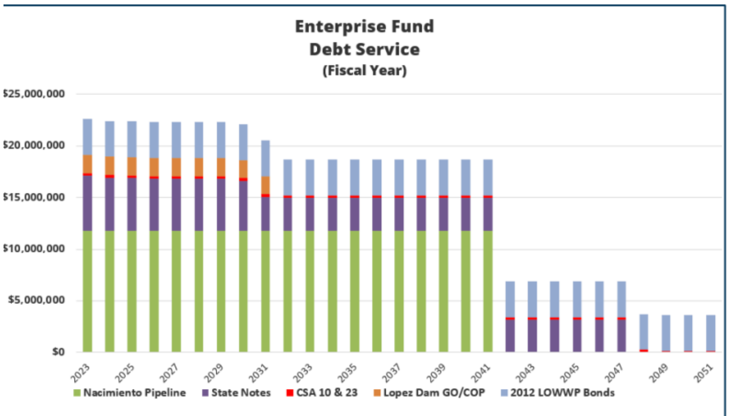
- **5 rating reviews conducted**

Rating Agency	Issue	Rating type	Review Date	Rating received
FitchRatings	SLO County Default Rating	Annual review	Oct 2022	AAA
	SLO County POBs			AA+
	2012A New Govt Center LRBs			AA+
	2007B, 2015A, 2018A Nacimiento Revenue Bonds	Annual review	July 2022	A+
S&P Global Ratings	2022A and B Capital Projects LRBs	New Issuance	Oct 2022	AA+
	SLO County LRBs and COPs	Reaffirmed during 2022LRB rating		AA+
	SLO County POBs			AAA
	2011A Lopez Dam Refunding Revenue Bonds	Annual review	Jan 2023	A
	2018A Nacimiento Revenue Bonds	Annual review	April 2023	A+

Separately, it has $315.3 million in enterprise fund debt for various water and sewer projects. These are to be amortized by the rates charged to various County owned or County related water and sewer utilities customers. The Los Osos Sewer Treatment Plant and the Nacimiento Aqueduct constitute the largest portion of their debt.

Annual Debt Review

Debt Inventory – Enterprise Funds



Issue	Balance 6/30/22
1998 Cayucos Water- State DWR	$170,000
2004 Lopez Rec Area – State DWR	$40,000
2006 Lopez Water Treatment – State DWR	$11,842
2007 Nacimiento – Rev Bonds	$150,585,000
2009 CSA23 Water- COPs	$1,372,000
2011 Lopez Dam – COPs	$6,720,000
2011 Lopez Dam – GO Bonds	$6,030,000
2012 Los Osos Wastewater – State DWR	$70,978,000
2021 USDA Cayucous Water Tank	$2,691,000
2021 Oceano Drainage USDA Loan	$2,792,000
2012 Los Osos Wastewater - AB	$72,476,000
2013 CSA10A Water - COPs	$1,392,000
TOTAL	$315,257,842

Enterprise debt service is provided by charges to users, contracting Cities and Special Districts

Note that the payoff rate is high, eliminating most of the debt in 8 years. For this reason the County enjoys some of the highest credit ratings possible.

Annual Debt Review

Current debt activity

- 5 rating reviews conducted

Rating Agency	Issue	Rating type	Review Date	Rating received
FitchRatings	SLO County Default Rating	Annual review	Oct 2022	AAA
	SLO County POBs			AA+
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	SLO County LRBs and COPs	Reaffirmed during 2022LRB rating		AA+
	SLO County POBs			AAA
	2011A Lopez Dam Refunding Revenue Bonds	Annual review	Jan 2023	A
	2018A Nacimiento Revenue Bonds	Annual review	April 2023	A+

Item 39 - Introduction of the County of San Luis Obispo FY 2023-24 Recommended Budget, including Special Districts. The Board received a lengthy presentation. The key information was that the projected FY 2023-24 Budget was massaged, using some very minor cuts and reserves to be balanced. It is forecast that the FY 2024-25 budget will be more difficult to manage.

Supervisor Gibson has suddenly emerged as Mr. Fiscal Conservative. He claims to be worried about the growing structural deficit and wants to see real reductions. Translated, this means, “reduce other programs to help me obtain for funding for my homeless pet projects.” It also means, “the DA supported my opponent in the last election and needs to be punished.” Somewhat similarly, and for what reason we don’t know, the Sheriff may be a target as well.

Background: The Budget is introduced in May to provide Board members and citizens time to study it in advance of the hearings, which begin on Monday, June 12, 2023, and continue on Tuesday if needed. There is a Wednesday hearing to receive community input on County contributions to various not-for-profit agencies.

Budget review and adoption is one of the most important policy events of the year. The full budget can be reviewed at the link below:

https://www.slocounty.ca.gov/Departments/Administrative-Office/Forms-Documents/Budget-Documents/Current-Year-County-Special-District-Budgets/FY-2023-24-Recommended-Budget.aspx

There is a separate Budget for the Dependent County Special Districts, over which the Board has government authority. It is not produced in the same format as the main budget document and is relatively useless. It is actually produced by the Public Works Department. There is no evidence that any independent analysis is provided by the CAO’s office. Control click on the link below to take a look. Note that this Budget is $127 million, which is cruising along below the radar.

https://www.slocounty.ca.gov/Departments/Administrative-Office/Forms-Documents/Budget-Documents/Current-Year-County-Special-District-Budgets/FY-23-24-Proposed-Budget.aspx
Our biggest and ongoing compliant is that the Board of Supervisors spends only a few public hours reviewing and questioning the Budget each year. They should be holding review sessions throughout the remainder of May and June.

The full Budget is $966.1 million when government, enterprise, special revenue, internal service, capital projects, and dependent special districts funds are included. The County should join the Billion Dollar Club in FY 2024-25.

State Controller Schedules County Budget Act			**County of San Luis Obispo** All Funds Summary Fiscal Year 2023-24				**Schedule 1**
	Total Financing Sources				**Total Financing Uses**		
Fund Name	**Fund Balance Available June 30, 2023**	**Decreases to Obligated Fund Balances**	**Additional Financing Sources**	**Total Financing Sources**	**Financing Uses**	**Increases to Obligated Fund Balances**	**Total Financing Uses**
1	2	3	4	5	6	7	8
Governmental Funds							
General Fund	$ 43,879,431	$ 15,951,521	$ 649,150,373	$ 708,981,325	$ 703,768,927	$ 5,212,398	$ 708,981,325
Special Revenue Fund	2,064,462	5,443,168	87,035,016	94,542,646	79,932,106	14,610,540	94,542,646
Debt Service Fund	915,000	---	23,339,245	24,254,245	19,161,445	5,092,800	24,254,245
Capital Projects	---	---	10,975,405	10,975,405	10,975,405	---	10,975,405
Total Governmental Funds	**$ 46,858,893**	**$ 21,394,689**	**$ 770,500,039**	**$ 838,753,621**	**$ 813,837,882**	**$ 24,915,738**	**$ 838,753,620**
Other Funds							
Enterprise Fund	$ ---	$ 2,098,474	$ 30,511,647	$ 32,610,121	$ 31,694,438	$ 915,683	$ 32,610,121
Internal Service Fund	---	4,640,190	76,255,541	80,895,731	79,813,799	1,081,932	80,895,731
Special Districts and Other Agencies	2,295,312	2,700,752	8,846,763	13,842,827	13,612,181	230,646	13,842,827
Total Other Funds	**$ 2,295,312**	**$ 9,439,416**	**$ 115,613,951**	**$ 127,348,679**	**$ 125,120,418**	**$ 2,228,261**	**$ 127,348,679**
Total All Funds	**$ 49,154,205**	**$ 30,834,105**	**$ 886,113,990**	**$ 966,102,300**	**$ 938,958,300**	**$ 27,143,999**	**$ 966,102,299**

Financing Sources and Uses Summary

Description	2020-21 Actual	FY 2021-22 Actual	2022-23 Final	FY 2023-24 Recommended
Financing Sources				
Taxes	234,665,121	246,503,420	249,713,956	268,681,743
Licenses and Permits	12,269,991	12,561,188	15,322,834	16,241,426
Fines, Forfeitures and Penalties	3,567,089	3,821,371	4,553,762	4,369,539
Revenue from Use of Money & Property	4,291,177	4,183,530	3,047,859	8,197,099
Intergovernmental Revenues	312,954,589	323,675,921	346,449,807	355,197,364
Charges for Services	33,186,764	31,791,694	33,902,789	34,590,758
Other Revenues	41,191,424	34,629,778	34,607,031	40,630,460
Fund Balance	0*	0*	63,639,968	46,858,893
Use of Reserves & Designations	0*	0*	10,300,683	21,394,689
Other Financing Sources	48,152,967	57,264,973	45,447,105	42,591,649
Decreases to Fund Balance	0	0	0	0
*cancellation of reserves and designations and use of fund balance included in Other Financial Sources				
Total Financing Sources	**690,579,121**	**714,431,875**	**806,985,794**	**838,753,620**
Uses of Financing by Function				
Land Based	52,626,626	55,853,366	75,253,634	69,758,978
Public Protection	171,779,085	183,878,614	198,019,870	210,582,458
Health and Human Services	255,530,626	269,555,065	304,928,255	330,877,656
Community Services	22,930,504	24,804,433	25,000,380	27,715,530
Fiscal and Administrative	28,030,997	31,665,053	30,967,104	33,417,684
Support to County Departments	33,674,627	37,316,447	44,438,604	47,069,170
Financing	29,995,999	41,016,292	57,121,860	45,429,521
Capital and Maintenance	2,925,622	3,486,341	9,069,598	14,656,405
Contingencies	0	0	32,539,280	34,330,480
Reserves & Designations	0	0	29,647,208	24,915,738
Increases (Decreases) to Fund Balance	93,085,035	66,856,264	0	0
Total Financing by Function	**690,579,121**	**714,431,875**	**806,985,794**	**838,753,620**
Uses of Financing by Type				
Salary & Benefits	315,637,608	335,560,816	376,092,373	401,241,546
Services & Supplies	207,364,627	227,845,653	238,334,474	256,609,607
Other Charges	108,679,876	122,370,694	130,157,192	135,827,520
Fixed Assets	32,949,799	39,800,037	40,491,290	22,520,747
Transfers	(67,137,824)	(78,001,589)	(40,276,023)	(36,692,018)
Increases to Reserves/Designations	0*	0*	29,647,208	24,915,738
Increases/(decreases) to Fund Balance	93,085,035	66,856,264	0	0
Contingencies	0*	0*	32,539,280	34,330,480
*use of reserves and designations and contingencies are included in individual financing types				
Total Financing by Type	**690,579,121**	**714,431,875**	**806,985,794**	**838,753,620**

Three Immediate problems:

1. The County is using $46.8 million in fund balance from the current FY 2022-23 Budget. This is on top of whatever reductions it has made thus far to balance. It is a bad practice to use one time fund balances to fund the subsequent fiscal year. It is like eating your seed corn. It has the impact of building the recurring base above the natural growth of revenues, which are not guaranteed to recur in subsequent fiscal years.

Projected natural growth in revenues includes Taxes up $19.0 million; Licenses and Permits up $.9 million; Intergovernmental Revenues up $8.8 million; and Interest Income up $8.2 million. This is an aggregate growth of $36.9 million for the key sources. To layer $46.9 million of fund balance on top of this is base building beyond the County's means.

2. The County budgets its employee positions (Full Time Equivalents - FTEs) fully, even though it is running a vacancy rate of 9.3%. This circumstance means that $74 million of its proposed $401 million FY 24 salary and benefits budget will not occur unless there are labor negotiation costs, which have not been estimated (another bad practice). They would not need to budget the $46.8 million from reserves if they realistically projected payroll vacancies.

3. The State is now facing an operating deficit of $32 billion. Reductions to eliminate the gap could directly impact state funded county programs.

We will report back with more information before the June 12th Budget Hearing.

In preparation of the FY 2023-24 Recommended Budget, the Auditor-Controller-Treasurer-Tax Collector's Office projected that the County's General Fund would have a Fund Balance Available (FBA) of $43.8 million at year-end, which is included as a funding source for the FY 2023-24 Recommended Budget. The FBA is the amount of money available at the end of one fiscal year for financing a portion of the budgetary requirements for the upcoming fiscal year. It is comprised of the unspent General Fund contingencies at the end of the year, plus any remaining General Fund dollars unspent or not encumbered by the various County departments at year end. Unspent contingencies in the current year is the single largest driver of the FBA to fund the coming year's budget. The Auditor-ControllerTreasurer-Tax Collector's FBA estimate was based upon year end projections provided by individual departments. It is worth emphasizing that FBA varies significantly from year to year and is difficult to forecast because it is influenced by every line item in the overall budget (there are over a thousand line items). Additionally, contributions to FBA from contingencies or departmental expenditure savings are reduced when prevailing wage increases are granted mid-year.

Item 41 - Request to 1) approve a grant agreement with REACH in the amount of $300,000 from SB 1090 Economic Development funds for economic development activities in support of the County; 2) approve a grant agreement with the San Luis Obispo Chamber of Commerce in the amount of $150,000 from SB 1090 Economic Development funds for the SLO County Family-Friendly Workplaces Program; 3) authorize the County Administrative Officer the authority to extend the agreements up to 90 days; 4) authorize a budget adjustment in the amount of $450,000, by 4/5 vote; and 5) redesignate $3,479,422 in the SB 1090 Infrastructure Fund to SB 1090 Economic Development, by 4/5. The Board approved the overall program on a unanimous vote. However, Supervisor Arnold voted against the allocation for REACH.

Other than the Cuesta/ACI Jet maintenance training program, it is not so clear what these other programs have achieved in terms of actual private sector job creation. Since the item was approved, REACH will have received $1 million over the past 4 years. Just which companies has REACH facilitated to expand or locate within the County? There have been glossy presentations about the following:

1. In past years one of REACH's primary strategies was locating space equipment and software manufacturers around Vandenberg. This idea seems to have floundered in the swamps of SLO County's and Santa Barbara County's land use regulations, which undermine the production of work force housing. The prospective companies realize that future employees cannot afford to live here.

2. REACH has conducted and/or contributes to support meetings, collaborations, fake Indian Tribe interests, etc., etc., related to the reuse of the 400-acre Diablo site, if in fact it closes and PG&E agrees (since it owns the property). Not-for-profit and educational facility ideas have been proposed, but little in the way of export base fundamental economic activity has been proposed or agreed to. What about a 5-star ocean front resort?

3. REACH has not endorsed the continuation of Diablo. It has only endorsed the "process."

4. Now REACH is promoting the offshore windmill idea and recommends that Port San Luis/Avila Beach become an industrial assembly facility for the giant windmills and loading pier onto the giant floating platforms. The State Legislature seems hell bent on ramming this idea down SLO County's throat via SB 286 and a co-opted Coastal Commission. See last week's Coastal Commission actions on page 18 below.

5. Where is REACH on preserving off road riding and camping in the Dunes?

6. Where is REACH on preserving and expanding the Price Canyon Oil Field?

It is time for the Board of Supervisors to ask, "Where's the Beef"?

Economic Development Fund allocations

Use of funds	Amount ($)	Board approval	Status
REACH			
REACH 2030 Plan	300,000	5/4/2019	Expended
ED work	300,000	1/26/2021	Expended
ED work	400,000	2021 Budget hearings; 5/17/2022	Expended
Oceano Dunes Economic Impact Assessment	5,000	4/20/2021	Expended
Broadband Strategic Plan	25,000	7/13/2021	Expended
SLO Chamber Family-Friendly Workplaces Program (FY 21-22)	75,000	2021 Budget Hearings	Expended
County Economic Development Program Management (FY 21-22 and FY 22-23)	386,571	FY 21-22, FY 22-23 budgets	Expended
SLO Partners	200,000	1/26/2021	Expended
Cuesta/ACI Jet	500,000	1/26/2021, 5/3/2022 updated	Partially expended
Subtotal of past allocations	**2,191,571**		
Remaining unallocated (from expected 2025 balance)	**1,798,429**		
Current/future requested allocations			
REACH (FY 2023-24)	300,000	Requested today, 5/16/2023	
SLO Chamber Family-Friendly Workplace (FY 2022-23 and FY 2023-24)	150,000	Requested today, 5/16/2023	
County Economic Development Program Management (FY 2023-2024)	215,349	Expected in 2023-2024 Budget hearings	
Subtotal of current/future requested allocations	**665,349**		
Total allocations (past and current/future)	**2,856,920**		
Remaining unallocated (from expected 2025 balance)	**1,133,080**		

Item 45 - Supervisor Pay Raises. The raises were approved on a 3/2 vote, with Arnold and Peschong dissenting. Supervisor Paulding voted "yes" but said he would not take the raise. He challenged Peschong and Arnold to promise not to take the raise. This seemed stupid, since they had already made that promise publicly on a number of occasions.

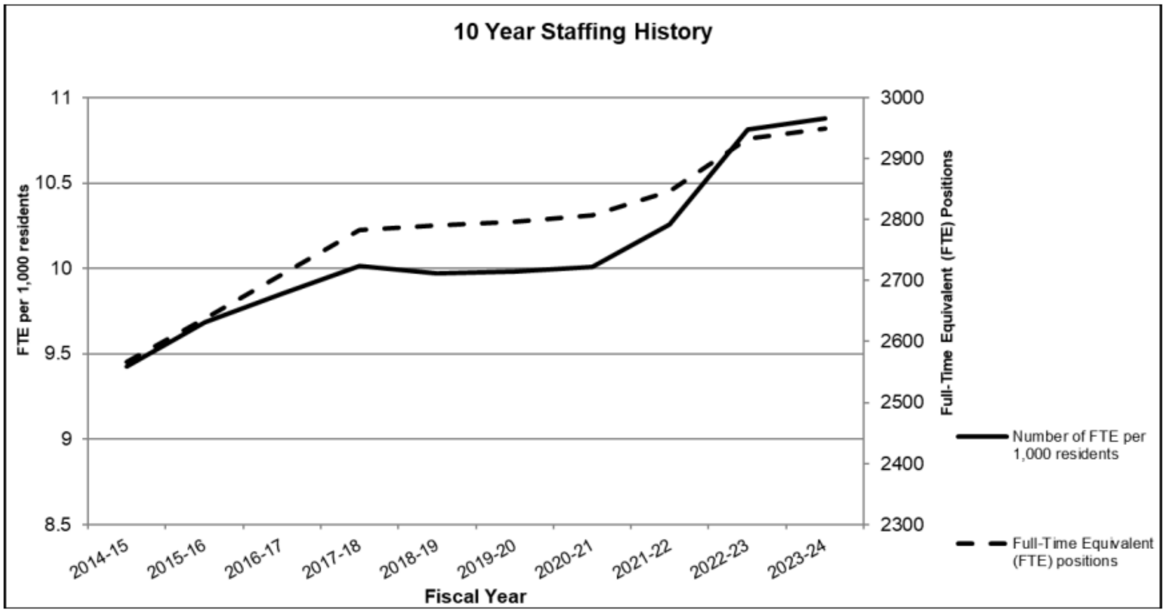
The question for Paulding is how long he promises to not take the raise. At this point he could request the Department Payroll Clerk at any time to begin paying the raise in a subsequent pay period. No one would ever know.

Numerous public speakers from around the County opposed the raises.

As Supervisor Gibson stated when the matter was agendized, "There is never a good time to adopt supervisor raises." There was considerable written opposition in the file to date. Supervisors Peschong and Arnold have indicated that they will not accept a raise. The situation for Supervisor Paulding is unclear. At the first meeting in 2023 he voted **NO** on raises. He said that he did not want his first vote as a Supervisor to be for a raise. But 2 weeks ago he voted **YES** on the item to place the matter on this agenda. Was his first vote just window dressing?

Why does the passage of 4 months make it OK? The ethical stand based on that No vote would be to forswear any raises for the remainder of his term.

The deeper issue is the continuing expansion of government at the County, State, and Federal levels. Elected officials and management should be rewarded when this trend is reversed.



• Effective July 23, 2023: increase the annual salary from $90,417.60 to $97,697.60
• Effective June 23, 2024: increase the annual salary from $97,697.60 to $105,560.00
• Effective June 22, 2025: increase the annual salary from $105,560.00 to $114,067.20

• *Subsequent to June 22, 2025, members of the Board of Supervisors shall receive annual increases as necessary to remain at fifty percent of the bottom of the salary range of the California Superior Court Judges. The increases will be approved by the Board of Supervisors annually on consent agenda in the same fiscal year the salary increase is applied to the Superior Court Judges. However, members of the Board of Supervisors will not receive an annual salary increase in any year when County staff do not receive an annual salary increase due to budgetary constraints.*

The current base salary for Superior Court Judges is $219,670-$229,125, regardless of location statewide.

The Board could consider broadening the criteria for not giving a raise in a particular year, underscored in yellow above. What about years in which the unemployment rate in the County is above a certain percent? What about years in which the property assessment list grows above a certain percent?

San Luis Obispo County Air Pollution Control District Meeting of Wednesday, May 17, 2023 (Unscheduled)

The Computer Did It

No Agenda. We pointed out that as of 5:15 PM on Friday, May 12, 2023, no agenda or materials had been posted, even though May 17 was listed as a meeting date in the annual schedule. By Monday, May 15, 2023, no agenda had been posted. This forced the meeting to be cancelled because it violated the 72-hour posting rule. The meeting has been rescheduled for June 6th. Staff blamed the computer for the problem.

Local Agency Formation Commission Meeting of Thursday, May 18, 2023. (Completed)

Item A-1 - Oceano Community Services District Divestiture Application Status Update. This item was a preliminary report on the Oceano Community Service District's (OCSD) request to divest its Fire Department by June 30, 2023. The OCSD cannot raise sufficient revenue to fund its fire services, and the voters have rejected two ballot measures to increase their property taxes.

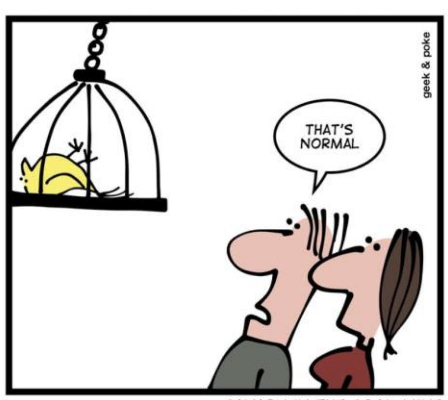
It is proposed that the County take over the services. About $1 million per year in property taxes are now allocated to fire services by OCSD. This would be reallocated to the County, but will be insufficient to cover the costs. The County is in the process of analyzing the gap, and a report and recommendation is expected to be submitted to the Board in June. It is likely that the County will have to find another $1 million dollars per year to fund the gap at its current standards.

The proposed County FY 2023-24 Fire Department Budget does not include funding for this expansion. This will probably have to be addressed at Budget adoption in June and may further exacerbate the County's revenue expenditure gap.

The Bigger Picture:

Four years ago the Cayucos Fire Department experienced similar difficulties, and ultimately the County had to absorb costs that were considerably higher than the property tax capacity of the former district. This trend will continue as weaker districts and cities collapse under the relentless pressure of ever increasing labor and regulatory costs.

This is yet another financial and service level canary in the governmental coal mine.



CANARY IN THE COAL MINE

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Avila Traffic Safety

EMERGENT ISSUES

Item 1 - **"***the past and future of conservatism are inextricably tied to the idea of the nation, to the principle of national independence, and to the revival of unique national traditions that alone have the power to bind a people together and bring about their flourishing."* **-unknown.**

Item 2 - From Elon Musk-
"There are some exceptions, but I kinda think the whole notion of work-from-home is a bit like the fake Marie Antoinette quote, 'Let them eat cake,'" he said. "You're going to make people who make your food that gets delivered [that] can't work from home; the people that come fix your house, they can't work from home, but you can?" "Does that seem morally right? That's messed up,"

Item 3 – Earth Day Promotion Symbol:

Item 4 - Earth Day Policy Results: *Thanks in part to Earth Day's minions, progress, as liberals had once understood the term, started to be reviled as reactionary. In its place, Nature was totemized as the basis of the authenticity that technology and affluence had bleached out of existence. It was only by rolling in the mud of primitive practices that modern man could remove the stain of sinful science and materialism. In the words of Joni Mitchell's celebrated song "Woodstock": "We are stardust / We are golden / And we got to get ourselves back to the garden." - Anna Warberg.*

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

THE INDUSTRIAL REVOLUTION HAS HAD A MINIMAL EFFECT ON ATMOSPHERIC CO2

BY ANDREA WIDBURG

As part of their return to paganism, leftists are determined to save Mother Earth from the parasite that is humankind. According to the leftists, our parasitism comes from the fact that, beginning with the industrial revolution and with accelerating speed as we built First World economies on fossil fuel, we poured so much CO2 into the atmosphere that we literally changed Mother Gaia's climate. Even worse, we did so in a way that primarily affects marginalized people of color, women, and the gender confused. But what if the evidence shows that the Industrial Revolution and subsequent fossil fuel reliance didn't trigger a massive CO2 increase? Well, we may find out.

Health Physics sounds like a new-age magazine dedicated to the health-giving properties of vegan or bug diets. It's not, though. Instead, it's a peer-reviewed medical journal founded in 1956 to study radiation safety and radiation's role in healthcare. So, while I can't vouch for its quality, I can vouch for its serious, not foolish and trendy, nature.

In February 2022, Health Physics published a little-noticed study that recently received so much attention, the publisher removed the paywall behind which the article previously hid. The article's title is mind-numbing: "World Atmospheric CO_2, Its ^{14}C Specific Activity, Non-fossil Component, Anthropogenic Fossil Component, and Emissions (1750–2018)." The three authors are all academics in the field of radiology with ties to the University of Massachusetts Lowell (something I figured out here.)

Image made by editing a freepik photo.

According to the study, it is true that CO2 began to increase a bit with the Industrial Revolution. However, the increase in CO2 because of human fossil fuel use has been negligible and could not have caused the climate to change. Here's the authors' abstract:

After 1750 and the onset of the industrial revolution, the anthropogenic fossil component and the non-fossil component in the total atmospheric CO_2 concentration, C(t), began to increase. Despite the lack of knowledge of these two components, claims that all or most of the increase in C(t) since 1800 has been due to the anthropogenic fossil component have continued since they began in 1960 with "Keeling Curve: Increase in CO_2 from burning fossil fuel." Data and plots of annual anthropogenic fossil CO_2 emissions and concentrations, C(t), published by the Energy Information Administration, are expanded in this paper. Additions include annual mean values in 1750 through 2018 of the ^{14}C specific activity, concentrations of the two components, and their changes from values in 1750. The specific activity of ^{14}C in the atmosphere gets reduced by a dilution effect when fossil CO_2, which is devoid of ^{14}C, enters the atmosphere. We have used the results of this effect to quantify the two components. All results covering the period from 1750 through 2018 are listed in a table and plotted in figures. These results negate claims that *the increase in C(t) since 1800 has been dominated by the increase of the anthropogenic fossil component. We determined that in 2018, atmospheric anthropogenic fossil CO_2 represented 23% of the total emissions since 1750 with the remaining 77% in the exchange reservoirs.* ***Our results show that the percentage of the total CO_2 due to the use of fossil fuels from 1750 to 2018 increased from 0% in 1750 to 12% in 2018, much too low to be the cause of global warming.*** *(Emphasis mine.)*

There are two actual, stubborn facts to note. First, the Earth's climate has been changing without pause since it came into being. Indeed, the Earth is incredibly dynamic. I live near the South Carolina coast. Although I'm several miles inland from the Atlantic Ocean, there is sand everywhere. That's because my neck of the woods used to be the bottom of a primeval ocean. In the same way, the Sahara Desert was once a verdant primeval forest. The Earth's climate changed, and humans adapted because that's what they do.

Second, plants need CO2. I happen to know some (legal) marijuana growers who pump CO2 into their indoor crop to facilitate its growth. More CO2, not less CO2, is good for human beings.

That leftists are so terrified of something that makes food more, rather than less, available for people across the planet tells you everything you need to know about their long-term agenda for humankind. The favored people will live in comfortable enclaves with good food of the type routinely served at World Economic Forum gatherings. The rest of us will be at the mercy of painfully hot or cold weather and survive on a diet of bugs and lab-grown sludge.

This article first appeared on May 17, 2023 in Cal Matters.

PROGRESSIVES AGAINST PROGRESS

THE RISE OF ENVIRONMENTALISM POISONED LIBERALS' HISTORICAL OPTIMISM

BY FRED SIEGEL

For the first two-thirds of the twentieth century, American liberals distinguished themselves from conservatives by what Lionel Trilling called "a spiritual orthodoxy of belief in progress." Liberalism placed its hopes in human perfectibility. Regarding human nature as essentially both beneficent and malleable, liberals, like their socialist cousins, argued that with the aid of science and given the proper social and economic conditions, humanity could free itself from its cramped carapace of greed and distrust and enter a realm of true freedom and happiness. Conservatives, by contrast, clung to a tragic sense of man's inherent limitations. While acknowledging the benefits of science, they argued that it could never fundamentally reform, let alone transcend, the human condition. Most problems don't have a solution, the conservatives maintained; rather than attempting Promethean feats, man would do best to find a balanced place in the world.

In the late 1960s, liberals appeared to have the better of the argument. Something approaching the realm of freedom seemed to have arrived. American workers, white and black, achieved hitherto unimagined levels of prosperity. In the nineteenth century, only utopian socialists had imagined that ordinary workers could achieve a degree of leisure; in the 1930s, radicals had insisted that prosperity was unattainable under American capitalism; yet these seemingly unreachable goals were achieved in the two decades after World War II.

Why, then, did American liberalism, starting in the early 1970s, undergo a historic metanoia, dismissing the idea of progress just as progress was being won? Multiple political and economic forces paved liberalism's path away from its mid-century optimism and toward an aristocratic outlook reminiscent of the Tory Radicalism of nineteenth-century Britain; but one of the most powerful was the rise of the modern environmental movement and its recurrent hysterias.

If one were to pick a point at which liberalism's extraordinary reversal began, it might be the celebration of the first Earth Day, in April 1970. Some 20 million Americans at 2,000 college campuses and 10,000 elementary and secondary schools took part in what was the largest nationwide demonstration ever held in the United States. The event brought together disparate conservationist, antinuclear, and back-to-the-land groups into what became the church of environmentalism, complete with warnings of hellfire and damnation. Senator Gaylord Nelson of Wisconsin, the founder of Earth Day, invoked "responsible scientists" to warn that "accelerating rates of air pollution could become so serious by the 1980s that many people may be forced on the worst days to wear breathing helmets to survive outdoors. It has also been predicted that in 20 years man will live in domed cities."

Thanks in part to Earth Day's minions, progress, as liberals had once understood the term, started to be reviled as reactionary. In its place, Nature was totemized as the basis of the authenticity that technology and affluence had bleached out of existence. It was only by rolling in the mud of primitive practices that modern man could remove the stain of sinful science and materialism. In the words of Joni Mitchell's celebrated song "Woodstock": "We are stardust / We are golden / And we got to get ourselves back to the garden."

In his 1973 book *The Death of Progress,* Bernard James laid out an argument already popularized in such bestsellers as Charles Reich's *The Greening of America* and William Irwin Thompson's *At the Edge of History*. "Progress seems to have become a lethal idée fixe, irreversibly destroying the very planet it depends upon to survive," wrote James. Like Reich, James criticized both the "George Babbitt" and "John Dewey" versions of "progress culture"—that is, visions of progress based on rising material attainment or on educational opportunities and upward mobility. "Progress ideology," he insisted, "whether preached by New Deal Liberals, conservative Western industrialists or Soviet Zealots," always led in the same direction: environmental apocalypse. Liberalism, which had once viewed men and women as capable of shaping their own destinies, now saw humanity in the grip of vast ecological forces that could be tamed only by extreme measures to reverse the damages that industrial capitalism had inflicted on Mother Earth. It had become progressive to reject progress.

Rejected as well was the science that led to progress. In 1970, the Franco-American environmentalist René Dubos described what was quickly becoming a liberal consensus: "Most would agree that science and technology are responsible for some of our worst nightmares and have made our societies so complex as to be almost unmanageable." The same distrust of science was one reason that British author Francis Wheen can describe the 1970s as "the golden age of paranoia." Where American consumers had once felt confidence in food and drug laws that protected them from dirt and germs, a series of food scares involving additives made many view science, not nature, as the real threat to public health. Similarly, the sensational impact of the feminist book *Our Bodies, Ourselves*—which depicted doctors as a danger to women's well-being, while arguing, without qualifications, for natural childbirth—obscured the extraordinary safety gains that had made death during childbirth a rarity in developed nations.

Crankery, in short, became respectable. In 1972, Sir John Maddox, editor of the British journal *Nature*, noted that though it had once been usual to see maniacs wearing sandwich boards that proclaimed the imminent end of the Earth, they had been replaced by a growing number of frenzied activists and politicized scientists making precisely the same claim. In the years since then, liberalism has seen recurring waves of such end-of-days hysteria. These waves have shared not only a common pattern but often the same cast of characters. Strangely, the promised despoliations are most likely to be presented as imminent when Republicans are in the White House. In each case, liberals have argued that the threat of catastrophe can be averted only through drastic actions in which the ordinary political mechanisms of democracy are suspended and power is turned over to a body of experts and supermen.

Back in the early 1970s, it was overpopulation that was about to destroy the Earth. In his 1968 book *The Population Bomb*, Paul Ehrlich, who has been involved in all three waves, warned that "the battle to feed all of humanity is over" on our crowded planet. He predicted mass starvation and called for compulsory sterilization to curb population growth, even comparing unplanned births with cancer: "A cancer is an uncontrolled multiplication of cells; the population explosion is an uncontrolled multiplication of people." An advocate of abortion on demand, Ehrlich wanted to ban photos of large, happy families from newspapers and magazines, and he called for new, heavy taxes on baby carriages and the like. He proposed a federal Department of Population and Environment that would regulate both procreation and the economy. But the population bomb, fear of which peaked during Richard Nixon's presidency, never detonated. Population in much of the world actually declined in the 1970s, and the green revolution, based on biologically modified foods, produced a sharp increase in crop productivity.

AP PHOTO*n the first Earth Day, in 1970, some scientists predicted that pollution would make "breathing helmets" necessary in ten years' time.*

In the 1980s, the prophets of doom found another theme: the imminent danger of nuclear winter, the potential end of life on Earth resulting from a Soviet-American nuclear war. Even a limited nuclear exchange, argued politicized scientists like Ehrlich and Carl Sagan, would release enough soot and dust into the atmosphere to block the sun's warming rays, producing drastic drops in temperature. Skeptics, such as Russell Seitz, acknowledged that even with the new, smaller warheads, a nuclear exchange would have fearsome consequences, but argued effectively that the dangers were dramatically exaggerated. The nuke scare nevertheless received major backing from the liberal press. Nuclear-winter doomsayers placed their hopes, variously, in an unverifiable nuclear-weapons "freeze," American unilateral disarmament, or assigning control of nuclear weapons to international bodies. Back in the real world, nuclear fears eventually faded with Ronald Reagan's Cold War successes.

The third wave, which has been building for decades, is the campaign against global warming. The global-warming argument relied on the claim, effectively promoted by former vice president Al Gore, that the rapid growth of carbon dioxide in the atmosphere was producing an unprecedented rise in temperatures. This rise was summarized in the now-notorious "hockey stick" graph, which supposedly showed that temperatures had been steady from roughly ad 1000 to 1900 but had sharply increased from 1900 on, thanks to industrialization. Brandishing the graph, the UN's Intergovernmental Panel on Climate Change predicted that the first decade of the twenty-first century would be even warmer. As it turned out, temperatures were essentially flat, and the entire global-warming argument came under increasing scrutiny. Skeptics pointed out that temperatures had repeatedly risen and fallen since ad 1000, describing, for instance, a "little ice age" between 1500 and 1850. The global-warming panic cooled further after a series of e-mails from East Anglia University's Climatic Research Unit, showing apparent collusion among scientists to exaggerate warming data and repress contradictory information, was leaked.

As with the previous waves, politicized science played on liberal fears of progress: for Gore and his allies at the UN, only a global command-and-control economy that kept growth in check could stave off imminent catastrophe. The anti-progress mind-set was by then familiar ground for liberals. Back in the 1970s, environmentalist E. J. Mishan had proposed dramatic solutions to the growth dilemma. He suggested banning all international air travel so that only those with the time and money could get to the choice spots—thus reintroducing, in effect, the class system. Should this prove too radical, Mishan proposed banning air travel "to a wide variety of mountain, lake and coastal resorts, and to a selection of some islands from the many scattered about the globe; and within such areas also to abolish all motorised traffic." Echoing John Stuart Mill's mid-nineteenth-century call for a "stationary state" without economic growth, Mishan argued that "regions may be set aside for the true nature lover who is willing to make his pilgrimage by boat and willing leisurely to explore islands, valleys, bays, woodlands, on foot or on horseback."

As such proposals indicate, American liberalism has remarkably come to resemble nineteenth-century British Tory Radicalism, an aristocratic sensibility that combined strong support for centralized monarchical power with a paternalistic concern for the poor. Its enemies were the middle classes and the aesthetic ugliness it associated with an industrial economy powered by bourgeois energies. For instance, John Ruskin, a leading nineteenth-century Tory Radical and a proponent of handicrafts, declaimed against "ilth," a negative version of wealth produced by manufacturing.

Like the Tory Radicals, today's liberal gentry see the untamed middle classes as the true enemy. "Environmentalism offered the extraordinary opportunity to combine the qualities of virtue and selfishness," wrote William Tucker in a groundbreaking 1977 *Harper's* article on the opposition to construction of the Storm King power plant along New York's Hudson River. Tucker described the extraordinary sight of a fleet of yachts—including one piloted by the old Stalinist singer Pete Seeger—sailing up and down the Hudson in protest. What Tucker tellingly described as the environmentalists' "aristocratic" vision called for a stratified, terraced society in which the knowing ones would order society for the rest of us. Touring American campuses in the mid-1970s, Norman Macrae of *The Economist* was shocked "to hear so many supposedly left-wing young Americans who still thought they were expressing an entirely new and progressive philosophy as they mouthed the same prejudices as Trollope's 19th century Tory squires: attacking any further expansion of industry and commerce as impossibly vulgar, because ecologically unfair to their pheasants and wild ducks."

Neither the failure of the environmental apocalypse to arrive nor the steady improvement in environmental conditions over the last 40 years has dampened the ardor of those eager to make hair shirts for others to wear. The call for political coercion as a path back to Ruskin's and Mishan's small-is-beautiful world is still with us. Radical environmentalists' Tory disdain for democracy and for the habits of their inferiors remains undiminished. True to its late-1960s origins, political environmentalism in America gravitates toward both bureaucrats and hippies: toward a global, big-brother government that will keep the middle classes in line *and* toward a back-to-the-earth, peasantlike localism, imposed on others but presenting no threat to the elites' comfortable lives. How ironic that these gentry liberals—progressives against progress—turn out to resemble nothing so much as nineteenth-century conservatives.

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This essay is adapted from The War on the American Republic: How Liberalism Became Despotism, by Kevin Slack (Encounter, 456 pages, $34.99.)

AMERICAN DESPOTISM

True science, the evidence before one's eyes, exposes the globalist American empire as a kleptocracy that has betrayed the country, outsourced its wealth and defense, and degraded its people.

BY KEVIN SLACK

While not every member of the neoliberal order, which still employs well-intentioned bureaucrats, has agreed to support a despotic agenda, the regime's character forces one to draw certain conclusions. Many neoliberals aspired to a global aristocracy, magnificent men and women flipping quarters to grateful peasants. Oligarchs brokered the outsourcing of U.S. industry in return for financial control under the dollar, even as they engineered technologies for a new information age. But today's globalist American empire is a kleptocracy filled with princelings of the political and corporate elite who inherited—and now drain—the wealthiest and most powerful empire in history. It consolidates market share and outsources its technologies to foreign companies for its private benefit. It despotically introduces a permanent state of exception to the law to rule in its own interests. In fear of the subjects off whom it feeds, it assigns legal identities to groups to determine their privileges.

In this civil war between Western whites, the kleptocrats claim science's authority to subdue the populace, and they enlist an identity politics priesthood to stoke racial hatred against middle-class whites, who suffer indignities, humiliations, and loyalty tests. Following the COVID lockdowns and unlawful 2020 election, the last vestige of legitimacy has collapsed, and the kleptocracy has revealed itself as an incompetent, corrupt class of degenerates. In their palaces at the center of a rotting kingdom, the despots surround themselves with harems, catamites, and vicious eunuchs to administrate a world of performance rituals and sadomasochistic fantasies even as their people and world hegemony decline.

The Globalist American Empire and the Kleptocracy

One can assess the globalist American empire using a classical framework. To be self-sufficient and thus unify a people and secure its happiness, a political regime requires agriculture (farmers), industry (engineers, artisans, and laborers), defense (soldiers and police trained in the arts of war), taxation (wealthy bankers and financiers to plan revenue and monetary policy and to fund public projects, private business, and war), care of religion (priests to manage the sacrifices, counsel the rulers, and educate the youth), and institutions for determining justice (political leaders to determine the public interest and what is necessary and expedient). As the United States abandoned republicanism for the welfare-warfare state and then began outsourcing its production, government-sponsored oligopolies assumed these functions.

Agencies manage and work with private business in each fiefdom, for example, in agriculture, food, and manufacturing (15.8 percent of GDP, 22 million jobs). The regime is guided by finance, which, along with insurance and real estate (8.8 million jobs), constitutes 20 percent of GDP. It is defended by a warrior class (military and intelligence agencies, spending one trillion per year, 4 percent of GDP, 2.8 million jobs). The priests of body and soul—health care (19.7 percent of GDP, twenty million jobs) and public education (5 percent of GDP, 11.2 million jobs)—claim the authority to define life and instruct the youth in "equity." Finally, a ruling class uses the federal government (including contract and grant employees, 9.1 million jobs, 6 percent of the nation's workforce), which provides 30 percent of state and local governments' revenue (employing 7 million).

The information, media, and entertainment industries (6.9 percent of GDP, 1.87 million jobs) supply its propaganda and censorship and direct the leisure and moral indoctrination of subjects and their children. Depending on other nations for its consumption, the empire must expand its control over the world at the cost of faction at home and endless wars abroad. As the producing nations become self-sufficient, the empire must increasingly rely on openly coercive financial and military measures.

The upper echelons of the ruling class come from wealthy *cosmopolitans* (as opposed to the rich in rural areas), those in the top .01 percent (about 23,000 individuals, or .007 percent of the population worth over $10 million) who control each fiefdom, limit access to its ranks, and jockey for political influence and benefits. Almost 25 percent of those in the Forbes 400 derived their wealth from finance, especially hedge funds and private equity, which grows faster than the economy, while 15 percent came from technology companies and 10 percent from food and beverage. While the Rothschild, Walton, Koch, and Mars families manage and maintain their wealth, a significant number of the Fortune 400, such as Elon Musk, Mark Zuckerberg, and Jack Dorsey, rose through skills in the technologies that have globalized and enhanced business growth.

But one cannot simply look at profits. Wealth guarantees political influence but not political power—it is necessary but not sufficient. The wealthy seek to retain control of their fiefdoms by funding political initiatives, buying off politicians, and developing and maintaining close ties with the decision-makers who craft and enforce the rules they agree to play by. They must participate in the political framework shaped by a narrow class of insiders, the *ruling class* properly speaking, which uses wealth to gain and maintain political power.


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3,000 Tyrants

While each fiefdom helps preserve the order and negotiates for its privileges, at the center are the 3,000 tyrants, a ruling class of kleptocrats who ally with, stroke, tax, or intimidate the monopolies they secure. It controls more than half of the nation's industrial and banking assets and more than three-quarters of its insurance assets. These few thousand individuals, writes Thomas Dye, control the media and investment firms and "over half of all the assets of private foundations and two-thirds of all private university endowments. They direct the nation's largest and best-known law firms in New York and Washington, as well as the nation's major civic and cultural organizations. They make the largest political campaign contributions. They occupy key federal government positions in the executive, legislative, and judicial branches."

The ruling class is best understood as the hub that uses gatekeeping power to connect segmented fiefdoms. Those at the top are driven by ambition and rise by charisma, manipulation, and duplicity. Some, like George Soros, Jeff Bezos, Michael Bloomberg, Mark Zuckerberg, Charles Koch, Tom Steyer, Larry Fink, and Warren Buffet openly purchase political influence for both profits and policies like open borders and outsourcing.

Billionaires like Zuckerberg, Koch, Soros, and Bloomberg have created "new activist models of political involvement that combine electioneering, issue advocacy, and philanthropy. They pursue influence through interlocking networks of foundations, grassroots organizations, tax-exempt groups, and super PACs." Political elites—think the likes of Barack Obama, Mitch McConnell, John Kerry, the Clinton and Bush families—often depend on wealthy donors for their rise to power. But, when powerful enough, they gain independence from them.

"Annoyed and bored" with Soros, who gave economic lectures but little money, Obama told his campaign organizers, "If we don't get anything out of him, I'm never f—ing sitting with that guy again." To strengthen their power, the kleptocrats intermarry, guard their connections, and nepotistically secure positions for trusted friends and family, for whom they broker billion-dollar deals (the McConnells in China, the Bidens in Ukraine), often with foreign oligarchs, and hide the money in offshore accounts. Their greatest secret is each fiefdom's internal operations: not just buying off bureaucrats and public officials but accomplishing *anything* in a nebulous fiefdom like the Pentagon or evading or passing investigations by the SEC, or accessing and using political operatives in the intelligence agencies.

The ruling class wields executive force to protect, milk, and extort the rest of the top 0.1 percent and offer it the cover of legitimacy. It secures billions in government contracts with pharmaceutical and defense contractors, from which it taps profit and influence. Every industry regulation provides kleptocrats information for insider trading (even while banning it). Using the myths of free markets and private corporations, kleptocrats spy on enemies and launder political favoritism through *interconnected government monopolies*. "Three companies control about 80% of mobile telecoms. Three have 95% of credit cards. Four have 70% of airline flights within the U.S." Amazon controls more than 50 percent of online retail, while it receives a $1.46 subsidy from the federal government per package and more than $3.7 billion in government subsidies.

The internet "mediates modern life, like a giant, unseen blob that engulfs the modern world." Google holds 92 percent of the global search market. Facebook receives 77 percent of the social network ad revenue, and Facebook and Google receive about half of all internet ad revenue. Google and Apple provide 99 percent of mobile phone operating systems, Apple and Microsoft 95 percent of desktop operating systems. Monopolies crush attempts to start alternative social media websites; they are barred from the Google Play app store and deplatformed by Amazon Web Services.

Amazon *is* the government—it provides cloud computing for the CIA and the Pentagon. Google *is* the government—the U.S. military and intelligence agencies are its biggest clients. The Pentagon uses Google's servers to store critical information and to surveil billions of people while manipulating the information they can access. Six firms control 90 percent of media, down from 50 in 1983. Kleptocrats choose headlines and argue for "fact-checking" the news to silence dissenting media. Google blackouts conservative websites from searches. Facebook limits circulation or removes certain accounts as spam, destroying years of content for "inauthentic behavior." Twitter deplatforms users or limits viewership.

To secure these monopolies, the rulers bar market entry by blocking financial access to bank loans and credit card services. The banks *are* the government, public-private partnerships in the most regulated industry. The Justice Department instructs Chase, Bank of America, Wells Fargo, and Citibank to lock out political dissidents marked as "high risk"; Visa blacklists companies and persons for "hate speech." The IMF recommends that one's "history of online searches and purchases" be used in assigning credit scores. PayPal cooperates to shut out online purchases. Periodically the kleptocrats *extort* industries and billionaires to make them fall in line. They use regulations to threaten or smash key industries, which their friends, families, and financial backers then purchase for pennies on the dollar. They used a Facebook whistleblower to threaten Mark Zuckerberg with regulation for not censoring dissident speech. Jack Dorsey was forced to step down from Twitter.

Aided by its cosmopolitan managerial minions in the top 1 percent (with incomes above $500,000), the ruling class monopolizes the gateways to power and congeals its influence in the top 9.9 percent (incomes above $158,000) in an ooze of bureaucrats and corporate toadies. Access into the higher ranks of these fiefdoms, which dispense honor and wealth, depends on birth, wealth, and education. This pseudo-aristocracy "has mastered the old trick of consolidating wealth and passing privilege along at the expense of other people's children."

Each fiefdom plays a function in maintaining the regime and thus requires some competence to work in (skills in econometrics, technology, or pharmaceutical research). Goldman Sachs, J. P. Morgan, and leading law firms, while hiring for elite connections, toss meritorious applicants into a stressful grinder. Whereas the United States used to draw its best and brightest into physics and engineering, now it draws them into finance, where they make more convoluted instruments for the hucksterism of the kleptocracy. The corporate structure remains the same across industries, blending cutthroat competition with sanctimonious statements promoting diversity and worker authenticity. Human resources departments manage humans as resources, and public relations departments display ruling class mores.

The function of elite universities is to instill an education in both ruling class mores and diversity. The orthodoxy both weakens allegiances that might undermine loyalty to the corporation and teaches a jargon of racial and gender inclusion, equity, and integration that befits diversity in both the workplace and global markets. Wealth and status accompany one's climb up the corporate ladder: cosmopolitans take breaks from corporate pressure to sample luxury brands, exclusive resorts, and exotic vacations.

Every regime needs religion for both legitimacy and sacrifices. The ruling class does not wake up each morning believing its success has come from the parasitism of its own people. It launches global foundations—the Ford Foundation, Rockefeller Foundation, George & Barbara Bush Foundation, Clinton Foundation, Obama Foundation—that combine power, wealth, and moral causes.

It turns to moralistic priests to sanctify its power and indoctrinate its own children as well as to give subjects an identity and sense of meaning. The priests of identity politics explain race and gender identity, attaching each individual to a group with certain rights and duties. They provide the ambitious with a sense of purpose in fighting evil (Whiteness) and in improving the world by social and environmental justice. At Alphabet (Google), where the mean income in 2019 was $258,708, the workers union fights not for higher wages but for greater social activism and censorship.

Google fires employees for hate speech and polices their social media accounts. The therapists of authenticity hear the cosmopolitans' private confessions and prescribe cures, in counseling and psychotropic drugs, for their disordered souls. They spin parables of authenticity, simpler ways of life, and love and freedom in a modern world. Using Thomas Friedman's terminology, they point out the dead olive posts to Lexus drivers.

The ruling class claims a right—by birth, wealth, and education—to rule others without their consent. It speaks of vague ideals like "democracy," the "Constitution," and "the rule of law" while staging the hoax of popular government in ritual public elections and televised press conferences. For the bottom 90 percent who cannot afford therapy, the ruling class uses media and entertainment to provide self-esteem and moral superiority for having the right opinions on climate change, transgenderism, anti-racism, or gun control. Increasingly it assigns legal privileges based on group identities.

The media manufactures crises and sham opinion polls, and Netflix and YouTube fixate viewers' attention to monopolize their perceptions of reality and eliminate competing stimuli so that they ignore reality all around them. For a growing and increasingly degraded, ignorant, and dependent class, the kleptocracy peddles democratic socialism: leaving monopolies intact while socializing consumption for peasants—EBT cards, free clean needles, and pornography for their stupefaction and sterilization.

The 3,000 Tyrants are not statesmen. Statesmen are patriotic, attaching their ambition for immortality to the love of a people. The tyrants only benefit themselves while enslaving the lower class they claim to liberate. As the kleptocrats bask in their power, they are cut off from the problems of the people they rule, and they resent challenges to their legitimacy. As they lose legitimacy with the peoples they used to manipulate, their words become obviously hollow: their moral lectures are removed from reality, their comedians are not funny, their music and movies are repetitious and uncreative, and their poetry is propaganda.

Thus they war with the old nationalist populations, the true peoples of the world, to deprive them of their rights and reduce them to servility. To disempower the American people, the kleptocrats flood their land with pliant immigrants, dilute their vote, undercut their wages, and outsource their production. They manage the people's slow decline by financing their consumption with record levels of debt, disrupting their families, and providing for their intoxication and suicide, which for U.S. males increased more than 25 percent from 1999–2016.

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The Myth of Meritocracy

The American kleptocracy, which claims science and anti-racism to justify its power, is not a meritocracy produced by equal opportunity. The wealthy, 77 percent of whose children attend elite universities, monopolize educational institutions as gateways to power; half of the 4,000 most powerful Americans received degrees from just 12 universities, 20 percent from Harvard.

Wealth does not translate simply into higher test scores. Legacy students at the top 30 elite private colleges are four times more likely to be accepted. More than one-third of Harvard's class of 2020 were legacy students; Princeton, with a 7 percent acceptance rate, admits over 30 percent of its legacy applicants. Moreover, the ruling class must openly abandon standards of merit to maintain the alliance between corporate elites and identity politics. Universities increasingly drop the SAT or ACT requirement and even the GRE for graduate school in order to admit underperforming students. Criteria include wealth, birth, diversity, and political activism. Undergraduates have been disenrolled for posting videos that disagree with BLM, and undergrad journalists who question systemic racism have been fired, replaced by pliant token "conservative" writers. Per their test scores and overall numbers in the population, white gentiles are the most underrepresented group in the Ivy League (25 percent), meaning the most underrepresented in the halls of power.

White Jews are the most overrepresented group (20 percent). Black and Hispanic applicants with average GPAs and MCAT scores are accepted to U.S. medical schools at much higher rates (81.2 and 59.5 percent) than average (30.6 percent); black applicants are four times more likely to be accepted than Asians and almost three times more likely than whites. Special diversity positions have been created for progressive educators and bureaucrats. Blacks are 13 percent of the population and hold 18 percent of civil service jobs, 50 percent in some agencies.

Universities have become monolithically progressive and rife with grade inflation. One-half of tenure-track and tenured history faculty come from just eight universities; one-half of political science faculty at research universities come from just 11 universities. The future leaders are meager fare: coddled students with no real-world experience and self-entitled, even in failure. They are too insulated to recognize their own privilege and too weak to rule with justice. Instead, they are honored for "enhancing race and/or ethnic relations."

The incompetent ruling class and its priesthood clamoring for simony desires the honor of ruling without being capable of the work and thus fails to solve basic problems. Government monopolies introduce outsourcing, nepotism, and bureaucratic ineptitude, vividly exposed in the Flint water crisis. Complaints about simple incompetence, such as mailing notices of court hearings nine days after the fact, are attributed to "unconscious bias" and "institutional racism." Finance capitalism no longer delivers products that work. CEOs outsource production with an eye to quarterly profits or deliver substandard goods. Boeing, once known for its engineering prowess, puts politicians and private equity icons on its board; it is now "a political machine with a side business making aerospace and defense products." Boeing outsourced its design to Indian workers at $9 an hour and implemented a faulty software system known as MCAS. With insufficient oversight from the Boeing-friendly FAA and inadequate pilot training, the 737 Max started falling out of the sky.

The U.S. infrastructure, its roads and bridges, scored a D+ from the American Society of Civil Engineers. Infrastructure bottlenecks have been created in semiconductors, railroads, and ocean shipping. Monopolies, writes Matt Stoller, have brought "shortages in everything from ocean shipping containers to chlorine tablets to railroad capacity to black pipe (the piping that houses wires inside buildings) to spicy chicken breasts to specialized plastic bags necessary for making vaccines."

Cronyists used the 9/11 terrorist attacks, which could have been prevented by simple fixes (like the new reinforced cockpits), to create the Transportation Security Administration (TSA), with a budget of $8.6 billion and 65,000 employees. "What the TSA is good at," writes J. D. Tuccille, "is high-visibility groping, scanning, and confiscating. Making people drop their pants, take off their shoes, and surrender their shampoo annoys people in a way that says 'we're doing something' without actually accomplishing anything." While spending millions on new gadgets, the TSA has an 80 percent to 97 percent failure rate at discovering weapons.

ROSLAN RAHMAN/AFP via Getty Images

Incompetence in the Military

The ruling class' incompetence extends to the military. Wall Street has outsourced components for key weapons systems to China, and American foreign policy, crafted by Ivy Leaguers, is a disaster, spending billions on corrupt dictators, cronyist infrastructure projects, and ineffective programs. Optimistic State Department talking points reflect false assessments of bureaucrats removed from failures on the ground and even intentional deception. Despite spending $1 trillion a year, the Defense Department refuses to be audited, while appropriations fund questionable programs like the F-35 fighter, M1 Abrams tank, and Littoral Combat Ship. The USS Gerald Ford, a $13 billion aircraft carrier, was so plagued by mechanical failures that by its third year (2020), it had not embarked on a single mission. A pair of deadly naval crashes in the Pacific in 2017 was caused by "total incompetence."

The social justice warriors in the officer corps respond by prioritizing diversity. West Point attacks "toxic masculinity"—its cadets derisively call its required Western Civ class the "I Hate America" class. Military leaders celebrate transgenderism, and instructors are pressured to pass females who fail physical requirements. Chairman of the Joint Chiefs of Staff Mark Milley agreed to warn the Chinese before a U.S. attack even as the armed forces he represents have become incapacitated, debauched high schools saturated with revenge porn and rising sexual assault charges from lovers' quarrels. From 2016 until 2021, the Pentagon spent $15 million to treat 1,892 transgender troops, including $11.5 million for psychotherapy and $3.1 million for surgeries. In 2018, 66 percent of service members were "either overweight or obese."

Conversely, a few highly trained combat troops are fatigued by endless, fruitless police actions. In this culture of brothers in arms, they fight not for the country but for each other and resent those back home who are unaware of their sacrifices. Twenty veterans commit suicide per day, some after serving a dozen combat tours. Delta Force has acquired a criminal reputation as some of its members, operating with impunity from the law, sold illegal drugs and committed a string of murders. And special ops units do not win wars. Despite spending over $822 billion and sending over 800,000 military service members to Afghanistan, with more than 2,000 killed and 20,000 injured, the U.S. military was defeated by Taliban militiamen.

Marcus Yam /Los Angeles Times via Getty Images

Intelligence Failures and Economic Mismanagement

The United States surveillance state, with no analytics to assess mountains of data, uses intelligence not for the public but for the kleptocrats' interests: to spy on conservative media and political enemies, including President Trump. The FBI not only peddled the fraudulent Steele dossier, it has long wasted taxpayer money for its agents to infiltrate unimportant dissident groups, entrap their members in silly plots, and then imprison them. In the farcical plot to kidnap Michigan Governor Whitmer, five of the "militiamen," those who concocted the plot, were FBI agents or informants entrapping those they arrested. Prosecutors dropped the testimony of FBI Agent Richard Trask, who had posted during the investigation, "If you still support our piece of shit president [Trump] you can f— off."

Unsurprisingly, the FBI payroll funded the leaders of the Proud Boys and the Three Percenters who called for violence at the January 6 capitol riot. Homeland Security labels the riot an "insurrection" to justify its increased surveillance over political dissidents even as it declares "white supremacy," meaning Trump supporters, the country's greatest terrorist threat.

Meanwhile, the CIA, in another intelligence failure, could not locate its puppet president of Afghanistan, Johns Hopkins professor Ashraf Ghani, as he fled with a reported $169 million in cash while his country imploded. Overnight the Taliban confiscated $28 billion in military equipment, including Black Hawk helicopters and A-29 Super Tucano attack aircraft. George W. Bush blamed the failure on conservatives who have "disdain for pluralism." He compared Trump supporters to the Taliban, "violent extremists abroad and violent extremists at home."

Kleptocratic incompetence extends to economic mismanagement. The United States has used the dollar's place as the world's reserve currency to hide growing class inequality with massive deficits that allow Americans to sustain their consumption and entitlements while outsourcing the nation's production of goods and technology. According to the Social Security Board of

Trustees, the program will continue to pay out more than it collects until 2034, after which it will have exhausted its asset reserves of $2.9 trillion. The program has a present underfunding of $13.2 trillion. It estimates up to a 21 percent across-the-board cut in benefits for existing and future retirees to sustain payouts. Medicare funds will be exhausted by 2026.

Entitlement spending has long enabled intergenerational redistribution, saddling the young (who do not save or invest) with debt while an average elderly couple receives $244,000 more than it puts in. In 2017 health care became the nation's largest employer, a giant cartel redistributing wealth with little long-term economic benefit to future generations.

According to the principles of Modern Monetary Theory (MMT), the problem with entitlements is not that they are "underfunded" but that they could introduce unmanageable amounts of currency into circulation. But the theory also posits that there is no real interest to be paid, only the balancing of accounts, which will justify the renegotiation of elderly whites' entitlements and pensions and "reparations" in the form of redistributive social programs to minorities and recent immigrants. MMT works best when savings are depleted, as those without a cushion immediately depend on the Treasury's monetary manipulations—a mere 40 percent of Americans have $400 saved for emergency expenses.

MMT expresses both current currency abuse and the erosion of the middle class it claims to support. Republicans secure tax cuts to the wealthy, while Democrats secure funding for green energy and bureaucratic programs. Banks and corporations that receive money first spend or invest it before inflation sets in, punishing the middle class that tries to save money. During the COVID-19 lockdowns, the financial elite wiped out middle-class businesses even as the Fed bought the bonds of companies like Apple and Verizon to support the market for investment-grade corporate debt, driving up stock prices. Fed members profit by trading in stocks the agency buys. Trump and Biden initiated an unprecedented level of money-printing. From March 2020 to February 2021, the Fed created four times more dollars than had previously existed (from $4.1 to $18.1 trillion).

The great flaw of MMT is that it confuses accounting identities for real-world production. The kleptocracy bids up stock prices increasingly detached from reality in real estate, cryptocurrency, and tech start-ups, and it prints money to pay interest on its mounting debt. For the rest, wages lag behind prices. The ruling class has long promoted driving up the cost of fossil fuels and meat to force consumers to transition to renewable energy and insect-based diets. By June 2022, Biden's cuts in oil and food production brought devastating inflation and record gas and food prices.

Chinese leaders have only agreed to finance U.S. debt in order to build up their economy with offshored manufactures and technology. With the dollars they accumulate, they purchase U.S. real estate and resources, and they secure political deals with the "deep state" that give them monopoly status in foreign markets and allow them to expand militarily.

But China, like other nations, creates record amounts of money to sustain excess consumption—bringing the highest peacetime debt in world history. To keep the yuan weak, China amasses massive deficits and an estimated 300 percent debt- to-GDP ratio, driving demand by pouring money into real estate, ghost cities of shoddy workmanship, and commodities.

Reserve currencies like the dollar have historically found their limits, followed by prolonged economic depression. The Chinese have long negotiated with the Saudis to price oil in yuan to destroy the petrodollar that finances U.S. consumption. With increasing demand for a stronger currency, American elites will be the first to leave the dollar to protect their wealth and blame monetary irresponsibility on the public. Klaus Schwab writes, "For quite some time now, some analysts and policy-makers have been considering a possible and progressive end to the dominance of the dollar."

Most damaging to the kleptocracy is that its hypocrisy discredits its moral authority. The COVID pandemic revealed science to be an *institution*, not a *method* of thinking. Instead of a community of independent researchers who verify one another's work, it is a politically funded cartel, whose research and reporting is shaped by politics. Among scientists, there is pressure to expand funding for research, and public disagreements destroy careers. Universities own their researchers' intellectual property, patents, and publications, and their scientists punish dissidents that threaten the millions they receive in federal grants. In gain-of-function research, "Any virologist who challenges the community's declared view risks having his next grant application turned down by the panel of fellow virologists that advises the government grant distribution agency."

The global guild of Western university scientists has come to rely on Chinese students for tuition revenue and research for their journals. For cheap labor, they outsource high-risk research to foreign labs that use minimal safety precautions. Unsurprisingly, scientists prematurely denounced the COVID-19 lab leak hypothesis as a "conspiracy theory," attributing it to "anti-Asian" hatred, a link to the identity politics priesthood that secures the interests of a ruling class that no longer bothers to hide its hypocrisy.

High-profile politicians lectured the public to wear masks and self-isolate when they themselves did not. Chicago Mayor Lori Lightfoot and House Speaker Nancy Pelosi closed barbershops and salons but exempted their own hair stylists. Governor Whitmer marched with BLM protestors while attacking store owners who remained open. Her husband opened up the family cabin and traveled to Lake Michigan to use their boat while she banned travel between homes in Michigan. Barack Obama went golfing while Michelle lectured Americans to stay home for all but essential activities. Governor Newsom closed California central valley wineries but kept his own open; despite his order prohibiting indoor dining, he dined at posh restaurants without a mask. At a Napa fundraiser, Pelosi's masked brown servants served wine to maskless wealthy white donors.

COVID only continued the discrediting drumbeat of ruling-class hypocrisy. Hillary Clinton attacked Wall Street but received up to $225,000 per speech at Goldman Sachs. Al Gore attacked the fossil fuel industry, yet he made an estimated $100 million selling Current TV to Al Jazeera, based out of oil-rich Qatar, and he spends $30,000 per year on utilities for his 20-room estate. Obama warns of rising sea levels but purchased a $12 million waterfront mansion. Celebrities and professors demand Americans shrink their carbon footprint, yet they fly on private jets, travel to international conferences, and live in palatial homes. The politics of gender does not apply to developing countries or to Muslims, the politics of race does not apply to Silicon Valley or Hollywood, and the politics of class does not apply to the Ivy League.

The pseudo-meritocracy results in Democratic one-party rule in states like California, which has the nation's greatest level of inequality. Democratic long-term rule over cities like Baltimore, Detroit, and Chicago shows the country's trajectory. Gentrifying cosmopolitans drive out middle-class voters with high rents and plan tent cities of drug users and street defecators.

Homicides in major cities rose 44 percent from 2019–20, another 5 percent from 2020–21. Nationwide they rose 30 percent, a 60-year high.

Even as the homeless filled cities like Los Angeles, the elites welcomed in millions more illegal immigrants, who bring the Mexican drug cartels' wars with them. As Houston reported skyrocketing homicides, the Harris County sheriff reminded deputies to share their personal pronouns in introductions. No longer prosecuting property theft, cities like Dallas and San Francisco released criminals from prison to terrorize the public and only enforced violations on citizens who could pay fines. The city of Chicago decided not to prosecute gangsters involved in a deadly public shoot-out because they were engaged in "mutual combat."

White hipsters who can no longer tolerate the cost of living, filth, and crime move to more conservative cities—Boise, Bozeman, Salt Lake City, Sioux Falls—where they recreate the same failures, revealed in declining happiness among women and increasing drug use and suicide rates among men. The loss of family and private associations and their sham replacement with online identities has brought isolation, depression among the lower class, and madness among its pseudo-elites. As the middle class collapses, the United States returns to an ancient politics of oligarchy and demagoguery, the "perpetual vibration between . . . tyranny and anarchy."

But conservatives have no reason to be pessimistic: *the emperor has no clothes*. The incompetent, corrupt, and degenerate ruling class has lost all legitimacy. Citizens no longer believe state media facts selected for political control. True science, the evidence before one's eyes, pulls back the curtain to expose the globalist American empire as a kleptocracy that has betrayed the country, outsourced its wealth and defense, and degraded its people.

Progressivism is not inevitable, not on a fated "right side of history." Nor are its peddlers true believers. Most academics are status-seekers who teach anything to secure their privileges. Their intelligent students reject the orthodox myths of indoctrination necessary for graduation. Branded as *racist* or *sexist* for merely existing, they no longer care about being called either. They sit through required classes on race and gender, the global village, and climate change, calculating how to balance personal advancement with social duty. They groan at the charade of privileged professors turning their classes into awkward confessionals, pressuring students to participate in the revival, throughout which musty Pharisees sniff out every intention. Increasingly the key political demographic for any political movement, young men, has dropped out altogether.

Kevin Slack is a professor of politics at Hillsdale College, where he teaches political philosophy and American political thought, including classes on American progressivism, liberalism, and radicalism. He is a founding member of the Ciceronian Society. He is the author of War on the American Republic: How Liberalism Became Despotism, and Benjamin Franklin, Natural Right, and the Art of Virtue. His scholarly articles have appeared in American Political Thought, New England Quarterly, Pennsylvania Magazine of History and Biography, Church History, and American Thinker. He earned his Ph.D. from the University of Dallas. This article first appeared in the American Greatness of May 7 , 2023.

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