



WEEKLY UPDATE
February 16-22, 2025

COLAB
San Luis Obispo County



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DINNER & FUNDRAISER

THURSDAY, MARCH 27, 2025
MADONNA INN EXPO CENTER

A NEW ERA IN GOVERNMENT

Enjoy a bipartisan dialogue on the opportunities and challenges faced by the County and State as the current revolution in Washington progresses. How can the County and Cities take advantage at the local level by tailoring initiatives and changes to the best interests of our local circumstances and issues? Two of our collaborative and experienced local elected officials will form an enlightening exploratory panel.



Dawn Ortiz-Legg, Board Chair &
District 3 Supervisor

5:00 PM SOCIAL HOUR & OPEN BAR
6:15 PM FILET MIGNON DINNER & WINE

AUCTION WILL BE HELD AFTER DINNER
(AUCTIONEER TODD VENTURA)

\$165/ PERSON
\$1,650/ TABLE (SEATS 10)



Heather Moreno, District 5 Supervisor

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or

On-Line Reservations & Payment can be made at www.colabslo.org/events.asp

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

**THIS WEEK
SEE PAGE 5**

A VERY LITE WEEK LOCALLY

NO BOARD OF SUPERVISORS MEETING

**LOCAL AGENCY FORMATION COMMISSION
CANCELLED**

OTHER AGENCIES NOT MEETING

**LAST WEEK
SEE PAGE 6**

NO BOARD OF SUPERVISORS MEETING

**CENTRAL COAST COMMUNITY ENERGY
AUTHORITY - 3CE**

**3CE PRESSURED BY STATE REGULATIONS
*SUPPLY PRESSURE – BEGETS LITHIUM BATTERY PLANTS***

**FORMER 3CE BOARD CHAIR AND DEFEATED SANTA
BARBARA COUNTY SUPERVISOR DAS WILLIAMS
HIRED BY 3CE AS SENIOR POLICY ADVISOR
*BLATANT PATRONAGE - SEE PAGE 7***

**ARE 3CE CUSTOMERS PAYING THEIR BILLS?
*AGED ACCOUNTS RECEIVABLE BUILDING UP***

**3CE TO SIGN \$738,000,000 DEAL WITH GAS FIRED
LITHIUM BATTERY PLANT NEAR TRACY**

***MORE HYPOCRITICAL BAIT AND SWITCH
SO MUCH FOR GREEN ENERGY, LOCAL JOBS, & SAFETY***

PLANNING COMMISSION

LIGHT: NO BIG PROJECTS - NO POLICY

**EMERGENT ISSUES
SEE PAGE 12**

**CALIFORNIA'S NEW FUEL STANDARDS HURT THE
POOR, WITH LITTLE ENVIRONMENT BENEFIT**

*Do projected future environmental benefits of CARB's decisions
justify higher electricity prices and growing energy poverty*

**STATE PARKS'S OCEANO DUNES PUBLIC RECORDS:
SUPPRESS THE SCIENCE**

*Documents reveal that state parks intentionally suppressed its own peer-
reviewed study that shows recreation at the park has nothing to do with air
quality concerns expressed by the air district*

DOGE IS GOOD. IT'S NOT ENOUGH

**HOW ZONING RUINED THE HOUSING MARKET
IN BLUE STATE AMERICA**

**COLAB IN DEPTH
SEE PAGE 25**

IS THIS THE END OF THE DEI REGIME?

On one of President Trump's recent executive orders

BY JAMES PIERESON

THE SPAWN OF LEVIATHAN

*The Trump administration's counterrevolution against the
"treason of the agency clerks"*

BY BRUCE THORNTON

THE FALLACY OF THE "PUBLIC SECTOR"

BY MURRAY N. ROTHBARD

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THIS WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting on Tuesday, February 18, 2025 (Not Scheduled)

The next meeting is set for Tuesday, February 25, 2025.

Board Issues without a Board Meeting

Item 1 - Re-education camp LITE

During the Board meeting of February 4, 2025, a number of citizens were there to oppose the creation of the Paso Water Basin Joint Powers Authority. The Board approved forming the new government entity 3/2. As consideration of the item wrapped up, several of the Supervisors on the prevailing side requested that staff develop an information campaign to “educate” the Basin residents on the benefits of the new Authority and to provide them “accurate information.” What an insult. The residents with wells, farms, crops, and homes have suffered years of expensive consultant studies, a water moratorium, and domination by staff “experts.”

In other words, “We the government are going to use your tax dollars to try to convince you why you are wrong in opposing policy.” This phenomenon of so-called public information about various policies and issues is a continuing trend.

The practice is particularly effective in jurisdictions that are governed by officials elected by district, such as Boards of Supervisors. A supervisor who has no real interest and whose district represents people 50 miles away can vote with impunity for a policy that the locals oppose.

In the case of the recent Paso Water basin fiasco, Gibson, Ortiz-Legg, and Paulding outvoted Peschong and Moreno, who actually represent the area. Moreno and Peschong should remember to take the opportunity to adopt reforms in the future. For example, they could vote down financial transfers that are necessary for something desired by one or more of the others. They could refuse to approve the Budget without certain concessions – such as more money for roads.

In other words, “we the government are going to use your tax dollars to try to convince you why you are wrong in opposing our policy. This phenomenon of so-called public “education” on various policies and issues is a continuing trend.

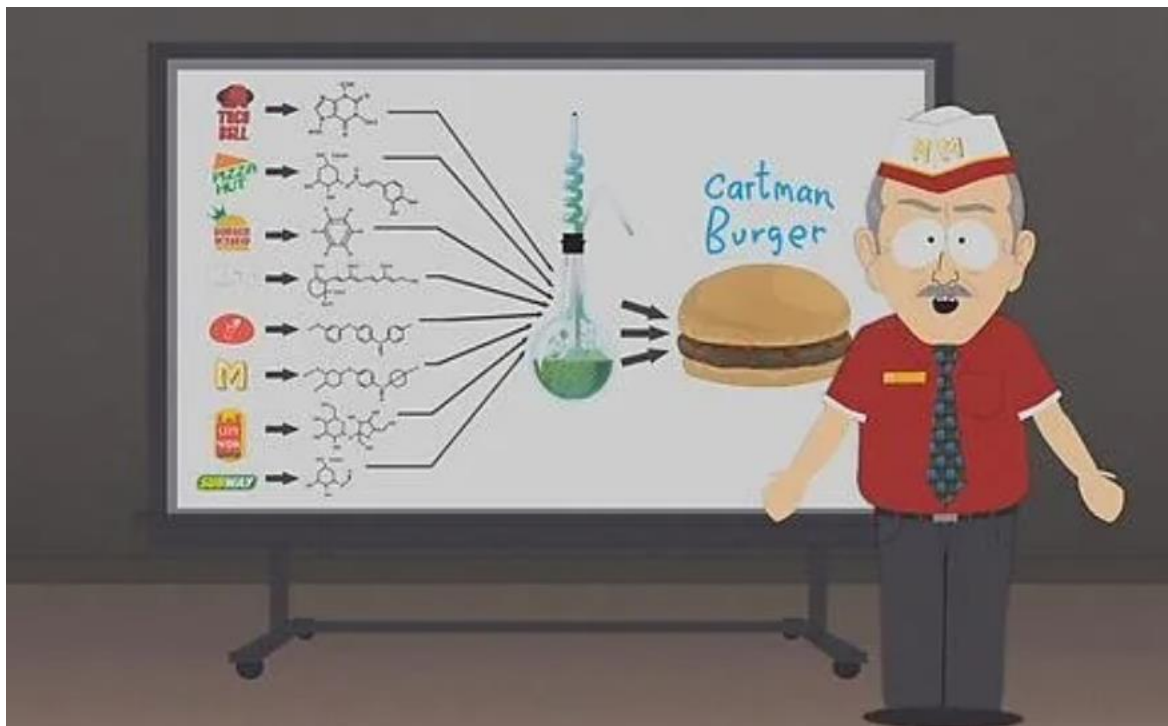
Often the process is manifested by neighborhood or jurisdiction-wide workshops, where the agenda is manipulated by staff to drive the outcome desired by the jurisdiction. Breaking the group up into separate tables for different aspects of the subject and then having them each “report out” or place colored dots on a board is very common. Of course, someone at the table is

a subject “expert” who can lead each group to the desired position. SLOCOG is expert at these techniques and uses them to develop policies for the Regional Transportation Plan and proposed sales tax overrides.

Of course, totalitarian regimes are famous for such techniques combined with economic sanctions, expropriation of private property, and the Gulag.

See the related article below on page 32 in the COLAB In Depth Section that states in part:

Government advertising is paid for by means of taxes extracted from the citizens, and hence can go on, year after year, without check. The hapless citizen is cajoled into applauding the merits of the very people who, by coercion, are forcing him to pay for the propaganda. This is truly adding insult to injury



**Local Agency Formation Commission Meeting of Thursday, February, 20, 2025
(Cancelled)**

The meeting has been cancelled.

LAST WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting on Tuesday, February 11, 2025 (Not Scheduled)

The next meeting is set for Tuesday, February 25, 2025.

**Central Coast Community Energy Authority (3CE) Operations Board Meeting of
Wednesday February 12, 2025 (Completed) 10:30 AM**

In General: 3CE seeks to maintain its slight energy cost advantage over PG&E. Regulatory issues, rising energy costs, delayed green energy supply projects, and supply issues continue to challenge the Authority.

Item 7 - Regulatory Update - 3CE must deal with a plethora of State requirements as noted below:

- Resource Adequacy (RA)
- Integrated Resource Planning (IRP)
- Interconnections
- Renewable Portfolio Standard (RPS)
- PG&E Rule 30 Applications for Transmission Service
- Distribution Planning
- Preventing Disconnections
- Load Management Standards (LMS) and Real-Time Pricing
- Power Source Disclosure (PSD) and Power Content Label (PCL)
- Integrated Energy Policy Report (IEPR)
- Provider of Last Resort (POLR) and Emergency Transition Planning

Each of these is complex and expensive to handle in terms of legal, engineering, and rate setting consultants. See **Item 13** below to see how the Resource Adequacy requirement is impacting the Agency and environment.

Item 8 - Financial report for the period October 1, 2024, through November 30, 2024. (Note: 3CE has an October-September fiscal year.) The budget is pretty much on track, although so far they have had less electricity sales than they had anticipated. There are also some indicia of staff turnover.

Das Williams hire: One surprise appointment, among many, includes Das Williams, former Chair of 3CE's Board and former Santa Barbara County Supervisor who was defeated for re-election in November 2024. **Update: As of Sunday February 15, 2025 3CE has ignored repeated phone calls and written requests for the salary information made over the past 2 weeks.**

The write-up stated:

*Das Williams joined 3CE on January 14, 2025 as a Senior Advisor of Policy and Legislative Affairs. Das brings over two decades of public service experience to this role, including serving in the California State Assembly and most recently as **Santa Barbara County Supervisor and former Chair of 3CE's Policy Board.** Das has demonstrated strong leadership in environmental and energy policy, including his work on landmark legislation like SB350, which set California's path toward 100% clean energy by 2045. His extensive experience in both state and local government, combined with his deep understanding of our Central Coast communities, will help*

3CE advance our mission of delivering economic and environmental benefits through clean energy resources.

It is generally considered bad practice in public service to appoint recently retired board members of a jurisdiction to management jobs in the same jurisdiction. Some city charters and state statutes prohibit this, usually with a few years interval required. In fact, most ethical public administrators, such as city managers and county executive officers, almost never consider appointing former elected officials, as their ability to be apolitical is in doubt. Once people have tasted the forbidden fruit, they are forever suspect.

Was there a job announcement with required education, skills, and duties? Were other applicants considered? Was there an outside review panel? Was there a test?

This is a blatant patronage appointment designed to secure an income and benefits for Das until some other elected post comes up for which he can run. As readers know, we have asserted for years that 3CE is a patronage machine for engineering consultants, computer consultants, engineers, rate consultants, lawyers, and green advocates. This one is both blatant and sleazy.

- What are his actual job duties? What are the salary and benefits?
- Does he have to come into the office in Monterey, or can he work “remotely” from Montecito?
- How will he relate to the Executive Director of 3CE, whose boss he was for the past several years?
- Did he ever vote for raises for the Executive Director? (Is this payback?)
- Did 3CE consider Das’s record in Santa Barbara County - shared responsibility for:
 - a. Failure of the \$250 million Tajiguas recycling facility (it has never worked)
 - b. He supported the rigged ambulance contract bid process where the Board awarded the contract to the Fire Union, even though the staff and doctors recommended the private sector contractor AMR. The County surrendered in a law suit and had to award the contract to AMR. The Fire Department was so sure the rigged deal would work, that it bought 38 ambulances for millions ahead of the decision.
- He promoted the creation of a \$200,000 DEI Manager executive position to function as a commissar investigating the departments.
- Das provided maximum support and promotion of the cannabis industry, with especially bad results in Carpinteria.

Das is a smart guy, who is experienced in politics and actually supports programs for working and poor people, as opposed to the usual Santa Barbara County hypocritical limousine liberal stuff. However, this episode casts doubt on the integrity of 3CE as a public agency.

Aged Accounts receivable: Separately from the matters above, the financial report indicates that \$18,496,117 in bill payments are past due.

CENTRAL COAST COMMUNITY ENERGY
Summary of Accounts Receivable, Net of Bad Debt Allowance
As of November 30, 2024

Current	0 - 30 Days	31 - 60 Days	61 - 90 Days	> 91 Days	A/R Balance
\$ 20,998,166	\$ 8,919,301	\$ 2,223,207	\$ 2,427,739	\$ 4,925,870	\$ 39,494,283

It is likely that a substantial portion of those 0-30 days past due will be paid. Nevertheless, with \$91.5 million in billing revenue for November, the past due percentage of accounts receivable is 20.1%. They need to watch how much is accumulating in the greater-than-90-days bucket. Most of the 90 days and older amount probably will never be collected. How much is it accumulating month over month?

Item 13 - Approve and authorize the CEO to execute a Hybrid - Battery Energy Storage System Power (“BESS”) Power Purchase Agreement (“PPA”) with MRP Pacifica Marketing III, LLC for the Tracy Hybrid Project, in a form substantially similar to the attached, as well as any necessary ancillary documents, with a power delivery term of 15.5 years with an expected Start Date of January 1, 2027, in an amount not to exceed \$783,000,000. 3CE has found that it cannot comply with State mandated resource adequacy (RA) mandates (especially for energy at night). This seems to be a problem for many if not all of California’s community choice energy authorities (CCAs).

To partly address this problem, suppliers have arisen that provide large scale battery storage plants fueled by natural gas. This supposedly partially green arrangement counts the energy delivered from the batteries as “green,” notwithstanding that it is originally produced by natural gas. This seems like renegeing on the promise to become 100% green.

In any case, the 3CE Board is being asked to sign a 15-year contract with a company named the Tracy Hybrid Project, owned by a company called Middle River Power based in Chicago. The write-up states in part:

3CE will be a joint offtaker of this project, with 3CE taking one third of the total capacity meaning 98MW of RA from the CCGT and 13.3 MW of the 8-hour BESS facility. Two other CCAs are finalizing agreements for offtake of the other two thirds. This hybrid resource will provide valuable fixed-price RA benefits to ensure RA compliance for 3CE under the Slice-of-Day (SOD) RA paradigm, which began in 2025. If approved the proposed project would meet approximately 18% of 3CE’s RA obligation at a savings over 3CE’s forecasted RA price.

Again, the hypocrisy is oozing out all over. It is cynical to say that the energy that flows from the plant is green, even though the energy that provides the charging is fossil fuel gas. Their hyperbole is that were it not for the batteries, the electricity would have to come from fossil fuel generation at night, which they assume to be more CO₂ generating. The write-up does not provide any evidence of this assertion.

They use the table below to justify it. They must have missed the law of the Conservation of Energy:

The law of conservation of energy states that:

1. Energy can neither be created nor destroyed; it can only be converted from one form to another¹²³⁴⁵.
2. The total energy of an isolated system remains constant over time¹³⁴⁵.
3. Energy can change forms within a system

Year	GHG Emissions without Battery (tons)	GHG Emissions with Battery (tons)	GHG reduction (tons)
2027	635,341	559,930	(75,411)
2028	602,340	530,845	(71,494)
2029	596,110	525,355	(70,755)
2030	552,780	487,168	(65,612)
2031	505,818	445,780	(60,038)
2032	491,745	433,378	(58,367)
2033	423,021	372,810	(50,210)
2034	386,393	340,530	(45,863)
2035	342,349	301,714	(40,635)
2036	330,262	291,061	(39,200)
2037	323,858	285,418	(38,440)
2038	294,617	259,647	(34,969)
2039	271,583	239,347	(32,235)
2040	230,193	202,870	(27,323)
2041	182,534	160,868	(21,666)

The plant is not yet built. Curiously, no concern is expressed in the Board letter over recent fires and explosions at lithium battery plants. Bills have been submitted in the Legislature to ban such plants in the future. It is not known what farmers and residents of the area surrounding the proposed plant site think of this large facility. Will the State and/or local zoning authorities (San Joaquin County) allow the plant to be built or operate?

What an energy shell game!

EXHIBIT A
FACILITY DESCRIPTION

Site Name	
County	Tracy, CA
Site APNs	To be determined
Facility Type	Natural gas-fired plant and battery energy storage system (BESS)
Participating Transmission Owner	
Thermal Resource	
Description	336 MW Combined Cycle Gas Turbine
Generating Capacity (MW)	336 MW
Heat Rate	■■■■ MMBtu/MWh
Resource ID	SCHLTE_1_PL1X3
BESS Resource	
Type	Lithium Ion Battery Energy Storage System
Operating Characteristics	
Operating Procedures	See <u>Exhibit H</u>
Maximum Charging Capacity (MWh)	40
Maximum Discharging Capacity (MWh)	40
Maximum Stored Energy Level (MWh)	320
Resource ID	To be determined by CAISO

From the San Joaquin County Planning Department:

The 32-acre Project site is located at 20042 W. Patterson Pass Road within unincorporated San Joaquin County, California. Currently, the site is grazing land, with two houses within the boundaries of the Project site but outside of the area that would be disturbed by the Project. The Project site is bounded to the north by grazing land, rural residences, the West Patterson Pass, and the Union Pacific Railroad. To the east lies grazing land and open space. Rural residences, grazing land, and open space bound the Project to the south. The Project is bounded by rural residences, grazing land, and the PG&E Tesla Substation to the west within Alameda County. The County of San Joaquin General Plan Land Use Map designates the Project site as General Agricultural, and the County's Zoning Map identifies the site as Agricultural General-160. Regional access to the Project site is provided by Interstate 580 located approximately 0.9 miles to the northeast.

Project Description: The Project would involve grading of the project site for the new construction and operation of a 400 megawatt battery energy storage system to provide reliable and flexible power to the local electrical system. The Project would interconnect at the Tesla Substation immediately adjacent to the site in Alameda County via a 230-kilovolt interconnection generation tie (gen-tie) line. The energy storage facility is anticipated to house lithium-ion batteries totaling 400 megawatts of energy. Project construction would begin in 2024 and is anticipated to come online in 2025.

It is not clear if construction has actually begun. 3CE is seeing delays on many projects for which it has contracted.

Note: The plant that burned in Marina is 300 megawatts, while the one recently protested in Nipomo is 97 megawatts.



Planning Commission Meeting of Wednesday, February 12, 2025 (Completed)

There were no major developments or policy issues on this light agenda.

EMERGENT ISSUES



Electricity Transmission Pylon at Dusk. (Photo: chuyuss/Shutterstock)

Item 1 - California's New Fuel Standards Hurt the Poor, With Little Environment Benefit
Do projected future environmental benefits of CARB's decisions justify higher electricity prices and growing energy poverty? By David Henderson, February 11, 2025

California faces a firestorm, not just on fires, but also on energy. The state government continues to push households to electrify while, at the same time, electricity prices skyrocket. The dual impact of increasing dependence on electricity and a 35 to 45% boost in electric bills since 2020 is particularly hard on poor families. Already squeezed, Californians now pay the highest gasoline prices in the country, ranging from 30 to 50% above the national average. Inflicting more pain at the pump is California's Air Resources Board (CARB). While they may be well-intentioned, the Board's Low-Carbon Fuel Standards (LCFS) disproportionately hurt poor households because these households spend over 11% of their income (not including some government benefits) on gasoline.

CARB's stated mission is "to *promote...public health...through [the] effective reduction of air pollutants...recognizing and considering effects on the economy.*" (italics added) As "the lead agency for climate change programs" it's also responsible for the State's goal to achieve carbon neutrality by 2045. To achieve these goals the Board wants to speed up the shift to electric vehicles.

CARB claims that its restrictive fuel standards will lead to a 90% reduction in carbon intensity of transportation fuels by 2045. It expects these efforts to eliminate over 500 million metric tons of CO2 emissions. That sounds impressive—until you look at data from China. The projected cumulative California emission reductions over this 20-year period amount to only two weeks (less than 5%) of China's *annual* emissions. Sadly, California fires in 2020 wiped out all progress on carbon dioxide reduction over the previous 17 years.

The current fires will likely wipe out a substantial amount of progress since 2020.

Although CARB claims that its LCFS decisions contribute to "clean air improvements that bring public health and climate benefits to California's communities," it offers no hard, or even semi-hard, data on these benefits. Moreover, it provides no data on current or future costs of achieving any specific health or climate target. Worse still, it ignores the disparate impact on low-income communities of increasing energy poverty. What happened to its mandate of "recognizing and considering effects on the economy." Oops.

The absence of careful economic analysis to identify unintended consequences of CARB's decisions partly derives from the selection process used by the Governor to appoint 12 of the 14 voting members. Environmental credentials are essential, but economic expertise, or even basic economic understanding, is optional. The other two voting members (one each appointed by the State Senate and Assembly) represent "environmental justice communities." This makes it nearly impossible for the Board to recognize when diminishing returns to increased fuel standards no longer justify inflating gas prices that punish the poor and, indeed, punish us all. Absent hard data, the question remains: Do projected future environmental benefits of CARB's decisions justify higher electricity prices and growing energy poverty in California's most vulnerable communities? The answer appears to be no.

David R. Henderson and Francois Melese are emeritus professors of economics with the Naval Postgraduate School.

Francois Melese is Professor Emeritus and former Defense Resources Management Institute executive director. He has over 30 years of experience conducting courses and workshops for U.S. and international civilian and military officials. He received his B.A. in economics from the

University of California, Berkeley in 1977, and M.A. in Economics from the University of British Columbia, Canada in 1979, and Ph.D. from the University of Louvain, Belgium in June 1987. He is an author and co-editor of the book, Military Cost-Benefit Analysis: Theory & Practice.

David R. Henderson is a Research Fellow at the Independent Institute, an Associate Professor of Economics at the Naval Postgraduate School, and a Research Fellow at the Hoover Institution at Stanford University. He received his Ph.D. in economics from the University of California, Los Angeles. His books include The Concise Encyclopedia of Economics, Making Great Decisions in Business and Life, and The Joy of Freedom: An Economist's Odyssey. California Globe February 11, 2025.

Item 2 - State Parks's Oceano Dunes public records: Suppress the science.

By Will Harris, February 11, 2025

COLAB Note: After Will Harris complained about false science at the dunes, Supervisor Gibson complained to his bosses and he was moved to the basement of the building where he worked.

Oceano Dunes, a unique shoreline park south of Pismo Beach, offers coastal access, affordable camping, and exceptional off-road recreational opportunities. Or it did. Now, after an expense of more than \$25 million, nearly half the park has been fenced off from use, and with it, half of the coastal camping is gone.

The fencing and related efforts stem from a local air district's claim that recreational activity at the park creates bad air quality two miles inland. California State Parks initially pushed back, proving air district claims to be false.

But recently released information shows State Parks downshifted to passivity beginning in 2018. False claims would no longer be challenged and legal standing beneficial to State Parks would be ignored. Worse, documents reveal that State Parks intentionally suppressed its own peer-reviewed study that shows recreation at the park has nothing to do with air quality concerns expressed by the air district.

Also, State Parks executives have left the top district superintendent position at Oceano Dunes vacant for eight years. Staff now fills the role as placeholders, serving in an "acting" capacity only while hoping the "acting" gig parlays to a permanent leadership post. Instilling that hope is intentional and false.

It's a years-old carrot dangled to ensure unquestioning compliance with the shot-callers in Sacramento. Taken together, the released records expose a corrupt system that prioritizes political control over everything else, leaving our state parks mismanaged and their futures at risk.



A view of the Nipomo Mesa from the Oceano Dunes State Vehicle Recreation Area

The memo and the Mesa

According to a confidential California State Parks memo, representatives of the California Air Resources Board, or CARB, consider the state’s PM10 air quality standard “aspirational and ambiguous” and acknowledge that “most parts of the state are not compliant with that standard.”

(Any airborne particle that is 10 microns or less in diameter is considered PM10. Instruments used to measure PM10 detect dust, smoke, water vapor—even sea salt in the air—as the same generic thing: particles suspended within a known volume of air. Air quality standards for 24-hour PM10 levels are set by federal and state regulators. The California standard set by CARB is two-thirds more restrictive than the federal EPA level.)

The State Parks memo is dated Feb. 1, 2022 and part of a trove of documents released by State Parks in response to an Aug. 6, 2024 public records request by the Friends of Oceano Dunes. The Friends group is a non-profit organization that advocates for continued and enhanced public access to the Oceano Dunes State Vehicular Recreation Area.

Since 2010, the San Luis Obispo County Air Pollution Control District, or APCD, has claimed that off-road recreation at Oceano Dunes causes violations of the state’s PM10 standard on the Nipomo Mesa, which is about two miles inland from the park.

Specifically, they claim that the PM10 on the Mesa is dust from Oceano Dunes. The broader backstory of this claim has been presented previously (see attachment to this [2023 letter](#) to the state’s Park and Recreation Commission) and so is not the focus here. Some of the background is discussed below to give context and relevance to the released documents.

A shifting stipulated order and its science group

In 2018, the air district issued a stipulated order of abatement, or order, against State Parks. It required that State Parks eliminate violations of the state’s PM10 standard on the Mesa by covering large sections of Oceano Dunes to prevent the emission of dust from the dunes. The order was to expire on Dec. 1, 2023.

The order also mandated the formation of a “scientific advisory group” to dictate and oversee the dune-covering operations. To date, State Parks, working collaboratively with the air district and the SAG, as the science group is known, has fenced off nearly half of the 1,500-acre recreation

area from use. Despite covering the sand in these fenced areas with plastic “wind fences,” hay bales, and vegetation plots, [PM10 violations on the Mesa](#) persist. Last spring, there were [14 violations](#) over the span of 12 days.

The order has been officially revised twice. The most recent revision, accepted by the APCD’s Hearing Board in Oct. 2022, extended the life of the order to Dec. 1, 2025. It also shifted the order goal from eliminating PM10 violations on the Mesa to eliminating “emissions in excess of naturally occurring emissions from the vehicle recreation area that contribute to downwind violations of the state and federal PM10 air quality standards.”

But despite that key shift of the order’s goal, one year later, at the Hearing Board’s Oct. 13, 2023 meeting, State Parks, the SAG, and the air district all acknowledged that they did not yet know what “emissions in excess of naturally occurring emissions” meant.

At that meeting, Jon O’Brien, the environmental program manager overseeing the order efforts on behalf of State Parks, stated, “We’ll be working very closely with the SAG, very closely with the APCD, on this to quantify what ‘emissions in excess of naturally occurring emissions,’ what that means.”

Largely because of its continued frustrations at trying to quantify “emissions in excess of naturally occurring emissions” from the Oceano Dunes park, the SAG initiated a third revision of the order, which was presented to the APCD’s Hearing Board on October 15, 2024. That revision pushes the order’s expiration date to Dec. 1, 2028.

That’s an extension of authority over Oceano Dunes that the SAG proposes giving itself and the air district that is more than six years beyond the original end date of the order and more than 10 years since the order was first issued.



Oceano Dunes dust mitigation fencing

As of March 2022, State Parks [has spent in excess of \\$25.2 million](#) on order-related efforts to reduce PM10 violations on the Mesa. Members of the SAG have received a significant percentage of those public funds for their consultation services. To date, under the SAG’s direction, State Parks has fenced off more than 740 acres of the park from recreational use. The memo author, the CARB executive and State Parks’ legal apathy

The State Parks memo obtained from the records request is titled “CARB Questions around PM10.” It is watermarked “confidential” and authored by Sarah Miggins, the deputy director of the Off-Highway Motor Vehicle Recreation Division of State Parks. Some editing is provided by State Parks’ Mr. O’Brien. No other documents provided by State Parks in response to the records

request indicate that questions in this document were actually asked or answered by CARB officials.

Based on 2019 CARB email correspondence [obtained previously](#) by the Friends group, one of the CARB representatives referenced in Ms. Miggins' memo is Kurt Karperos. Mr. Karperos, now retired, was a deputy executive officer at CARB.

Given Mr. Karperos's stature at CARB, it would seem that correspondence attributed to him that indicates the state's PM10 standard is "aspirational and ambiguous," would provide significant legal leverage for State Parks to exit the order, particularly if "most parts of the state are not compliant with that standard." Add to that the findings of the three-year investigation undertaken on behalf of State Parks by the Scripps Institution of Oceanography.

Scripps and the significance of 14%

The [Scripps work](#), published in the peer reviewed scientific journal *Atmospheric Environment*, shows that 14% of the PM10 on the Mesa consists of mineral dust. That is a regional measure of PM10 that is two miles from the park—a park situated within a much larger dune field.

That means that only a fraction of that 14% dust content could feasibly be dust from Oceano Dunes, and by extension, only a fraction of that fraction could be "emissions in excess of naturally occurring emissions," if such a thing exists. Given the Scripps results and the SAG's years-long struggle to quantify "emissions in excess of naturally occurring emissions," that's doubtful.

What's more, Dr. Lynn Russell, the atmospheric chemist who led the Scripps work, presented her report and findings to the regular board of the APCD in September 2023. The board then voted unanimously to "accept and file" the report and its findings, putting the Scripps study on the same legal plain as an unpublished APCD study known as the Phase 2.

The APCD's Phase 2 report, despite [significant flaws](#), was "accepted and filed" by the APCD Board in 2010. With that status, the Phase 2 document has since been used to justify actions the air district has taken against State Parks and Oceano Dunes, including the issuance of the order. State Parks suppresses Scripps study and "dust" disappears

Yet rather than pick up legal and scientific arms to defend Oceano Dunes, State Parks has been steadfast in prostrating itself to the order, the SAG, and the APCD. The Aug. 6, 2024 public records request provides only the latest record of this: No documents received from the request show that State Parks' Sarah Miggins, Jon O'Brien, or any other Parks representative ever pressed CARB officials as to the viability of the state's PM10 standard.

And emails between SAG member Jack Gillies and Parks' O'Brien and Miggins demonstrate a concerted effort to avoid reference to the Scripps investigation. This is on display in a March 7, 2023 email exchange made in anticipation of a meeting of the state's Off-Highway Motor Vehicle Recreation Commission, where SAG-related work that was conducted after the Scripps investigation and regarded the composition of the PM10 on the Mesa was to be presented to the Commission by Gillies:

Jon O'Brien to SAG's Jack Gillies: "Just to confirm that there will be minimal comparison to Scripps. Instead you will just be presenting the data from the Desert Research Institute, APCD study. Is that correct? Sarah asked me about that this morning. Thanks."

SAG's Jack Gillies in reply to Jon O'Brien: "I am not going to make any reference to Scripps results in the presentation."

Jon O'Brien to Sarah Miggins, upon forwarding his exchange with the SAG's Jack Gillies: "There will be no reference to the Scripps results in the Desert Research Institute presentation."

At that March 2023 commission meeting in Redding and at other meetings, State Parks' O'Brien vaguely assured the commissioners and the public that the Scripps work showing 14% dust content in the Mesa PM10 "will be part of the discussion" as State Parks works "very closely with the SAG, very closely with the APCD" in amending the order for a third time.

But that proposed order amendment, as submitted to the APCD Hearing Board on Oct. 15, 2024, makes no reference to the Scripps work, nor does it even mention the word "dust." (By comparison, the initial order from 2018, written before the SAG was formed, refers to "dust" nine times.)

The second order revision, finalized in Oct. 2022, also does not mention Scripps or "dust" even though that revision occurred after Scripps's Dr. Russell delivered a Nov. 8, 2021 interim report to Sarah Miggins that detailed the 14% dust findings. Based on notes by Miggins in the earlier cited confidential memo, it appears that disregard of the Scripps work was an intentional choice: Miggins writes, "The SAG is not considering mineral dust content of the PM10 as part of the order revision or Scripps findings."

The mad scientist

There are other nuggets in the records release, including a Dec. 16, 2022 email from the SAG's Jack Gillies to State Parks' Jon O'Brien where Gillies writes that the publication of the Scripps findings made him "rather angry," and that the publication "is a travesty of air quality science in me and my other colleague's opinions." He continues, "I am preparing a manuscript based on the Desert Research Institute 2021 speciation data to plant our flag into the source attribution ground."

The SAG, and specifically Gillies, have long attributed only one source to the PM10 on the Mesa, and that is dust from the dunes. The SAG's PM10 computer models are based on that 100% dune dust assumption. So it would seem that "planting a flag in the source attribution ground" only after getting word that a published scientific article demonstrably contradicts that assumption is reactionary at best.

It also shows the SAG has disregarded a key provision in the 2018 order that states, "APCD, OHMVR [State Parks] and CARB will continue to refine all source contributions of emissions affecting the Nipomo Mesa."

The eight year vacancy

But it was a forwarded email received independent of the Friends' records request that proved to be the kicker. On Dec. 9, 2024, State Parks' Sarah Miggins emailed Parks staff regarding "Oceano Dunes Leadership."

She announced that Jon O'Brien, the environmental program manager based in Sacramento, would be taking over as "acting district superintendent" at Oceano Dunes. The brief email included a forwarded email to select staff, which provided more detail.

Mr. O'Brien will replace chief ranger Kevin Pearce, who has been acting district superintendent since 2017. Beginning Jan. 1, 2025. Mr. O'Brien is to maintain his current role in Sacramento

while traveling to Oceano Dunes “two days a week or four days every two weeks,” and as needed. His assignment will be evaluated in six months “to see how things are for him and the district.”

There is much to this announcement, which underscores a Sacramento-based management approach to Oceano Dunes. But what hits first is that the district superintendent position at Oceano Dunes has been open since 2017.

Kevin Pearce filled in on an interim basis when the previous district superintendent, Brent Marshall, was promoted to the Monterey District in 2017. Both Brent and Kevin, as State Parks rangers, are law enforcement officers. Prior to an organizational restructuring of State Parks that was known as “transformation,” rangers could promote to lead a State Parks district and maintain their law enforcement classification.

After the “Transformation” restructuring, which was finalized in 2017 (after Brent Marshall’s move to the Monterey District), a district superintendent position at State Parks was no longer considered a law enforcement classification. For law enforcement officers that created a disincentive to promote to a district superintendent spot because that meant giving up badge and gun and no longer accruing a pension based on a law enforcement classification.

So, Kevin Pearce stepped up for State Parks as “acting district superintendent” because an official move to that position was effectively a demotion. And he remained in that limbo between job classifications for nearly eight years, doing, by accounts from visitors and staff alike, a “fantastic job,” as the forwarded email stated.

But eight years? Why has State Parks left the position open for that long? One of the oft-promoted benefits of the “Transformation” restructuring was that it was to “streamline the hiring process.” It seems more it has led to a perpetual meander.

The choice to not choose

In those eight years, there have been two presidential elections and two elections for California’s governor. We have also had two directors of State Parks, and two deputy directors in charge of the Off-Highway Motor Vehicle Recreation Division of State Parks.

And through that time, there have been at least four separate attempts to hire a permanent Oceano Dunes district superintendent—four times when the position was advertised, submitted applications evaluated, candidates interviewed, and the job...not filled. On at least three occasions State Parks hired professional recruiters to find candidates deemed satisfactory. And so the recruiters found candidates, and still more candidates applied. Yet amidst that pool of many, not one person was deemed worthy.

As they say, not choosing is also a choice. For State Parks, this has become ever more apparent. It begs the question: Who has been doing the not-choosing?

Where the breadcrumbs lead

The only constant at the top executive level of State Parks since 2017 has been Liz McGuirk, the chief deputy director and second in command. And through that time, the extent of her involvement with the OHMVR Division generally and Oceano Dunes specifically has been significant, including:

- In 2017, she oversaw the final implementation of State Parks’ “Transformation” restructuring. “Transformation” diminished the OHMVR Division’s role at Parks and reallocated much of its funding.

- In 2018, she was a deciding voice in accepting the APCD’s order—a decision made without input from the technical team State Parks had assembled to evaluate and counter various order-related proposals pushed by the APCD.
- In 2019, she assumed a more direct management role with the SAG following the first revision of the order, a revision orchestrated at the State Parks executive level and above, which authorized fencing off 50% of the park’s prime shoreline camping to create the vegetation planting project known as the “48 acres.” That project provides no PM10 reduction benefit on the Mesa and has caused headaches and hazards for Oceano Dunes staff and visitors.
- In 2019/2020, the deputy director position at the OHMVR Division was vacant. Rather than have the Division’s very capable second in command at that time, Division Chief Brian Robertson, fill in as acting deputy director, Ms. McGuirk assumed the role herself while maintaining her duties as chief deputy director for all of State Parks.

And it continues. Beginning at least since Aug. 2021, Ms. McGuirk has been on the interview panel for the Oceano Dunes district superintendent spot. As the top Parks executive on a three-person panel that includes two of her subordinates, McGuirk weighs in as to who should or should not be the Oceano Dunes district superintendent. I know because I interviewed for the position. Twice.

The district superintendent dangle

I submitted my application in 2019, and on July 17 of that year I was interviewed for the district superintendent spot by the Chief of Southern Field Operations/Executive Chief of Law Enforcement Brian Ketterer, and by Kathy Amman, the Deputy Director in charge of the Park Operations Division of State Parks.

The interview went well, and in an Aug. 6, 2019 email to me, Chief Ketterer, stated, “If you are still interested in moving forward in the process I would like to extend the invite.” I called to say I was indeed still interested. But a second interview never happened. Later, when I saw Ketterer at a Nov. 8, 2019 OHMVR Commission meeting in Atascadero, he told me “things are out of my hands,” but that I should “hang in there.” Still, there was no communication from State Parks, no follow-up interview.

The position was readvertised in 2021, and so I resubmitted my application to start the process again. My application was accepted, and I was interviewed on Aug. 5, 2021 at the Oceano Dunes District Office in Pismo Beach.

On the panel were Ketterer, Sarah Miggins, and Liz McGuirk. I thought the interview went well. There were at least two other candidates who made it through the selection process to be interviewed that day, and I’m sure they thought they did well also. But in the end, no one was chosen for the district superintendent spot, and the position remained open. By choice.

This anecdote reflects the dismay of not one but all of those who went through the time and effort to evaluate the potential job, prepare an application and related documents, contact references, submit the application package, wait, prepare again, travel, interview, return home, and wait again. For nothing. Similarly, the contracting of recruiting agencies seems to have been only an exercise, only for show.

There have been at least two other rounds of interviews in the subsequent years. Those appear to have been internal to State Parks to find a State Parks employee willing to sub-in for Kevin

Pearce as “acting district superintendent.” But in the end, Kevin served ably in that role through 2024. No doubt he is grateful to return finally and officially to his Chief Ranger position.

That said, the person now taking the district superintendent spot, Mr. O’Brien, also serves only in an “acting” capacity. So, moving into 2025, the Oceano Dunes district superintendent position remains open. By choice.

Not a storybook ending

So who is making that choice, to choose no one, and leave the position open for eight years? Simple deduction reveals it’s Liz McGuirk, Liz McGuirk who plays a peculiar Goldilocks, looking for no one at all until she finds someone just right, someone just malleable enough to suit her needs.

And maybe that’s happened. Down the road, maybe she makes O’Brien the official district superintendent at Oceano Dunes. It seems he has been able to walk the order line to Ms. McGuirk’s liking, so grooming him for the spot makes a certain sense—if suppressing science and continued kowtowing to the APCD actually made sense. For McGuirk, a political appointee, it apparently does, just as surely as adhering to whispered mandates from above her pay grade makes sense.

What is obvious is that keeping the district superintendent position open and leaving Oceano Dunes in leadership limbo for eight years is an affront, a dereliction of duty. And foremost, a decision.

Unsurprisingly, that decision aligns with all of the other order-related decisions that have led down a crooked path—a path the Sacramento-based management of State Parks readily walks no matter the cost, be it in lost recreational acreage, lost scientific integrity, or the waste of millions in public funds.

State Parks is broken. Oceano Dunes is proof.

(Epilogue note: Kathy Amann, the person who ran the Park Operations Division at State Parks, retired in 2023. As of Feb. 2025, that post remains vacant. There are more than a few capable people working in Park Ops who answered directly to Ms. Amann—people who could credibly fill the vacancy she left behind. But instead, it appears Liz McGuirk thought it would be best if she filled that role herself. Because she has. Ms. McGuirk now serves as “acting” deputy director of Park Ops while continuing as Chief Deputy Director for all of State Parks, just as she did in 2019/2020 for the OHMVR Division.)

Will Harris is a geologist. From 2005 to 2022, California State Parks contracted Mr. Harris to provide geological consulting services and serve as subject matter expert regarding geological processes. Most of Mr. Harris’s work for State Parks regarded Oceano Dunes. This article first appeared in the Cal Coast News of February 12, 2025.

Item 3 - DOGE Is Good. It's Not Enough.

Even if the Department of Government Efficiency eliminates all improper payments and fraud, we'll still be facing a debt explosion—which requires structural reform.

By Veronique De Ruyg



Elon Musk (left) and President Donald Trump (right) speak to the media on February 11 in the Oval Office (Aaron Schwartz/CNP / Polaris/Newscom)

America's debt crisis is no longer a distant concern; it's an immediate threat with immediate consequences. Some politicians—perhaps realizing that it's become more difficult to ignore the problem and avoid repercussions—are turning to executive action. This includes the Trump administration's embrace of Elon Musk's increasingly active Department of Government Efficiency (DOGE).

It's an unorthodox approach that may make some important progress reducing fraud and improving efficiency. But it isn't foolproof or without tremendous risks.

Federal debt stands at approximately 100 percent of gross domestic product (GDP), with annual deficits projected to exceed \$1.8 trillion and heading to \$2.5 trillion in 2035. Interest costs on the debt are higher than defense spending and growing. Left unchecked, the debt could be nearly double the size of the economy by mid-century. That's also based on rosy assumptions like a growing economy and relatively lower inflation and interest rates.

Facing this foreseeable challenge, most politicians' responses have been inadequate. Some argue for raising taxes, but history shows that under this current tax code, it's practically impossible to raise revenue as a share of GDP consistently above 20 percent. That's in part because higher taxes slow growth and new revenues often trigger higher spending.

Others propose cutting discretionary spending, but these programs account for only one-third of the federal budget, making even the most aggressive cuts politically unacceptable without making much dent in our debt.

The primary problem is entitlement spending and interest payments on the debt. Social Security, Medicare, and Medicaid already make up most federal expenditures and drive nearly all projected future deficits. Without serious reform, these programs will become financially unsustainable, forcing abrupt benefit cuts, massive tax increases, or a mix of both.

Into this environment steps DOGE. The idea is simple: Have the executive branch impose small, incremental spending cuts across various agencies, bypassing the need for congressional approval. Here are a few things to keep in mind.

First, despite the usual alarmism by the usual people about how any spending cuts will have dramatic effect, many DOGE-style cuts are likely worthwhile. It's just that the savings are modest compared to the scale of our problems.

It's crazy that until now, no one has made such an attempt to end improper payments, fraud, and redundant programs. But even if DOGE eliminates all improper payments and fraud—an estimated \$236 billion and \$500 billion per year respectively—we'll be facing a debt explosion. Social Security and Medicare are projected to require us to borrow \$124 trillion over 30 years—four times what we've borrowed in our entire history. It's not a case against DOGE cuts, but there's no substitute for structural reforms.

Second, cuts made without congressional approval might not last.

Leaving aside the legal challenges that will inevitably come from DOGE's actions, executive orders by nature are temporary. Future administrations can easily reverse its reforms with the stroke of a pen. That makes DOGE an unreliable long-term fiscal strategy.

Take the current push to reduce federal employment. Even if it holds up in court, if Congress doesn't reduce the scope of federal activities, the government may have to employ contractors to do the same jobs, or the next administration may rehire everyone. Fiscally, we may not be better off and could even be worse off.

Perhaps the biggest risk is that DOGE is letting Congress off the hook.

By pretending that DOGE will solve our fiscal challenges, legislators would once again be failing to do their own jobs as stewards of our tax dollars. And if there's too strong a backlash against DOGE and its particular brand of spending reductions, it could set the cause of genuine reform back for decades.

This is not to question the executive branch's role in fiscal reform. The president should use his position to lead the conversation on debt reduction, propose spending restraint, and veto irresponsible budgets. But Congress still has the power of the purse, and the longer legislators avoid making tough choices, the worse the crisis will become. We need our legislators to circumvent more drastic and painful adjustments in the future.

History proves this point. When Social Security faced insolvency in the 1980s, then-President Ronald Reagan and then-House Speaker Tip O'Neill (D–Mass.) worked together on a bipartisan deal. That compromise extended Social Security's solvency for decades. We need similar presidential-congressional leadership today.

No amount of discretionary cuts or anti-waste initiatives, no matter how worthy they are, will solve our long-term debt crisis. Ultimately, lasting reform must be legislated. President Donald Trump and Musk deserve credit for highlighting the debt crisis and taking action, but pretending that the job ends with them would be dangerous.

VERONIQUE DE RUGY Veronique de Rugy is a contributing editor at Reason. She is a senior research fellow at the Mercatus Center at George Mason University. This article first appeared in the February 13, 2025 issue of Reason.

Item 4 - How Zoning Ruined the Housing Market in Blue State America by Yoni Applebaum – Wall Street Journal February 14, 2025.

BY YONI APPELBAUM

How Zoning Ruined the Housing Market in Blue-State America

For a century, progressives have been making it harder to build new homes in prosperous areas. Workers, immigrants and the economy pay the price.

In January, the devastating wildfires in Los Angeles spurred California Gov. Gavin Newsom to do something extraordinary for a progressive politician: take aim at regulations. In an executive order designed to help residents rebuild, Newsom suspended environmental reviews, told state agencies to identify rules that might impede construction and instructed bureaucrats to rush any necessary permits through the process.

The measures, Newsom explained, were made necessary by the loss of thousands of homes in a city already suffering a housing crisis. All of which seemed perfectly reasonable. So reasonable, in fact, that it raised a troubling question: **If the only way to rebuild was to suspend the regular rules, why were those rules there in the first place?**

The answer is that the rules were **intended to make it all but impossible to build, not just in California but in much of blue-state America.** The efforts of three generations of progressive reformers, seeking to address the problems of their eras, have created a regulatory regime in much of the country that has made it extraordinarily difficult to build new housing where it is needed most.

When we stop building homes where people want to live, Americans lose the chance to move toward opportunity. In a properly functioning economy, workers relocate to find better-paying jobs in faster-growing industries. In the U.S. today, workers instead often remain stuck where they are. As recently as 1970, one in five Americans moved each year. But after a half-century of steady decline, the Census announced in December that we had set a dismal new record, with scarcely one in 13 people relocating to a new home.

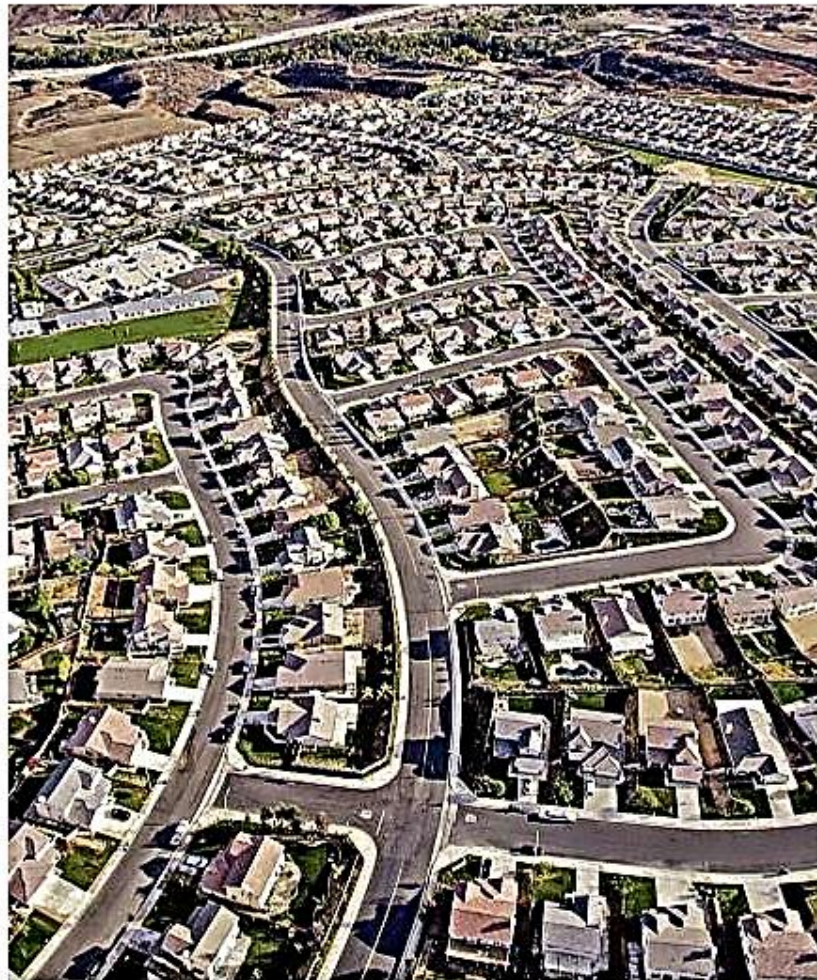
That's not just a problem for those who are stuck. It's a big cost for all Americans—by one estimate, lowering GDP by \$1.8 trillion each year. **Perhaps nowhere is the problem more acute than in California, where it has produced overlapping crises of affordability, homelessness and population loss.**

How did we reach this sorry state of immobility, in which so many Americans are deprived of agency, dignity and hope? That requires some history.

At the beginning of the 20th century, a young architect named Charles Cheney worried that the "well established homes in comfortable and quiet districts" of Berkeley, Calif., were being threatened by an "invasion of flats and apartments." Cheney was a prototypical reformer of the Progressive Era—young, well-educated, affluent and eager to use the power of government to solve social problems.

In this case, the problem was right in his own backyard: Someone had built an apartment building just down the street. In public reports, Cheney worried about replicating the slums of eastern cities. Perhaps more to the point, he was a snob; he didn't want bucolic Berkeley to fill up with working-class residents.

And he knew that, in California, there was a legal tool to stop them. The first zoning laws in the U.S. had been adopted by California cities three decades earlier, to force out



A neighborhood of single-family homes in southern California's Riverside County.

their Chinese residents. Racial discrimination was unconstitutional, but these cities found a workaround: They could exclude laundries, the primary source of employment for the Chinese. The laws were a means "for getting rid of the Chinese," as one of their authors confessed. By segregating the uses of land, cities discovered that they could segregate their populations by race.

Cheney decided to try the same thing but to segregate his city by class. He convinced Berkeley to adopt the nation's first single-family housing district, barring any more apartments from being built in his neighborhood. And he wasn't subtle. Only single-family zoning, he explained, could "firmly establish this great principle of protecting the home

against the intrusion of the less desirable and floating renter class."

Within a few decades, cities throughout the country were covered in a patchwork-quilt of land-use regulations, many of them calibrated to keep working-class people out of more affluent neighborhoods by barring multifamily housing.

The New Deal brought a second generation of reformers, who decided that neighborhoods could only qualify for the highest federal credit rating, and the loans that came with it, if they adopted strict zoning codes. They also worried that racial integration would depress property values, imposing losses on the government—so they insisted that properties come with private restrictive covenants limiting their sale to "the race for

which they are intended." (The Supreme Court would not rule such covenants unenforceable until 1948.) Separating land by use, class and race was now a matter of federal policy.

In the postwar years, liberals worried that big government had been captured by big business and was no longer serving the public. Reformers like Ralph Nader stepped forward to fill the void. He dispatched a team to California to study land use, on the theory that the government was selling out to developers. In its report and testimony, Nader's team warned against the "overdevelopment" of cities and the "sprawl" around them and also against encroaching on open land.

For a century, California had grown at an astonishing rate, giving

new opportunities to successive waves of arrivals. Now its residents, influenced by activists like Nader, concluded that growth itself was the problem. In the 1970s, the state passed new laws mandating extensive review and permitting processes and giving the public broad rights to weigh in and challenge its decisions.

The first generation of progressives had championed zoning as a tool of exclusion, and the second had spread it nationwide, as a tool of planning. In the process, they had made all private development subject to governmental approval. Now the third gave private individuals the right to challenge those decisions. In practice, this meant that anyone with sufficient time and money could exercise an effective veto over new development.

That we need to fix these antiquated rules, which have long functioned as tools of privilege, is now a rare point of bipartisan consensus. In his first hours in office, President Donald Trump signed an executive order to "lower the cost of housing and expand housing supply," faulting "regulatory requirements" for making homes unaffordable. An increas-

Zoning rules have functioned as tools of privilege from the beginning.

ing number of Democrats agree. "We need to build more units and clear away some of the outdated laws and regulations that have made it harder to build homes for working people," Barack Obama told the Democratic Convention last year.

None of this means scrapping all the rules and letting developers do as they please. Instead, it means formulating simple, clear regulations—with attention to history, the environment and the livability of neighborhoods—and then applying them consistently to rich and poor areas alike.

Every year since 2000, the number of Californians moving out of the state has outstripped the number of Americans moving in, by a cumulative total of millions, and the lowest-income residents were likeliest to leave. More than 170,000 Californians now lack any housing at all, living out on the streets. And if California is an extreme case, the rest of the country appears to be following its lead, as housing grows harder to build and even harder to afford.

Gavin Newsom has hit upon the right answer, however reluctantly. If paring back a century's worth of rules and regulations is the right way to rebuild after a fire, it's the right way to build—period. It's the most important step we can take to restore the country's lost social mobility and give Americans more control over their own destinies.

Yoni Appelbaum is a deputy executive editor at the Atlantic. This essay is adapted from his new book, *Stuck: How the Privileged and the Propertied Broke the Engine of American Opportunity*, which will be published Feb. 18 by Random House.

BY FRANKLIN ROSSIGNOL/ISTOCK

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

IS THIS THE END OF THE DEI REGIME?

On one of President Trump's recent executive orders

BY JAMES PIERESON

Within a day of taking the oath of office, President Donald Trump issued several executive orders terminating “diversity, equity, and inclusion” programs in the federal government. He directed federal departments and agencies to terminate, to the maximum extent allowed by law, all DEI, DEIA, and ‘environmental justice’ offices and positions (including but not limited to ‘Chief Diversity Officer’ positions); all ‘equity action plans,’ ‘equity’ actions, initiatives, or programs, ‘equity-related’ grants or contracts; and all DEI performance requirements for employees, contractors, or grantees.

Trump rescinded his predecessor’s DEI initiatives and went so far as to revoke Lyndon Johnson’s 1965 executive order that laid the foundation for subsequent affirmative-action, diversity, and DEI initiatives in federal contracting and hiring. The president said when issuing these orders that he sought to restore merit and equality of opportunity as the foundations for hiring and promotion throughout the federal system, and that “woke” and “DEI” programs violate federal civil-rights laws.

He did not stop there. Federal employees administering these programs were ordered out of their offices by 5 p.m. on January 22 and placed on administrative leave; other federal employees were cautioned that they could lose their jobs if they attempted to continue these programs by disguise or by unlawful means. Federal websites connected to DEI initiatives soon went dark as the Office of Personnel Management ordered agency heads to remove all “outward facing media” connected to those programs. Federal contractors were told to terminate all DEI and affirmative-action programs. Corporations, universities, and charitable organizations were put on notice that they should be prepared to rescind those programs as well.

These far-reaching steps could mark the end of the affirmative-action, diversity, and DEI regime that began with the passage of the Civil Rights Act of 1964 and President Johnson’s 1965 executive order imposing racial and ethnic preferences on federal contractors. Over that sixty-year period, advocates managed, step by step, to impose those rules on every major institution in American society, including not only federal and state governments, but also schools, colleges and universities, corporations, and charitable institutions. They did so in large part by using Title VI of the Civil Rights Act as a stick to induce recalcitrant institutions to go along. That provision prohibited “discrimination based upon race, color, or national origin in programs that receive federal financial assistance.” The measure gained real teeth after 1965, when President Johnson enacted various Great Society programs that released federal funds to schools, colleges, hospitals, and many other organizations that now fell under the purview of that provision in the

Civil Rights Act. To avoid having those funds cut off, leaders of institutions receiving federal funds decided it was necessary to go along with the evolving rules.

Over many decades, advocates, working with sympathetic bureaucrats and judges, expanded the number of groups covered by these policies from race, gender, and then to a host of ethnic groups, followed recently by the inclusion of groups defined by sexual identity—homosexuals, transsexuals, and transgender individuals. These rules created new enforcement bureaucracies in government and the private sector. “Human Resources” departments were created in government, colleges, and corporations to implement evolving diversity regulations, staffed (naturally) by fierce advocates for those same regulations. Entrepreneurs, seeing new opportunities to win contracts, created consulting companies that could be hired (for hefty fees) to conduct seminars for employees with the goal of eliminating biased attitudes in the workplace. The DEI operation today is a complex enterprise consisting of hundreds of companies and thousands of employees engaged in a never-ending campaign to re-educate millions of workers in public and private organizations.

The “Diversity, Equity, and Inclusion” regime originated and expanded mostly through executive and judicial power, not by legislative action or electoral mandate. It was never popular: on the few occasions in which voters had a say, the preference regime always lost, which is why advocates typically dialed things back whenever elections were near. There is an irony in the fact that President Trump is attacking the regime by the same means used to institute it: by using his control over the federal bureaucracy and federal spending to stamp it out. Live by the sword, die by the sword.

If Trump can keep the pressure on for four years, or especially if his successors can do so for another four or eight years, then advocates will find it difficult to recreate the regime if and when they regain power. After all, it took them decades to build it up, but it took Trump but a few days to bulldoze it to the ground. By that time, perhaps four or eight years hence, advocates will be out of their jobs and scattered to the four winds, their groups dormant or out of money, and their consulting companies and interest groups bankrupt and drained of funds. When they try to reconstruct the regime at some point in the future, they will have to reckon with the reality that the next Republican administration will once again knock it down with Trump-like executive orders. At that point, everyone may conclude that, after six decades, the old regime is dead once and for all.

It is a good question why opinions about the DEI regime changed so radically in recent years, when up to now corporate leaders and Republican presidents were willing to go along with it, up to a point, while ignoring conservative writers who had built a strong case against it. Republican presidents prior to Trump never made serious efforts to eliminate the diversity regime. Many point out that it originated in the first place under the Nixon administration in the early 1970s. There is little question now that Trump and his advisors view the DEI regime as hostile to their domestic agenda, perhaps as one of the pillars of the administrative state, and as an expensive operation to boot.

In the wake of the George Floyd episode in 2020 and the hysteria it induced around the country regarding race and diversity, advocates went too far in pushing the movement in an increasingly radical direction. They scrapped the concept of diversity in favor of “diversity, equity, and inclusion,” an ideological construct that took the movement far beyond ideals of equal opportunity and fair-hiring practices. They imposed ridiculous pronoun rules on employees under their supervision (rules now banned in the federal government by a new executive order).

The regime's transgender advocates insisted that men "transitioning" to women should be allowed to play on female athletic teams. Advocates embraced a new ideological doctrine of DEI from *The New York Times's* 1619 Project, which declared that the United States was founded on the basis of racism and slavery, with those original sins embedded in its founding institutions.

It followed from this that advocates for "diversity, equity, and inclusion" had to abandon their campaigns for diversity and affirmative action in favor of aggressive policies to cleanse America's institutions of all remnants of white supremacy and historical prejudices. America is a bad country, they said, and it was their job to point attention to its sins, and to call out subtle forms of prejudice in all areas of public and private life.

The DEI regime thus transitioned from equal opportunity and fair play toward an agenda that required the re-education of Americans in every walk of life. That was too much to swallow for moderate-minded Americans. Trump campaigned on reversing these trends, winning the support of millions of voters along the way, while leveraging a mandate to address them if he managed to win the election. Many corporate leaders, already seeing where things had gone wrong, ditched their support for DEI programs even before Trump won the election. In retrospect, it was the ideological turn to the far left that eventually spelled doom for the DEI regime.

It would be a major breakthrough if Trump can end the diversity regime once and for all and scrub its pervasive and malignant influence from institutions large and small across American society. Many who have watched the regime grow over the decades accommodated themselves to the reality that it could never be brought to an end. Yet Trump, with the aid of some sophisticated advisors and critics who have written about the subject over the years, may have succeeded in doing so with a handful of carefully crafted executive orders backed up by presidential muscle and determination.

The collapse of the DEI regime might easily trigger a political realignment in the United States and a reorganization of progressive parties and political doctrines. After all, the progressive movement and the Democratic Party, along with the upper reaches of higher education, have organized themselves for decades around identity politics, while providing crucial support for the regime. The beneficiaries of DEI programs are in all cases members of key constituent groups of the Democratic Party. The advocates for identity politics captured the Democratic Party as long ago as the 1970s: the party is now completely in thrall to those groups and the ideological doctrines associated with them.

They have also captured the faculties of leading universities and populated the federal government with countless enforcement bureaus and agencies staffed by fellow travelers in the diversity movement. The end of DEI will provoke confusion and crisis among progressives, Democrats, and left-wing faculty members and administrators at elite universities. How will they react—how will they organize themselves—as the movement that has provided their *raison d'être* for a half-century collapses around them? It may take them years or decades to sort it all out.

There are lessons here: certainly that "elections have consequences," which is true in this case but not always so—and also that the most deeply entrenched programs and policies are sometimes built on foundations of sand.

James Piereson is a senior fellow at the Manhattan Institute. This article first appeared in the New Criterion of February 12, 2025.

THE SPAWN OF LEVIATHAN



The Trump administration's counterrevolution against the “treason of the agency clerks”

BY BRUCE THORNTON

For more than a century, our Constitutional rights and freedoms have been insidiously eroded by the progressives’ technocratic imperialism of government agencies. This virtual fourth branch of our government has usurped the powers of the other three legitimate ones that the Framers crafted to check and balance, and hold accountable the ambitions of nascent tyranny.

The dangers of regulatory hypertrophy have been recognized since Alexis de Tocqueville in 1835-40.

A century later, even the progressive Walter Lippman, in his 1937 book *The Good Society*, warned of the dangers of an expansive executive branch and its agencies unaccountable to the citizens: “It is evident that the more varied and comprehensive the regulation becomes, the more the state becomes a despotic power against the individual. For the fragment of control over the government which he exercises through his vote is in no effective sense proportionate to the authority exercised over him by the government.”

Pace Lippman, the return of Donald Trump to the presidency, and the growing resistance of the “forgotten citizens” exercising their right to vote, have put in the White House an administration that is leading a counterrevolution against the “treason of the agency clerks,” and their violations of our Constitutional rights. Trump and his aides are investigating agencies like the FBI and DOJ, along with other intrusive outfits such as the EEOC and EPA, and the corrupt globalist slush fund, the U.S. Agency for International Development—and demanding from them accountability to their new boss and we the people he serves.

Created in 1980, the Department of Education has been one of Leviathan’s most pernicious regulatory spawn, for the ordered liberty of a diverse free people depends on what Alan Bloom calls “education for freedom, particularly the freedom of the mind.”

So, it is important that Trump has also put on the chopping block the DOE, a particularly gross violator of the guardrails of federalism, state sovereignty, and the principles of localism, particularly important for K-12 schools, given the critical role of families, churches, and neighborhoods in education.

Moreover, the DOE has become ground zero for dubious pedagogical fads, and the politicizing of our schools, using taxpayer money to promote progressive and leftist ideological goals, while sacrificing its mission to teach the foundational skills necessary for creating informed citizens.

Targeting the DOE is not new for the GOP. In the Eighties and Nineties, the Republican Party made abolishing the DOE part of its platform. Ronald Reagan in his campaign pledged to achieve that goal, and included it in his 1982 State of the Union address, where he [promised](#), “The budget plan I submit to you on Feb. 8 will realize major savings by dismantling the Department of Education.”

In the Nineties, Cato also reports, “the Republican party sought to abolish the Department of Education as an inappropriate intrusion into state, local and family affairs. The GOP platform that year was clear: ‘The Federal government has no constitutional authority to be involved in school curricula or to control jobs in the marketplace. This is why we will abolish the Department of Education.’”

George W. Bush, however, Cato continues, abandoned that goal, a reflection of how some establishment Republican conservatives have been, and still are, accommodating themselves to progressivism at the expense of Constitutional integrity. “In his State of the Union address . . . , the president touted huge federal education-spending increases — the largest under any president since Lyndon B. Johnson — as an accomplishment of his presidency.” Indeed, between 2002 and 2004, DOE funding increased nearly 70%.

Bush’s other surrender to this regulatory abomination is the No Child Left Behind Act in 2002, “a massive upheaval of K-12 schooling, fueled by the expectation that federal mandates governing testing, transparency, accountability, and remedies could ensure that children would no longer, well, get left behind,” as Cato describes it.

Despite spending billions of taxpayer dollars, few schools have improved outcomes for students, especially at-risk ones. Good intentions, such as rescuing students from failing schools, have not just failed, but worsened over the ensuing decades. More recently, the unscientific mitigation policies and protocols imposed during the Covid crisis have damaged millions of students' educations and diminished their future economic opportunities

As Stephen Moore [wrote](#) recently in "America's 21st-Century Sputnik Moment Has Arrived," "The latest Nation's Report Card test scores are dismal and heartbreaking. The crash that started with inexcusable COVID-19-era school closures has continued over a cliff in almost every state. The top 25% of eighth graders have seen math scores rebound a little bit from 2022, but they're still below 2019. The other 75% of kids' scores have remained the same or dropped.

The reading scores were even worse. Johnny can't read."

The unionized educrats, of course, blamed tightwad taxpayers: "The teacher unions predictably called for more money. Per-pupil funding is up by more than 50% after adjusting for inflation in most states since 1980, yet test scores are flat or falling.

Former President Joe Biden added \$175 billion in federal education spending, and look what we got for the money. Nothing."

This shameful dynamic reflects what the Wall Street Journal [calls](#) the "iron rule of education politics. . . the more test scores decline, the more money the teachers unions demand."

The big problem with Leviathan's regulatory spawn, however, is their foundations on ideas contrary to the tragic realism about human nature upon which the Framers built our Constitution. Starting in the Enlightenment, the success of science in understanding the material world and creating new technologies of which our ancestors only dreamed, has led to the fallacious idea that human minds, behavior, character, and free will could be similarly understood and molded to create a utopia of universal peace and prosperity.

The most consequential, and dangerous, purveyor of this idea was Woodrow Wilson. His academic work guided his presidency, and birthed the progressive movement's pursuit of technocracy controlled by "experts" and "science," rather than the Constitution founded on common sense, faith, tradition, freedom, and unalienable rights. For progressives, those quaint anachronisms could not cope with the new technologies that were changing the world and, they claimed, refashioning human nature.

For example, Wilson wrote that economic life now demands a "steady widening to new conceptions of state duties." The ultimate aim would be to "open for the public a bureau of skilled economic administration," comprising the "hundreds who are wise" empowered to control and guide the masses who are "selfish, ignorant, timid, stubborn, or foolish" —what today's progressive cognitive elites call their political opponents: "bitter clingers to guns and religion," a "basket of deplorables," and "smelly Walmart shoppers."

One hundred years later, Wilson’s vision has produced our regulatory behemoth that squanders trillions of dollars on fraud, waste, and corruption, while only rarely benefiting the citizens who foot the bill. Two flaws in the progressives’ thinking account for the failures of large-scale agencies and bureaucracies

First is the tendency for such agencies to fall prey to “professional deformation.” Particularly when agencies are not subject to the accountability of the voters or the market, the purpose of the agency changes from serving the lawful functions that benefit the citizens, to enhancing the power and privilege of the bureaucrats and the political party that funds and staffs them. Rather than looking outward to the valid needs of citizens, they turn inward to the concerns of the bureaucrats and the agency’s justifying institutional narratives, adherence to which determines hiring and advancement. They become parochial silos of petty tyrants and white-collar gangsters.

More dangerous is the questionable idea that humans, with their corruptible minds, flawed characters, and unpredictable free wills can be understood and improved by means of science. But what they call “science” is rather scientism: ideologies and philosophies cloaked in the forbidding jargon, research protocols, and quantitative data of real science. And they mimic genuine scientific disciplines, professional credentials, and titles in order to camouflage their political ideologies and self-serving aims. Thus, like Dr. Jill, they loudly proclaim the same right to be recognized as “experts” who are better able to govern the non-elite people with their quaint common sense, virtues, faiths, and traditions.

But such claims rest on begged questions and category errors that follow from applying one mode of investigation suitable for the material world and its laws, to human beings who are radically more complex and spontaneous. “For,” as philosopher Isaiah Berlin writes, “the particles are too minute, too heterogeneous, succeed each other too rapidly, occur in combinations of too great a complexity, are too much part and parcel of what we are and do, to be capable of submitting to the required degree of abstraction, that minimum of generalization and formalization—idealization—which any science must exact.”

Those same fallacies of technocracy are the essence of progressive politics and policies, and have created the Leviathan state that has serially failed both at home and abroad—and damaged the Constitutional guardrails protecting our political freedoms and rights, while bringing us closer to tyranny.

In just a few weeks, Donald Trump and his administration have begun reversing those dangerous trends, and restoring the Constitutional structures and ideals that made the U.S. the freest, greatest power in history. It’s our patriotic duty to support this administration efforts to restore the Constitution as the “the law of the land.”

Picture above from the cover of Thomas Hobbes’ 1651 epic of political philosophy, Leviathan.

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THE FALLACY OF THE “PUBLIC SECTOR”

BY MURRAY N. ROTHBARD

[This article is excerpted from Economic Controversies, chapter 21, “The Fallacy of the ‘Public Sector’” (2011). It originally appeared in the New Individualist Review (Summer, 1961): 3–7. Editor’s note: Various media outlets are reporting that the Trump administration has cut more than 100,000 federal jobs in recent days. The total may even be greater than 200,000. Naturally, the regime’s defenders repeatedly tell us that this all means a great and awful loss to something. Rothbard reminds us below that, however, that nothing has been lost. The employees of the so-called “public sector” are funded and sustained entirely by skimming from the hard work and productivity of the workers of the private sector. They provide no net addition to the “national product.” In fact, by removing wealth and dollars from the rightful owners of those dollars in the private sector, the public sector provides negative value.]

We have heard a great deal in recent years of the “public sector,” and solemn discussions abound through the land on whether or not the public sector should be increased vis-à-vis the “private sector.” The very terminology is redolent of pure science, and indeed it emerges from the supposedly scientific, if rather grubby, world of “national-income statistics.” But the concept is hardly wertfrei; in fact, it is fraught with grave, and questionable, implications.

In the first place, we may ask, “public sector” of what? Of something called the “national product.” But note the hidden assumptions: that the national product is something like a pie, consisting of several “sectors,” and that these sectors, public and private alike, are added to make the product of the economy as a whole. In this way, the assumption is smuggled into the analysis that the public and private sectors are equally productive, equally important, and on an equal footing altogether, and that “our” deciding on the proportions of public to private sector is about as innocuous as any individual’s decision on whether to eat cake or ice cream. The State is considered to be an amiable service agency, somewhat akin to the corner grocer, or rather to the neighborhood lodge, in which “we” get together to decide how much “our government” should do for (or to) us. Even those neoclassical economists who tend to favor the free market and free society often regard the State as a generally inefficient, but still amiable, organ of social service, mechanically registering “our” values and decisions.

One would not think it difficult for scholars and laymen alike to grasp the fact that government is not like the Rotarians or the Elks; that it differs profoundly from all other organs and institutions in society; namely, that it lives and acquires its revenues by coercion and not by voluntary payment. The late Joseph Schumpeter was never more astute than when he wrote, “The theory which construes taxes on the analogy of club dues or of the purchase of the services of, say, a doctor only proves how far removed this part of the social sciences is from scientific habits of mind.”¹

Apart from the public sector, what constitutes the productivity of the “private sector” of the economy? The productivity of the private sector does not stem from the fact that people are rushing around doing “something,” anything, with their resources; it consists in the fact that they are using these resources to satisfy the needs and desires of the consumers. Businessmen and other producers direct their energies, on the free market, to producing those products that will be most rewarded by the consumers, and the sale of these products may therefore roughly

“measure” the importance that the consumers place upon them. If millions of people bend their energies to producing horses-and-buggies, they will, in this day and age, not be able to sell them, and hence the productivity of their output will be virtually zero. On the other hand, if a few million dollars are spent in a given year on Product X, then statisticians may well judge that these millions constitute the productive output of the X-part of the “private sector” of the economy.

One of the most important features of our economic resources is their scarcity: land, labor, and capital-goods factors are all scarce, and may all be put to various possible uses. The free market uses them “productively” because the producers are guided, on the market, to produce what the consumers most need: automobiles, for example, rather than buggies. Therefore, while the statistics of the total output of the private sector seem to be a mere adding of numbers, or counting units of output, the measures of output actually involve the important qualitative decision of considering as “product” what the consumers are willing to buy. A million automobiles, sold on the market, are productive because the consumers so considered them; a million buggies, remaining unsold, would not have been “product” because the consumers would have passed them by.

Suppose now that into this idyll of free exchange enters the long arm of government. The government, for some reasons of its own, decides to ban automobiles altogether (perhaps because the many tailfins offend the aesthetic sensibilities of the rulers) and to compel the auto companies to produce the equivalent in buggies instead. Under such a strict regimen, the consumers would be, in a sense, compelled to purchase buggies because no cars would be permitted. However, in this case, the statistician would surely be purblind if he blithely and simply recorded the buggies as being just as “productive” as the previous automobiles. To call them equally productive would be a mockery; in fact, given plausible conditions, the “national product” totals might not even show a statistical decline, when they had actually fallen drastically.

And yet the highly touted “public sector” is in even worse straits than the buggies of our hypothetical example. For most of the resources consumed by the maw of government have not even been seen, much less used, by the consumers, who were at least allowed to ride in their buggies. In the private sector, a firm’s productivity is gauged by how much the consumers voluntarily spend on its product. But in the public sector, the government’s “productivity” is measured — mirabile dictu — by how much it spends! Early in their construction of national-product statistics, the statisticians were confronted with the fact that the government, unique among individuals and firms, could not have its activities gauged by the voluntary payments of the public — because there were little or none of such payments. Assuming, without any proof, that government must be as productive as anything else, they then settled upon its expenditures as a gauge of its productivity. In this way, not only are government expenditures just as useful as private, but all the government need to do in order to increase its “productivity” is to add a large chunk to its bureaucracy. Hire more bureaucrats, and see the productivity of the public sector rise! Here, indeed, is an easy and happy form of social magic for our bemused citizens.

The truth is exactly the reverse of the common assumptions. Far from adding cozily to the private sector, the public sector can only feed off the private sector; it necessarily lives parasitically upon the private economy. But this means that the productive resources of society — far from satisfying the wants of consumers — are now directed, by compulsion, away from these wants and needs. The consumers are deliberately thwarted, and the resources of the

economy diverted from them to those activities desired by the parasitic bureaucracy and politicians. In many cases, the private consumers obtain nothing at all, except perhaps propaganda beamed to them at their own expense. In other cases, the consumers receive something far down on their list of priorities — like the buggies of our example. In either case, it becomes evident that the “public sector” is actually antiproducer: that it subtracts from, rather than adds to, the private sector of the economy. For the public sector lives by continuous attack on the very criterion that is used to gauge productivity: the voluntary purchases of consumers.

We may gauge the fiscal impact of government on the private sector by subtracting government expenditures from the national product. For government payments to its own bureaucracy are hardly additions to production; and government absorption of economic resources takes them out of the productive sphere. This gauge, of course, is only fiscal; it does not begin to measure the antiproducer impact of various government regulations, which cripple production and exchange in other ways than absorbing resources. It also does not dispose of numerous other fallacies of the national product statistics. But at least it removes such common myths as the idea that the productive output of the American economy increased during World War II. Subtract the government deficit instead of add it, and we see that the real productivity of the economy declined, as we would rationally expect during a war.

In another of his astute comments, Joseph Schumpeter wrote, concerning anticapitalist intellectuals, “capitalism stands its trial before judges who have the sentence of death in their pockets. They are going to pass it, whatever the defense they may hear; the only success a victorious defense can possibly produce is a change in the indictment.” The indictment has certainly been changing. In the 1930s, we heard that government must expand because capitalism had brought about mass poverty. Now, under the aegis of John Kenneth Galbraith, we hear that capitalism has sinned because the masses are too affluent. Where once poverty was suffered by “one-third of a nation,” we must now bewail the “starvation” of the public sector.

By what standards does Dr. Galbraith conclude that the private sector is too bloated and the public sector too anemic, and therefore that government must exercise further coercion to rectify its own malnutrition? Certainly, his standard is not historical. In 1902, for example, net national product of the United States was \$22.1 billion; government expenditure (federal, state, and local) totaled \$1.66 billion, or 7.1 percent of the total product. In 1957, on the other hand, net national product was \$402.6 billion, and government expenditures totaled \$125.5 billion, or 31.2 percent of the total product. Government’s fiscal depredation on the private product has therefore multiplied from four to five-fold over the present century. This is hardly “starvation” of the public sector. And yet, Galbraith contends that the public sector is being increasingly starved, relative to its status in the nonaffluent 19th century!

What standards, then, does Galbraith offer us to discover when the public sector will finally be at its optimum? The answer is nothing but personal whim:

There will be question as to what is the test of balance — at what point may we conclude that balance has been achieved in the satisfaction of private and public needs. The answer is that no test can be applied, for none exists.... The present imbalance is clear.... This being so, the direction in which we move to correct matters is utterly plain.³

To Galbraith, the imbalance of today is “clear.” Clear why? Because he looks around him and sees deplorable conditions wherever government operates. Schools are overcrowded, urban traffic is congested and the streets littered, rivers are polluted; he might have added that crime is increasingly rampant and the courts of justice clogged. All of these are areas of government operation and ownership. The one supposed solution for these glaring defects is to siphon more money into the government till.

But how is it that only government agencies clamor for more money and denounce the citizens for reluctance to supply more? Why do we never have the private-enterprise equivalents of traffic jams (which occur on government streets), mismanaged schools, water shortages, and so on? The reason is that private firms acquire the money that they deserve from two sources: voluntary payment for the services by consumers, and voluntary investment by investors in expectation of consumer demand. If there is an increased demand for a privately owned good, consumers pay more for the product, and investors invest more in its supply, thus “clearing the market” to everyone’s satisfaction. If there is an increased demand for a publicly owned good (water, streets, subway, and so on), all we hear is annoyance at the consumer for wasting precious resources, coupled with annoyance at the taxpayer for balking at a higher tax load.

Private enterprise makes it its business to court the consumer and to satisfy his most urgent demands; government agencies denounce the consumer as a troublesome user of their resources. Only a government, for example, would look fondly upon the prohibition of private cars as a “solution” for the problem of congested streets. Government’s numerous “free” services, moreover, create permanent excess demand over supply and therefore permanent “shortages” of the product. Government, in short, acquiring its revenue by coerced confiscation rather than by voluntary investment and consumption, is not and cannot be run like a business. Its inherent gross inefficiencies, the impossibility for it to clear the market, will insure its being a mare’s nest of trouble on the economic scene.⁴

In former times, the inherent mismanagement of government was generally considered a good argument for keeping as many things as possible out of government hands. After all, when one has invested in a losing proposition, one tries to refrain from pouring good money after bad. And yet, Dr. Galbraith would have us redouble our determination to pour the taxpayer’s hard-earned money down the rathole of the “public sector,” and uses the very defects of government operation as his major argument!

Professor Galbraith has two supporting arrows in his bow. First, he states that, as people’s living standards rise, the added goods are not worth as much to them as the earlier ones. This is standard knowledge; but Galbraith somehow deduces from this decline that people’s private wants are now worth nothing to them. But if that is the case, then why should government “services,” which have expanded at a much faster rate, still be worth so much as to require a further shift of resources to the public sector? His final argument is that private wants are all artificially induced by business advertising, which automatically “creates” the wants that it supposedly serves. In short, people, according to Galbraith, would, if let alone, be content with nonaffluent, presumably subsistence-level living; advertising is the villain that spoils this primitive idyll.

Aside from the philosophical problem of how A can “create” B’s wants and desires without B’s having to place his own stamp of approval upon them, we are faced here with a curious view of the economy. Is everything above subsistence “artificial”? By what standard? Moreover, why in

the world should a business go through the extra bother and expense of inducing a change in consumer wants, when it can profit by serving the consumer's existing, uncreated wants? The very "marketing revolution" that business is now undergoing, its increased and almost frantic concentration on "market research," demonstrates the reverse of Galbraith's view. For if, by advertising, business production automatically creates its own consumer demand, there would be no need whatever for market research — and no worry about bankruptcy either. In fact, far from the consumer in an affluent society being more of a "slave" to the business firm, the truth is precisely the opposite: for as living standards rise above subsistence, the consumer gets more particular and choosy about what he buys. The businessman must pay even greater court to the consumer than he did before: hence the furious attempts of market research to find out what the consumers want to buy.

There is an area of our society, however, where Galbraith's strictures on advertising may almost be said to apply — but it is in an area that he curiously never mentions. This is the enormous amount of advertising and propaganda by government. This is advertising that beams to the citizen the virtues of a product that, unlike business advertising, he never has a chance to test. If Cereal Company X prints a picture of a pretty girl declaiming that "Cereal X is yummy," the consumer, even if doltish enough to take this seriously, has a chance to test that proposition personally. Soon his own taste determines whether he will buy or not. But if a government agency advertises its own virtues over the mass media, the citizen has no direct test to permit him to accept or reject the claims. If any wants are artificial, they are those generated by government propaganda. Furthermore, business advertising is, at least, paid for by investors, and its success depends on the voluntary acceptance of the product by the consumers. Government advertising is paid for by means of taxes extracted from the citizens, and hence can go on, year after year, without check. The hapless citizen is cajoled into applauding the merits of the very people who, by coercion, are forcing him to pay for the propaganda. This is truly adding insult to injury.

If Professor Galbraith and his followers are poor guides for dealing with the public sector, what standard does our analysis offer instead? The answer is the old Jeffersonian one: "that government is best which governs least." Any reduction of the public sector, any shift of activities from the public to the private sphere, is a net moral and economic gain.

Most economists have two basic arguments on behalf of the public sector, which we may only consider very briefly here. One is the problem of "external benefits." A and B often benefit, it is held, if they can force C into doing something. Much can be said in criticism of this doctrine; but suffice it to say here that any argument proclaiming the right and goodness of, say, three neighbors, who yearn to form a string quartet, forcing a fourth neighbor at bayonet point to learn and play the viola, is hardly deserving of sober comment. The second argument is more substantial; stripped of technical jargon, it states that some essential services simply cannot be supplied by the private sphere, and that therefore government supply of these services is necessary.

And yet, every single one of the services supplied by government has been, in the past, successfully furnished by private enterprise. The bland assertion that private citizens cannot possibly supply these goods is never bolstered, in the works of these economists, by any proof whatever. How is it, for example, that economists, so often given to pragmatic or utilitarian solutions, do not call for social "experiments" in this direction? Why must political experiments always be in the direction of more government? Why not give the free market a county or even a state or two, and see what it can accomplish?

This article is excerpted from Economic Controversies, chapter 21, "The Fallacy of the 'Public Sector'" (2011). It originally appeared in the New Individualist Review (Summer, 1961): 3-7. This article first appeared in Mises Wire on February 14, 2025. Murray Newton Rothbard was an economist, historian, and profit who was one of the intellectual giants of the 20th Century.



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