



Freedom Report

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness...." – The Declaration of Independence

"The course of history shows that as a government grows, liberty decreases." – Thomas Jefferson

"A government that robs Peter to pay Paul, can always count on the support of Paul." – George Bernard Shaw

Frontiers of Freedom's Newsletter

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Message from the President

Congress Must Protect Taxpayers and the Economy with Permanent Terrorism Risk Insurance – and the Clock is Running!

The Terrorism Risk Insurance Act of 2002 created a public-private partnership that allowed insurers to bear primary responsibility after a terrorist attack with the federal government acting as a safety net in the event of catastrophic loss.

With all the thousands of words spoken in memory of 9/11, not even one mention was made of a little-known but absolutely vital protection of the U.S.



George Landrith, President of Frontiers of Freedom

economy and its taxpayers. That vital protection is terrorism risk insurance.

Let's return in time to 2001 to see how terrorism risk insurance has evolved and become a fundamental part of the strength of the U.S. economy.

After the attacks of 9/11, private insurance carriers reassessed the risks of terrorism. Primary insurers excluded terrorism coverage from commercial policies. Reinsurers did not accept policies with exposure to urban areas thought to be vulnerable to attack. The result was that very little terrorism coverage remained available, and what little existed was prohibitively expensive.

These and other economic concerns led Congress to act. Congress recognized

that economic destruction caused by terrorist attacks on U.S. soil was not a local or state problem. It was a national problem.

Congress also recognized that the American economy cannot be exposed to uninsurable risk. Without some measure of certainty of recovery, many businesses would not be able to finance expansion or rebuilding and would go into bankruptcy. As businesses failed, their employees would be put out of work in a chaotic economic environment with little likelihood of re-employment.

To address these problems, Congress enacted the Terrorism Risk Insurance Act (TRIA) of 2002. TRIA provided a national solution by creating a federal



Terrorism is designed to create maximum terror, maximum fear, and maximum economic disruption. That is why TRIA, when properly understood, is part of the nation's fight against terrorism. Obviously, job one is to prevent future terrorist attacks.... But we must also act to minimize the impact of terrorist attacks. Thus, every American wants first-responders to be better prepared and better equipped to an attack. Likewise, all Americans should also want TRIA to be made permanent to reduce the impact of terrorist attacks to our economy.

backstop for insurers in case of another major foreign terrorist attack. The TRIA law created a public-private partnership that allowed insurers to bear primary responsibility after a terrorist attack with the federal government acting as a safety net in the event of catastrophic loss. TRIA has allowed insurance companies to keep terrorism insurance available and affordable in the years since 9/11.



In recent years, more and more companies have purchased terrorism risk insurance. The more companies that have terrorism risk protection, the safer the national economy and U.S. taxpayers are.

In summary, the public-private partnership that TRIA established has worked as Congress intended. A market solution, backed by the federal government, provided the certainty that the national economy needed to continue to operate and, indeed, to grow in the face of future terrorism threats. In fact, while many economists and "experts" predicted that 9/11 would push the economy into recession, the economy continued to grow. TRIA most certainly was a contributing factor in this success story.

Congress revisited TRIA in 2005 and extended it until 2007. As of today, all is right with the world. Terrorism risk insurance is in place. Problem identified, problem solved.



Not so fast. The fact is that *all protections of TRIA expire after December 31, 2007.*

In less than 16 months, our national economy and all U.S. taxpayers will be exposed to the potential of horrendous loss – without a safety net. This will only make the impact of any future terrorist attack much worse.

The purpose of terrorist attacks goes well beyond the death and destruction caused by the attack. Terrorism is designed to create maximum terror, maximum fear, and maximum economic disruption. That is why TRIA, when properly understood, is part of the nation's fight against terrorism. Obviously, job one is to prevent future



terrorist attacks on US soil and against US interests. But we must also act to minimize the impact of terrorist attacks. Thus, every American wants first-responders to be better prepared and better equipped to an attack. Likewise, all Americans should also want TRIA to be made permanent to reduce the impact of terrorist attacks to our economy.

Put simply, the United States – not to mention all of us taxpayers – cannot afford to allow terrorism risk insurance protection to expire. Terrorism is not going to go away. And that reality means that Congress must make terrorism risk insurance permanent law.

The hard work already has been done. In 2002, Congress crafted the conceptual framework for terrorism risk insurance in TRIA. Further, Congress has reflected on that initial legislation and revised it in 2005.

Again, we can not afford to allow terrorism risk insurance to expire. Congress must protect U.S. taxpayers with permanent terrorism risk insurance.



Taxpayers Could be Railroaded by Record Pork

Taxpayers need to voice their opposition to approval by the Federal Railroad Administration (FRA) of a \$2.3 billion bailout for the privately-held Dakota, Minnesota and Eastern Railroad (DM&E), orchestrated by DM&E lobbyist-turned-U.S. Senator John Thune.

The American taxpayer is being railroaded again. This enormous government giveaway is a textbook example of a stealth pork project that drives up the federal deficit. Congress and the President should put a stop to it.

The loan and the secret way it was engineered are outrageous. We don't even know who we're giving billions of tax dollars to, because we don't know who the owners of the privately-held DM&E railroad are.



The stealth earmark was made possible when Sen. Thune slipped a provision into the pork-laden 2005 Transportation bill, which moved a decimal point. Overnight, and without congressional debate or hearing, the FRA's Railroad Rehabilitation & Improvement Financing loan program increased from \$3.5 billion to \$35 billion. Thune also modified the loan criteria to benefit only one company, setting in place provisions for the loan to be granted to his former employer with no collateral and no payments for six years.

The DM&E bailout would be a direct loan, which would immediately raise the

federal deficit by \$2.3 billion. The proposed deal has not been subject to any debate in Congress, and the public has been barred from examining details of the loan application and the company's finances.

"The magnitude of this secret bailout is stunning. It is larger than the famous Chrysler bailout, which was debated vigorously in the halls of Congress and by the American people, but in this case almost no one knows it's happening," said George Landrith, President of the Frontiers of Freedom Institute.

There is a reason private investors have stayed away from this project. If it's a bad investment for the private sector, than it's a bad investment for the taxpayers of America.

According to a recent study conducted by BearingPoint, serious questions were raised about the ability of the DM&E railroad to repay this loan. The study concluded that the loan would leave the already highly leveraged railroad seriously undercapitalized, with long-term debt 23 times greater than its current equity value of \$111 million. This loan would put billions of taxpayer dollars at risk.

The DM&E railroad has a history of failing to live up to its financial obligations. American taxpayers deserve to know who the money is going to and how it's going to be paid back.

The \$2.3 billion bailout in question is being sought by DM&E, a Class II regional railroad, to expand its service into the Wyoming Powder River Basin (PRB) to begin hauling coal east to the Mississippi River. Two Class I railroads already compete on this route. In fact, the Burlington Northern Santa Fe Railway and Union Pacific Railroad are poised to invest \$100 million of their own capital to meet current market demands.

"The free market is already working to meet America's shipping and energy needs," concluded Landrith. "Taxpayers don't want or need the federal government to get into the railroad business."

The ACLU: Anti-Boy Scout & Pro-Child Molester

The American Civil Liberties Union (ACLU) – famous (or infamous) for using the legal system to attack the Boy Scouts and Christmas – is now protecting the "right" of convicted child molesters and sexual predators to lurk near playgrounds and other places where children gather. Simply put, the ACLU, once famous for defending the rights of free speech, now attacks the Boy Scouts and argues in favor of giving child sexual predators easy access to our children and grandchildren. To add insult to injury, the ACLU uses our tax dollars to help fund these lawsuits.



In May, the City of Indianapolis passed an ordinance that fines convicted child molesters, predators and rapists \$600 if they are found within 1000 feet of playgrounds, swimming pools, recreation centers, or sports fields when children are present. The ordinance provides for a number of exceptions – including if the sex offender is accompanied by an adult who is not a sex offender. Amazingly, this past week, the ACLU filed a lawsuit claiming that this ordinance violates the constitutional rights of child molesters and child

The ACLU claims that they support the rights of everyone and that they are not politically motivated. Surely this is a joke!

predators. And you and I are helping to fund this lawsuit with our tax dollars.

The ACLU argues that the lives of pedophiles and child molesters will be made difficult and inconvenient by the 1000 foot requirement. For example, a child rapist might have to move if he lived near a children's playground or might have to vote via absentee ballot rather than voting in a school. The ACLU hopes we will swoon at the inconvenience this ordinance would place on convicted child predators. However, I'm at least one American who is *un*moved.



The ACLU claims that they support the rights of everyone and that they are not politically motivated. Surely this is a joke! Why is it that the ACLU is habitually suing the Boy Scouts because of their Scout Oath to "do my best to do my duty, to God and my Country"? Why does the ACLU attack the Boy Scouts for not permitting homosexual Scout Masters? Why is it that the ACLU fights to make sure that no one sees or hears any mention of Christmas or Christianity? Why is it that the ACLU demands that crosses be removed from military cemeteries? Or that cities in California which bear names relating to their long historical heritage as a Catholic mission must remove any related symbol from the city seal?

More than 40 of the 50 states have laws prohibiting law-abiding citizens from having a gun within 1000 feet of a school. There was also a federal law with the same prohibitions. I happen to live within 1000 feet of a school. Where was the ACLU to defend my rights? Unlike a child molester or predator, I've never committed a crime or shown any propensity towards violence. Yet, the ACLU evidently wasn't troubled that these sorts of laws would require me to sacrifice my right to own or responsibly use a gun. And I've never used a gun for any illegal purpose, but still the ACLU doesn't think my right is worth defending. But somehow pedophiles and child molesters deserve the ACLU's active and enthusiastic support.

The ACLU seeks to tear down society and rebuild a very different culture – one where the Boy Scouts are outlawed and are more feared than criminals, one where religion and faith are taboo and believers are forced underground, one where the rights of convicted child molesters are more important than the rights of children and law-abiding citizens.

This proves that the ACLU is not simply an honest and impartial defender of constitutional rights for those who may not be popular. Sadly, the ACLU is an out-of-control, extremist organization dedicated to dismantling the society most of us wish to uphold and strengthen. The ACLU seeks to tear down society and rebuild a very different culture – one where the Boy Scouts are outlawed and are more feared than criminals, one where religion and faith are taboo and believers are forced underground, one where the rights of convicted pedophiles and child molesters are more important than the rights of children and law-abiding citizens.

The ACLU's vision for society is a nightmare. That nightmare will become reality if Americans don't wake up and stand up to the ACLU.

Teachers' Unions: Blocking Education Reform, Again!

In state after state, all across the county, we hear the same, tired refrain from apologists for the government-run education bureaucracy: "Mo' money, mo' money, mo' money!"

Indeed in Nevada, where education already eats up more than half of the state's annual \$3 billion budget, the State Board of Education recently asked the Legislature for an extra \$1 billion for next year. At about the same time, a liberal Denver consulting firm, with a history of "discovering" that states aren't spending enough on education, has also concluded that Nevada taxpayers need to cough up an additional billion to reach their self-determined level of "adequate" spending on education.



Naturally the conservative reaction to such outrageously brazen "mo' money" demands from education bureaucracies often begins with a bunch of four-letter words normally reserved for public school playgrounds and ends with the words, "When pigs fly."

However, on further reflection maybe the Right shouldn't respond in such an otherwise reasonable fashion. Maybe conservatives should be open to funding increases for education – provided they get some accountability and budget reforms in place as part of the deal. The key, however, is that conservatives must demand significant education repairs.

Not band-aids. Not tinkering around the edges. Massive overhaul.

For example, system-wide local implementation of teacher proficiency testing and merit pay would be an excellent start. It's time to stop paying crappy teachers the same amount of money as excellent teachers – no matter what the teachers unions say.

Then there's school choice. And by that I mean voucher programs for EVERY parent and child - not just the poor and those currently condemned to the worst-of-the-worst government schools. The freedom to choose which school your child attends should be available to every parent. That means private schools, religious schools, distance-learning schools, Internet schools, co-ops and yes, home-schools.



Public education and public schools are not mutually exclusive. Public education does not and should not mean a monopoly of expensive, mediocre, poorly-run government education centers - no matter what the teachers unions say.

More money for education should also mean significant changes in state laws and funding programs which make it easier and less expensive to open innovative charter schools – no matter what the teachers unions say.

Additionally, states should begin opting-out of the federal No Child Left Behind (NCLB) program. Education is and should be a local issue ... period. States can and should take care of their own education needs without jumping through Uncle Sam's hoops. If state taxpayers are going to cough up significantly more money for education,

there should be no need for federal dough and all the strings and red-tape that come attached to it.

And speaking of NCLB, states should seek to exceed those federal standards, not meet them. State and local school districts should be pursuing superiority and excellence, not just "adequacy" – no matter what the teachers unions say.

Citizens, especially parents, are not a bottomless pit of tax dollars. It's time for government to do what every family does: Set spending priorities.

Finally, in exchange for significant increases in education spending, the teachers unions should be banned for a minimum of twenty years. Absent that, there should be a new requirement that all collective bargaining sessions with public employee unions be conducted in public and webcast on the Internet. In addition, there should be a requirement that all such agreements in the future be ratified by a vote of the people - no matter what the teachers unions say.

Most importantly, though, significant increases in education spending need to be substantially offset by significant spending cuts in less-important areas elsewhere. Citizens, especially parents, are not a bottomless pit of tax dollars. It's time for government to do what every family does: Set spending priorities. As the Rolling Stones say, "You can't always get what you want – but if you try, sometimes, you just might find, you get what you need."

Yes, the "mo' money" mantra from the education bureaucrats and their enablers on the Left has grown old. But if significantly higher education spending comes with spending offsets in other departments, combined with serious education repairs which break the government-school monopoly on education, it might be worth considering. The only thing apparently standing in the way is: the teachers unions. Go figure.

Iran's Nuclear Strategy Relies on Western Cowardice

Among the Syrians, Iranians, and their surrogates known as Hezbollah, this latest "cease fire" with the Israelis will only be a time of reorganization and rearming. To those in the West, it is a time of naive and baseless "hope" for a result that has never been and will never be. And this false hope is sure to be shattered whenever the Islamists choose once again to assert themselves.

Many Westerners consider President Mahmoud Ahmadinejad to operate somewhere between fanaticism and insanity. And among Iran's leaders he is certainly not the first to give such an impression. When American embassy workers were first taken hostage in Tehran, in November of 1979, this country's government and its allies were

Frontiers of Freedom Media Report

In May and June, Frontiers' senior staff made more than 207 appearances on news and talk format programs and were seen or heard in all 50 states discussing national security, energy prices and policy, tax reform, protection of fundamental constitutional rights,



internet regulation, global warming, missile defense, judicial nominations, the global war on terror, environmental regulations, lawsuit abuse reform, ANWR, and the ACLU's anti-American and anti-constitutional agenda.

quick to invoke such invective against the villainous Ayatollah Khomeini and his minions.

Threatening unspeakable brutality against the hostages throughout the remaining year of the Carter Presidency, the Iranians nonetheless became absolutely serious about negotiating a peaceable end to the crisis from the very moment Ronald Reagan was elected to succeed Jimmy Carter.

Hardly the "crazies" they had been portrayed to be, the Iranians suddenly became very rational and desirous of a settlement. Nor did they show any inclination to achieve the martyrdom so greatly esteemed in their religion. In the end, the hostages were released at the very moment Reagan was sworn in as President. No coincidence there.

Twenty-seven years later, the status quo still holds in every respect. Hamas and Hezbollah still wantonly murder Israelis, and they still revel in plans to destroy Western Infidels. And, in a pattern that has been unbroken since the modern resurgence of militant Islam, their successes and failures are determined solely by the willingness of Westerners to accommodate them.

Israel easily could have moved in an unrestrained manner and vanquished those Islamists of Hezbollah who provoked its wrath by terrorizing its cities and murdering its citizens. Among those who desire true peace in the region, it is understood that this is the exact course they should have taken.

Yet, fearing diplomatic repercussions, Ehud Olmert, the current Israeli Prime Minister, chose to pull his punches right from the beginning of this most recent conflict. In so doing he lost his strategic edge while ensuring that the protracted nature of the conflict would result in the very condemnation he had so inordinately feared. Now he seeks to cut his losses by engaging in yet another meaningless "cease fire."

Israeli restraint and capitulation has never garnered anything but an increase in the confidence, and thus the aggressiveness of its mortal enemies. So to expect anything different this time around, as key leaders and diplomats in the West are currently promising, indicates a degree of "wishful thinking" that itself borders on the insane.

Abu Heija, a writer for the Hamas publication Al-Risala, expresses the popular sentiment among Israel's foes very plainly,



stating that Israel's willingness to abide by the "cease fire," constitutes a "victory" for Hezbollah, and thus signals a "go-ahead" for new attacks from Hamas.

Should any rational individual be surprised by such a response from Israel's sworn enemies? Has that tiny nation ever reaped any other reaction from its continued efforts to mollify or "buy" the good will of its mortal enemies through such ludicrous efforts as the giveaway of strategically critical lands?

Despite the almost juvenile wishes of those appeasers in the West, the grim "blessing" of this latest agreement is only that Israel will soon have another chance to properly deal with its enemies. This "cease fire" is no more likely to hold than its innumerable predecessors.

Therefore, Israel had better use the finite, intervening time to prepare for its next engagement, in order to ensure that the outcome is resolute and decisive. It can be absolutely certain that its enemies are doing exactly that.

In the short term, if it intends to enter into such clashes to a limited degree, only to eventually back out from them, it would be far better to simply learn to live with the periodic incursions and random killings perpetrated by those who hope to annihilate it.

But even if such cowardly thinking prevails, the situation will never dissipate into eventual calm. Militant Islam, if left unchecked, will invariably continue to metastasize, just as it always has. Such a reality bodes especially ill, considering that Iran now verges on the threshold of nuclear capability.

This conflict will end only when the current multitude of Islamic terrorist organizations are reduced to the status and capabilities of localized crime rings, governments who support them are deposed, and any who remain sympathetic to them are made to realize that it is in their own best interests to guarantee that such evil entities never rise again.

The stage has been set. Ahmadinejad and the dark forces he represents will relentlessly advance on the rest of civilization if allowed any latitude to do so. Those who remain in denial do not understand what it is that motivates him and his kind.

Like Osama Bin Laden before him, Ahmadinejad does not believe that the West possesses sufficient resolve to stand him down. And in this most recent engagement, the West has given him little reason to contemplate otherwise.

Despite all of the myopic moralizing of Israel and America's reliable critics, neither retreat, nor isolationism, nor the phony stability of a "stalemate" present viable solutions. The only options for those nations that comprise Western civilization are to confront and defeat this enemy, or to face their own eventual eradication.

FOF's Ten Tenets

- The most basic moral obligation of the federal government is to defend America, which requires military, economic, and moral preparation and strength.
- Property rights and economic freedom are the fertile soil in which all other rights grow and thrive. The environment is best protected and preserved where free markets thrive, capitalism is robust, and property rights are respected.
- The Constitution's enumerated and limited powers, checks and balances, federalism, separation of powers, and guarantee of basic rights are fundamental to America's freedom.
- "Life, Liberty, and the pursuit of Happiness" and each of the rights guaranteed in the Constitution are necessary to the foundation of freedom – including the right to bear arms and to not be deprived of property without just compensation.
- The courts have a constitutional duty to faithfully and strictly interpret the law and the Constitution and may not invent or create new law.
- Justice is the equal treatment of all *individuals* regardless of ethnicity or religion. Fabricating group rights undermines individual freedom and civil rights.
- Taxes may be legitimately imposed *only* to the extent necessary to pay for the essential and constitutionally permitted activities of government. To tax more than this is a form of tyranny and extortion.
- Government mandates and regulations too often exceed constitutional authority, waste resources, erode freedom, diminish property rights, and produce harmful unintended consequences.
- To remove sound science from public policy is legislative and regulatory malpractice. To employ junk science in public policy is unethical and irresponsible.
- Basic standards of morality and civic virtue are essential to maintaining America's economic strength, military might, and freedom. Parents and families, not government, are responsible to rear and educate their children.

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