

Let Freedom Ring!

Volume 8 Number 8

Your Editor on Real Issues
<http://www.LibertyForAmerica.NET>

August 2006

Let Freedom Ring LPMA State Convention, LNC Meeting Notes, Where Your Money Went, LNC Enters MA Ballot Access Issue, ...1 LP National Party Membership, Platform Changes, ...3, Condemn the Grandchild Tax, ...5

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Let Freedom Ring! and Libertarian Strategy Gazette are edited and published by George Phillips, 48 Hancock Hill Drive, Worcester MA 01602, who is solely responsible for the contents, for the Pioneer Valley Libertarian Association (www.pvla.net) and Liberty for Massachusetts (www.LibertyForMassachusetts.org). Subscriptions are available from the PVLA, c/o Carol McMahon, 221 Bumstead Road, Monson MA for \$15/year to Activists, \$20/year to others. Checks payable "PVLA".

Massachusetts State Convention September 23, Worcester MA

In June 2006 a committee was appointed by the State Committee to organize the next State Convention. Bylaws and other constraints have set the date of this convention to be Saturday September 23, 2006, 10:15 AM at Tweed's Pub on Grove Street in Worcester. There is a hotel in walking distance for persons who cannot travel by motor vehicle on Saturday. The convention registration fee is \$28 for LPMA members, including an Italian buffet lunch. Send registrations to Stephanie Woiciechowski, 4 Carp Road, Milford, MA 01757, checks payable LPMA.

Expected convention speakers are
The Honorable Donald Gorman, LPNH, "Why New Hampshire Democrats are doing well and what we can learn from them"
Mr. Stephen Gordon, LNC Communication Director, on new LNC programs.

Where Your Money Went

We continue here our most popular feature *Where Your Money Went* detailing spending by prominent Libertarian campaigns across the United States.

Recalling that charity begins at home, the Phillies for President campaign www.phillies2008.com has raised \$5250. The campaign treasurer is being given a share of income in order to cover his expenses and reimburse his time. The share was initially set at 1% of fundraising, but it was agreed that this number will be revisited in light of experience. Spending by the Phillies 2008 campaign (this includes money committed but not yet disbursed) includes \$2000 for a campaign website (including hosting and maintenance) to Seth Cohn, \$1000 for advertising on LibertyForAmerica.NET (this is the money to create a Libertarian counterpart to the progressive liberal site *Daily Kos*), and a provisional similar sum under negotiation to do a professional scientific public opinion poll.

The Libertarian National Committee has submitted its July FEC report, which covers the month of June. Income to the LNC remains fairly con-

[Where Your Money Went] *Continued on page 5)*

LNC Meeting Notes

Thee draft minutes of the two LNC meetings held in Portland around the time of the National Convention provide a variety of bits of information on how our party is advancing. The following is paraphrased or quoted from the draft minutes:

Convention income included "29.4k from corporate sponsorships resulting in a net of \$11.9k and vendor income that netted \$5.3k". This is not income to the LNC, but income that directly benefits delegates. The ballot access fund stands at \$3200.

A list of LNC Office Staff was given:
-Stephen Gordon was hired after consultation with the chair and now serves as the director of communications. Stephen's official start date was June 12th. Gordon filed an extremely detailed conflict of interest statement resolving a large number of questions relating to his other national activities

[National Convention] *(Continued on page 2)*

LNC Enters Massachusetts Ballot Access Issue

A fundraising Email from newly elected National Chair Bill Redpath has inserted the LNC straight in to the middle of the Massachusetts debate over pursuing major party status for the LPMA, as covered in our last issue: The email announced:

"Dear Friend,

Two weeks ago, delegates met at the Libertarian National Committee in Portland, Oregon and elected me as your new chairman. Let me say that I am proud to serve in this position and will do my very best to make the next two years as successful as possible for the Libertarian Party.

While ideally I should take some time for an introductory message, we have a great deal of work to do quickly, so I apologize for bypassing the small talk. I feel that my communication with you should be maximized for the benefit of the Party, so let me get right to it.

On August 1st we have a deadline to turn in 5,000

[LNC and LPMA Ballot Access] *(Continued on page 4)*

Liberty for Massachusetts now live at <http://www.LibertyForMassachusetts.org>

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(Continued from page 1) [LNC Meeting Notes]

-Chris Thorman continues to improve his skills as the development coordinator and is working to streamline direct mail production among other things.

-April Atkins began as our receptionist on March 28th. April has allowed Chris much more time to handle development work and, during business hours, answers the phone directly rather than using the automated system.

-Robert Krause continues to serve as our controller and director of operations while working closing with our FEC consultant and handling data issues for our state affiliates.

-John LaBeaume serves as our national campaign coordinator and has been tracking active candidates and has taken a lead for candidate recruitment efforts. John also contributes web and LP News content.

-Matt Dailey continues to serve as our policy analyst and produces the majority of the content for LP.org. Additionally he has taken the lead on the Libertarian Leadership School and is looking to add more classes using local resources.

-Susan Dickson still serves as a full-time employee and, despite taking on the tasks previously performed by Gladis, is extremely productive and still has time left in her day.

-Marc Scribner is now our only caller in the calling program. He is able to increase his hours during the summer and has been extremely helpful with administrative work around the office. Marc is very productive and can handle all calls previously performed by at least four other callers.

Lorena Seitz is gone for the summer but is still producing Pledge News.

The 2005 Annual Report grossed \$82,890, netting \$70,363. For comparison, the 2004 Annual Report package grossed \$117,002 but netted approximately \$77,003. While the response rates for the 2005 Annual report were less than half of the 2004 fundraiser, the average gift amount was double that of 2004 at \$86.71. The follow-up gram (which was used in 2004 as well), netted an additional \$48,232.

Three email fundraising efforts brought in \$12,000. It was clear that those solicitations should arrive on a Friday afternoon, soon after payday; there are positive results for getting the timing exactly right.

Pledge income hovered at \$27,000 a month, but a convention

drive with iPod giveaway was giving a significant increase in pledge income.

Since the January 1, 2006 (the start of zero dues), we have gained 2,304 new members, albeit they are not yet converted to donors or volunteers. Many of these new members are students.

Accounts payable have been reduced from \$159,000 last February to just above \$104,000 for at the end of May.

We offer some substantial quotes from the Treasurer's report:

"Treasurer's Report June 30, 2006 Pre Convention Meeting - Portland, OR

Membership: In the past, the primary LNC budget metric was membership. We will need to reexamine this in the next budget cycle and agree on another metric upon which to build budget estimates. The total donors, or some combination of various donor levels and types is the logical starting point. On a similar note, Shane is going to ask for a policy manual change concerning the required membership report.

Reserve Requirement: the reserve requirement (Article 5, Section 5, Paragraph B) requires an average of 2.5% of Budgeted Revenue, with 2% of Budgeted Revenue in December. We have been seriously out of compliance with the current reserve requirement across this complete LNC term. As I have previously stated, the policy is reasonably functional for our business model. If we can develop a larger portion of our revenue from the Pledge program, enough to cover the majority of our core monthly expenses (occupancy, operations, payroll), a lower reserve requirement may be reasonable. Again, as previously stated, without a cash reserve the LNC needs to be very rigorous in managing cash and payables. The LNC's ability to come into compliance with this Policy post convention should be given considerable attention.

Accounts Payable/Receivable:

The AP has consistently trended down since January 2006. The largest, oldest payable is Paula Edwards. She delayed billing us until January, 2006. It is my understanding that we have not received a bill to date for her work in 2006, and are making payments on the 2005 billing. Although I empathize with the staff's difficult decisions on cash management, the delay in payments to Warner, Norcross & Judd is an irritant. Their services are provided at a significant discount, and are highly valuable.

BUDGET TO ACTUAL:

The YTD fundraising revenue as of May 31, 2006 was +\$10,000 (2.3%) above budget. This includes the \$9,405 raised for Penn and Teller (Media). In the Contributions category, the significant shortfall in Direct Solicitation line and modest shortfall in the Pledge line were more than offset by the performance of general fund raising (Donations line).

LP News revenue is modestly behind budget. However, it needs to be noted that a substantial portion of this revenue is an

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internal accounting transfer. This reportedly accounts for almost 50% of the total revenue. This revenue shortfall is compounded by the serious problems with collections for LP News advertising. LP News expenses are below the budgeted expectations. The only notable Project revenue is the LLS, which has been operated profitably. Management expenses are \$4,446.97 below budget (1.5%). However, we haven't received a billing from Paula Edwards for 2006 services (Professional Services), which are estimated to be \$7,500 through May. We have not significantly used the budgeted lines for Donor Acquisition (9,679.78 of \$12,500 unused) with no reported revenue. The \$9,300 expense for Penn and Teller (DS Media) was unbudgeted. As a result, the contributions expenses have exceeded budget by \$7,138.

Notably, none of the budgeted funds (\$4,166 YTD) for Direct Solicitations have been spent (and no Direct Solicitation Revenue has been raised), donations expenditures are \$4,351.49 ($\pm 10\%$) over budget, and pledge expenses are \$2,347.13 (23.5%) under budget.

Convention:

We are going to have a deficit on the convention. The question is how much.

In reviewing prior Treasurer reports, there were several (strongly worded) warnings about the potential for losses on the convention. The problems began with the "political" choice of the convention siting, without adequately researching the attendance potential and related factors, and continued through the LNC not reviewing and approving a budget for the convention."

Fundraising: ensure that a regular schedule of fund raising letters is maintained. The lack of regular fund raising letters was the major cause of the LNC's financial problems in fall 2002. focusing direct mail fund raising on the segment of our list that has shown a historical expectation that it is likely to respond, plus untested donors, to increase the revenue per letter mailed. implementing a system of versioning and targeting direct mail fund raising to increase the revenue per letter mailed. use the expense savings from the lower level of house mailings to increase new donor prospecting. plan for an earlier drop and lower expenses for the annual report in 2006. the board become active in developing the pledge program by systematically contacting dropped pledgers to determine potential reasons for the drop in pledge revenue. staff implements a plan to aggressively prospect past pledgers, and current donors who have given to more than one letter, or have given over a certain threshold, for the pledge program. develop an external incentive for joining the pledge program, such as free travel and hotel for the 2006 convention, or invites to other events or other premiums. maintain a high level of professional contact with the direct solicitation donors, and continue to develop this program. consider ceasing the activities of the newly created congressional committee to limit competition to our core fund raising.

From the minutes of the July 3 meeting, we have the Execu-

tive Director's report on the convention including:

"\$27,474 was collected on site; Shane paid a \$31,417 hotel bill that morning; A \$7000 AV bill will be coming soon; We did not meet our commitment of 1400 room nights; The bottom line P&L will be available sometime later." [GP: Correction to last issue. I had thought I had heard \$27,474 identified as the Fund-raiser Banquet income; it was funds raised, from all sources.]

Of great interest is Jeremy Keil's report on a marketing survey on libertarian issues. Few voters agree with us on a large number of issues. The marketing survey uncovered a new population, which Mik McWilliams, who conducted the survey, characterized as 'right wing authoritarians'.

The National Committee asked EntCo (Terry Quick's company) to recommend within 30 days on possible sites for the next National convention. From the gallery, Jim Duensing of Nevada noted holding a 2008 convention in Texas might be perceived as delivering an unfair advantage to Badnarik against other candidates.

National Party Membership

We have had a series of inquiries about our headline of the prior issue, namely that the National Convention had restored dues. Because the details may not be familiar, let us recap:

First, the National Party for a very long time has always used the same definition of 'membership', namely you are a member if you have taken the pledge. However, there was a separate status for members whose dues are current: These were the people who were counted for Regional apportionment, etc.

Last year, the National Party reduced dues to zero, making the two sorts of membership the same. It was not apparent that this change in dues was consistent with Party Bylaws. At the National Convention, the Bylaws were changed by creating a new category 'Sustaining Members', defined as people who are members and who have given \$25 to the National Party in the last year, or who are life members. The Sustaining Members are exactly the same in all respects except one as were the old members whose dues were current, the exception being that 'dues' are now referenced as 'contributions'. The definition of 'member' was not changed. You are a member if you have taken the pledge and have not revoked it.

Platform Changes

There is great controversy over the 2006 platform changes. As an eyewitness, I would recall that there has always been a moderate vote to eliminate each plank. John Roland on several lists correctly notes that the LNC forgot to hand out copies of the platform being voted upon; many people voted against blank checks. Another group of people were unhappy either with the amendment process (glacial) or the 2004 platform rewrites (turgid, clumsy). Finally, one of the several libertarian reform groups organized an effort to reject some of the planks, but certainly not anything like 58 of the 61 that were I gather initially voted down. The immigration plank amendment was basically driven by one man, the chair of the platform committee. Notions that the reformers took over all control—they certainly were active—have been exaggerated a trifle in the telling.

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(Continued from page 1) [LNC Enters MA Ballot Access]

valid signatures to gain access to the ballot in Massachusetts. If we meet this challenge, Bill Hees, who has volunteered to run for state treasurer, will appear on the ballot. This is a two way race and Bill would be running against a Democrat.

If our candidate obtains at least 3% of the vote (a cinch under the circumstances), we will become a qualified party again in Massachusetts (the nation's 13th most populous state), and our 2008 presidential candidate would be placed on the ballot there with no further petitioning.

If we wait to petition until 2008, we will have to gather 10,000 valid signatures (double the current number) to get our presidential candidate on the ballot in MA.

Let me be clear that Mr. Hees has stepped up to the plate and volunteered to run just so that we can obtain ballot access for an important election year. I applaud his willingness to help his Party in this way.

We have 16 days to get 5,000 valid signatures so we will have to turn in approximately 8k to 10k raw signatures. Since time is short, so we'll have to call in paid signature collectors to get the job done.

Typically, these signature collectors will charge \$2 per signature. That means that we have to raise at least \$16,000 to meet this challenge.

I need you to make a donation today and help out this important cause and a chance to save big money over the next two years by going to www.lp.org/members/ballotaccess.shtml.

With 30,000 people on this e-mail list, we can expect 20% to actually open this message. Of that, hopefully at least 5% will make donation. I sincerely hope that you choose to be one of those 300 people that will help your Party today.

With so few people giving to meet a goal of \$16,000, that means that our average contribution must be about \$53. I know that it is quite a bit to ask for, so please give what you can, whether ten dollars or a thousand. Every bit helps so go to <https://www.lp.org/members/ballotaccess.shtml> to donate.

Since we have so little time, we'll have to raise this money in full by this coming Tuesday. If we can't meet our goal then I pledge to you that your donation will be set aside for future ballot access efforts.

Also, if you are in Massachusetts and can assist with the petitioning, please contact our headquarters office (1-800-Elect-Us) and speak with Matthew Dailey or John Labeaume.

If you have any questions please don't hesitate to e-mail me at chair@lp.org. For more immediate needs, feel free to call our executive director, Shane Cory at the number above.

Thank you again for your commitment to the Libertarian Party and I appreciate your support.

Best Regards,

William Redpath
Chair
Libertarian National Committee"

This message came as a great surprise to many Massachusetts Libertarians, in that the National Committee had not discussed their scheme with the LPMA State Committee prior to launching their fundraising drive. Indeed, LNC member sentiment expressed to me is that this fundraising campaign is a private effort by the LNC Chair, that was not approved by the LNC.

As many readers are aware, the Libertarian Party of Massachusetts already has ballot access. Our candidate for partisan office, Bob Underwood, will appear on the ballot with *Libertarian* by his name. The only positive change in ballot access is that if the LPMA becomes a Major Party, the LPMA state committee can put a candidate for President on the ballot without collecting any signatures.

The announcement also came as a surprise to many Massachusetts Libertarians because Massachusetts Campaign Finance laws are extremely specific. A national group that wants to spend money to influence Massachusetts nonfederal elections must form a state PAC with its own bank account and treasurer, and may not raise money until after the OCPF has approved the registration. Furthermore, PACs are legally restricted in their campaign donations: They are not allowed to give a candidate for Massachusetts nonfederal office more than \$500. It was not clear how the LNC intended to spend the money it raised in accordance with state law.

(In prior election cycles, the LNC invested in supporting candidates for US Senate, and did not directly intervene to support candidates for nonfederal office.) Details on state law are found in the PAC Guide <http://www.mass.gov/ocpf/guides/pacguide506.pdf> and in other regulations posted on the OCPF web site.

On the favorable side, Bill Hees appointed as his campaign Treasurer Mr. Walter Ziobro, who is undoubtedly one of the LPMA's leading experts on state campaign finance laws, and who has assured us that Bill Hees will conduct his campaign in full accord with state law. Our sources indicate that LNC Chair Bill Redpath also finally consulted with the LPMA State Treasurer, who is entirely equipped to explain how our state campaign finance laws work.

The LPMA itself has no money in its OCPF (state) bank account. Indeed, the account was recently closed and is being transferred to a new bank. It is entirely possible for the LPMA to deposit the income from its state convention into its state account, in which case any convention surplus will improve the LPMA's ability to support nonfederal candidates in future elections. It appears likely that after September there will be changes in the LPMA State Committee, which may lead to increased fundraising and other libertarian political activity within Massachusetts.

stant, month after month, for the first half of the year, showing

Month	Income	Net	Cash	Debt
November	76	-35	-17	66
December	81	3	-14	110
January	93	25	11	140
February	97	-3	8	138
March	150	-4	4	128
April	106	0	4	110
May	115	11	15	116
June	103	-7	7	120

"Net" is the difference between receipts and expenditures. For the first half of the year, the LNC took in \$664,000 and spent \$642,000. The income includes \$83,000 from the annual report, and an unspecified amount for convention income. Monthly underlying income for the LNC excluding these special events is therefore under \$100,000 a month.

The Badnarik Campaign reported its second quarter income and outgo. In April-June 2006, the Badnarik campaign raised (all numbers truncated) \$95537 and spent \$138184 leading to a cash on hand at the end of the period of \$9504. The famous billboards were covered by three payments of \$5250, \$3950, and \$8819, a total slightly above \$18,000. There were also materials expenses related to the billboards and other events. Other advertising expenses included an email broadcast for \$252, not to mention

Advertising: 1000 smile/liberty stickers \$431.92
 Advertising: 2 corplast signs \$97.42
 Advertising: 2000 bumper stickers \$863.84
 Advertising: 240 smile stickers \$129.9
 Advertising: concert ad \$384
 Advertising: copies & ad. tools \$124.45
 Advertising: full page color ad--concert \$1745
 Advertising: materials for sign boards \$197.42
 Booths and a concert cost \$125, \$650, \$55, and \$55, including the Pride Festival and Gun Shows.

Three payments of \$3000 were made to Entco International (the people who ran the National LP convention) for "on&in delegate binders/name sp", the Badnarik advertising in the convention delegate package.

For the period, campaign management services to Articulate Management accounted for disbursements of 10000, 11500, 7500, 5000, 1500, 5000, 7500, 3000, 1750, and 5000, a total of \$57,500 dollars. Another \$4250 went to Aldrich Partners, 1721 Novato Boulevard Apt. 11 Novato, California for Publicity and GOTV consulting. Complete Campaigns, 610 Gateway Center Way Suite K, San Diego, received \$500 a month for data base management, a total of \$1500. \$9162 went for office rent for three months. There are a long list of business meals. In a district two hours across, they are all in Austin.

You can do the numbers yourself. At this point, the Badnarik campaign is spending over 70% of its income on 'campaign management' and back-office support expenses.

Condemn The Grandchild Tax

There is no more terrible inheritance for our children and our children than *the grandchild tax*: The National Debt. The National Debt is the ultimate form of taxation without representation. The people being taxed not only aren't represented, they haven't all been born yet. Of all the taxes that the Federal government levies, *the grandchild tax* is the least fair.

America's fiscal problems, including *the grandchild tax*, can be solved by putting government in the hands of grownups, people who know what responsibility is. Putting government in the hands of grownups is the opposite of leaving government in the hands of the fiscally-irresponsible American conservative movement.

How do grownups manage their fiscal problems? They set a budget, and they stick to it. They recognize that paying off debts comes first. Everything else comes later. We must spend less, unless Congress insists on taxing more. There will be whiners chanting 'you can't cut...' whatever. They are wrong. We survived before without all sorts of Federal Programs, and we will again.

Let's start with paying off our debts. The National Debt is over 8 trillion dollars. That's close to four times Uncle Sam's yearly tax income. We can't pay off the national debt all at once, not from tax revenues. Nor can we pay the debt off by selling Federal assets, because there isn't that much free capital waiting to buy them, assuming that we want to sell. Fortunately, there is another approach to discharging the national debt. It's the same one that families use.

First, you stop spending beyond your means. Shredding the credit cards is usually a good start.

Second, at the start of every month you pay the interest, and then some more. The rest of the month, you live on what is left. As time goes on, the debts get smaller. More and more of your payment is principal. Less and less is interest.

The same approach will let us solve the national debt challenge.

First, we stop running budget deficits. Rigorous application of the Presidential Veto pen can move us in the right direction.

Second, the United States already pays its 'credit card companies', the people who hold Treasury Bills, hundreds of billions a year. To end those payments, we must first increase them by a quarter or a third, and run the government on what is left. Even in four or six years, we will start to see the rewards of ending *the grandchild tax*--the national debt. *Ending the Grandchild Tax* is the most important gift we can possibly leave to our children and grandchildren.

How will ending the National Debt benefit America?

First, ending the National debt will free 8 trillion dollars in capital. Those 8 trillion dollars will be invested elsewhere, in better jobs, more effective education for our children, better living through medical research, and a more prosperous America.

Second, reducing the national debt will lower interest rates. Lower interest rates means it will be cheaper for everyone else to borrow money and invest it wisely.

Third, reducing the national debt will reduce competition for scarce investment capital. When the Federal government sells bonds, it is selling some of the safest investments in the world. Those extremely safe investments compete with non-Federal investments, squeezing Americans out of the capital market.

Fourth, moving to end the National Debt will show that grownups are now in charge in Washington. Reassuring foreigners and Americans that Washington is once again being run by grownups will bolster confidence in America.

Finally, on rare occasions catastrophes happen. A sound libertarian foreign policy will do much to avoid foreign wars, but sometimes war will happen regardless. When the national debt is lower, freedom to cope with unexpected emergencies becomes larger.

It's time to end the grandchild tax, the worst gift we can possibly leave to our grandchildren.

George Phillies

<http://www.phillies2008.com>