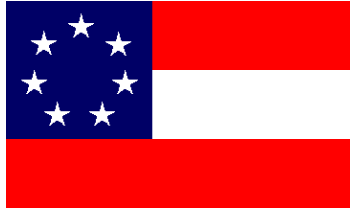
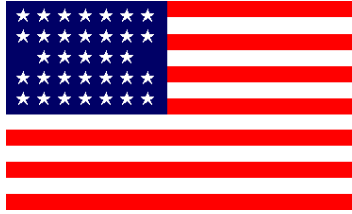


WALTER COFFEY

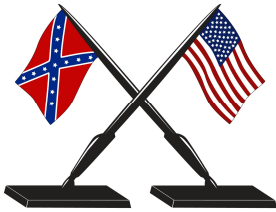


OFFICIAL MONTHLY NEWSLETTER



Volume 12
December 2009
www.WalterCoffey.com

FROM THE AUTHOR



Greetings from the writing cave in Houston, Texas! The end of 2009 is right around the corner. Where has all the time gone?

This past month, I was privileged to work with Waul's Texas Legion, a unit of the Sons of Confederate Veterans, at the Liendo Plantation in Hempstead, Texas for the annual Civil War Weekend. It was great to sign some books and meet people who honored their heritage by remembering the most terrible war in our country's history.

Unfortunately we had to say goodbye to the puppy we adopted in October. Bosco proved to be too much for us to handle, especially when it came to our little 16 year-old dog who is going deaf and blind. We were afraid that Bosco's playfulness may hurt her, and so we sent him back. We hope he found a nice family who will give him lots of love, affection and discipline.

Another Thanksgiving has come and gone. Thanksgiving is my favorite holiday because all you have to do is eat! I am eternally thankful for my good health, my family and friends, and for all of you who support my work.

Now we're getting ready for another Christmas season. I love the spirit of the holidays, but I hate the shopping. I wish the holidays would be more about the blessings we all have than what we can buy each other. Gianna and I will be spending Christmas here in Texas with family, which should be lots of fun. Family and food is what's it all about!

As far as work goes, if all goes according to plan, *The Confederate Trust* should be completed by the end of this month. I will then submit the book for publication and it should be available before spring 2010. I've been working on this book for nearly a year now, and I will be very relieved when it's finally done!

In addition, I've included two articles in this newsletter about contemporary events that I've written this past month. I especially spent a lot of time researching the article concerning health care because I feel that if government takes over our health care, the days of our liberty may be numbered.

As always, thanks to all of you who subscribe to my newsletter, and until next time...

DECEMBER 1861:

ENGLAND THREATENS WAR WITH THE UNITED STATES

The first winter of the war began. In the North, December opened with excitement turning to anxiety about the *Trent*, the British steamer that had been intercepted by the U.S. Navy last month. The second session of Congress opened and President Abraham Lincoln delivered his first State of the Union message. Criticism grew about the lack of action

by the Army of the Potomac.

In the South, outrage over the *Trent* affair shifted to hopefulness that a war between the U.S. and Britain could help the Southern cause. Concerns were voiced about a potential shortage of manpower and war materiel due to

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

the Federal naval blockade, but thus far supplies were plentiful. The month began with most Southerners cautiously optimistic.

The Trent Affair

The U.S. seizure of the British mail steamer *Trent* on the high seas began attracting controversy. Northerners initially approved of the action but when news from England showed outrage, many changed their minds.

The British minister in Washington, Lord Lyons, firmly demanded from Secretary of State William Seward that the Confederate emissaries captured aboard the *Trent*, James Mason and John Slidell, be released to Britain. Mason and Slidell had slipped through the Federal blockade and were en route to Britain and France to negotiate foreign recognition for the Confederacy.

As President Lincoln and his Cabinet discussed what should be done, Britain dispatched two troop transports for Canada. The troops were instructed to prepare for an invasion of the U.S. if it did not comply with Britain's demand. Lyons wrote that the U.S. needed to be taught a lesson, and Southern newspapers gleefully reported the possibility of war between the U.S. and Britain. Such a war would force the U.S. to fight on two fronts against Britain in the North and the Confederacy in the South, thus greatly increasing the chance for Southern independence.

Soon public opinion turned against keeping the captured emissaries from the *Trent*. After a Cabinet meeting on December 26, Lincoln decided that the seizure of Mason and Slidell was illegal, and they would be surrendered to Britain. The U.S. swallowed its pride and turned the emissaries over so it could fight, as Lincoln put it, "One war at a time."

The surrender of Mason and Slidell hindered Confederate chances for foreign recognition. Northerners were relieved that the *Trent* affair was over.

Washington

The second session of the Thirty-Seventh U.S. Congress convened. Thus far the U.S. was losing the war, having sustained disasters at Bull Run and Ball's Bluff, along with the *Trent* embarrassment. Many expressed discontent and doubt about the Lincoln administration's ability to handle the crisis.

In his first State of the Union message, Lincoln stated, "The Union must be preserved, and hence, all indispensable means must be employed." He claimed that the insurrection was a war upon "the rights of the people." In general, Lincoln thought the U.S. was in good shape and he called once more



-- Lord Lyons, who believed that the U.S. needed to be taught a lesson. Only through delicate diplomacy did U.S. avoid war with Great Britain.

for a plan to colonize slaves in Africa. Lincoln concluded: "The struggle of today, is not altogether for today—it is for a vast future also."

Following lengthy discussion about military "disasters," the House and Senate voted in favor of creating what became known as the Joint Committee on the Conduct of the War. This committee interrogated several military figures in the course of the conflict, and critics later charged the committee with political bias as it tarnished many reputations.

Congress voted to increase taxes on tea, coffee, sugar and molasses to finance the war effort. In addition the U.S. government and many leading banks suspended specie payment, or the system of redeeming paper money with gold or silver. Detaching the U.S. currency from its specie backing enabled the Treasury to print paper money to finance the war, thus causing inflation.

Virginia

In Richmond, newspapers increased their calls for military action to end the war. Politicians continued arguing that the Confederate armies were not well enough equipped to begin offensive operations.

The Confederate Congress admitted Kentucky into the C.S. as the 13th state. However the Kentucky C.S. government found itself either in exile or continuous movement throughout the war, much like the C.S. government in Missouri.

In western Virginia, Federal and Confederate forces clashed at Cheat Mountain. Both sides withdrew after sustaining casualties with no ground being gained or lost.

Western Theater

In Kentucky, there was continuous skirmishing throughout the state as the neutrality originally proclaimed was

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

completely disregarded.

In Missouri, President Lincoln instructed the new department commander, General Henry W. Halleck, to suspend the writ of habeas corpus wherever he found necessary. Halleck soon suspended the writ in St. Louis and jailed many opponents without charges or trial.

Naval Operations

Federal forces reoccupied Ship Island, Mississippi in the Gulf of Mexico. This could be used as a staging area for an invasion of either New Orleans or Mobile, Alabama.

The Federal Navy tightened its grip on the Atlantic Coast. Confederate blockade runners were captured off Cape Fear and Cape Hatteras. Federal Marines expanded their foothold at Port Royal Sound, South Carolina and began threatening Hilton Head Island.

In the Carolinas and Georgia, farmers continued burning

crops to prevent them from being seized by the Federals. They also hoped to create an international cotton shortage that would prompt foreign nations to recognize the Confederacy to get their cotton.

Conclusion

By month's end, the Federal and Confederate armies were digging into winter quarters. Many lonely soldiers spent their first Christmas away from home. While few grieved the passing of 1861, many wondered what 1862 would bring.

In Washington, Lincoln's troubles with his commanders were mounting as General George McClellan in the East refused to move and Generals Halleck and Don Carlos Buell in the West refused to coordinate their efforts. In Richmond, many celebrated having survived their first year but there was still much doubt as to whether or not they could remain free from Federal control.

U.S. HISTORY: PROHIBITION IS REPEALED!



-- The end of Prohibition sparked massive celebrations as alcohol was legal once more.

On December 5, 1933, the Twenty-First Amendment to the U.S. Constitution was ratified. This cancelled the Eighteenth Amendment, which had prohibited the manufacture, distribution and sale of alcohol in the U.S. Prohibition had proved unpopular in the 13 years of its enforcement, thus prompting a call to end it once and for all.

Background

Religious figures and temperance advocates within the early 20th century Progressive movement had pushed for a nationwide ban on alcohol for many years. Many groups, including rural Methodists and Baptists of the Anti-Saloon League, feminists from the Woman's Christian Temperance Union, and urban Progressives lobbied the federal government for a constitutional amendment prohibiting alcohol. Their efforts led to ratification of the Eighteenth Amendment in 1919.

Under the new law, any drink containing over 0.5 percent alcohol was prohibited in the U.S. This ushered in the era of Prohibition. Critics called the law a "noble experiment," while many predicted that soon Americans would not remember alcohol. However Prohibition, a crowning achievement of Progressivism, proved extremely unpopular.

The Lawless 1920s

Almost immediately, hardware stores began selling portable stills and secret, illegal bars called "speakeasies" began opening. Within one year, bootleggers were thriving on the illegal alcohol market and people were making their own homemade beer and bathtub gin. Prohibition spawned a new era of lawlessness and mayhem.

By 1923, about 5,000 speakeasies operated in New York City alone. Nightclubs evolved from the old cabarets. The smuggling of alcohol and the homemade brew was not subject to health inspection. Consequently in 1926 alone, about 2,000 people died from poisoned alcohol. Meanwhile within six years the illegal liquor trade had generated an estimated \$3.5 billion. Corruption among law enforcement ran rampant as many police officers either participated in the illegal activity or were paid off to allow it to continue.

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

The Clamor for Repeal

Many who had initially championed Prohibition now began calling for it to end. Testifying before Congress, witnesses claimed that the law caused an increase in crime and insanity. Seven million people signed petitions denouncing Prohibition and its “evil” effects.

Soon politicians began openly denouncing Prohibition and refusing to enforce the law. As the 1930s began and the U.S. entered the Great Depression, many Americans eager for any kind of relief began protesting Prohibition. In May 1932, “We Want Beer” marches were held in several major cities.

By 1932, it was clear that drinking had increased under Prohibition. The speakeasy had replaced the saloon, and a new group of lawbreakers who had otherwise been upstanding citizens emerged. Many openly showed blatant disrespect for the law and crime in the U.S. reached unprecedented levels.

Ending Prohibition

In January 1933, Congress legalized beer that was 3.2 percent alcohol. However this did not appease those who wanted full repeal, and it was clear that a constitutional amendment would be needed to end Prohibition. In

February, Congress introduced the Twenty-First Amendment, repealing the Eighteenth and ending Prohibition.

The Constitution can be amended by either a vote of three-fourths of state legislatures, or a three-fourths vote of special state conventions. Because many feared that the temperance lobby in various states would reject repeal, it was decided to ratify the amendment through special state conventions. This marked the first and only time that state conventions were used to ratify a constitutional amendment.

On December 5, 1933, the state conventions approved the Twenty-First Amendment, thus repealing Prohibition. This is one of only two amendments that prohibit private conduct; the other (the Thirteenth) prohibits persons from enslaving others. It is also the only amendment that was expressly ratified to repeal an existing amendment.

Many celebrated the end of an oppressive era, as Prohibition had proved to be yet another Progressive attempt to control individual behavior that brought harmful, albeit mostly unintended, consequences.

BOOK REVIEW:

***1776* by David McCullough**

Esteemed historian David McCullough covers the military side of the momentous year of 1776 with characteristic insight and a gripping narrative, adding new scholarship and a fresh perspective to the beginning of the American Revolution. It was a turbulent and confusing time. As British and American politicians struggled to reach a compromise, events on the ground escalated until war was inevitable. McCullough writes vividly about the dismal conditions that troops on both sides had to endure, including an unusually harsh winter, and the role that luck and the whims of the weather played in helping the colonial forces hold off the world’s greatest army.

He also effectively explores the importance of motivation and troop morale—a tie was as good as a win to the Americans, while anything short of overwhelming victory was disheartening to the British, who expected a swift end to the war. The redcoat retreat from Boston, for example, was particularly humiliating for the British, while the minor American victory at Trenton was magnified despite its limited strategic importance.

Some of the strongest passages in *1776* are the revealing and well-rounded portraits of the Georges on both sides of the Atlantic. King George III, so often portrayed as a bumbling, arrogant fool, is given a more thoughtful treatment by McCullough, who shows that the king considered the colonists to be petulant subjects without legitimate grievances—an attitude that led him to underestimate the will and capabilities of the Americans. At times he seems shocked that war was even necessary. The great Washington lives up to his considerable reputation in these pages, and McCullough relies on private correspondence to balance the man and the myth, revealing how deeply concerned Washington was about the Americans’ chances for victory, despite his public optimism.

Perhaps more than any other man, he realized how fortunate they were to merely survive the year, and he willingly lays the responsibility for their good fortune in the hands of God rather than his own. Enthralling and superbly written, *1776* is the work of a master historian.

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

RECENT ARTICLES BY WALTER COFFEY

WHAT CAUSED THE RECESSION? 11/10/09

To end the economic recession, we must realize what caused the recession in the first place.

Many economists are optimistic that the recession is nearly over. They point to a Commerce Department report showing that the gross domestic product (GDP) and home purchases rose in the third quarter as the reason for their optimism. However this fails to take into consideration what caused the recession in the first place.

The recession was mainly caused by the Federal Reserve System supplying too much cheap credit in the form of low interest rates. This cheap credit enticed people into buying cars and homes they couldn't otherwise afford. So what is the administration's solution? Supply even more cheap credit with even lower interest rates, and provide a "cash-for-clunkers" program and a tax credit to first-time homebuyers. This only encourages even more irresponsible consumer spending.

When economists hail the rise in the GDP, they fail to take into account that the rise is mostly attributable to all the cars and houses bought by the "cash-for-clunkers" and first-time homebuyer-tax credit programs. Since these programs have been discontinued (although there is talk of extending the

home tax credit), it is likely that the GDP will dip again in the fourth quarter. In addition, these government programs require more taxing, borrowing and printing to pay for them, and ultimately they only increase the already overwhelming federal deficit.

Meanwhile banks and auto companies are being bailed out by the government using more money the government doesn't have. A trillion-dollar healthcare bill just passed the House of Representatives (H.R. 3962), a cap-and-trade bill is being debated that could tax many businesses into oblivion, and there is even talk of a second stimulus plan. Based on these facts, a slight increase in the GDP in a fiscal quarter is no reason to celebrate.

The unemployment rate has exceeded 10 percent, and it may even be closer to 20 percent when counting those no longer collecting benefits or looking for work. This means that less goods and services are being produced, and with the government borrowing and spending at the same time, the logical end will be the same skyrocketing inflation that crippled the U.S. economy in the 1970s.

Based on the profligate borrowing and spending by the federal government, along with rising unemployment and a doubling-down on the irresponsible policies that caused the recession in the first place, it seems apparent that the worst is yet to come.

A CASE AGAINST GOVERNMENT-RUN HEALTH CARE 11/30/09

While many hail government health care as long overdue, a closer examination reveals that if implemented, it will pose the greatest threat to individual liberties this country has yet seen.

In November the House of Representatives passed H.R. 3962, which provides federal reform of the health care industry. In addition the Senate voted to begin debate on a health care reform bill of its own. As this nation comes dangerously close to the specter of socialized medicine, we must examine the case against government intervention in the health care industry if we are to maintain our individual liberties.

Unsustainable Expenditures

Regardless of whether or not federal (i.e., socialized) health care should be part of health care reform, the simple fact is that this country cannot afford such a massive expenditure at this time. This country is currently languishing in an economic recession and the federal deficit is higher than it has ever been. Despite claims that a health care program will be "deficit neutral," the truth is that somebody always pays the price for government intervention.

The non-partisan Congressional Budget Office has estimated that health care reform would cost nearly \$900 billion over 10 years. Meanwhile the trust funds for other federal programs—Social Security, Medicare and

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

Medicaid—are nearly gone. How can such a fiscally irresponsible government be trusted to run a program that could control nearly one-sixth of the country's entire economy?

The Chinese government, which has bought much of America's debt, has expressed concerns that such a massive federal program could be unsustainable. The fact that a communist regime doubts the fiscal policies of a capitalist country should be enough to show that such expenditures are not wise at this time.

Unsustainable Costs

Proponents of a federal health care program argue that it is necessary to control health care costs. However history shows that when government attempts to control costs, it usually inflates them instead. This distorts the free market, and free market distortions always bring unintended consequences.

It is no coincidence that health care prices have skyrocketed the past 40 years, *after* the federal government imposed price controls through the Medicare and Medicaid programs. The failure to control costs through these programs shows that what is needed is not more government intervention in the health care industry, but *less*.

Excessive Taxation

The proposed bills feature a lengthy list of new taxes that would be imposed to pay for this massive new program. The wealthy would be taxed more. Private insurance plans would be taxed more. Employers would be taxed more. Imposing new taxes during a recession when everyone is struggling, even the wealthy, will only make the current economic situation worse.

There is a limit to how much the government can tax, borrow and print. There is also a limit to how big a tax burden can be placed on the people before there is resentment and resistance. Excessive taxation will bury this country in insurmountable debt and turn this and future generations into permanent tax slaves.

Reform Current Programs First

Current federal health care programs include Medicare for the elderly, Medicaid for the poor, and SCHIP (Supplemental Children's Health Insurance Program) for children. All these programs are swimming in debt, fraud, waste and abuse. The end result is that despite these well-intentioned government programs, it's more difficult than ever for the elderly or the poor to receive adequate health care. Why should a new program be implemented that will be susceptible to the same

inefficiency and corruption without first fixing what already exists?

Inevitable Health Care Rationing

Those advocating a federal health care program proudly declare that 40 million more Americans will be insured. However there is no plan to increase the number of doctors, nurses, hospitals or clinics to accommodate all these new patients. Therefore demand will exceed supply, and the inevitable end result will be health care rationing, much like what currently happens in other countries with socialized medicine such as England and Canada.

When health care is rationed, government bureaucrats will decide who is most deserving of care. The first group to be excluded will be seniors because time and resources will not be spent on those who will die soon anyway. Rationing reduces personal choices, makes health care less accessible, and inevitably lowers quality. All of these add up to less individual freedom.

Infringements on Freedom

Any federal health care program could give the government dangerously excessive (and unconstitutional) authority over personal lives, potentially turning American society into an Orwellian nightmare.

Various portions of a federal health care plan can give government access to bank accounts and financial records, which violates civil liberties. Once these records are obtained, the government can then determine whether or not people can afford the services they need and whether or not they are worthy to receive health care.

In addition, a portion of H.R. 3962 states that if a person chooses not to purchase health insurance, he/she is subject to either a fine or imprisonment. This is an unconstitutional infringement on individual freedom. Many studies have shown that the vast majority of people without health insurance:

- Are illegal aliens;
- Qualify for an already existing government program but have not signed up; or
- Simply choose not to participate

People must be granted the freedom to choose whether or not they want health insurance.

Rewarding Inefficiency

If a federal health insurance plan is implemented, private insurance plans will be adversely affected because private

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

plans will not be able to compete with a federal plan. After all, the federal plan will be funded by taxpayer dollars and thus does not need to be efficient or profitable to survive. Quite the reverse—the more inefficient the government plan is, the more tax dollars will be pumped in to keep it propped up.

Since a federal health care plan will be cheaper than private plans, employers will inevitably switch to the federal plan for their workers. Private insurance cannot compete with a federal plan that doesn't have to operate on a budget, doesn't have to be efficient, and can never go bankrupt because it will be funded by an endless stream of tax dollars.

The End of American Innovation

People come to America from all over the world for health care because the free market sparks the innovation needed to provide the most advanced care. With government intervention, the free market cannot operate properly. Government intervention can kill the motivation to innovate.

Questions the Government Cannot (or Will Not) Answer

Before any bill is passed, Congress and the president must be forced to answer the following questions:

- How can this country afford a federal health care program when it will be \$9 trillion in debt in 10 years (White House numbers), even *without* the projected \$900 billion cost of the program?
- Why wouldn't employers select the federal health care plan when it is cheaper and they will be penalized if they don't offer health insurance to their employees?
- People travel to America from all over the world for health care because we provide the world's best health care through continuous innovation. That innovation is sparked by capitalism. Why spend time, resources and money to develop medications to fight diseases when the government will dictate what kind of care the people should get?
- If millions more people are insured without any plan to hire more medical personnel, how can there not be rationing?
- If more people are insured, that means more people will seek health care. Where will all the new doctors and nurses come from to meet this increased demand?

- How can health care spending be cut by ridiculously *adding* \$900 billion to health care spending?
- How can we be expected to fund a program that will conceivably comprise one-sixth of the national economy when we are mired in a deep recession?
- If a government cannot run Social Security or Medicare, cannot help citizens recover from a hurricane, cannot manage a stimulus program or a simple cash-for-clunkers tax dollar redistribution scheme, how can it possibly manage something as comprehensive and enormous as health care for all?
- Why should federal intervention in health care even be debated? No government bureaucrat should be able to tell an American how to handle his/her health. Personal health is a private issue between a doctor and patient.
- And perhaps most importantly: where in the Constitution does it empower federal politicians to manage individual health care? Under the Tenth Amendment, all powers not expressly delegated to the federal government (including health care) belong to the states or the people. Health care should be a state, not a federal, issue.

Potential Solutions

Below are some potential reforms that could be made to the health care industry based on free market principles; none of which were adopted in either the House or Senate reform proposal:

- Adopt tort reform to make it more difficult for doctors to be sued for medical malpractice, to cap malpractice settlement amounts, or to initiate a "loser pays" system whereby those suing for malpractice must pay court costs if they lose the case.
- Give tax breaks to citizens who voluntarily buy a private insurance plan.
- Give tax breaks and incentives to private insurance companies to sign on citizens regardless of pre-existing medical conditions.

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

- Allow citizens to establish their own private health savings accounts, which can be used in case of catastrophic medical illnesses to offset costs.
- Initiate reforms to purge the fraud and bureaucratic inefficiency that plagues current federal health care programs (i.e., Medicare, Medicaid and SCHIP).
- Investigate and penalize businesses benefiting from fraud and overpayments in the Medicare/Medicaid system.
- Abolish special interest lobbying by pharmaceutical companies; the Medicare Prescription Drug Act was essentially written by the drug companies and business must not be granted that kind of influence over legislation.
- Privatize Social Security and Medicare by giving citizens the option to either have expenses for these programs deducted from their paychecks or to establish their own private savings accounts. The option to take the control out of government hands will make these deductions less vulnerable to mismanagement and waste.
- Offer a membership program that allows citizens to buy a membership for a set fee directly from a hospital or doctor that would cover routine procedures.
- Allow doctors more freedom to operate cash-only practices, make house calls, or determine their own patient loads. In other words, allow doctors the choice to operate outside the current bureaucratic system if they desire.

Unfortunately the proposals being made in Congress disregard these free market solutions, and federal intervention in the health care industry will only make all the aforementioned potential reforms more difficult to implement in the future.

Conclusion

While free health care for all sounds wonderful, the federal health care programs being proposed should scare anyone who opposes government intrusion into their private lives. This legislation, if ever placed in the wrong hands, could severely curtail individual freedom. George W. Bush threatened civil liberties through the military; Barack Obama is planning to do the same through mandatory federal health care. Both equally threaten American liberty and should be opposed.

The free market, not politicians or lobbyists, should decide how to operate the health care industry. The sovereignty provided to the states and the people under the Constitution must not be sacrificed in the name of free, universal health care.

Health care is among the most sacred, personal and private rights any citizen could have, and to put it in the hands of government bureaucrats would surrender many freedoms that generations of Americans have fought so hard to preserve. If the government controls the health care of private citizens, it will become the master, rather than the servant, of the people.