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# FRED SAUER

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UPDATE

## “Right to Work” & Missouri

Dear Friends,

This month in the Missouri Legislature, twenty Republicans sided with the Democrats in opposing the proposed override of Governor Jay Nixon’s “Right to Work” veto. This was a very important vote that will have significant repercussions on the Missouri economy, and so on each one of us. To explain this in a little more depth, I have released a new booklet detailing why our economic enslavement to mandatory union membership is killing our ability to compete against other States who have Freedom to Work.



The report, *How Special Treatment For 11% of the Work Force Ruins Economic Opportunities for the Other 88% of the Work Force*, explains how St. Louis and Missouri are on the same, disastrous road that Detroit took straight toward economic destruction. Once a necessary element to worker freedom and safety, unions have become money machines that generate out-sized contributions to Democrats, using the mandatory dues of many unwilling workers. By burdening industrial enterprises with collective bargaining agreements and resultant work stoppages, they ensure that no major investments by industrial scale manufacturers will occur in non-right-to-work states.

It is no surprise that a politician like Jay Nixon would do everything in his power to protect this income stream, even to the detriment of the state he leads and the people he represents. The booklet includes:

- A brief history of the destruction of Detroit and of the domestic automobile manufacturers at the hands of crippling union demands
- Industrial manufacturing's preference for RTW states, and the ensuing economic vitality for those regions
- A brief history of McDonnell Aircraft at Lambert
- How Boeing “flew over” the St. Louis metro area when seeking a new assembly facility for the Boeing 777 aircraft
- Missouri: Red State that is Blue
- Jay Nixon's financial contributions and the impact these have on his policies

I will be mailing this to every member of the Missouri Legislature. I encourage you to read it, and send it to your family and friends. Despite the setback in the Legislature, we must try again to ensure that Missouri can maintain a strong economy for the welfare of our families and communities.

You can find the booklet on my website The Fred Sauer Matrix where it is available in PDF format as well as a bound version for a small fee.

## An Unpleasant Surprise

Recently, I bought gas for \$2.10 per gallon, a very pleasant experience indeed. This would be a typical reaction for anyone in a market economy where cheap energy is essential for building a growing and completely diversified economy.

On the other side of the coin, there are many places where lower oil prices are not considered a good thing. Here is a comment about the situation in Venezuela almost a year ago:

*MARACAIBO, Venezuela—Amid worsening shortages, Venezuela recently reached a milestone of dubious distinction: It has joined the ranks of North Korea and Cuba in rationing food for its citizens.*

*On a recent, muggy morning, Maria Varge stood in line outside a Centro 99 grocery store, ready to scour the shelves for scarce items like cooking oil and milk. But before entering, Ms. Varge had to scan her fingerprint to ensure she wouldn't buy more than her share.*

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*The government rolled out the system last month across 36 supermarkets in this western border state, Zulia, whose capital is Maracaibo, with a recent expansion into a select number of state-owned markets in Caracas.*

*Venezuela is turning to rationing because of shortages caused by what economists call a toxic mix of unproductive local industry—hamstrung by nationalizations and government intervention—and a complex currency regime that is unable to provide the dollars importers need to pay for basics. Cont. on pg. 3...*

*The tumbling price for Venezuela's oil, which has fallen by nearly \$15 a barrel since September to \$77.65 on Friday, is likely to mean even more scarcity in the cash-strapped country, economists say.*

Their suffering is getting worse because today the price of oil has dropped to almost \$46 per barrel.

*Other unhappy people include those of Saudi Arabia:*

*The Saudi economy is heavily dependent on oil, which accounts for 90% of fiscal revenue, 80% of current account revenue, and 40% of gross domestic product, analysts at Fitch noted (WSJ 8/24/15)*

*Saudi Arabia has an oil based economy with strong governmental control over major economic activities. Saudi Arabia possesses 25% of the world's proven petroleum reserves. Saudi Arabia is a centrally planned economy. Private enterprises do exist, they are however regulated by the Saudi government. (Simple Guide P. 31)*

Even with immense oil reserves, government controlled economies do not produce high Gross Domestic Products per capita. Now, these economies are going to have to borrow a lot of money to replace their lost foreign currency reserves:

*Saudi Arabia, the world's largest oil producer, is the prime example of the swiftness and magnitude of the selloff: its foreign exchange reserves fell by \$20.2 billion in February, the biggest monthly drop in at least 15 years, according to data from the Saudi Arabian Monetary Agency. That's almost double the drop after the financial crisis in early 2009, when oil prices plunged and Riyadh consumed \$11.6 billion of its reserves in a single month.*

In the oil price collapse of 1998 to \$20 per barrel (adjusted for inflation) Russia, formally the Soviet Union, defaulted on its debt. And it is suffering today from the current contraction of oil prices to \$40 a barrel.

When a government's economy fails, it has to borrow a lot of money to buy what it cannot produce. Therefore, the value of its currency falls because other producers of goods and services demand higher prices to protect them as recipients from the risk in further declines in the value of the currency they just accepted. Brazil is an excellent current example:

*"Brazil's currency hit its lowest level against the dollar in two decades, as investors wagered that the commodity rout and political turmoil will continue to batter the country's economy. On Tuesday, the Brazilian real hit its weakest point since the currency was introduced in 1994. Trading as low as 4.0667 to the dollar, the real has lost 35% of its value against the dollar so far this year." WSJ 9/23/15*

*Continued...*

The Federal Reserve is committed to lowest rates in our history after 7 years of the slowest economic recovery since the Depression. During this period, the Obama Administration doubled our national publicly held debt from 5.8 trillion dollars, which took over 200 years to acquire, to today's 13.146 trillion in the same 7 years.

When interest rates go up, we in America will pay the price for the Obama administration's "Socialism," i.e. massive government spending.

## Planned Parenthood & Protecting Life

Many of you have probably been following with horror the videos detailing the horror that Planned Parenthood wreaks on our women and children every day across America. While most of us are already fully aware of the atrocities, seeing this vile activity so coldly discussed and graphically implemented is very literally sickening.

The response of the pro-life communities across the United States has been heartening, but I hope we are vigilant in maintaining the pressure on our State legislatures and on Congress to end any public funding of this unlawful and morally reprehensible activity.

On Friday, September 18th, we had heartening progress when the U.S. House passed the Defund Planned Parenthood Act of 2015 (H.R. 3134), which now must pass the Senate and survive the possibility of a veto from President Obama. Unfortunately, the bill only defunds Planned Parenthood for one year, but it would be a step in the right direction. Thankfully, every Republican voted for this measure, but they were joined by five Democrats, as well.

On the same day, the House also passed the Born-Alive Abortion Survivors Protection Act, sponsored from staunch pro-life advocate rep. Trent Franks of Arizona.

This bill mandates care and treatment to any child born alive in the midst of an abortion procedure and places liability upon a wide range of healthcare practitioners to report abuse on pain of prosecution.

Please continue to pray for strong men and women in government to lead the charge to end this overwhelming evil that overshadows our country.

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