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## Inside Track

### Arizona Senator Jeff Flake Calls It Quits, Blames Trump

Republican Senator Jeff Flake, the junior senator from Arizona, announced on the Senate floor October 24 that he would not be seeking reelection: “I have decided that I will be better able to represent the people of Arizona and to better serve my country and my conscience by freeing myself from the political considerations that consume far too much bandwidth and would cause me to compromise far too many principles. To that end, I am announcing today that my service in the Senate will conclude at the end of my term in early January 2019.”

Flake admonished his cohorts not to ignore America’s current difficulties: “We must be unafraid to stand up and speak out.... I plan to spend the remaining fourteen months of my senate term doing just that.... We must never regard as ‘normal’ the regular and casual undermining of our democratic norms and ideals. We must never meekly accept the daily sundering of our country: the personal attacks, the threats against principles, the reckless provocations.”

Flake continued, leveling his charges at the current occupant of the White House without mentioning Trump by name: “We must stop pretending that the degradation of our politics and the conduct of some in our executive branch are normal. They are not normal. Reckless, outrageous, and undignified behavior has become excused and countenanced as ‘telling it like it is,’ when it is actually just reckless, outrageous, and undignified. And when such behavior emanates from the top of our government, it is something else: it is dangerous to a democracy.”

Flake even complained that the United Nations’ “world order” was now being threatened by Trump and his administration: “Now, it seems to me, the architects of this visionary rules-based world order that has brought so much freedom and prosperity, are the ones most eager to abandon it.”

Flake’s announcement followed less than a month after Tennessee Republican Senator Bob Corker announced his own departure. As conservative political commentator Laura Ingraham noted, “Accomplished: Boehner, Cantor, Corker, Flake.”

### IRS Apologizes for Targeting Conservative Groups

The American Center for Law and Justice (ACLJ) announced October 26 that after a years-long legal battle with the Internal Revenue Service, it had reached a settlement for at least three dozen conservative organizations — many with “Tea Party” or “patriot” identifications — which had been ideologically targeted when applying for tax-exempt status with the IRS between 2009 and 2012.

In a proposed Consent Order filed October 25 with the U.S. District Court for the District of Columbia, the IRS “admits that its treatment of Plaintiffs during the tax-exempt determinations process, including screening their applications based on their names or policy positions, subjecting those applications to heightened scrutiny and inordinate delays, and demanding of some Plaintiffs’ information that ... was unnecessary to the agency’s determination of their tax-exempt status, was wrong. For such treatment, the IRS expresses its sincere apology.”

The federal court found that more than 40 conservative organizations in at least 20 states were subjected to an unrealistic process for gaining tax-exempt status with the government. Under the



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direction of Lois Lerner, who headed up the IRS' Exempt Organizations Unit under President Obama, IRS agents routinely delved into the backgrounds of conservative groups, often investigating their officers and families. ACLJ noted that the IRS made unrelenting demands on the organizations for such information as donor lists and Internet passwords, in the process holding up tax-exempt applications for years (in some cases over seven years).

ACLJ president Jay Sekulow said, "This is an extraordinary victory against the IRS. And it sends a powerful warning to the deep state bureaucracy that it will not be allowed to violate the Constitution in order to silence and shut down the conservative agenda."

During a speech at the Heritage Foundation October 26, Attorney General Jeff Sessions acknowledged the court settlement and IRS apology, saying that it should be "without question that our First Amendment prohibits the federal government from treating taxpayers differently based solely on their viewpoint or ideology. There is no excuse for this conduct.... We hope that today's settlement makes clear that this abuse of power will not be tolerated."

## **Democratic Party Donations Falling Behind**

Rich liberal Democrat donors aren't donating, wrote Politico's Gabriel Debenedetti on October 22 while attending the Democratic National Committee's (DNC) fall meeting in Las Vegas. It's reflected in the numbers: At the end of September, the DNC had just \$7 million in its checking account, while the Republican National Committee (RNC) is sitting on \$44 million. Since January, the RNC has raised more than \$104 million, with a lot of it coming from some 300,000 people who had never donated before. This gives Republicans a clear financial advantage going into the 2018 midterm elections, and could reverberate out to the 2020 reelection campaign for President Trump.

Following the election of Tom Perez to chair the DNC in February, the party has failed to gain traction. It lacks viable, attractive, and young candidates. Former President Obama has all but disappeared from DNC fundraisers, and Hillary Clinton is so toxic that she isn't being invited to some of them. The party's vision/mission fails to generate enthusiasm; it consists of doing everything possible to stall, delay, or derail Trump's agenda. It's a totally defensive strategy without a positive message.

One of the Democratic Party's most successful fundraisers, Nebraska party chair Jane Kleeb, summed up her party's problems: "Donors, small and large, are so over the party." The Democratic Party is suffering from an identity crisis and donors aren't willing to write checks that will disappear down a black hole. A former secretary of the DNC admitted, "We're all aware the money is not flowing in the way we hoped it would."

Said one big Democrat donor, John Morgan from Orlando, Florida: "I've had enough dinners. I'm not really interested. I'm going to let them get new blood. I can't get motivated."

Perez's message isn't lighting any fires. His party had its weakest fundraising month in July since 2007, raising just \$4 million compared to the Republicans, who raised \$10 million. And since Perez took over the party, it has posted three of its 14 lowest fundraising months since the election of Obama in 2008.

## **Social Security Spending Tops \$1 Trillion for First Time**

The Monthly Treasury Statement issued on October 25 by the Social Security Administration showed that total spending for the three social-welfare programs administered by the agency — the Old Age and



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Survivors Insurance program, the Disability Insurance program, and the Supplemental Security Income program — topped \$1 trillion for the first time in history in 2017.

The program first hit \$600 billion in spending in 1997, and it took nine years to hit the next benchmark, \$700 billion. From there it took between three and four years to hit subsequent \$100 billion spending benchmarks. Accordingly, the agency estimates that it will spend \$1.6 trillion in 2026. From there it will be just a few short years before all funds are exhausted. According to the Social Security Administration, taxes paid to fund Social Security go into the general Treasury for the U.S. government as a whole, and the money is spent; in return Social Security gets an IOU with a promise of interest payments on the money.

Most sensible observers have been warning for years that the program is in dire jeopardy, with all manner of schemes being proposed to rescue it from oblivion, with expanding income brackets, raising both employee and employer “contributions,” and slowing down the COLA (cost of living adjustment) or eliminating it altogether being those most often suggested. Some have recommended privatizing at least part of the program, which would still force people to save for their old age but at least would allow them the choice of where best to invest their money.

Given the program’s tenuous financial condition, most people on Social Security will live long enough to see the program run short of money.

It is estimated that Social Security will pay out more than it receives in the year 2022. From then on, disbursements will either add to the country’s deficit spending and national debt, or Social Security’s promises to recipients won’t be kept.

## **Manafort Indicted for Charges That Predate Trump Campaign**

One-time Trump campaign manager Paul Manafort was indicted October 30 on a list of charges including money laundering, tax evasion, conspiracy against the United States, and being an unregistered agent of a foreign government. His business partner, Rick Gates, was indicted as well.

The indictment of Manafort and Gates is pretty damning. Listing 12 counts, it opens:

Defendants PAUL J. MANAFORT, JR., (MANAFORT) and RICHARD W. GATES III (GATES) served for years as political consultants and lobbyists. Between at least 2006 and 2015, MANAFORT and GATES acted as unregistered agents of the Government of Ukraine, the Party of Regions (a Ukrainian political party whose leader Victor Yanukovich was President from 2010 to 2014), Yanukovich, and the Opposition Bloc (a successor to the Party of Regions that formed in 2014 when Yanukovich fled to Russia). MANAFORT and GATES generated tens of millions of dollars in income as a result of their Ukraine work. In order to hide Ukraine payments from United States authorities, from approximately 2006 through at least 2016, MANAFORT and GATES laundered the money through scores of United States and foreign corporations, partnerships, and bank accounts.

The indictment goes on to say that in “furtherance of the scheme” the two men “funneled millions of dollars in payments into foreign nominee companies and bank accounts” that were either “opened by them” or by “their accomplices,” and that they “concealed from the United States their work as agents of, and millions of dollars in payments from, Ukraine and its political parties and leaders.” The indictment alleges that they “directed a campaign to lobby United States officials on behalf of the Government of Ukraine, the President of Ukraine, and Ukrainian political parties” for which they not



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only did not “report to the United States their work and fees,” but responded to inquiries from the Department of Justice “with a series of ‘false and misleading statements.’”

The indictment goes on for 31 pages and makes a compelling case that Paul Manafort and Rick Gates are criminals who sold out their patriotic allegiance for millions and millions in cold, hard cash. There are two points that should stand out in sharp contrast, though. (1) An indictment is not a conviction; it will be up to a jury to decide whether Manafort and Gates are guilty of the crimes for which they are accused. (2) Nothing in this indictment has anything to do with the original direction of the investigation; everything described in the indictment happened before Manafort was involved in the Trump campaign. Even if every charge is proved and Manafort and Gates are convicted, it does not prove collusion between Trump and Russia.

For their parts, Manafort and Gates appeared in Federal District Court in Washington on October 30 and pleaded “not guilty” to all charges.

It is not out of the ordinary for either a special counsel or a grand jury to issue indictments for crimes uncovered during an investigation even though those crimes are beyond the scope of the original investigation. So while former FBI Director and Special Counsel Robert Mueller’s statement to that effect is conspicuously absent, there is nothing improper in this indictment in and of itself.

That does not mean, however, that everything is necessarily above board with Mueller, his investigation, or this indictment.

Mueller was appointed special counsel in May and began investigating whether anyone close to President Trump participated in a Russian government effort to influence the 2016 presidential election. Of course, considering recent revelations about Russian collusion involving the Obama administration (in general) and Hillary Clinton (in particular), it is reasonable to question whether Mueller should be anywhere near this investigation, much less leading it. Mueller’s ties to ousted FBI Director James Comey and the fact that Mueller himself headed the FBI for more than four of Obama’s eight years should be more than enough to cast a doubt on Mueller’s ability (and perhaps even his willingness) to act independently and impartially as a special counsel investigating the people implicated in this — people to whom he has close connections.

The political incest involved should make his resignation a foregone conclusion.



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