



Seriously? Don't Blame Us

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Posted by [Devin Foley \(users/dfoley\)](#) on September 16, 2010



Sadly, many in the media and on the Left are attempting to lay the blame on free marketers and limited government folks for the current economic mess and pending debt crisis. Some even go so far as to argue that the ideas Intellectual Takeout and others like us promote are immoral and have bankrupted the nation. The ridiculousness of such a statement cannot be emphasized enough.

We face two serious problems today: spending and regulation. The spending is a result of promises to special interests in the form of public employee pensions, Social Security,

Medicare, Medicaid, pork-barrel projects, bailouts for banks and failed businesses, and, yes, various military endeavors, warranted or not.

Free marketers and limited government folks are, for the most part, the *last* people pushing for any of those government programs, projects, or bailouts. The sole exception would be *some* military spending, and even that has traditionally been in dispute among old-school conservatives and libertarians.

Rightfully, you should be upset by the current predicament the United States is in. For many of us, we've had very little to do with it. In fact, the promises to spend at unsustainable levels from the public treasury were made before we were even born.

Worse yet, it was recognized back in the day that many of these programs were simply indefensible forms of taxation that forcibly transferred money from the young to the old.

As just one example, consider a debate surrounding Social Security, which was enacted in 1935 under President Franklin D. Roosevelt. In the radio debate on April 11, 1939, Senator Robert Taft, hardly a conservative though he opposed much of the New Deal, had the following to say:

The so-called reserve plan in the Social Security Act contemplates the building up of a huge reserve, amounting to \$50,000,000,000 by 1980...

The law provides that this reserve must be invested in Government bonds. That means that when the money comes into the reserve fund it is paid over into the Treasury, and the Treasury prints and puts into the reserve fund the same amount of Government bonds. In other words, the Government invests its money in its own IOU's. After the money gets into the General Treasury, it is used to pay the current deficits of the New Deal administration. The reserve is supposed to provide pensions in the future, but what happens in 1980, when the Government wants to get money with which to pay the pensions? There is no cash in the reserve fund, so it has to go out and tax the people a second time to pay the interest on the bonds so that there may be money in the fund to pay the pensions. People have to pay taxes a second time because the first payment of taxes has been used for the payment of deficits.

Of course the truth is the whole reserve plan is unsound.

Even in the 1930s anyone who was willing to be honest with the numbers recognized that the system President Roosevelt and the New Dealers put in place was unsustainable. We are now at the point where very serious cuts will have to be made at all levels of government.

While it's going to be painful, it's necessary if we are to remain a free and prosperous people.

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