The Schwarz Report

Dr. Fred Schwarz

Volume 50, Number 6

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June 2010

The Social Security Scandal

by William P. Hoar

It would take a phenomenal public-relations effort to portray an expensive wealth-transfer program—which in actuality reeks of insolvency, theft, pyramid scheming, unsustainability, and the fostering of dependency—as the generator of Golden Years for all American seniors.

Well, you could lie. In fact, that's how we got into this fix in the first place. According to the 2009 Social Security and Medicare Trustees Reports, the combined unfunded liability of the two programs has reached almost $107 trillion, or about seven times the size of the U.S. economy. (Medicare's unfunded liabilities are about five times the amount of Social Security, which we are focusing on here. If anything, the Medicare situation is more depressing.) Unfunded liabilities, in essence, refer to the cavernous difference between promised benefits and expected revenues.

There's nothing golden about that. That's a lead weight on the economy.

Social Security is in effect a "legal" Ponzi scheme. Because it has taxing power, it can require workers to kick into the chain-letter operation that would be illegal if run by ordinary citizens. Because Social Security is enforced by federal law, the pyramid scheme has been sustained for decades. Postponing a fix will make a collapse even uglier. Yet it is still verboten, at the very least, to allow younger Americans to buy into private retirement investments with some of their Social Security tax dollars.

Social Security is kept afloat—though it is taking on considerable water and getting closer to capsizing—by requiring current workers to "contribute" from their earnings. And those "contributions" have skyrocketed over the years. Most Americans—nearly 80 percent of the total—now pay more in Social Security taxes than they do in income taxes this year. The program already chews up about 23 percent of the federal budget.

Yet the largest government program on the planet is now officially in the red. Despite the illusions that have been fostered by the government from the days of FDR, there are no individual accounts set aside for those who have been required to pay. Your payments have been immediately handed out to current beneficiaries and to fund other government needs. And beginning this year, according to government projections, more monies will be paid out in Social Security benefits than are taken in by the program.

There were surpluses in the past, but rather than set aside any surpluses, the government spent it and issued an IOU to itself. Don't try this at home. Now, even that imaginary paper surplus has evaporated as demand has gone up and payments tailed off. Even the *New York Times* begrudgingly admitted in a March 24 story (way down in paragraph 15): "Although Social Security is often said to have a 'trust fund,' the term really serves as an accounting device, to track the pay-as-you-go program's revenues and outlays over time."

As Doug Bandow of the Cato Institute recently put it:

> The crisis is now, since the vaunted "trust fund" is filled with non-recourse government bonds—essentially worthless pieces of paper. There's no there there when it comes to financing future benefits. Either payments have to come down or taxes have to go up, unless we adopt real reform centered around personal accounts.

Founded in 1953, the Christian Anti-Communism Crusade, under the leadership of Dr. Fred C. Schwarz (1913-2009), has been publishing a monthly newsletter since 1960. *The Schwarz Report* is edited by Dr. David A. Noebel and Dr. Michael Bauman. The Crusade's address is PO Box 129, Manitou Springs, CO 80829. Our telephone number is (719) 685-9043. All correspondence and tax-deductible gifts (the Crusade is a 501(c)3 tax-exempt organization) may be sent to this address. Permission to reproduce materials from this *Report* is granted provided our name and address are given.

For all of our paying into the system, keep in mind that there is no guarantee that we will get back what we have put in, or anything at all for that matter. The Supreme Court has already ruled that Americans have no legal and contractual property right to their "contributions." In *Flemming v. Nestor*, the High Court held: "To engraft upon Social Security a concept of 'accrued property rights' would deprive it of the flexibility and boldness in adjustment to ever-changing conditions which it demands." Nope, you don't own that account, regardless of FDR's promises.

To garner support when the program was first being pushed, the scheme was not sold as an entitlement or even presented as just another tax. Rather, Americans were told, this was a way for them to look after their own old age. In practice, it has meant that millions of older Americans have been rendered dependent on the government, many now solely reliant on Washington's political largesse. This is no accident, since greater dependency means larger, more intrusive government and tighter controls.

You could say President Roosevelt hedged a bit on the facts, but that would be to present a false picture. Rather, to be more to the point: FDR lied. Repeatedly. For instance, the President said: "Get these facts straight. The Act provides for two kinds of insurance for the worker. For that insurance both the employer and the worker pay premiums—just as you pay premiums on any other insurance policy. Those premiums are collected in the form of taxes. The first kind of insurance covers old age. Here the employer contributes one dollar in premium for every dollar of premium contributed by the worker; but both dollars are held by the government solely for the benefit of the worker in his old age."

One can stretch imaginations and definitions to the breaking point, but Social Security is still not true insurance. There is no pool of assets managed for the exclusive benefit of its contributors under a fixed set of rules. About the only truth in FDR's claims is that the government can force both you and your employer to pay. (Moreover, Roosevelt and generations of liberals since prefer not to note that both halves of this tax really come from the workers since the employers take their supposed shares from the workers' total compensation package, leading to lower wages.) Worse, when Social Security taxes were first imposed, it meant that it cost more to hire workers—a particularly cruel twist in the Great Depression when unemployment was rampant.

It turned out to be another verification of the point made by 19th-century French economist Frederic Bastiat: "The State is the great fictitious entity by which everyone seeks to live at the expense of everyone else." The difficulty is it doesn't work. Even Roosevelt's Treasury Secretary Henry Morgenthau admitted to the House Ways and Means Committee in May 1939: "We have tried spending money. We are spending more money than we have ever spent before, and it does not work . . . . We have never made good on our promises. I say, after eight years [it was actually during the seventh year of the New Deal] of this administration, we have just as much unemployment as when we started . . . and an enormous debt to boot."

Then, as now, to get less of something, you tax it. For fewer jobs, increase the payroll tax.

The Frances Perkins Center's press release somehow omits the fact that no Social Security checks at all were paid during the 1930s. Author Jim Powell, in his incisive analysis of the New Deal, does observe that, "through the payroll tax," Social Security "increased the cost of employing people and thereby helped prolong high unemployment."

In *FDR's Folly* (2003), Powell writes:

> Beginning January 1, 1942, individuals who were sixty-five and had quit work could collect monthly benefit payments. Consequently, *Social Security wouldn't do any good for elderly poor people during the Great Depression*. [Emphasis in original.] The aim was to build up the Old Age Reserve Account before the government started issuing benefit checks.
>
> It certainly seemed unfair that individuals who paid into Social Security would be unable to collect benefits just because they wanted to continue working, but one of the ulterior purposes of the Social Security Act was to get older people out of the workforce and create openings for younger people who were unemployed.

One would imagine that the Frances Perkins Center isn't looking for this kind of silver-haired tale to boost the 75th anniversary of Social Security.

—*The New American*, April 26, 2010, p. 42, 43

Economics 101

by Ron Haskins

With the exception of individual freedom, no public value is held in higher esteem by Americans than economic opportunity. A major theme of the American creed is that with discipline, hard work, and thrift anyone can get ahead. That take on the American Dream is reflected in pieces of Americana ranging from the Horatio Alger stories to "They're Coming to America" to Go West, Young Man, all of which speak to one of the most fundamental beliefs Americans have about our country. It offers people a better chance to thrive than any other nation on earth.

But is it true? Does America deserve its reputation for providing greater opportunity to the huddled masses than other nations? Has opportunity been growing for middle America and for poor and low-income Americans?

An investigation into opportunity begins with the nation's economy. If the economy is not growing, then economic advancement becomes a zero-sum game, and getting ahead means pushing someone else down. From the perspective of the Great Recession, the performance of the American economy over the past quarter century looks pretty good. Between the recessions of 1991 and 2007, the economy created 28.4 million jobs, and the gross domestic product rose almost continuously, from $8.5 trillion to $14.1 trillion in inflation-adjusted dollars. Between the recessions of 1981 and 2007, the number of households with income less than $15,000 a year shrank by 18 percent, while the number with income more than $75,000 increased by 60 percent. Economic growth enabled an explosion of personal-consumption expenditure, from $5.6 trillion to $9.8 trillion, an increase of 75 percent. So, looking at the economy in aggregate, there was much opportunity for Americans to move up the economic ladder.

Perhaps the most straightforward measure of opportunity, called "absolute mobility" by economists, reflects whether adults have been able to surpass the income of their parents. We can answer questions about mobility with some precision, thanks to data from an extraordinary study of nearly 5,000 families that researchers at the University of Michigan have been following since 1968. Because the children of the adults in the original sample have themselves been followed into adulthood, we can make direct comparisons of income across the two generations. Taking a look at income around age 40 (the parents in the late 1960s to early 1970s, and their children in the late 1990s to early 2000s), we find that 67 percent of the children had surpassed their parents' earnings. Interestingly, high-income families had a harder time surpassing their parents than did children of parents with more modest incomes: Children of families in the top 20 percent had only a 43 percent chance of out-earning their parents, while those in the bottom 20 percent had a chance of better than 80 percent.

Another measure of mobility, and perhaps a more important one, is "relative mobility," movement up or down the income distribution relative to others. Using the University of Michigan data, we can divide the parents and their children into five groups of equal size, from lowest to highest income, and then compare the income group that adult children wound up in with the income group of their parents. If incomes in the second generation were distributed randomly, we would expect adult children of parents from every income group to have a 20 percent chance of winding up in each of the five income groups in their own generation. But the Michigan data show that adult children whose parents were in the bottom fifth had a 42 percent chance of winding up in the bottom fifth.On the other hand, 36 percent from the bottom fifth made it to the top three fifths, and 6 percent made it all the way to the top fifth, which shows that there was upward movement despite the headwind of family background. Opportunity may not be boundless in America, but there's a lot of it nonetheless.

Another way to examine economic opportunity is to compare the United States with other nations. Polls show that Americans believe that the United States has more income mobility than other nations; but income correlations between fathers and sons suggest that the Unites States has less economic mobility than the Western European and Scandinavian countries for which information is available. In many cases, the father/son income correlations of the United States are twice as high as those of the other countries. Similarly, a research team from Finland headed by Markus Jantti found that in the six countries it studied, both the bottom and the top of the income distribution tended to be "sticky," meaning that the correlations of income between fathers and sons were especially pronounced at the extremes of the distribution. The situation was stickier in the United States than in the other nations studied. Among American men with fathers in the lowest fifth, 42 percent also wound up in the bottom group, compared with 25 to 30 percent in the other nations studied. The apple falls closer to the tree in America than in many other countries with advanced economies.

A troubling aspect of intergenerational income mobility in the United States is that black parents are much less able than white parents to pass their income advantages on to their children. White children born to parents in the middle fifth of earners went on to make about 32 percent more than their parents, while black children from the middle earned on average 16 percent less than their parents. And while nearly 70 percent of white children with parents in the middle fifth of income went on to earn more than their parents, only about 30 percent of black children from the middle did so.

There is evidence that some Hispanic parents have the same difficulty helping their children succeed that black parents do. Recent research by Edward Telles and Vilma Ortiz shows that among many immigrant groups, especially those from Latin America and South America, the children lag significantly behind native-born children in school performance. There is evidence from some cities in the Southwest that Mexicans in the third generation (the grandchildren of immigrants) obtain less education and earn less money than do those in the second generation. This downward intergenerational mobility is worrisome not only on its own terms, but because Mexicans constitute about one-third of America's large and growing immigrant population and will play an increasingly large role in supporting Social Security and Medicare.

In addition to income, wealth (defined here as assets minus debt) is an important measure of opportunity and mobility. Wealth enables families to invest, to obtain credit, to make major purchases such as cars and homes, to be financially secure in retirement, and to make bequests to children or others. There are two major modes of wealth transmission from parents to children. The first is a complex constellation of factors, including genes, investments in education, direct teaching by parents, and habits of saving and investing that parents inculcate in their children. The second method of transmission is direct transfers.

Although the correlation between the wealth of parents and that of their children is less pronounced than the income correlation reviewed above, it is still considerable. University of Chicago researchers Kerwin Charles and Erik Hurst found that children's deviation from the mean wealth will typically be about 35 percent of their parents' deviation: Rich parents have rich children, though not quite as rich; poor parents have poor children, though not quite as poor. As with income, the persistence of wealth from generation to generation is much stronger at the extremes of the distribution. The probability that a child whose parents were in the middle fifth of the wealth distribution will himself wind up in the middle fifth is 25 percent. By contrast, the probability that a child born to parents in the top or bottom fifth will end up in his parents' income group in 36 percent.

A little less than a quarter of all Americans receive wealth transfers from their parents, but the vast majority of wealth is not inherited. Even among those whose net worth exceeds $1 million, only about half received wealth transfers from their parents, and only 17 percent of their total wealth was inherited.

In sum, the data we have on income and wealth force us to conclude that there is less opportunity in the United States than conventional wisdom would suggest, and less than in most other Western countries with modern economies.

One of the annoying features on many media stories and political speeches about the evidence reviewed here is that the popular accounts make it seem that impersonal social forces, especially the American economy and government policy, entirely determine the opportunities new generations will find as they grow up. Leaving aside the fact that, as we have seen, the American economy has been exceptionally productive, and the fact that the federal government alone spends $750 billion (5.7 percent of GDP) on mobility-enhancing programs, the critics hardly mention the vital role of parental and personal responsibility.

The fact that personal responsibility plays a major role in mobility and economic well-being can be easily demonstrated. The three basic rules of success in America are that young people should finish their educations (at least high school), get jobs, and get married before having children. Computations based on Census data that my Brookings Institution colleague Isabel Sawhill performed for our recent book, *Creating an Opportunity Society*, show that kids who follow these rules have a 74 percent chance of winding up in the middle class (defined as income of $50,000 or more) and a mere 2 percent chance of winding up in poverty ($17,200 for a family of three in 2008). By contrast, young people who violate all three of these rules have only a 7 percent chance of winding up in the middle class and a 76 percent chance of winding up in poverty.

As with so much else, opportunity-enhancing decisions begin at home. For example, low-income parents talk less to their children and use physical discipline more than middle-class parents. More talk and less physical punishment have been linked to children's positive development by a host of studies. Similarly, low-income and minority children typically experience numerous stressful changes in their living arrangements. Nonmarital births, divorce, and cohabitation occur with much more frequency among the poor than among other groups, thereby imposing more harm on the development of poor children and more severely reducing their prospects for economic success.

In addition to family structure, parental decisions about education are a key factor in promoting opportunity. Not only are there substantial differences in average family income at each level of educational achievement, from high-school dropout to college (the median income of college graduates is nearly three times that of high-school dropouts), but only those with at least a college degree have improved their income over the past three decades. A child from a family with income in the bottom fifth (below about $34,000 in the early 1970s) can quadruple his chances of making it all the way to the top fifth (above around $117,000 in the early 2000s) by earning a college degree.

Even parents with limited resources can greatly increase the odds that their child will get a good education. Each year, federal and state governments spend around $27 billion paying for preschool education and child care, which can provide a solid foundation for achievement during the K-12 years. Most of this money is focused on disadvantaged children. The federal government pays for the Head Start program, which enrolls nearly 1 million children, and 40 states operate their own preschool programs, which again are free to most low-income families. Parents can take advantage of these and similar preschool programs and make sure their children are ready for the public schools.

Although many K-12 schools located in poor neighborhoods are of low quality, most school systems offer parents some choice about where they send their children. In addition, parents can choose where to live based on the quality of nearby schools. Now that federal housing programs are based primarily on vouchers, even low-income parents have options in the selections of neighborhoods and schools. The charter-school movement offers parents yet another avenue of choice.

Similar, if not greater, opportunity exists for parents to help their children obtain a good postsecondary education. Last year, $180 billion was available from governmental and private sources in the form of grants, loans, and tax breaks to help students pay for postsecondary education. The federal Pell Grant program alone provided more than $18 billion, almost exclusively to students from poor and low-income families. Colleges and universities, along with employers, offered another $40 billion for grants and scholarships, a significant portion of which was awarded to students from poor, low-income, and minority families. Low-income students who are accepted at an accredited postsecondary institution are also eligible for federal loans at reduced interest rates and on generous repayment terms.

So while family background continues to exert major influence on where children land along the income distribution, it is hard to avoid the impression that the most serious limit on opportunities for new generations consists in the decisions of their parents and themselves. In this sense, opportunity in America fully lives up to the American self-conception, which holds that you must earn it through your own effort.

—*National Review*, May 3, 2010, p. 43, 44

Who is Behind the Financial Crisis?

by Cliff Kincaid

The *New York Times* is quoting a spokesman for George Soros as saying that the well-known hedge fund operator is guilty of no wrong-doing in connection with the financial upheaval currently affecting Greece and Europe as a whole. But Zubi Diamond, author of the powerful new book, *Wizards of Wall Street*, says the agenda of Soros and other short sellers is clear. Their purpose, he says, is “to loot America and any foreign country which invested in America. Greece was one of them. Iceland was ravaged and annihilated.”

The term “short selling” in this context refers to investors, speculators, and currency manipulators who bet on the decline or collapse of a stock or currency through complex financial instruments handled mostly through secret off-shore accounts. For the hedge fund short sellers to make money, prices have to go down.

Short-sellers, who are appearing at a March 11 event at the libertarian Cato Institute, insist that they “provide liquidity and transparency to our capital markets” and that their operations “expose corporate fraud and mismanagement.”

But Diamond strongly disagrees. He says the Managed Funds Association, the lobbying arm of the hedge fund short sellers, is crafty and deceitful. “When they tell you that short selling contributes liquidity to the market, that is a lie,” he says. “Short selling destroys capital and takes away liquidity from the market. When they tell you that they are taking steps to remove manipulation from the stock market, that is a lie. They are taking steps to introduce manipulation to the stock market, and prime the stock market for manipulation and looting. When they tell you that the uptick rule is outdated, because of decimalization, that is a lie. They lie to deceive, to bring forth a big pay day from short selling, hence the looting of America and America's wealthiest corporations and their shareholders, sanctioned by their Washington D.C. lap dogs."

"The most influential members of Managed Funds Association, the hedge fund short sellers, have an anti-capitalism agenda, an anti-industrialized nation agenda, and a far left liberal, Marxist radical agenda," Diamond says. "Hedge Fund short sellers are not capitalist. They are anti-capitalist and they are not investors; they are anti-investors." He says they "loot" companies and countries.

The *Times* noted that a dinner was held in New York last month where "representatives of some of these hedge funds discussed betting against the euro" in the wake of the Greek financial crisis. As a result, the paper said, at least four hedge funds had been asked by the Justice Department to turn over trading records and other documents. They were Greenlight Capital, SAC Capitol Advisors, Paulson & Company, and Soros Fund Management.

Claiming that Soros is not involved in any wrongdoing, Michael Vachon, a spokesman for Soros Fund Management, told the *Times* that, "It has become commonplace to direct attention toward George Soros whenever currency markets are in the news."

Diamond, an African immigrant who came to America and became a successful businessman, concludes otherwise, saying that Soros and other short sellers who belong to the Managed Funds Association, the "voice of the global alternative investment community," are corrupting influences that undermine nations, their economies and currencies, and the global financial system as a whole.

Diamond, with 14 years of experience in the financial markets, calls his book a course in "Economic crisis 101" because of the need to inform ordinary Americans of what is happening right before their eyes. The book is easy to read, although it deals with complex financial regulations and operations, and is only 118 pages. The theme is that the economic crisis was deliberately engineered for profit and political gain and has already resulted in the "looting" of $11 trillion from the U.S. economy.

AIM [Accuracy in Media] had warned about this potential problem in a January 16, 2008, column, "Soros Bets on U.S. Economic Collapse," in which we noted hedge fund ties to the Democratic Party and a report that hedge fund managers, including Soros, stood to make billions of dollars from a U.S. housing market collapse.

Regulation of the hedge fund industry and other recommendations are included in Diamond's book, which carries the subtitle of "The scam that elected Barack Obama." He accuses many of these same global players now under scrutiny for wreaking havoc in Europe of being behind the U.S. financial crisis that enabled Obama to win the presidency.

"George Soros put the support of the organization [the MFA] behind Obama," his book says. "Soros wanted somebody that hates the traditional America and its constitution, a left-wing radical like himself, so he chose Obama."

"Nothing will happen until the American people know what caused the economic crisis and the solution for fixing it," he tells AIM. "Nothing will happen until the American people know about the Managed Funds Association and their role in engineering the economic collapse." He calls the MFA "the cancer in our society that needs to be cut out, exterminated, and abolished. America and capitalism will not survive unless the Managed Funds Association is eradicated, uprooted, and destroyed."

The MFA, meanwhile, is undergoing what the Politico calls an "image makeover," as more scrutiny is being applied to the operations of its members. MFA President and CEO Richard Baker tells the publication that ". . . we have an enormous job ahead of us in providing understanding about the industry that is based in the actual market role we play, as opposed to the perceptions that have been allowed to build."

Diamond tells AIM that the crisis in Greece "is just one more theater of the repercussions of the scam to annihilate capitalism. They need to be regulated just like mutual funds. If you regulate the hedge fund short sellers, just like mutual funds, that will remove the incentive for their predatory behavior of targeting companies, countries, and currencies."

Looking ahead, Diamond says, "When the European Union (EU) bails out Greece, that bail-out will increase the EU deficit and weaken their currency, hence the decline in EU currency. That is the theory being floated by the manipulators. George Soros, the hedge fund short sellers, and the speculators will trade with that assumption. They will run down the EU currency and that will be a manipulation by collusion."

Diamond notes that Soros is a member of the Managed Funds Association, and they are "making negative comments about the Euro. They are targeting and preying on capitalist countries and currencies."

He goes on, "They feel invincible. They have a license to destroy any company or country or hold the company or country hostage while preying on the investors. They are having dinner meetings, openly discussing collusion to attack a particular asset class, equity, or a country's currency. If this is not organized crime, I do not know what is."

He warns that any asset class that is traded in the NYSE, CME, or EUREX exchanges is susceptible to manipulation by the members of Managed Funds Association and their strategic partners. "They have primed the market for manipulation," he says.

In the case of Greece, Diamond says that the country "gathered all her nest eggs and brought it to the wolves' den at Goldman Sachs," a member of Managed Funds Association, "but Goldman Sachs then shorted the market while their clients were on the other side of the trade."

Diamond says there would not have been a Greece debt crisis if all the safeguard regulations had not been removed. He blames Christopher Cox, who served as chairman of the Securities and Exchange Commission (SEC), for laying the groundwork for this financial upheaval. "The removal of the uptick rule, and the circuit breakers and the introduction of mark to market accounting is what caused the economic collapse and the stock market crash," he says. "Greece lost investment capital in the 2008 Wall Street collapse, which gave their country a balance sheet problem on top of the debt they already have. Their deficit ballooned. You know the rest. The EU is accusing Greece of not disclosing all their debt and investment risk exposure."

Commenting on reports that federal authorities and the SEC will investigate Goldman Sachs for their involvement in the Greece debt crisis, Diamond says that "my prediction is that nothing will happen" because Goldman Sachs is a member of the powerful MFA.

"The Managed Fund Association is the government," Diamond charges. "They bought the policy makers and regulators, and then took over our government."

—America's Survival, Inc., www.usasurvival.org

Economics: It's Greek to the Socialists

by Robert Knight

There they were, at the wall under the Parthenon on May 4, unfurling their giant banners urging "Peoples of Europe—Rise Up." The banners were emblazoned with a red-colored communist hammer and sickle.

This was obviously not an appeal to the goddess Athena, for whom the temple was built from 447 to 432 BC. The location, however, was fitting, since they were standing beneath one of the most famous ruins in the world. After years of socialist policies, Greece is in economic ruins and is threatening to bring down the European economy with it. The government has been forced to announce austerity measures that are not sitting well with a people accustomed to socialist illusions.

It doesn't matter to them that the budget deficit is as high as 14 percent of the gross domestic product—a whopping 11 percent higher than the European Union requires its members to observe. Led by the public employee unions, a general strike ensued on May 5, and it quickly turned murderous. Three people burned to death inside a bank that protesters had torched and then had blocked firefighters from saving them.

Trying to secure a bailout from the European Union and the International Monetary Fund, Prime Minister George Papandreou had announced a second set of wage cuts for public workers, a second sales tax and a pensions freeze. And even this might not be enough to pull the Greeks out of the monetary gutter. Add to this a dive in tourism as the world watches Athens erupt day after day.

The attitude of the protesters was epitomized by Andreas Petropoulos, spokesman for the ADEDY, the public sector umbrella union, who said, "We want the government to take back all, and I mean every single austerity measure."

Really? Every single one? This is like watching passengers on the Titanic attack the crew for getting lifeboats ready, demanding that they instead serve up more hors d'houevres. That sinking boat? Ignore it and it will go away.

One would think that the socialist labor unions would have lost their clout by this time, having engineered the destruction of a once-viable economy. And what about those communists? Weren't the deaths of more than 100 million people worldwide at the hands of communist dictatorships during the 20th century enough to persuade them to try . . . something else? Apparently not. In the Ukraine this week, where Joseph Stalin had murdered more than 10 million people through famine and executions during the 1930s, communists erected a statue to him in Kiev.

Socialism is an ideology built on illusion and envy. It's about "spreading the wealth" by taking from some to give to others. And its inevitable result is poverty, accompanied by force. That's because socialism is based on dishonest assumptions that transgress economic laws that are as immutable as gravity.

In Greek mythology, there were a lot of ornery personalities among the gods on Mt. Olympus. Life for the folks down below could be quite arbitrary.

The Bible, by contrast, assures us that there is only one God to answer to—the Creator of the universe. The Scriptures present a wealth of guidance about economics and every other aspect of life, and make it clear that faith, strong families, and hard work are at the heart of economic success. The Greeks, like the Romans, thrived when their pagan philosophers at these societies' zeniths most closely championed the precepts found in the Bible. Aristotle, for instance, preached natural law and virtue and warned of the misery spawned by the "'tribeless, lawless, hearthless one,' whom Homer denounces." And Rome's Cicero warned of the power of corrupt elites, that "the men of upper class who do wrong are especially dangerous to the State, because . . . not only are they corrupt, but also because they corrupt others."

Many of the Greek elites bought into the easy lies of socialism and wound up corrupting the populace with the promise of a free ride.

Because God's laws—including the laws of economics and the consistency of human nature—do not change, people and societies thrive if they follow Biblical advice about safeguarding property rights and inheritance, working hard, and pursuing honesty in business dealings. The Bible acknowledges healthy self-interest as well as the sinful nature of man.

At war with God since it began metastasizing in the 19th century, socialism began with the mistaken assumptions that man is on his own here, is basically good and needs only a strong government to perfect him.

In his classic treatises *Discourse on the Origin of Inequality* (1754) and *The Social Contract* (1762), Jean-Jacques Rousseau argued that man was more virtuous and free at one time in a state of nature, that society and property ownership had corrupted him, and that the only solution was a powerful state that owned all property and enforced absolute equality. Rousseau's secular view that man would be good absent the temptations of power and privilege conflicts directly with the Biblical view that man is inherently flawed.

Without that reality check, socialists can actually believe that governments created by flawed men will solve all the flaws. And that government authorities are inherently altruistic (with other people's money), and are not subject to the corrupting influence of envy—wanting what is not yours.

It takes a while to right a ship when it has gone far off course. The Greeks need to restore order, continue with the painful adjustments, and to discard the false ideology that got them into this mess.

And they might try praying to God Almighty in the shadow of Athena's broken house.

—townhall.com, May 6, 2010