

Marx's and Engels' Illegitimate Offspring

A Nation of Welfare Babies

by David Hartman



Melanie Anderson

If someone is overheard referring to the system of U.S. public finance as “socialist,” most Americans within earshot will write him off as a conservative crank who is being dragged kicking and screaming into the 21st century. After all, Karl Marx is long gone, and so is his most ardent American disciple, Franklin Delano Roosevelt, while the worldwide communist movement has collapsed along with the Soviet Union. Socialist confiscation of the tools of production is now passé, and the neocons have led us into the golden age of global capitalism. So what’s the problem?

Fortunately, socialist ownership of the tools of production proved so inefficient that it only served as a placard for selling income confiscation and redistribution to the “have-nots” of the underclass and a few utopian eggheads. However, the fundamental goal of socialism remains unaltered: the ownership of the hearts and minds and souls of mankind by a global world order of socialist states controlled by a self-appointed directorate. Representative democracies have long since been transformed into centralized powers with perpetual incumbents and self-serving bureaucracies, answerable only to the cabal of international financiers and the high priests of the media and academia. In their envisioned global network of states, they are the true parent of the child, the husband of unmarried mothers, the equalizer of wealth (other than that which is controlled by the governing directorate), and the provider of first and last resort. Consummating the union of Marxist doctrine and the modern state through the government-sponsored eradication of the family, religion, and private productive property, they have produced the nuclear individual, who is left with no logical alternative but to depend on the benevolence of government. So, we find that socialism is alive and well, despite the

setbacks caused by communism’s failed attempt to reach the same goal. The possibility of recovering the limited government bequeathed to us by the Founding Fathers has likely long vanished.

The Marxist invasion of American public education, communications, and religion that was launched back in the mid-19th century has enabled a lethal assault on our culture and heritage. But the road to socialism in the United States has also been paved with a fundamental reversal of the nature of public finance and the scale of centralized federal government. The Founding Fathers—particularly Alexander Hamilton—prescribed indirect taxation, primarily through tariffs on imports, which provided limited financing for constitutionally restricted functions of the federal government and protection for the fledgling U.S. manufacturing sector from its more-established competitors. This basis for a limited funding of central government was directly contradicted by the Communist Manifesto, which sought to tax personal income, corporate income, and inheritances. It was Abraham Lincoln who succeeded in adopting this triad of Marxist taxation during the Civil War. (One can only wonder what books were on his nightstand.) Before the end of the war, the Supreme Court found all three of these to be unconstitutional, and the only Lincoln-imposed taxes that survived were excises on spirits and tobacco.

The progressive personal-income tax was the first of the triad to be adopted successfully, as a result of Britain’s frantic efforts to finance the Napoleonic Wars, with five-percent and ten-percent rates. The British income tax yielded such a bountiful harvest that Napoleon was encouraged to adopt a similar tax at even higher rates. After all, progressive income taxation yields far more for the state’s coffers than beheading society’s productive citizens.

As of 1913, total expenditures for federal, state, and local governments in the United States consumed only one twelfth of the output of the U.S. economy. That was the year that the

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Progressive Republicans, led by William Howard Taft (a “conservative icon”) and Theodore Roosevelt, adopted the socialist triad, which would not become law until 1916, when the states ratified the 16th Amendment.

At that time, the cost of maintaining the federal government accounted for less than half of total spending on government, mostly for the Post Office and “national defense.” (Perhaps we should say “offense,” since the United States had recently embarked on her Caribbean and Pacific imperial conquests.) The majority of government expenditures were still primarily local and spent on reasonable functions—community schools, roads, hospitals, sanitation, and public protection (police, fire, and health). Welfare (charity) was provided first and foremost by families, followed by religious or other benevolent community organizations or, as a last resort, state and local agencies.

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The maximum income-tax rates adopted in 1916 were modest (seven percent on personal income, one percent on corporate income, and ten percent on inheritances) and were only levied on the very rich. Only two years later, however, under Woodrow Wilson, these rates were raised to 77, 6, and 25 percent, respectively, justified under the pretext of financing U.S. entry into World War I. These rates were maintained until the Mellon tax cuts of 1922-25, but, under the confiscations of President Roosevelt and his New Deal, the maximum personal income tax rose to 79 percent; corporate, to 19 percent; and inheritance, to 58 percent, on the eve of World War II.

The 16th Amendment enabled socialism, but it was the Great Depression, as handled by Roosevelt, that fundamentally institutionalized socialism here in the United States. With the Depression came the advent of social insurance, another Marxist doctrine, in the form of Social Security (retirement and disability income), unemployment compensation, and workmen’s compensation (no-fault industrial accidental income and medical coverage). Although Social Security was supposed to be funded by payroll taxes contributed equally by employee and employer and paid into a federal “trust account,” its fiduciary appearance was a mirage. The Treasury has papered the trust fund with federal IOUs, while systematically draining and spending the “deposits” as revenue for current budgets, producing an unstated actuarial liability in excess of the currently stated national debt. This is nothing but intergenerational theft: The contributions of current workers are paid to today’s retirees, not saved for those workers’ retirement. Unemployment and workmen’s compensation also have trust funds, but since the contributions from payroll taxes

and claims are more coincident, they do not represent nearly so serious an actuarial fraud.

Beginning in the states and then developed by the Hoover administration, new welfare programs were designed to offer relief for unemployment and its consequences. But it was FDR who set out to “tax and tax, and spend and spend”—until he was finally stopped by a Democratic Congress when he sought to raise the top personal income-tax rate from 79 to 94 percent in 1938. Still, Congress acquiesced to the 94-percent rate by 1944. Roosevelt understood the powers of government not only to tax and spend but to regulate and to circumvent the law as necessary by putting politicians on the Supreme Court.

Funded by income taxation on wealth and capital, federal-budget outlays hovered at one tenth of U.S. output throughout the Depression. But the onset of World War II required expanding confiscation beyond the wealthy to middle-class workers and families. By criminalizing taxpayers unable to pay their year-end income taxes in 1942, then pardoning them if they would agree to withholding tax from their paychecks, the federal government forced the middle class to join the wealthy as submissive taxpayers.

The World War II years showed that, given sufficient totalitarian urgency, the United States could confiscate over half of national output, principally by the powers of central government. Consequently, the liberal Democrats (not a whole lot more liberal than the Republicans) began to view government as a bottomless cornucopia of welfare goodies and relentlessly conceived one entitlement after another. By 1960, the needy could secure, through local and federal funding, food stamps, surplus commodities, school lunches, HUD-financed housing, and rent supplements; and improvidents could not be turned away from hospitals.

The “Great Society” proposed by John F. Kennedy and implemented by Lyndon B. Johnson was the culmination of a true American socialist welfare state of the Swedish model designed by Alva and Gunnar Myrdal. Medicare was adopted to provide universal hospitalization for the aged, followed by Medicare II supplemental care. Medicaid provided medical care for the poor and lower-middle class who lacked group insurance, as well as for the poorer seniors whom Medicare did not cover. Aid to Dependent Children, a program started by the Social Security act, became Aid to Families With Dependent Children (including single mothers) and was joined by housing, transportation, and child-nutrition allowances. Statistics showed poverty to be greatest among the aged, so half of the welfare benefits were designated for them—at their children’s expense. Social Security and Medicare, together with pensions and other personal resources, created the *individualist aged*, who no longer needed to depend on the care of their children and grandchildren, thus severing the ties between generations.

Welfare-entitlement benefits for unwed motherhood were joined by special benefits from the tax code, including the “head of household” marriage tax-penalty privileges of the Earned Income Tax Credit, daycare credits, tax schedule, and standard exemption. Welfare and tax giveaways combined to create a comfortable underclass living for unwed mothers; consequently, illegitimate births soared to one third of total births, and divorce rates rose to one half of the marriage rate. The socialists’ revenue and spending excesses were depleting the ranks of the hard-working married families who picked

up the tab. Marriage rates and fertility rates within marriage fell below zero population growth for the native population. (President Bill Clinton's "welfare reform" has since required unwed mothers to make reasonable efforts at working for a living, but today, a higher percentage of *married* women with children work.)

As of 2004, according to U.S. government sources, Americans pay 31 percent of their economic output for government. (The Organisation for Economic Co-operation and Development, comparing the United States to other countries, puts the figure even higher, at 37 percent.) One third goes to state and local governments, which, apart from national defense, provide most of the government services we require. The rest goes to Washington. Two thirds of all government spending is on welfare entitlements, most of which is spent by Uncle Sam either directly or through funding state programs. This tax burden is shouldered primarily by a decreasing proportion of married-couple families. One half of the funds go to support health and income security for indigent seniors who have separated themselves from assistance in childrearing and community responsibilities. The bulk of the balance goes to unwed mothers. Government funds the rearing of one third of America's children, making Uncle Sam the stepfather of the newborn proletarians of the socialist underclass.

What can help to stop America from continuing down the road toward totalitarian socialism along with the rest of the world? Certainly, a radical change in how we provide and fund social services is essential. Every citizen or family should be required to build a tax-free health- and income-security savings account from which they can draw to provide for their own

retirement and catastrophic medical care and relief and which would replace federal Social Security, Medicare, Medicaid, and other welfare goodies. The tax code should be radically simplified to discontinue any social benefits other than a tax reimbursement on necessities and to tax only consumption, in place of the current system of double taxation, to provide an incentive to save for the future. Far simpler and lower taxes should be the reward for responsible, hard-working families, allowing them to save and spend their own incomes—and deadbeats should be forced to do the same. The consumption taxation should be border adjustable, which would restore competitive terms of trade for American producers; and immigration levels should be limited by a policy that serves Americans' best interests. These policies would help to restore adequate single-worker incomes for families, allowing mothers to stay home, rear their own children, and care for the elderly. Americans want the right to be left alone and to look after themselves. Far too many cannot, since they are not allowed to earn and retain adequate incomes. For far too many, socialist taxation has driven their incomes to subsistence levels.

For those who have become accustomed to thinking of government as Santa Claus, this much must be understood. Yes, Virginia, there is a Santa Claus. The presents he gives you, he steals from "other people," after taking a liberal share for himself and his little elves. And you and your children are the "other people." Even if you have not yet been mugged by him directly, he has stolen from you the heritage of a country that was once a great place for all because it was a good place for all—a place that put its confidence in individual, family, and community rather than in the tyrannical confiscation of the centralized socialist state. <C>

At Culloden Field *by Peter Hunt*

Up here on this high moor today I feel,
Amidst the icy cold and heaps of snow,
Battle-cries and clash of claymore steel
And pounding thunder of the English foe.
When the 'Auld Alliance' bore no fruit
And Murray's timid counsel ruled the day
The half-starved clans had turned to face the brute,
Fat Cumberland's numerous gang who fought for pay.
And Charles, the prince of legend, song and tale
Who mightily strove to win his father's throne,
At last saw that he was doomed to fail
And left the wretched, bloody field alone.
Kilt, clan, pipe and cottage, all went down
That day, with visions of a Scottish crown.