

Yankee Steve's Column
for the Week of October 14, 2010

Schemes and Scammers

What is a Ponzi scheme? I sincerely hope you have not been blinded by promises of easy money. A friend of mine was “taken to the cleaners,” even though I knew her to be a well-educated, caring individual who watched out for others.

I asked her, “Why is the holder of your money offshore?” I wondered, “How is she receiving such fabulous returns on her investment?” My warnings went unheeded. It was not a laughing matter, and soon she sorely missed the money that went south.

A Ponzi scheme is a simple idea. A smooth-talking, clever fellow convinces you to invest with him because you are almost certainly to get a very good return on your hard-earned money. You might even feel that you don't need to trust him. And this is the problem – you believe that the government has your back with all sorts of regulations in place. Consequently, you stroll confidently into the spider's web even if it all seems to be too good to be true.

Of course the man running the Ponzi scheme does not invest your money. Instead he goes around enlisting people to do what you have done, invest money that will never actually be invested. From this pool of money he pays dividends, and everyone is happy. Then the bottom drops out; the scammer runs out of people who trust him now, and the seemingly bottomless pool of money begins to dry up.

Enter the Keystone Kops, the geniuses who operate the Securities and Exchange Commission, who seem to know too little too late and for some inexplicable reason and in spite of their ineptitude somehow manage to keep their jobs. Did you realize that the schemes of the infamous Bernard Madoff (presently serving a prison sentence) were uncovered in less than a day by Harry Markopolos whose warnings went unheeded.

The Government Pool

I would imagine that most Americans are aware that the economic measures taken by the present administration can be labeled as “Socialism.” That is a word that most Democrats try to avoid. It smacks of Stalin and Chairman Mao. Now I have a word that will really get the goat of Democrats.

I am of the opinion that Socialism is nothing more than a government-run Ponzi scheme. Let the Democrats take offense to that description if they will. The Democrats are running a scam, promising what they will never be able to deliver.

For fear of contradiction, they will not sit down with U.S. Representative Paul Ryan [R-WI] a number-cruncher par-excellence. As far as the Democrats are concerned he should be regarded as their most formidable opponent because Rep. Ryan owns a calculator and has not sat idle.

The well-intentioned Irish-American from Wisconsin has been willing to report his calculations - the money pool is drying up.

Socialism by any reckoning is a Ponzi scheme; and like all Ponzi schemes it must go bust. This is what is happening throughout Europe at this very moment. The “Iron Lady” Margaret Thatcher said it best, **“The thing wrong with Socialism is that eventually you run out of other people’s money.”**

But this particular Ponzi scheme has a strange clause attached to it. What do I mean? I mean you can’t escape before it fails. You will have to go down with the ship. Socialists always manage to get the law on their side. You have to participate, even if you know that the fool thing will not float. Does this infuriate you?

Well, it aroused the anger of the great French writer Frederic Bastiat [1801-50]. He remained to the end of his life a sworn enemy of Socialism because he knew it for what it is - the enemy of liberty. He wrote,

The social organs are constituted so as to enable them to develop harmoniously in the grand air of liberty. Away, then, with quacks and organizers! Away with their rings, and their chains, and their hooks, and their pincers! Away with their artificial methods! Away with their social laboratories, their governmental whims, their centralization, their tariffs, their universities, their State religions, their inflationary or monopolizing banks, their limitations, their restrictions, their moralizations, and their equalization by taxation! And now, after having vainly inflicted upon the social body so many systems, let them end where they ought to have begun - reject all systems, and try liberty - liberty, which is an act of faith in God and in His work.

The Rich and the Tax Man

Marxists, male or female, young or old, ascribe to one idea more than any other - the role of the government is philanthropy. That being the case then they believe that we must hold on to our entitlement programs at all costs. It is assumed that if we abandon these programs we will have become an unjust society.

The rich come in handy.

Their presence allows Socialists to think that the pool will never dry up. Apparently Socialists have misunderstood the words of Jesus, “The poor you will always have with you.” Socialists think that they can cure poverty by milking the rich. They believe that there will always be enough rich people to fund their social schemes and scams.

Socialists like President Barack Obama hate the rich but they know they need them. Monies pilfered from the rich will be directed toward philanthropic undertakings like Obama-care which cannot pay for itself unless someone is robbed.

After the November elections the Democrats will try to force the richest and the most successful Americans to forego the Bush tax cuts which are set to expire.

Obama wants to keep in place the tax cuts for the middle-class but when it comes to the rich that is another matter. (I would suggest that this is only a ploy. The middle class soon will also be targeted.) For now however the richest Americans will be forced to part with billions which would be better directed toward job creation in the private sector than used to float Obama's Ponzi healthcare.

Please note: Obama believes that jobs are created in the public sector. The rest of America on the other hand believes that jobs are created in the private sector. This is why Obama wants to take from the rich and give to the poor.

The White House is licking its lips, but it's also trembling. It knows that if it loses the House (and maybe the Senate, too) that the tax cuts President George W. Bush won for the richest Americans will funnel their monies into the job-creating private sector rather than his Ponzi programs.

Obama has a calculator, too. He knows that his Ponzi scheme will not work if he does not find more investors. If Obama gets his way the richest Americans will be punished for being ambitious and successful..

The law will be on the side of the President. The President will be authorized to permit the government to do what no one citizen could ever be allowed to do.

Sometimes the law defends plunder and participates in it. Thus the beneficiaries are spared the shame and danger that their acts would otherwise involve . . . But how is this legal plunder to be identified? Quite simply. See if the law takes from some persons what belongs to them and gives it to the other persons to whom it doesn't belong. See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime. Then abolish that law without delay - No legal plunder; this is the principle of justice, peace, order, stability, harmony and logic.
[Bastiat]

We will have our chance in November to rid America of a large number of Ponzi-ites. And who are they? They are the Democrats and a few Republicans who think that we should comply with the scam.

Ever yours,

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