



GOP Debate Showdown at Simi Valley

The debate among Republican presidential candidates at the Reagan Library on Wednesday, Sept. 7th, provided a good deal of political theater. Every word spoken by the candidates, every facial expression, even their body language, enlivened the event. Brian Williams of NBC News and his cohort, John F. Harris, from Politico asked questions calculated to put each candidate on the spot. They especially wanted to pit Mitt Romney against Texas Governor Rick Perry.



The result was quite a spirited combat that revealed the differences between the two candidates.

Mitt Romney came across to this writer as a moderate Republican offering a good economic plan but not much else. He did not talk of repealing Obamacare, only issuing waivers. Hardly good enough for Tea Partiers. Michelle Bachmann, Herman Cain, and Ron Paul pledged to repeal Obamacare. Perry, however, got hung up on the Social Security issue. Romney pledged to save Social Security and make it better, which is what moderate Republicans always do with liberal programs. Perry called Social Security “a Ponzi scheme,” which sent Williams and Harris into convulsions of disbelief. A Ponzi scheme? It sounded off the wall but was nevertheless true.

People pay for Social Security through OASDI (Old-Age, Survivors, and Disability Insurance) taxes (formerly called FICA), which are spent by the government for whatever reason it wants. It pays Social Security recipients from these OASDI funds, but places the surplus into the Social Security Trust Fund in the form of U.S. Treasury notes. These bonds are not marketable assets, but they are backed by the full faith and credit of the government. Which means that future taxpayers will need to pay for their redemption.

The federal government takes in more than it needs through OASDI taxes to pay current Social Security recipients, spends the surplus on anything it wants, and has put in the Trust Fund \$2.6 trillions of Treasury paper of no intrinsic value.

In other words, the money that the worker puts aside for Social Security is not invested in anything tangible as highly valued stocks of great corporations. The worker’s account is stuffed with government IOUs that bear some interest that the taxpayer must make good.

The only difference between what Bernie Madoff did and what the government is doing is that the latter has the power to tax the nation to pay for its spending of the OASDI money.

But Perry did not have the opportunity to explain in fuller detail why he called Social Security a Ponzi scheme. But, interestingly enough, when a focus group on Fox News was asked if they believed what Perry asserted, they overwhelmingly said “yes.” They did not view Perry’s statement as extreme. They viewed it as an attempt to tell the truth about this venerable, sacred government retirement program which most Americans assume is run responsibly by the government. And, as we know, any attempt to



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give workers the power to divert some of their OASDI taxes into private investment accounts that have tangible assets has been shot down by the liberals. Herman Cain made reference to the system now being used in Chile, where Social Security taxes are put into private accounts that can accumulate a higher rate of return than a government bond.

Jon Huntsman sounded reasonable and rational, but he lacks the political passion of a movement conservative. He sounded too bland, too establishment. Rick Santorum did not get much of a chance to sell himself to the public. Ron Paul did well but was overshadowed by the Romney-Perry political duel. Perry was particularly annoyed by Paul's criticism of his program to inoculate girls against a sexually transmitted viral disease. Michelle Bachmann emerged as less dynamic as she was in Iowa overshadowed by the emphasis on the Romney-Perry fracas, which dominated everything. Gingrich accused Williams and Harris of trying to divide Republicans who are all committed to defeating Obama in 2012.

All in all, it was a very entertaining debate with a group of unique personalities. But since the Republican nominating convention won't take place until late August of 2012 in Tampa, Florida, other candidates may emerge in the months ahead who will really energize Tea Partiers. In the end, Sarah Palin may become the winner.

On the day after the debate, President Obama gave his speech to Congress on his new jobs program. It's called the American Jobs Act, and Obama urged Congress to pass it "right away." The program contains lots of goodies for union labor: teachers and construction workers. It offered tax credits to small businesses if they hired workers. But, in essence it was not much more than a half-trillion dollar stimulus package, to be paid for by raising taxes on the rich, which Republicans will not vote for. So the American Jobs Act may be dead on arrival.

Obama is trying to tell the nation that all of our economic problems would be solved if only the rich would pay their fair share. The fact is that the rich already pay most of the taxes collected by the government, while 45 million Americans pay nothing.

As a socialist, Obama has just about run out of his Marxist bag of tricks. That is why he keeps harping on the class struggle, which he hopes will resonate among Americans. The simple truth is that most Americans do not resent the rich, because they too would like to become one of them. That's the promise of the American dream. In America anyone who applies himself can become rich.

It now seems quite clear that the American economy will remain in the doldrums until the present socialist occupant of the White House is replaced by a new free-market, less government oriented president. But Americans have shown that they have the patience to wait until the change takes place.

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