



Unravelling the New World Order

*An Exposé of How Government, Religious, and Financial Insiders
Are Deciding Your Future*

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The New Socialism in America

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Ever been to a country where socialism is firmly entrenched? If so, you've no doubt observed a power grid that rarely works, deplorable public sanitation, rationing of everything from electricity to health care, rampant corruption, chronic unemployment, and widespread poverty. And that's just for starters.

The USA isn't there just yet, but it's accurate to say that today we are living in a State-dominated society. Government is meddling—big time—in almost every industry, and the cost of government now makes up more than 40% of our GDP.

If the poor knew anything about economics—which they don't—they wouldn't keep voting for socialist politicians and their programs. Under socialism around the world, it is the poor who suffer the worst economic outcomes. Their cash savings get wiped out by inflation. Their jobs disappear when regulations and government debt reduce private investment and jobs go overseas or companies go broke.

But the poor, believing their “leaders” are trying to serve their best interests, are willing to embrace the resulting economic slavery for the sake of what they hope will be a measure of “security.” But the poor aren't the only ones who are addicted to the system.

Many believe the present-day “American System” is the greatest system in history for creating wealth. The value of America's production has soared over the past 40 years, along with asset prices—and it would *appear* that we have become more affluent as a nation. Some have become vastly richer. But the problem is, our debt has outpaced the growth of our real wealth. After adjusting for debt, it is clear the country has not gotten richer at all.

Instead, we have become addicted to an illusion of wealth. We borrow more and more money to buy more and more “things” at ever-higher prices, while the “system” nibbles at whatever we have managed to accumulate. We continue to work, day after day, at jobs that offer declining real wages. Despite all that, how is it that some have gotten much richer under this new brand of socialism in America?

It requires an answer to another question, “*Who benefits?*”

Whose wealth and power increase with inflation? Who profits from increased spending and costly social programs that ultimately fail? Who profits from an explosion in debt?

The truth is, there is an elite class that has the power to protect itself from policies of inflation, increased spending, and colossal debt—and to profit at the same time. Over the past 40 years, these people have accumulated massive amounts of paper wealth; and now, they are converting it to *real* wealth—which explains exploding prices of farmland and precious metals.

The new brand of socialism is a system fueled by paper money, the constant, intentional expansion of debt, and corruption that's hard to eradicate or prosecute because it operates within the boundaries of the law.

As with European and totalitarian socialism of the last 100 years, this newer brand of socialism harnesses the power of the State to grow and maintain production. But there is one critical difference that makes it both powerfully *alluring* and *dangerously corrupt*: In America's “new socialism,” *the State props up the system*. This provides huge incentive for entrepreneurs and politicians to collaborate to keep the system going.

It began with FDR

In 1930, federal spending made up 3% of GDP. In 1933, Roosevelt seized all privately held gold in the U.S. and began creating massive government (socialist) programs. By the time FDR died in 1945, federal spending had reached an all-time high of 44% of GDP.

Following World War II, the U.S. dollar became the world's reserve currency. In exchange for the privilege of having our dollar at the center of the world's economy, the U.S. promised it would, upon demand, exchange the U.S. dollar for gold at \$35 an ounce.

President Nixon cancelled that promise in 1971 by "closing the gold window." In doing so, he severed the tie between our economy and our money. Without the link to gold, bank reserves could literally be created out of thin air—which led to a huge expansion of our money supply and our debt.

The federal government, which can create unlimited amounts of credit, can bestow favored status on certain sectors of the economy—notably, banks. What most Americans don't understand is that our historic tie to gold made it impossible for the banking system to grow beyond certain limits. Gold limited the amount of currency in circulation, and that in turn restricted how much money banks could lend. While the gold standard existed, the maximum total debt-to-GDP ratio was limited to around 150%; but when the tie to gold was eliminated; our total debt-to-GDP ratio began to grow. Now, it's close to 400%.

Today, the New Socialism has spread like a malignancy, afflicting one industry after another. At some point, businesses can no longer function without massive government aid.

Take Fannie Mae, the government mortgage bank as an example. Under the corrupt leadership of Franklin Delano Raines, Fannie grew to be the largest mortgage bank in the world. It did not lend money to homeowners; rather, Fannie bought mortgages from banks, which allowed the banks to lend to more homeowners. Fannie guaranteed the loans, a huge number of which were made to high-risk borrowers. The theory was that this strategy made housing more affordable. In the long run, it didn't. It simply allowed banks to make risk-free loans, which led to vastly inflated home prices, bigger profits for the banks, and enormous profits for Fannie Mae—for a time. But it was a giant scam; Fannie never had the capital in the first place to guarantee the loans it bought and insured. When the bubble finally burst, the U.S. taxpayers ended up footing the \$500 billion bill.

How could this happen? The answer is, it's the new American socialism at work. Because of its close connection to the government, Fannie Mae didn't have to submit annual reports to the SEC, nor was it required to meet the same capital guidelines that applied to all other banks in the country. It could take any amount of risk it chose to take, and it could borrow as much as it wanted. It literally had a license to steal.

To maintain that unbelievably lucrative advantage, Raines turned Fannie Mae into the largest lobbying organization in the U.S. He set up offices in key congressional districts, and the organization began to influence the election of representatives to Congress who would protect their con game. Raines implemented the "Friends of Mozilo" program whereby key Washington officials got deeply discounted loans. When the "party was over" and Fannie collapsed, politicians arranged to have the U.S. Treasury cover the losses.

This socialist experiment in mortgage banking enriched a tiny, elite group of Americans. It funneled colossal profits to Wall Street, to Washington, and to other well-connected "players." The elites at the top chose the winners and losers—one of the clearest and most disgusting examples of government corruption imaginable. The rich kept their ill-gained money and the poor got wiped out. And now, America has more empty houses than ever—roughly 10% of the entire housing stock.

Notice that this new brand of socialism in America isn't called socialism. It has been called by other names—"joint public-private enterprise" and "government insurance," to name a couple. But whatever you call it, it's socialism. What is different is that it leaves the profit motive in place. It is a system that literally attracts greed and promotes corruption by socializing the risk (transferring it to the taxpayers) and privatizing the profits for the benefit of elites and insiders. That is the reason it has grown decade after decade, promoted by both political parties. Absent a full-scale economic collapse, it may be impossible to stop.