

# State of Mankind

How much do you know?

Excerpts from *How the Specter of Communism Is Ruling Our World*

(44)

Western countries are using many economic policies that don't appear to bear any relation to socialism either in name or form, yet they play the roles of restricting, weakening, or depriving people of the right to private property. Others weaken the mechanics of free enterprise, expand government power, and lead society further down the road toward socialism. Methods include high taxation, generous social welfare, and aggressive state interventionism.

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An important feature of communist or socialist economics in Western countries is robust social welfare. Current social welfare policies make people who came from communist countries feel as though they have simply moved to another socialist state.

Undercover Socialism

The government itself doesn't generate value. Rather, it's like shearing wool from a sheep. All social benefits are ultimately paid for by the people using taxes or national debt. A high degree of welfare itself is a variant form of communism, just without the violent revolution practiced by communist parties.

High taxation is the forcible nationalization of private assets for redistribution on a large scale. At the same time, it is a hidden path to gradually phasing out the system of private ownership.

The end result of high taxation is the same as the public ownership and egalitarianism imposed by communist regimes, with the only difference being whether nationalization is effected before or after production. In communist planned economies, production materials are directly controlled by the state. In the West, production is controlled privately, but the revenue is converted into state assets via taxes and redistribution schemes. Either way, it is equivalent to robbery and plunder of others' wealth. In Western countries, rather than using killing and violence, this was achieved legally through democracy and legislation.

Some government aid is reasonable, such as social security for victims of disasters or accidents. But the positive aspects of welfare make it a convenient instrument of deception, and it becomes the excuse needed to increase taxes. In this regard, generous social welfare has already achieved the same destructive consequences as communist economics for the people, society, and moral values. By nature, communist economics brings out the dark side of human nature. This is the root cause of why the specter is pushing communist economic values around

the world, whether in free societies or in those directly controlled by communist regimes.

## High Taxation

Social welfare in developed Western countries consumes a large portion of fiscal revenue, which comes from taxes transferred from private wealth. There is no other way to maintain this level of government largess.

In the United States, over half of tax revenue is spent on Social Security and medical care. More than 80 percent of this money comes from personal income taxes and social security taxes; 11 percent is from corporate tax. [2] Many Western countries go even further than the United States, given their more comprehensive welfare systems.

According to 2016 data on thirty-five market economies published by the Organization for Economic Co-operation and Development (OECD), twenty-seven countries had an income tax rate of over 30 percent. The countries with the two highest income taxes, at 54 and 49.4 percent, were both in Europe. On top of this, eating or shopping in many parts of Europe comes with a value-added tax as high as 20 percent in some places. [3] Corporate taxes and other taxes further add to the overall rate.

Other data showed that in 1900, only seven of the fifteen countries for that year imposed an income tax, with Italy leading at a rate of 10 percent. Australia, Japan, and New Zealand had income tax rates of about 5 percent. But by 1950, the average maximum tax rate across

twenty countries was over 60 percent; today, it has slowly fallen to around 40 percent. [4]

High taxation burdens not only the wealthy; the poor are also penalized in various ways. While the rich often have various legal means of shielding themselves from taxes, welfare benefits afforded to the poor disappear as their income increases beyond a certain threshold. In short, people are being penalized for working harder.

## High Welfare

In 1942, the British economist William Beveridge advocated the welfare state, a plan “all-embracing in scope of persons and of needs.” In modern society, the high welfare system has been expanded to cover unemployment, medical care, pensions, occupational injury, housing, education, child care, and the like, far beyond traditional concepts of charity for those in immediate need of aid.

A report from the Heritage Foundation showed that in 2013, more than one hundred million people in the United States, or about a third of the population, received welfare benefits (excluding Social Security and Medicare) worth an average of \$9,000 per person. [5] According to statistics collected by the U.S. Census Bureau, about 12.7 percent of the population was living under the poverty line in 2016, yet their living conditions may come as a surprise to many.

According to government surveys, 96 percent of parents in impoverished households said that their children had never been hungry. Almost 50 percent of impoverished households lived in

detached houses, and 40 percent lived in townhouses. Just 9 percent lived in mobile homes. Eighty percent had air conditioning and two-fifths owned widescreen LCD TVs. Three-quarters of impoverished households owned cars. [6] The deliberate categorization of large numbers of people into the “impoverished” demographic provides ample excuse for the expansion of welfare.

Benefits provided by the U.S. government are below average compared with members of the Organization for Economic Co-operation and Development. Most people living in Nordic countries and other Western European nations enjoy far greater welfare than Americans. In Denmark, for example, even the wealthiest citizens enjoy a cradle-to-grave social safety net that includes free medical care, university education, and other generous benefits.

Prior to their country’s economic collapse, Greeks enjoyed an annual fourteen-month salary, retirement at the age of 61, and a pension equivalent to over 90 percent of their salary. Swedes are entitled to 550 days of continuous sick leave and other benefits.

The expansion of welfare from its traditional role of emergency charity to constant benefits for the entire population is, in fact, part of the specter’s scheme to impose a communist economy.

**Social Benefits: Spreading Corruption and Intensifying Contradictions Between Rich and Poor**

From an economic point of view, the essence of welfare is to take money from some people and transfer its value to others. However, it is

the government that is responsible for distributing the wealth, thus de-emphasizing the wisdom that one must work in order to gain. The loss of this moral principle is particularly evident in Northern Europe.

Swedish scholar Nima Sanandaji demonstrated this point using data from the World Value Survey. In the early 1980s, 82 percent of Swedes and 80 percent of Norwegians agreed with the statement that “it is wrong to receive government benefits that you do not deserve.” By the time of surveys respectively taken in Norway and Sweden in 2005 and 2008, only 56 percent of Norwegians and 61 percent of Swedes agreed with this statement. [7]

Under a generous welfare system, those who work hard receive fewer returns, and those who are less industrious are rewarded with benefits. Over time, this subtly distorts moral traditions, as those who grew up with high government welfare lose the industriousness, independence, responsibility, and diligence of their forefathers. They take the system for granted and even consider welfare to be a human right. They have formed a habit of relying on the government and even holding it hostage for continuous aid. Social values have changed almost irreversibly. Like boiling frogs slowly, communism’s use of high amounts of welfare erodes moral wisdom.

High government welfare also squeezes out the role of traditional charities, depriving both the donors of the opportunity to do good works and the beneficiaries of the chance to feel gratitude.

In traditional society, charity was done by one’s own choice, either by directly aiding the less fortunate or by donating to charitable

organizations such as churches. There were definite donors and recipients, and being able to receive assistance was a privilege, not a right. Recipients felt gratitude for the donors' kindness and would be motivated to use the charity to supplement their own efforts to improve their lot. Those who received charity and turned their lives around would be likely to return the favor when others confronted the same challenges they once faced.

French thinker Alexis de Tocqueville noted that charity combines the virtues of generosity and gratitude, which interact mutually to improve society and exert a positive moral influence. Meanwhile, the relationship between givers and receivers functioned to ease conflicts and antagonism between rich and poor, as charitable behavior on the part of individuals connected members of different economic classes. [8]

The bloated system of modern welfare alienates donors and recipients by bureaucratizing the process of charity. The "donors" of today are taxpayers who are forced to give up their wealth, rather than sharing it voluntarily. Meanwhile, recipients of welfare have no connection to their benefactors and feel no gratitude for their sacrifice.

Tocqueville believed that social welfare exacerbated conflicts between rich and poor. Having part of their wealth forcibly confiscated, the wealthy would come to resent the class of welfare recipients. Tocqueville said that the poor, too, would continue to feel discontent since they would take their economic relief for granted: "One class still views the world with fear and loathing while the other regards its misfortune with despair and envy." [9]

Bloated welfare also becomes a point of jealousy and political conflict that communism uses to destroy people's moral and social harmony. This has been observed in the Greek economic crisis: Rather than a conflict between rich and poor, the struggle was to be had between the middle and upper classes. Among the latter, tax evasion has become a "national sport," according to Greek officials cited by The Economist. [10]At the same time, so as to not upset its constituents, the Greek government has relied on taking loans to offset diminishing tax revenue and maintain the same level of welfare found in other European countries.

In the aftermath of the economic crisis, the Greek government attempted to cut back on social welfare, only to meet with staunch resistance from the general population. The people set their sights on the wealthy and demanded even higher taxes be levied on them, creating a headache for the government that has yet to be resolved.

The welfare system erodes the traditional work ethic and makes people feel entitled to that which they did not earn. As industriousness is punished, the entire economy suffers.

In 2010, a practical study by Martin Halla, Mario Lackner, and Friedrich G. Schneider produced data showing that social welfare disincentivizes hard work in the long term. And such a result will not be shown until a long period of time later. The three economists concluded that the dynamics of the welfare state are inimical to the health of a nation's economic base. [11]