

WHAT COULD HAVE BEEN

An Alternative to the
World's Greatest
Ponzi Scheme



Olde Eagle

Preface

This book is about one of the biggest lies ever told to the American people.

Social Security was the cornerstone of FDR's Marxist New Deal. Promoted through lies and misrepresentations, it has never performed as it was promised — even before Congress began raiding the “Trust Fund.”

For more than ninety years, politicians have told us that Social Security is a sacred trust. They said it was insurance. They said it was secure. They said if we paid our taxes, the government would take care of us in old age.

They lied.

What they created was a giant Ponzi scheme. It takes money from today's workers and hands it over to today's retirees. The extra cash? Politicians spent it on everything except your retirement. The so-called “Trust Fund” is nothing but a pile of government IOUs.

I wrote this book because the truth matters. Americans deserve to know how this system really works, how much it has cost us, and — most importantly — what could have been if we had chosen a different path.

In these pages, you will see the cold facts. You will also see real proof that a better system is possible. Three counties in Texas walked away from Social Security in 1981 and built something far better. Chile did the same thing on a national level. Their people ended up with more money, more security, and more freedom.

This book is not written for professors or politicians. It's written for regular Americans who work hard, pay their taxes, and are tired of being lied to.

If you've ever looked at your paycheck and wondered where all that Social Security tax money really goes, this book is for you.

The time has come to stop pretending. The time has come to face the truth.

Olde Eagle

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Chapter 1: The Big Lie That Started It All



On August 14, 1935, President Franklin D. Roosevelt stood in the White House and signed the Social Security Act into law. With a stroke of his pen, he launched what would become the largest government program in American history. He called it a great victory for the American people. He promised it would bring security to millions of workers in their old age. He said it was fair, honest, and built to last.

Almost every word was a lie.

From the very first day, Social Security was never what they claimed it was. The American people were told they were buying “insurance.” They were told their payroll taxes would go into a special fund with their name on it. They were told that when they retired, they would get their own money back, plus interest, just like a private pension plan.

None of that was true.

Social Security was a pay-as-you-go system from the beginning. The money taken from your paycheck today does not sit in a savings account waiting for you. It goes straight to pay current retirees. Whatever is left over is spent by the government on whatever politicians decide. This is the classic definition of a Ponzi scheme. New money pays off the old promises until the new money runs out.

The designers knew this. They understood basic math and demographics. In 1935, there were roughly 16 workers paying into the system for every person collecting benefits. That made the early years look very successful. The first generation of retirees often received far more in benefits than they had ever paid in taxes. Some collected monthly checks for thirty or forty years after contributing for only a short time.

It looked like a wonderful deal — but it was never sustainable.

The man who created the original Ponzi scheme in the 1920s used new investors’ money to pay earlier investors. It worked great until the supply of new suckers dried up. Then it collapsed. Social Security works exactly the same way. The only difference is that the government can force every worker in America to keep paying. That forced participation is the only reason the scheme has lasted this long.

Franklin Roosevelt and his team had a much bigger goal than simply helping old people. Social Security was deliberately designed as the cornerstone of his Marxist New Deal. It was meant to expand federal power over the lives of ordinary citizens. Once millions of Americans started depending on a government check every month, it would become politically almost impossible to ever dismantle the program.

Frances Perkins, Roosevelt's Secretary of Labor and the first woman in a presidential cabinet, played a leading role in creating the system. She and other New Dealers openly viewed Social Security as a tool to reshape American society. They wanted people to look to Washington, not to themselves, their families, or their own savings, for security in old age.

They sold the program during the depths of the Great Depression when millions of Americans were scared and desperate for any kind of help. Roosevelt used that fear masterfully. He warned that without his plan, old people would starve in the streets. Congress passed the bill quickly, and the greatest Ponzi scheme in world history was born.

The biggest lie of all was the promise of a "Trust Fund." The original 1935 law actually required any surplus money to be invested in U.S. government securities. In plain language, that meant the government was legally allowed — in fact required — to borrow the extra cash and spend it on other things. The Trust Fund has never been a real pile of money set aside for your retirement. It has always been nothing more than IOUs from one part of the government to another.

Even before Congress started the worst raiding in later decades, the system was already broken in principle. The very first person to receive monthly Social Security benefits was a woman named Ida May Fuller from Vermont. She had paid a total of just \$24.75 into the system over three years. By the time she died at age 100,

she had collected \$22,888.92 in benefits. That was not insurance. That was a massive giveaway paid for by other workers.

The American people never got a real chance to vote on any of this. It was forced on them at a time of national crisis. Roosevelt and his advisors knew that fear makes people accept things they would normally reject. They used that moment to lock in a system that would be very difficult to undo.

A few honest voices warned at the time that this could never last. They pointed out the obvious demographic problems. Americans were living longer. Birth rates would eventually fall. The ratio of workers to retirees would collapse. These warnings were shouted down and ignored. The New Dealers didn't care about long-term sustainability. They cared about power in the here and now.

For ninety years, politicians from both parties have protected this lie. They continued to call Social Security "insurance." They continued to promise it was secure. They continued to raid the surpluses whenever it suited them. And they continued to tell younger generations that if they just paid their taxes, everything would be fine.

Today we know the truth.

The worker-to-retiree ratio has fallen from 16-to-1 down to about 2.7-to-1. It is heading lower. Social Security's own trustees warn that the program will be unable to pay full benefits in the early 2030s without major changes. The so-called Trust Fund is full of government promises, not real money.

This was never a retirement plan. It was a political wealth transfer program dressed up as security. It was sold with lies, protected with more lies, and sustained by forcing each new generation to pay for the previous one.

The damage has been enormous. Trillions of dollars that could

have been invested and grown for American families were instead spent by politicians. Personal savings were discouraged. Family responsibility was weakened. Dependence on government grew.

But here is the most important truth in this chapter:

It did not have to be this way.

While most of America was locked into this failing system, a few places said no. In 1981, three counties in Texas — Galveston, Brazoria, and Matagorda — had the courage to opt out of Social Security. They created their own private retirement plan. The results were dramatically better.

Around the same time, the country of Chile made an even bolder move. They replaced their collapsing government pension system with personal retirement accounts. Their people also ended up far better off.

These real-world examples prove that a better way existed all along. They prove that the big lie did not have to win.

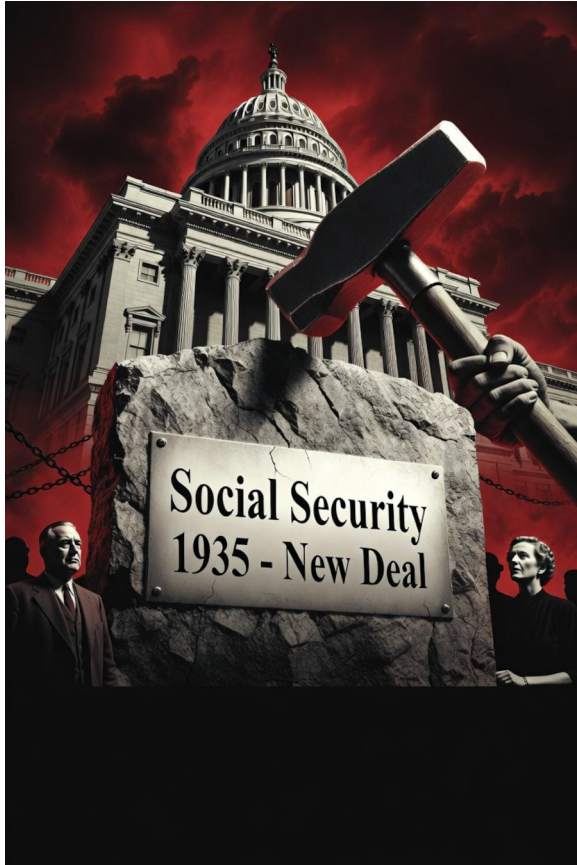
In the chapters ahead, we will examine exactly how the deception was built, how the money was stolen, what Americans actually get versus what they were promised, and — most importantly — what could have been if we had chosen ownership and honest investment instead of political control.

The Ponzi scheme was never inevitable.

The better path was always available.

It is time to stop pretending otherwise.

Chapter 2: How Social Security Became the Heart of FDR's Marxist New Deal



Franklin Roosevelt had a plan far bigger than helping a few old people. He wanted to fundamentally change America, and Social Security was the key piece that would make it happen.

Roosevelt and his closest advisors openly described Social Security as the cornerstone of the entire New Deal. They knew exactly what they were building. Once the federal government

began sending monthly checks to millions of voters, those voters would become dependent on Washington. It would be extremely difficult for any future president or Congress to take those checks away. This was brilliant politics, but terrible economics.

From the very beginning, the people behind Social Security wanted one thing above all else: greater government control over the lives of ordinary Americans. Many of Roosevelt's top advisors, including Secretary of Labor Frances Perkins, admired European socialist systems where the state controlled large parts of people's economic security. They believed government should play a much larger role in daily life, and Social Security gave them the perfect tool to achieve that goal.

They deliberately sold the program to the public as simple "insurance." Most Americans believed they were paying into their own personal retirement account — money that would be saved and returned to them later with interest. That was never the truth. The money taken from workers' paychecks belonged to the government the moment it was collected. It was never set aside for the individual contributor.

Roosevelt himself made his intentions clear in private discussions. He wanted to create a system that gave people a legal and political right to benefits. Once Americans believed the government owed them money every month in old age, it would become nearly impossible to dismantle the program. That strategy worked exactly as designed. Social Security quickly became one of the most politically untouchable programs in Washington.

The timing was perfect for Roosevelt's goals. The bill was passed in 1935 during the depths of the Great Depression. Millions of Americans were out of work, frightened, and desperate for any kind of help from the government. Roosevelt used that fear like a weapon. He told the nation that only bold government action could save them from starvation and ruin. Social Security was

wrapped inside a much larger package of new federal programs that included unemployment insurance, aid to dependent children, and help for the blind and disabled. All of these programs dramatically expanded federal power in ways the Founding Fathers never intended.

The payroll tax started small on purpose. They began with just one percent from the worker and one percent from the employer on the first \$3,000 of income. This was the bait. Americans were told the tax would stay low and the program would always remain financially sound. Both promises were broken long ago. Today the combined payroll tax rate is 12.4 percent, and the taxable wage base has climbed well above \$168,000 and keeps rising.

The real goal was never just providing modest retirement security. The real goal was creating widespread dependence on government. Once enough people relied on a monthly government check for their basic needs, politicians could use the threat of cutting those benefits to control votes at election time. That threat still hangs over America today.

Frances Perkins, the driving force behind much of the legislation, later revealed her true thinking in her own writings and speeches. In a 1962 speech titled “The Roots of Social Security,” Perkins openly admitted that nothing except the terrifying shock of the Great Depression would have forced the American people to accept a social security system.¹ She and other New Dealers saw the crisis as the perfect opportunity to push through permanent government control over economic security.

¹ Frances Perkins, “The Roots of Social Security,” speech delivered at Social Security Administration Headquarters, October 23, 1962. She also detailed her views in her book *The Roosevelt I Knew* (1946), where she celebrated Social Security as a cornerstone of transforming American society through expanded federal power.

Perkins later admitted in her writings how central Social Security was to the entire New Deal agenda. She called it Roosevelt's greatest domestic achievement. In one sense she was right — but not in the way most Americans would celebrate. The program successfully locked in the dangerous idea that citizens should look first to Washington, rather than to themselves, their families, or their own savings, for security in old age. That single shift in thinking has done more long-term damage to American character and self-reliance than almost any other government program.

The New Deal was never really about long-term solutions to economic problems. It was about expanding government power in the moment. Social Security delivered that power on a silver platter. It turned the federal government into the largest retirement plan operator in the world. At the same time, it turned every working American into a lifelong taxpayer for a system they had no real ownership in.

Even if a worker dies young and never collects a single retirement check, the government keeps nearly every penny that was taken from their paycheck. A small survivor benefit might go to a spouse or children, but the vast majority of the money simply disappears into the general system. That is not insurance. That is a tax — a tax that was sold to the American people through deception.

This chapter has shown how the trap was carefully built. The next chapters will reveal exactly what this deception has cost ordinary Americans in lost wealth, broken promises, and generational unfairness.

Most importantly, we will examine the places that refused to fall into the trap. In 1981, three counties in Texas had the courage to say “No” to Social Security. They created their own private retirement plan and achieved dramatically better results. Around the same time, Chile made a similar bold move on a national

level.

Their success stories prove that America did not have to end up with this failing system. A better way was always available. The politicians simply chose not to take it.

The big lie at the heart of Social Security did not have to win.

And it still does not have to win today.