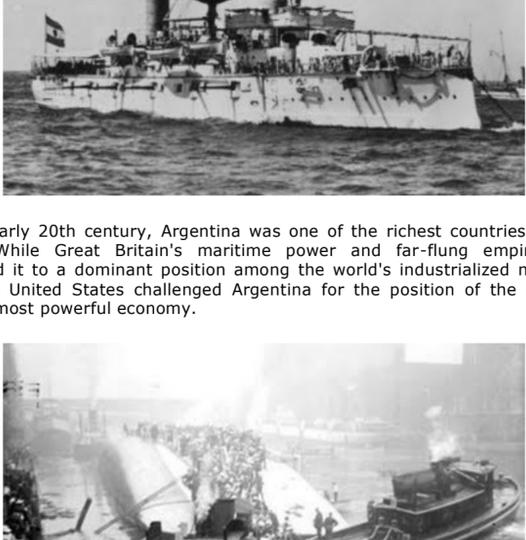


Comparing what's happening in America with what happened to once-great Argentina may change the way you vote in 2016.

THE PARALLELS ARE
FRIGHTENING

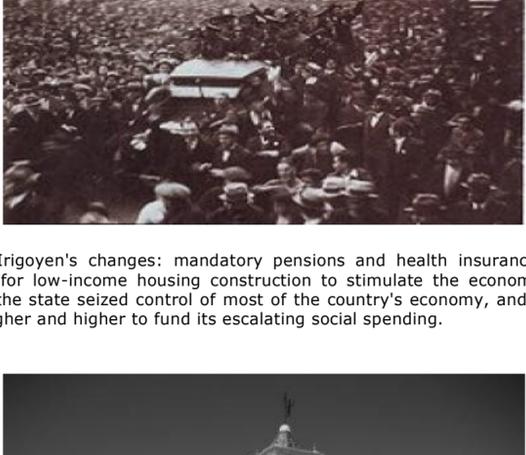
Don't Cry For Me, America



In the early 20th century, Argentina was one of the richest countries in the world. While Great Britain's maritime power and far-flung empire had propelled it to a dominant position among the world's industrialized nations, only the United States challenged Argentina for the position of the world's second-most powerful economy.



The prosperous South American nation was blessed with abundant agriculture, vast swaths of rich farmland laced with navigable rivers and accessible ports. Its level of industrialization was higher than many European countries: railroads, automobiles and telephones were commonplace.



In 1916, a new president was elected. **Hipólito Irigoyen** formed a party called *The Radicals* under the banner of "fundamental change" with a populist appeal to the middle class.



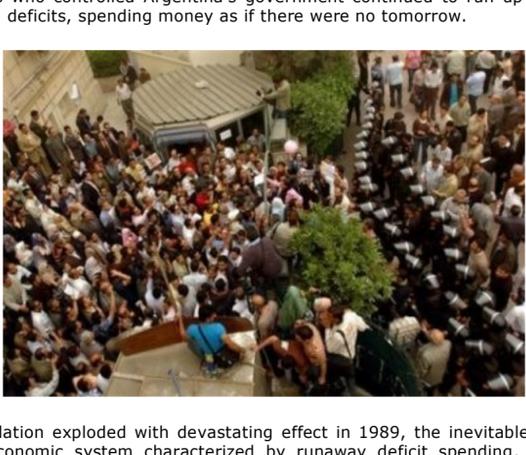
Among Irigoyen's changes: mandatory pensions and health insurance, and support for low-income housing construction to stimulate the economy. Put simply, the state seized control of most of the country's economy, and raised taxes higher and higher to fund its escalating social spending.



With an increasing flow of funds into entitlement programs, the level of payouts soon became unsustainable as spending exceeded revenues by wide margins. Before long, Argentina's entitlement programs had run up staggering unfunded liabilities, the same thing that has happened to Social Security and Medicare programs in the United States.



The death knell for the Argentine economy, however, came with the election of **Juan Perón**. To gain power, Perón and his charismatic wife, Evita, launched a campaign of class warfare, the means of achieving political power outlined in *The Communist Manifesto*. Capitalism was made the scapegoat for Argentina's problems, and the affluent owners of job-producing businesses were publicly condemned. Faced with punitive taxes and the threat of outright wealth confiscation, Argentina's business sector went into defense mode as the economy continued its decline into the abyss.



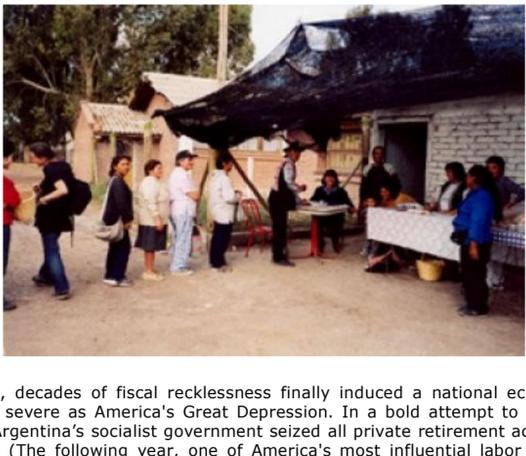
To maintain power, the Peróns expanded their populist attacks to include the country's upper middle class property owners, who also were demonized as greedy and uncaring.



Funded by massive deficit spending that ran up staggering levels of national debt, the size of Argentina's government skyrocketed under Peron.



High taxes and failed economic policies took an inevitable toll, even after Perón was driven from office. But his class warfare rhetoric lived on as the socialists who controlled Argentina's government continued to run up record debt and deficits, spending money as if there were no tomorrow.



Hyperinflation exploded with devastating effect in 1989, the inevitable result of an economic system characterized by runaway deficit spending, wealth redistribution and growing government control over the economy.



In a desperate attempt to stave off further disaster, the Argentine government began printing money to keep itself afloat. Inflation skyrocketed to 3000%, reminiscent of what happened in the Weimar Republic when the German government also printed massive sums of fiat money in its own failed effort to save a failing economy. Across Argentina, food riots broke out and looting was rampant as the country descended into chaos.



By 1994, Argentina's public pensions -- the equivalent of Social Security in this country -- finally imploded. The payroll tax was increased from 5% to 26%, but that wasn't enough to save the system, even though Argentina had also mandated higher income taxes, a value-added tax, and a confiscatory tax on personal wealth. These punitive measures did severe damage to the private sector, further crippling a nation already in steep decline.

A government-controlled "privatization" plan to rescue public pensions was attempted. But by 2001, those funds had been raided by the government, the same thing that's happened to the Social Security Trust Fund in this country.

By 2002, decades of fiscal recklessness finally induced a national economic crisis as severe as America's Great Depression. In a bold attempt to stay in power, Argentina's socialist government seized all private retirement accounts in 2008. (The following year, one of America's most influential labor unions called on the government to federalize all private retirement accounts in this country.)

The bottom line: Argentina was once one of the world's most prosperous and respected countries. Now, it is a poverty-stricken nation struggling to meet its massive debt obligations brought on by decades of relentless spending on unsustainable social programs.

WHAT HAPPENED IN ARGENTINA IS NOW HAPPENING IN EUROPE, WITH AMERICA NEXT IN LINE

"Across Europe, one finds people stunned at the rapidity with which this crisis has grown, threatening not only their weak economies but also their dreams of a European utopia with people living a honeyed existence. All that could go smash now. Indeed, it is ironic that Europe may now be forced to give up its strong welfare state even as the U.S. [under Obama] is moving toward it."

DAVID GERGEN

Senior Political Analyst for CNN who has served as an advisor to four U.S. presidents