

January 24, 2005      Social Security reform promises to be the biggest domestic issue this year in Washington, but most of the proposals are nothing more than flim-flam. The only honest solution to the future insolvency of the program is for Congress to stop spending so much money. Unless Congress makes real cuts in spending-- and stops spending Social Security taxes on completely unrelated programs-- millions of Americans simply will not receive even a fraction of the money they paid into Social Security. Ignore the rhetoric about tax increases and cuts in benefits, as though you are to blame for the problem! All Social Security obligations could be met if Congress did not spend so much on other things. In the 1930s, Social Security was presented to the American people as a social insurance program, with individuals paying a monthly "premium" in exchange for retirement benefits later. It was supposed to be a forced savings program, based on the assumption that some people would be unable or unwilling to save for their older years. Seven decades later, however, the ratio of younger working people to older retirees has changed dramatically, exposing the Ponzi-like congressional raid on the system itself. What has not changed, however, is our willingness to accept the notion that the government should force us to save for our older years. Notice that neither political party proposes letting people opt out of Social Security, which exposes the lie that your contributions are set aside and saved. After all, if your contributions really are put aside for your retirement, the money will be there earning interest, right? If your money is put away in a trust fund account with your name on it, what difference would it make if your neighbor chooses not to participate in the program? The truth, of course, is that your contributions are not put aside. Social Security is simply a tax. Like all taxes, the money collected is spent immediately as general revenues to fund the federal government. The Social Security trust fund does not exist, and Social Security "surpluses" are nothing more than an accounting ledger showing that contributions exceeded benefits paid for a given calendar year-- not that the excess was put aside. Social Security benefits are paid each year from general funds, like other federal programs. Since these programs and overall spending keep increasing, the government can't give up any sources of tax revenue. Allowing people to opt out of Social Security would force the federal government to admit it has been stealing money from Social Security for decades. The administration speaks of private accounts, but government-managed investment of Social Security funds is not privatization at all. True capitalism by definition operates without government interference, and we should oppose further government involvement in the financial markets. After all, which government officials will decide what stocks, bonds, mutual funds, or other investment vehicles are approved? Which politicians will you trust to decide what your portfolio may contain? Imagine the lobbyists fighting over which special interests will have their favored investments approved for Social Security accounts. Political favoritism, rather than market performance, will determine what investments are allowed, and Social Security in essence will become a huge source of taxpayer-provided investment capital. If the administration truly wants to give people more control over their retirement dollars, why not simply reduce payroll taxes and let them keep their own money to invest privately as they see fit? This is the true private solution. Your money has never been safe in the government's hands, and it never will be. Governments spend money; it's just their nature. It is preposterous to believe our government is capable of simply sitting on a huge pile of money without touching it because it's earmarked for one purpose or another. No matter what politicians promise, Social Security reform will not change the fact that your money is taken from your paycheck and sent to Washington, where it will be spent.