



## Social Security: Broken Promises and Costly Changes

Social Security has been built over an array of broken promises and costly changes. The alterations are costly, not only for government, but also for the nation's working people. The program's initiator, President Franklin Delano Roosevelt, promised that it would be completely voluntary. Try to withdraw from it, and you'll see the non-existing worth of that promise.

From a required payment of one percent of a participant's first \$1,400 of earnings when SS began in the 1930s, wage earners now see 7.56 percent of the first \$90,000 extracted from their pay. And the employer has to match the amount taken from each worker — money that might otherwise be used to expand his business or given to employees. Many workers 50 years ago would see their paychecks grow every mid-summer when required payments into the program were met. That boost in take-home pay no longer exists. Formerly, payments to Social Security were deductible from taxable income. Like horse-drawn carriages, that practice too is gone.

All funds collected in the name of Social Security were supposed to be kept in a sacrosanct "[trust fund](#)" where they would be distributed only to legitimate SS beneficiaries. But there never has been a trust fund because the federal government spends Social Security funds at will. In the vaunted trust fund will be found only a stack of IOUs issued by the federal government. This practice existed from Social Security's inception. In 1937, the Supreme Court decreed that funds collected in the name of the program were labeled taxes that "are not earmarked in any way."

Retirees were promised that their Social Security benefits would never be classified as taxable income. That too was blown away and recipients must now add the bulk of their SS retirement income to their earnings and pay income tax on the total. So, people are taxed by Social Security while building their retirement fund, and when they actually retire, they get taxed again. What a great program!

During the Carter administration (1977-1980), the Social Security administration started giving benefits to immigrants, even those who never paid anything into the program. No wonder people come to the U.S. illegally.

The original 1935 Act contained the government's "right to alter, amend, or repeal any provision." In other words, the government can renege at any time on any portion of what the people have been told are firm promises. It can even abolish the program and cease sending checks to anyone. If a private



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insurance company operated the way Social Security performs, it would be hounded mercilessly and put out of business by the government.

Social Security should be [phased out](#) by Congress with the government continuing to pay the elderly, and then having younger workers keep their own money, so they can invest it into a privately run program or do whatever they want with it. It's their money. Unfortunately, Big Brother government won't let them escape its clutches.

Even though the program is bankrupt — fiscally, morally, and constitutionally — it will continue to function as long as the federal government can continue to tax, borrow, print, or computer-generate new funds. Today's government uses all four of those options with the result that the dollar's value continues to shrink and each weekly trip to the supermarket requires leaving more dollars at the checkout counter.

Though he initially denounced anything resembling anything like the Social Security program, Franklin Delano Roosevelt reversed course completely in 1933 after he won the presidency. The plan he got through Congress and the Supreme Court was eerily identical to the proposal sought by U.S. Communist Party leader William Z. Foster in his 1932 book *Toward Soviet America*. Foster called for creation of a government-run "system of social insurance against unemployment, old age, sickness, accidents, etc."

That's exactly what the U.S. federal government gave us. And the American people are constantly inundated with cries claiming Communism is dead. What's dead is honesty and freedom from unconstitutional taxation.

*John F. McManus is president emeritus of [The John Birch Society](#). This column appeared originally at the [insideJBS](#) blog and is reprinted here with permission.*



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