



Social Security Disaster

The term was derived from the scheme created during the 1920s by Charles Ponzi, a poor but enterprising Italian immigrant. Here's how it works. You persuade some people to give you their money to invest. After a while, you pay them a nice return, but the return doesn't come from investments. What you pay them with comes from the money of other people whom you've persuaded to "invest" in your scheme. The scheme works so long as you can persuade greater and greater numbers of people to "invest" so that you can pay off earlier "investors." After a while, Ponzi couldn't find enough new investors, and his scheme collapsed. He was convicted of fraud and sent to prison.



The very first Social Security check went to Ida May Fuller in 1940. She paid just \$24.75 in Social Security taxes but collected a total of \$22,888.92 in benefits, getting back all she put into Social Security in a month. According to a Congressional Research Service report titled "Social Security Reform" (October 2002), by Geoffrey Kollmann and Dawn Nuschler, workers who retired in 1980 at age 65 got back all they put into Social Security, plus interest, in 2.8 years. Workers who retired at age 65 in 2002 will have to wait a total of 16.9 years to break even. For those retiring in 2020, it will take 20.9 years. Workers entering the labor force today won't live long enough to get back even half of what they will put into Social Security. Social Security faces Ponzi's problem, not enough new "investors." In 1940, there were 160 workers paying into Social Security per retiree; today there are only 2.9 and falling.

Some politicians claim that Social Security has a huge trust fund and is in good health. An uniformed public and a derelict news media don't challenge that lie. Back in August, politicians were in a tizzy over raising the federal debt limit. In an effort to frighten seniors, President Barack Obama said in a CBS interview, "I cannot guarantee that those checks go out on Aug. 3 if we haven't resolved this issue, because there may simply not be the money in the coffers to do it." Here's how we reveal the trust fund lie: According to the Social Security Administration, it has a trust fund with \$2.6 trillion in it. If those were real assets, then the Social Security Administration could have mailed checks out regardless of what Congress did about the debt limit. The reality is that the Social Security trust fund consists of government IOUs that have no real value at all and probably are not even worth the paper upon which they are printed.

I believe that a person who is 65 years old and has been forced into Social Security is owed something. But the question is, Who owes it to him? Congress has spent every penny of his Social Security "contribution." Young workers have no obligation to be fleeced in order to make up for the dishonesty and dereliction of Congress. The tragedy is that most seniors just want their money and couldn't care less about whom Congress takes it from.



Written by [Walter E. Williams](#) on October 5, 2011

Here's what might be a temporary fix: The federal government owns huge quantities of wasting assets — assets that are not producing anything — 650 million acres of land, almost 30 percent of the land area of the United States. In exchange for those who choose to opt out of Social Security and forsake any future claim, why not pay them off with 40 or so acres of land? Doing so would give us breathing room to develop a free choice method to finance retirement.

Walter E. Williams is a professor of economics at George Mason University. To find out more about Walter E. Williams and read features by other Creators Syndicate writers and cartoonists, visit the Creators Syndicate Web page at www.creators.com.

COPYRIGHT 2011 CREATORS.COM



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



[Subscribe](#)

What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.