

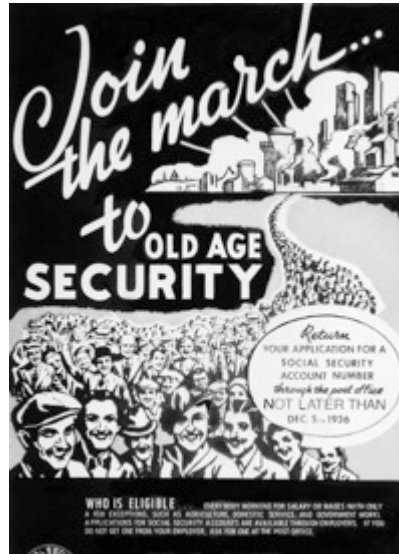


Written by [Steven J. DuBord](#) on October 16, 2009

No Social Security COLA in 2010

The government has announced that Social Security recipients will not receive a cost-of-living adjustment, or COLA, in 2010. This is because the COLA is tied to price inflation, which according to the government has been negative so far in 2009.

The Labor Department on October 15 reported a 29.7 percent decline in gasoline prices and a 21.6 percent drop in overall energy costs. The end result was a drop in consumer prices of 2.1 percent over the last 12 months. The previous COLA in January 2009 was a 5.8-percent increase. This was mainly because energy prices jumped in the opposite direction in 2008.



“Since the purpose of COLAs is to preserve beneficiaries’ purchasing power, the decline in overall prices means that beneficiaries do not need a COLA in January 2010,” Kathy Ruffing, a senior policy analyst at the Center on Budget and Policy Priorities, wrote in a report this week. The Center is a liberal-leaning think tank.

But [AP noted](#) on October 15 that “some advocates for seniors, however, argue that older Americans spend a disproportionate amount of their incomes on health care costs, which rise faster than consumer prices.” They make the case that tying COLAs to inflation alone doesn’t result in an adequate measure of what seniors need.

President Barack Obama apparently is sympathetic to this point of view. On October 14, he called for another round of economic stimulus payments that would be directed toward seniors, veterans, retired railroad workers, and people with disabilities. These recipients would get a \$250 check. “This additional assistance will be especially important in the coming months, as countless seniors and others have seen their retirement accounts and home values decline as a result of this economic crisis,” the President stated.

The White House estimated that the payments would total \$13 billion. Obama said the money could not come from the Social Security trust fund because that would further strain the system. As things stand, Social Security benefits paid out in 2010 and 2011 will already exceed the taxes collected during those years. Obama though did not put forth any other option to finance the payments, leaving it unspoken that borrowing money and increasing the deficit would be the only option.

Senate Majority Leader Harry Reid (D-Nev.) offered his support for the \$13-billion round of payments, and he was joined by Representative Charles Rangel (D-N.Y.), the chairman of the Ways and Means Committee, which is responsible for Social Security in the House.

“I think it would be inappropriate,” declared Senator Judd Gregg (R-N.H.). “The reason we set up this process was to have the Social Security reimbursement reflect the cost of living.”

What a tangled web the government does weave, when first it purports our troubles to relieve! If the



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unconstitutional Social Security program had never been started, those who are now reliant upon it would instead have been able to make their own investments that could be paying a much higher rate of return.

Government had no business, and no authorization, setting up a deceitful system whereby the taxes paid by an individual go to pay someone else's benefits instead of being saved in an account set aside for the original taxpayer. And when the system doesn't yield the results that Big-Government adherents like President Obama, Senator Reid, and Representative Rangel desire, they simply ignore the rules and seek to spend money that isn't there.

Social Security should be abolished while the government finishes paying its obligation to those who are dependent upon the current system. Everyone else, especially the young people who will never see a penny of the money they are paying in, should be free to drop out and take responsibility for their own future.

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