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Democrat Bill to Prop Up Social Security Likely to Pass the House

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Social Security is in trouble. It has been in trouble for 84 years. Representative John Larson's (D-Conn.) [plan](#) to prop it up is a mixture of the same old brew offered by past Congresses to keep the Ponzi-like scheme afloat for a few more years.



Called the Social Security 2100 Act, Larson claims to have 210 Democrat cosponsors for it in the House, which means it's almost certain to pass the House later on this fall. It's also all but certain that the Republican-controlled Senate will ignore the issue in light of it being the third rail of politics and as the 2020 elections draw ever closer.

On the surface the mixture appears enticing: Larson's bill would increase benefits for all current and future beneficiaries. It would change the inflation adjustment formula (called COLA) to reflect more accurately changes in the price level. It also increases the minimum benefit for the lowest-paid workers heading into retirement. And it would lower income taxes on benefits as they are paid out.

Naturally there are payroll tax increases, but they're being sold as a tax on the wealthy and a tiny increase on everyone else. Larson's plan would require those whose earnings rise above \$400,000 year to begin paying into the plan again (they currently pay only on their first \$132,500 of income). For everyone else the plan touts the necessary increase to "a mere 50 cents a week increase, per year."

The hard data show that, on average, over a lifetime of working a millennial worker and his employer would each ante-up an extra \$15,500 into the program. In exchange the worker, when he retires, would receive back \$80,000 or perhaps a little more. In inflation-adjusted terms, Larson's plan simply trades today's dollars for future dollars, which by then will be worth vastly less in purchasing power.

Missing from the conversation is any mention of the real solution to the never-ending crisis facing Social Security: ending the program and letting those who earn the money decide what to do with it on their own without government intervention. There are many proposals waiting to be offered and some encouraging history of other welfare state programs being converted to private accounts. At bottom, the issue isn't making Social Security solvent. The main issue is one of ownership of one's financial future: Will workers continue to be forced to let the government extract funds from their paychecks in order to return some later when they retire? Or will they be allowed to determine, on their own, what to do with the money they earn?

Every Ponzi scheme eventually fails. Ask Bernie Madoff. His scheme, the largest Ponzi scheme in history, was peanuts compared to Social Security. It ran for 40 years. He had 4,800 clients who lost \$64



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billion. He pled guilty to 11 federal crimes and was sentenced to 150 years in jail.

Social Security on the other hand has run for 84 years and has 63 million “beneficiaries” receiving checks every month. What guarantees its future is that some 40 million of them are retirees who vote and new workers are forced to join it through implied threats by people with badges and guns. Madoff had no such advantages.

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