Written by **Bob Adelmann** on January 29, 2014

Obama to Force Americans to Buy Government Bonds?

Halfway through his State of the Union message last night, President Obama announced he was unilaterally going to fix another perceived problem through an executive order: mandating a requirement that all employers not already offering retirement plans start doing so. Said the president:

> Let's do more to help Americans save for retirement.
>
> Today, most workers don't have a pension. A Social Security check often isn't enough on its own. And while the stock market has doubled over the last five years, that doesn't help folks who don't have 401ks.
>
> That's why, tomorrow, I will direct the Treasury to create a new way for working Americans to start their own retirement savings: MyRA. It's a new savings bond that encourages folks to build a nest egg. MyRA guarantees a decent return with no risk of losing what you put in.

This perfectly encapsulates the Obama presidency: Claim a problem exists, then solve it by government edict while dressing it up to look reasonable. And ignore Congress in the process.

While it's true that about half of America's employers don't offer retirement plans, that's only a problem to progressives looking to expand the power and reach of government while helping to fund its deficits. Until yesterday, that half were very happy letting their employees save money on their own, if they so wished. Not any longer.

Pushed by his special White House counselor, John Podesta, the president's edict actually solves two problems: one perceived for show, and the other one real. With more than $20 trillion in pension assets and a government faced with huge deficits and the Federal Reserve starting to "taper" off its buying of treasury securities, tapping into that vast pool is a temptation that can't be resisted. But the United States isn't Argentina, or Poland, or Cyprus — at least not yet — and so such confiscation must be taken a step at a time. That process has started with Obama's announcement of "starter" IRAs for those employees who don't have them.

This has been in the planning stages for years. Back in 2010, former Senators Jeff Bingaman (D-N.M.) and John Kerry (D-Mass.) offered a bill requiring employers without pension plans to enroll their employees in an "automatic" IRA, whether they wanted them or not. One of the options was a "principal preservation fund" called an "R-Bond" or Treasury Retirement Bond. The bill went nowhere as most Americans cherished their right to do with their earnings as they saw fit.

That effort was backed by the Service Employees International Union (SEIU) and the AFL-CIO at their "Retirement USA" website, which promoted the idea that all workers in the country have a right to a government retirement account in addition to Social Security. As expressed by Nancy Hwa, a union spokeswoman, "Our goal is to involve all workers and all employees in a government-mandated retirement program."

In November 2012, officials from the U.S. Departments of Labor and Treasury held joint hearings on whether government lifetime annuity options, funded with treasury bonds, should be required (there's that word again) for private retirement accounts including IRAs and 401(k) plans.

In October 2013 Mark Iwry, a Treasury Department official, said his department was rolling out the R-Bond concept in January 2014, which "would have all the characteristics of an IRA and be eligible to be rolled over into a [real] IRA once the savings reach a [specific] threshold." Iwry added at the time that this program would not require congressional authorization. On Tuesday night the president sealed the deal.

Could this be the first step to confiscation? Back in 2008, Argentina's President Cristina Fernandez pulled the same stunt, as Jerome Corsi explained:

> In 2008, Argentine sovereign debt was trading at 29 cents on the dollar, reflecting the devalued state of the Argentine peso, with the result that private pensioners holding [peso-denominated] debt in their retirement accounts could not be assured those bonds would have any meaningful value at maturity.

And so, to rescue the government, private pension assets were confiscated and traded for government debt, shoring up the country's balance sheet temporarily, and, for the moment at least, improving those faltering pension plans.

In March 2013, Cypriots awoke to discover that their government would be seizing up to 15 percent of all savings accounts as part of its attempt to meet the requirements of a bailout deal with the European Union.

In September, the Polish government announced that all bonds held in private pension plans would be seized and exchanged for government paper in order to bring down the country's massive debt. Said Polish Prime Minister Donald Tusk: "We believe that, apart from the positive consequences of this decision for [the country's public debt situation], pensions will also be safer." What remains in those pension plans will be liquidated and transferred into government paper over the next 10 years.

Like bank robber Willie Sutton looking for new sources of funding, progressives are leering at the opportunity to capture some of the trillions in pension plans, but are just taking the first step, with "starter" MyRA accounts required to purchase government debt.

In a survey conducted by the Investment Company Institute, more than 70 percent of people polled disagreed with the idea of the government requiring them to buy government-funded retirement annuities, while 96 percent asserted instead that retirees should make their own decisions about managing those assets.

It's safe to assume that employers feel the same way. That's why it must be done by Executive Order.

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