



Written by [Raven Clabough](#) on January 28, 2011

Social Security Demise Predicted for 2037

As noted by columnist Michael Hiltzik in the *Los Angeles Times* on August 8, "The myth of the Social Security system's financial shortfall is that the Social Security trust fund is real money." What in fact sits in the trust fund are bonds that are virtually nothing more than "IOUs."

[Fox News](#) reports, "The massive retirement program has been suffering from the effects of the struggling economy for several years. It first went into deficit last year but had been projected to post surpluses for a few more years before permanently slipping into the red in 2016."



Those estimates were modest, however. In 2011, Social Security is expected to pay out \$45 billion more in retirement, disability, and benefits than it collects in payroll taxes. Once one factors in the one-year cut in Social Security payroll taxes that the federal government instituted this year, that number jumps to \$130 billion, though Congress has made promises to replenish the lost money. Of course, that means adding more money to the national deficit.

The Congressional Budget Office estimates that this year the United States federal deficit will be the largest in U.S. history, \$1.5 trillion.

Conservative pundit Glenn Beck tackles the Social Security crisis in his newest book, [Broke: The Plan to Restore America's Trust, Truth, and Treasure](#). Of America's nearly \$4 trillion budget, Social Security tops the chart with a budget equal to that of national defense (\$738 billion), both nearly \$200 billion more than the next items.

Nearly 55 million Americans are currently receiving Social Security benefits, which average approximately \$1,100 per month.

The numbers are staggering when one considers that the cost of Social Security and Medicare literally tops the cost of the overall economies of Italy, Spain, Russia, Turkey, Sweden, and Switzerland.

Fox News adds:

The outlook for the program has grown more sour as the nation has struggled to recover from the worst economic crisis since Social Security was enacted, during the Great Depression. In the short term, Social Security is suffering from the weak economy that has payroll taxes lagging and applications for benefits rising. In the long term, Social Security will be strained by the growing number of baby boomers retiring and applying for benefits.

What's worse is that while Social Security was running surpluses, the federal government borrowed the money to put towards other programs. Now that Social Security will be running in the red, the government must find money elsewhere to compensate for the benefits.

Andrew Biggs, a former commissioner at the Social Security Administration, explains, "So long as Social



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Security was running surpluses, policymakers could put off the need to fix the program. Now that the system is running deficits, it simply becomes clear that we need to act on Social Security reform."

Just a few years ago, under President George W. Bush, lawmakers scoffed at the idea that Social Security was in trouble. Critics like New York Senator Charles Schumer berated Bush's [proposal](#) to privatize Social Security accounts so that Americans who paid into the system were guaranteed to receive their money back upon their retirement.

Sadly, some organizations continue to contend that Social Security is not in trouble. [Moveon.org](#) calls notions that the program is going broke a "myth." According to the website, "By 2023, Social Security benefits will have a \$4.3 trillion surplus.... It can pay out all scheduled benefits for the next quarter-century with no changes whatsoever. After 2037, it'll still be able to pay out 75 percent of scheduled benefits."

Unfortunately, the group was misled by perpetrators of the [trust fund myth](#). The truth is that officials for the Clinton administration admitted in 2000 that the trust fund balances "are available to finance future benefit payments and other Trust Fund expenditures-but only in a bookkeeping sense.... They do not consist of real economic assets that can be drawn down in the future to fund benefits. Instead, they are claims on the Treasury that, when redeemed, will have to be financed by raising taxes, borrowing from the public, or reducing benefits or other expenditures. The existence of large Trust Fund balances, therefore, does not, by itself, have any impact on the Government's ability to pay benefits."

Even today's lawmakers appear to have a skewed perception of the state of the Social Security program. Vermont Senator Bernie Sanders insists, "It's an IOU that is backed by Treasury bonds and the faith and credit of the United States government. It is the same faith and credit that enables us to borrow from rich people and from China and from other countries. As you well know, in the history of this country, the United States has never defaulted on one penny owed to a creditor."

No, it simply prints more money and inflates the dollar until its worth virtually nothing.

Similarly naive is Former House Speaker Nancy Pelosi, who said of the entitlement programs, "We are not going back.... Americans can rest assured that the benefits they have earned remain guaranteed, and will be for years to come."

The question is, how?

During President Obama's State of the Union Address on Tuesday, he indicated that he wanted "a bipartisan solution to strengthen Social Security for future generations."

The President, however, has also chosen to ignore recommendations made by a federal debt commission, recommendations that included raising the retirement age from 67 to 69, over the next 65 years.

Obama, like a number of others, have scoffed at proposals to increase the retirement age, but it's worth noting that when the Social Security program was first conceived, there were only 9 million Americans age 65 or older. Today, there are well over 35 million Americans aged 65 or older. Likewise, those eligible for Social Security include the disabled and those rendered unable to work, further increasing the burden on Social Security.

Perhaps politicians should start considering the advice of Beck:

Americans must accept what is coming. Take our lumps now so that future generations do not have to do it. Let go of the things we feel entitled to, like Medicare, Social Security, healthcare,



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etc. Children our America's future...inheritors of our debt.



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