

 **THE SOCIAL SECURITY LIE**  
– I’ve ruffled some feathers!  
– Which part of the truth don’t you understand?  
– (Or just don’t want to hear!)



Stephen L. Bakke  December 31, 2012

A few days ago I expressed my thoughts about Social Security (SS) and its impact on deficit spending and the national debt. The “great one” expressed it best, so once again here it is:



*The dismissive attitude the President, and Congressional Democrats, have for all who suggest that Social Security is insolvent reminds me of the band that played on the deck of the sinking Titanic – totally naïve denial!* – Stephano Bakkovich, an obscure but very wise economic pundit and purveyor of opinions on just about everything.

Based on all that I know about accounting, finance and Social Security, there is only one logical conclusion I can reach: **Social Security is insolvent by any logical measure and definition. The so call “trust fund” is effectively exhausted.** The government borrowed all of the trust fund revenue and spent it on other things – no funds remain, only “IOUs”! Social Security actually ran a deficit in 2010 and 2011, and this will continue in perpetuity unless reforms are enacted. How can the liberals and democrats be so totally wrong in their assertions?

This is an emotional issue and I ruffle lots of feathers every time I give my opinion on the necessity of reforms to Social Security in particular, and other “entitlements” in general.

### **I Paid Into it, so Fix the Other Budget Items First! Sez (some of) You!**

How can there be an escape from dealing with SS in a meaningful way? Consider important facts:

- In 2010, Social Security was in the red by \$30 B (billion) (that’s the lowest estimate I found – some are as high as \$49 B) and its **annual payroll tax shortfalls will exceed current levels and potentially add as much as \$165 B to the deficit by 2015.** This represents the amount of the inconvenient (but necessary) redemption of those IOUs.
- **Remember that in order to redeem the bonds the federal government will have to borrow almost half of it, thereby adding to the national debt!**
- **Over the next 75 years, by some credible projections, SS’s unfunded liability (expenses over anticipated revenues) will be 21 T (That’s TRILLION!)**

Those who protest my opinion tend to lump together Social Security and Medicare, which is OK. They do this for the logical reason that those are the two benefits they have faithfully paid into during their entire working life. But please consider the facts:

- In 2011, with a spending level totalling \$3.6 T (trillion), about 1/3 of that was for SS and medicare.
- The defense budget is significant but no longer keeps pace with even SS spending alone. Often combined with SS and Medicare is the much smaller Medicaid. The three together I refer to as the “Big Three,” and are definitely the “elephants in the room”! They can’t be avoided or ignored!
- Social Security, along with M&M, are therefore approaching half of U.S. spending! If you add in defense, there is only a little over a third of the budget to “mess with.”



**Conclusion: we can't avoid making Social Security part of the budget and deficit solution!**

**Don't Refer to Social Security and Medicare as “Entitlements”! Sez (some of) You!**

Don't shoot the messenger! I, and almost everyone else, refer to SS and Medicare as “entitlements.” My friendly detractors say that's not what these programs are! Welfare and Medicaid are entitlements, not Social Security or Medicare, sez they! While philosophically I can sympathize with that objection, I'm not the author of the “Government Legislative Benefit Dictionary.”

Officially, an entitlement is “the right to guaranteed benefits under a government program, as Social Security or unemployment compensation.” The definition deals only with legislatively created benefits, *without regard to whether it is paid for by the beneficiary. That's just the way it is!*

**Can there be any doubt that Social Security is a real problem? I continue to think not!**

