🇺🇸 TODAY'S "SHORT TOPIC"
LET'S WIPE OUT NAÏVE STATEMENTS ABOUT SOCIAL SECURITY!

By Stephen L. Bakke 🇺🇸 March 27, 2016

Here's what provoked me:

An editorial from the USA TODAY was very insightful and on-point regarding the financial problems with the Social Security system. It shed light on the naiveté of Presidential candidate Bernie Sanders (as well as many other "pundits") regarding the desperate financial condition of the Social Security system. I felt I could help the cause by emphasizing some important facts.

Here's my response:

Let's Wipe Out Naïve Statements about Social Security!

The March 16 News-Press editorial was timely and insightful ("Candidates ignoring Social Security ills"). There's seemingly no commitment on either side of the aisle to do anything about those "ills." One comment is demonstrative of common misinformation regarding the truth about the financial condition of the Social Security program. That comment was from Democratic presidential candidate Bernie Sanders who, the editorial reported, "said that Social Security doesn't add 'one penny' to the deficit, which is true only if you count trust fund IOUs as real money."

Of course social security adds to the deficit! Here's how:
- Social Security (SS) funds come in and are put into the "pretend trust fund" which in turn gives the money to the Federal Government by purchasing U.S. government bonds.
- SS funds are then spent by the government.
- The "trust fund" of $2.8 trillion has become all government IOUs.
- The "trust fund's" government bonds (IOUs) must now be redeemed because current benefit payments exceed the amounts collected.
- Deficit spending has put the U.S. in a "borrowing status," evidenced by the growing national debt.
- Therefore, redeeming the bonds adds to the deficit and increases other borrowing, particularly from external sources.

It's really fairly simple!