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Social Security and More: Explained

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The reality folks is that Social Security is an insurance program, not a mandatory retirement fund, although that's what is has become. People who make $20 million per year don't need social security benefits. As a matter of course, we only buy insurance when we need it, and wealthy people object to paying insurance that they certainly don't need. And, as with most wealthy people, they don't want to pay for anything that does not directly benefit themselves.

Insurance companies have to take in as much money as they pay out in benefits to stay in business, and therein lies the problem with the current social security insurance program: debits exceed credits.

There are a couple of reasons for this. One of these is long term inflation, which is a natural consequence of the value of a dollar decreasing in value over the years. The value of the dollar is pegged to the goods and services it could buy when it was earned. The value of goods and services that you earned at age 20 is nowhere near the value of a dollar 50 years later. But your benefits now are not pegged to the value of a dollar 50 years ago: they are paid in today's dollars. That difference, the value added, must come from somewhere. There ain't no free lunch. The difference must be made up by the current workforce, which in most cases you are no longer a apart of.

The second reason is that although you put dollars into the system, along with your employer, it's generally not enough to cover the benefits you will receive from social security insurance over your remaining lifetime. We are just living longer as a result of expensive lifesaving medical care. And that's a whole different financial story.

Note: Inflation has many causes other than the change in the value of goods and services. These can substantially raise inflation in any given year as has often happened in the past 50 years, Because of these fluctuations the actual average annual inflation rate over that period of time has been approximately 3.8%.

There are a number of solutions to the looming shortfall in the Social Security Trust Fund none of which you are going to like, primarily because we have been getting a free lunch for a long time now. This has been due largely to an ever increasing workforce. But that's changing because of technology. The real workforce (people not working at very low paying service jobs) is shrinking. A much smaller real workforce will not be able to cover the costs of a large population bubble receiving social security benefits.

So if you want retirement income, not simply insurance in case you live past retirement age, you need to start saving for retirement when you start working, and not thrust the burden of your retirement on the current workforce. That's the Republican argument and on the face of it, it sounds fair and logical. But as a matter of fact, this solution is neither fair nor logical.

For whatever reasons, not good ones, labor in these United States is not paid commensurate with the value added to the goods and services being sold by the businesses for whom people work. And it's been this way for over 50 years. As a result your buying power has never kept pace with inflation. That's why you can't buy a house on today's salaries. The excess value added is going into the pockets of big business owners, and the pockets of the people who invested in that business via some financial instrument, usually stocks. And the stingy businesses these days mostly don't pay dividends.

The businesses want to thrust all the risk of starting up a business on the investors. Potential business owners simply say to the investors that their business is going to be worth a lot more in the near future, their stock value will rise, so you the investor can make a lot of money if you buy now and sell later. In my opinion you might as well take the money you are willing to invest, and try your luck at the gambling tables in Reno, where the games are also rigged in favor of the house. The reason the stock market is so volatile is that investors comprise a group of very nervous people.

Cloaking free enterprise and open markets in rhetoric, we have permitted the growth of a very wealthy class of people. Problem is, there is nothing resembling free enterprise and open markets under these cloaks. The very wealthy control our lives by dictating everything that money can buy, which is nearly everything, and now includes the federal government. The goal of this wealthy class is to get rid of any regulation of their activities, make more money as a result, reduce their taxes to zero, and shut themselves up in their castles, while the rest of us grovel for a living. Just like the French aristocracy did before Bastille day (14 July 1789). Well, our own Bastille day is clearly needed now in the United States. Get your pitchforks out of the woodshed, and let's begin changing the de facto economic plan under which the wealthy would have us live. For more details of that nefarious economic and social plan for us, see the Project 2025 document supported and published by The Heritage Foundation.

The solution we need to implement is to tax these mother fuckers out of their wealthy hiding places using wealth and gross income taxes, and not allow a small number of people to earn enough money to control the rest of us. What say anything over a million bucks a year? You think people are being put at a great disadvantage if they are limited to a million bucks a year? If you value living in a democracy, where life is more or less fair, then this is what we have to do, and it will take your vote to do it.

We also need to earn a lot more of the value that our labor contributes to the value of goods and services. This will take a concerted effort and most likely the formation of a strongly unionized workforce. An alternate approach that I like even better is employee ownership of businesses. No one works harder than when they are working for themselves.