

# The Great Social Security Robbery

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Global Research, December 14, 2012

Region: [USA](#)

Theme: [Poverty & Social Inequality](#)

## Introduction

The leaders of both major parties, Congress, the White House, the editorial writers, journalists of all the principle newspapers and most academic economists claim that Social Security and Medicare need to be 'reformed' in order to reduce the "unsustainable" fiscal deficit and avoid the bankruptcy of these social programs. An important aspect of this elite propaganda campaign is the perverse manipulation of the nature of those two programs. They are dubbed "entitlement programs", implying some sort of government handout or individual privilege. In fact social security is a form of social insurance paid for through payroll tax deductions throughout the working life of the contributors, which usually approximates a half-century.

The "entitlement" rhetoric claims that the lifetime contributions are insufficient and that several regressive 'reforms' are necessary to "save the systems" - at the expense of the beneficiaries. The so-called "Grand Compromise" proposed by President Obama and the "Fiscal Reforms" proposed by the Congressional Republicans are all aimed at robbing working class contributors of their pension savings through various specific regressive changes.

## The "Grand Compromise" as Legalized Theft

For decades only a small fraction of Social Security contributions are used to pay recipients, the bulk is transferred into the general treasury to pay for current expenditures - mostly hundreds of billions of dollars in war spending, payments on bonds and T-notes; subsidies to agro-business, bailouts to Wall Street speculative investment banks and other elite economic interests. Over the decades the Treasury robbed several trillions in SS funds, exchanging them for IOUs (never reimbursed) in order to provide a kind of "social insurance" for the military-industrial-Wall Street-police state power elite. If the accumulated payments to SS had remained in a special account instead of being siphoned off to cover the deficits incurred by military spending and overseas wars, SS finance would be in sound condition at least till the end of the 21<sup>st</sup> century. The Social Security Administration (SSA) would be able to adjust payments upward to real rates of inflation (about double the rate of adjustment now jiggered by the Government). The SSA could begin full payments at age 62 for most and at a lower age for those citizens working in hazardous occupations.

Even if we take account of the past Treasury heist, the SS fund could be fully replenished if the cap was eliminated on incomes above \$110,000 and if the SS tax was made progressive. As is well known, self-employed billionaires and millionaires pay an average of \$11,450 a year to the SS fund. If the cap was lifted, those earning a billion would pay a minimum of \$100 million a year at the current rate, the millionaires \$100 thousand a year. If a moderately progressive rate was in place, payments would double, pretty much ending

the threat to SS.

There is no “entitlement crises” today. There is a crisis in the regressive payments and tax systems which finance the social insurance programs. The problem is elite tax evasion not the ‘aging of the population’. The problem is the use of SS payments to fund the power elite-robbing Peter (SS) to pay Paul (imperial wars).

The robbing of SS contributors-turned-beneficiaries is repeated in a multitude of forms every day and in every way.

The construction of the ‘index’ to measure the rate of inflation and yearly adjustment is deeply flawed to the detriment of the beneficiaries. The cost of living index excludes the high rates of inflation in such key items as gasoline, medical costs, food and other essential items in retirees’ budget thus halving the real loss of purchasing power. In other words, over the period of a decade, between 9% - 11% of real purchasing power of SS recipients is robbed through deliberate state manipulation of the index - amounting to hundreds of dollars.

In contrast, Medicare payments by SS recipients have increased because of real rising rates of inflation in medical costs. In effect real inflation rates apply to increase costs to SS recipients and deflated rates apply to lower payment to SS beneficiaries. A multi-billion dollar annual robbery!

While there is a bi-partisan consensus in maintaining the regressive cap on SS payments for the rich and in the manipulation of the cost of living adjustments, the Republican leadership and many Democrats want to privatize social insurance: handing over trillions of dollars in SS payments to Wall Street to invest in stocks, equities, hedge funds, junk bonds, etc. This would allow the private fund managers to deduct billions in commissions (3% to 5%) at the expense of the SS recipients ... not to mention the risk of swindles and investment losses which have become endemic on Wall Street and could deprive pensioners of their pensions in case of a stock market crash.

Most Democrats know that over 90% of the SS beneficiaries oppose the Wall Street giveaway, so they propose to “save” SS by reducing payments to millions and denying it to hundreds of thousands each year.

### **‘Working till you Die’: Raising the Age for SS Benefits**

A bi-partisan committee appointed by President Obama proposes to raise the age at which SS beneficiaries can begin to collect full pensions from 65 to 67 years. According to US Government Stats, 330,096 (158,038 men and 172,061 women) elderly individuals die between the ages of 65 and 67. By raising the age for SS benefits to 67, the Government will deny (robbing) hundreds of thousands of SS beneficiaries of a single social insurance payment after nearly a half century of contributions. In other words, Obama and the Republican Congress will “save the SS system” by denying payments to its lifetime contributors! By raising the age for SS benefits, the political elite are in fact sentencing more than half of American workers who die prior to 67 years to “work till they die”.

### **Class, Race, Region and Social Security**

Most countries, other than the US , take account of differential death rates because of

hazardous occupations and related considerations and adjust the age for retirement accordingly.

Not in the “Home of the Brave”, where SS retirement savings have other uses and beneficiaries. While many European countries especially England (since 1837) have a long history of national occupational studies related to work related risks to health and mortality, the US has few studies and those relate to limited age groups. No doubt the lack of social scientist interest is related to the fact that Government and foundations are not willing to finance class based research which highlights the vast gap in mortality rates between bosses and workers; between poor/rural and urban-professional women; between black and Hispanic minorities and whites.

The highest rates of mortality are found among industrial workers, especially blacks: construction workers, spray painters and roofers (especially Hispanics); workers involved with pesticides (farmworkers) ;and extractive workers (miners, lumberjacks, fisher people etc.). Millions of these workers, the vast majority, work until they die. They pay a lifetime worth of social security taxes, and because of the high age limits for retirement, never collect a dollar in benefits. In contrast high end CEOs collect social security payments till their late 80’s. With the decline in health benefits for workers under the current capitalist offensive and public sector cutbacks, workers have less access to medical care. Workers with no/or inadequate medical coverage have higher rates of mortality. This is especially evident in the sharp decline of life expectancy among low income rural white females – a group which lacks adequate medical coverage and a likely to ‘work ‘til they die’ – paying SS taxes and never receiving a social security check.

Workers in their early sixties are much more prone to illness and injuries and are more likely to die before they are eligible for their first social security check. Upping the age for SS benefits means: (1) the disproportionate exclusion of workers who have slaved at the hardest, dirtiest and most dangerous work and (2) disproportionately benefits the wealthy managerial class which paid the smallest share of their income and who will collect the biggest SS checks over the longest time. Increasing the age for retirement exacerbates the already huge class inequalities.... even into death.

### **A Call to Action: Worker Centered Reform of Social Security**

Social Security ‘reform’ is a necessity but we propose class changes in the exact opposite direction from those proposed by the bipartisan coalition.

To increase the longevity and replenish the SS fund to the end of the 21<sup>st</sup> century the cap on SS payments must be removed and a progressive rate of taxation must be implemented.

Secondly, SS contributions should not be deposited in the general treasury to fund the war machine and state subsidies to capitalists. Let’s set up a special SS fund to reimburse contributors. Let’s demand that the Treasury redeem its IOUs to SS: repayments should be paid into a special SS fund to finance beneficiaries,

Thirdly, with the additional flows of revenue, full/SS benefits should begin for workers in hazardous occupations at 60 years and in general at 62 years. Cost of living indexes should be based on real ‘household baskets’ taking account of rises in medical and other special expenditures for older citizens.

Fourthly, Medicare expenditures can be reduced by at least 50% through a Single Payer System, which should be funded through an excess profits tax, a financial transaction tax (a sales tax on the purchase of stocks and bonds) and by a 75% reduction in military spending.

Both current and future social security contributors, literally, have a life or death interest in reforming and expanding coverage of social insurance programs. In every sense this is “the mother of all class struggles”. The outcome will determine whether the capitalist class will continue to rob social security and its working class contributors; whether workers will continue to ‘work ‘til they die’; and whether a SS program can be legislated which provides workers with time for leisure, recreation, play with grandchildren, fishing, swimming and walking dogs in a fresh, clear, daylight setting.

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