

Perry is in error that Social Security is unconstitutional

Written by ANTONIO C. CAMPO
Friday, 23 September 2011 16:37



TEXAS Gov. Rick Perry, one of the Republican candidates for president, in his book “Fed Up!” wrote that Social Security, the 76-year-old entitlement program is “unconstitutional” and a “Ponzi scheme.”

Michael A. Walsh in his column captioned “Social Security Monstrous Lie” published in the *New York Post*’s issue of Sept. 12, 2011 wrote that Social Security was long known as the “third rail” of American politics — touch it and die.

But now one politician, Gov. Perry is not just touching it, but grabbing it with both hands and giving it a long-overdue yank.

According to Walsh, already Social Security, Medicare and Medicaid account for 43 percent of the federal budget, and their rapacious, auto-pilot growth is inexorable.

By 2049, these three major entitlement programs will consume all projected federal revenues.

By any rational standard, they are the very definition of “unsustainable.”

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The brutal truth: There is no true “trust fund,” no “lock box.”

All the monies paid in by workers go to pay the benefits of current retirees.

Walsh continued: It gets worse: Last year, for the first time since 1983, the program collected less in taxes than it paid out.

It’s finally starting to collect on those IOUs.

According to its trustees, Social Security is on track to go completely bust in 2036.

In some ways, it’s even worse than a Ponzi scheme.

In his pyramid racket, Carlo (Charles) Ponzi fleeced only willing suckers, but Social Security taxes are compulsory.

A “monstrous lie?”

You be the judge.

Rebuttal by Mel Aaronson, Chairman, UFT Pension Committee

In his letter to the editor (New York Post issue of Sept. 16, 2011), reader Mel Aaronson presented a convincing rebuttal to the Walsh column.

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His rebuttal is as follows: Michael Walsh's column, "Social Security's Monstrous Lie," is itself a big lie.

Social Security protects Americans against poverty. (Author's comment: I fully agree.)

A US News and World Report survey showed that Americans regard Social Security as one of the 10 most important laws in our nation's history.

The SS trust fund is invested in the safest investment on earth: U.S. Treasury Bonds.

It has the resources to pay all promised benefits for the next 25 years.

It's 90 percent funded for the next 50 years, and 87 percent solvent for the next 76 years.

Modest changes, including raising the cap on covered income, will keep the program solvent for the next 76 years.

In 2011, workers contributed 4.2 percent of their wages to Social Security, not 10 percent.

It is designed to provide income to workers who become disabled, the families of workers who die and, if workers are lucky enough to survive to retirement, a plan to partially replace lost wages.

Social Security gives workers their due — nothing more.

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What is Social Security?

Social Security is a social insurance program that is primarily funded through dedicated payroll taxes called Deferral Insurance Contributions Act tax (FICA).

By dollars paid, the U.S. Social Security program is the largest government program in the world and the single greatest expenditure in the federal budget, with 20.8 percent for Social Security, compared to 20.5 percent for discretionary defense and 20.1 percent for Medicare/Medicaid.

Social Security is currently the largest social insurance program in the U.S. where in 2003 combined spending for all social insurance programs constituted 37 percent of government expenditure and 7 percent of the Gross Domestic Product. (From Wikipedia.)

Constitutionality of the Social Security Tax

Two Supreme Court rulings affirmed the constitutionality of the Social Security Act, namely in the following cases: *Steward Machine Company v. Davis*, 301 U.S. 548 (1937); and in the case of *Helvering v. Davis*, 301 U.S. 619 (1937).

The rationale of the Supreme Court's decisions: the Social Security Tax was constitutional as a mere exercise of Congress' general taxation powers. (From Wikipedia.)

Gov. Perry is in error that Social Security is unconstitutional.

The U.S. Supreme Court has already ruled the constitutionality of the Social Security.

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