

## The Problem with Public Accounts

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President Trump's promise not to cut one dime from Social Security and Medicare doesn't square with the fiscal cliff these programs are headed for. To save the system, benefits must be cut, taxes must be raised, or both.

Or else *replace* the system.

No wonder, then, that John Stossel insists we "Fix Social Security Before It Goes Broke," and rescues a decades-old proposal: "private accounts," which he says "would certainly pay retirees more than Social Security will ever pay."

In Chile, where they have tried this, private accounts have worked out pretty well,

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contributing to the once-impooverished country's rise to "the richest country in Latin America."

Had the United States adopted such a system, at Social Security's inception, the amount



of capital flowing into projects big and small would have not merely prevented the stagflation of the Seventies and brought us almost unimaginable wealth, it might have turned political eyes towards accountability, prudence and stability.

But, because Social Security was set up as a Pay As We Go system, we paid . . . and the money went.

It got so messed up that by the 1980s Ronald Reagan charged Alan Greenspan with "fixing" it. That "fix" mainly meant increasing taxation. The decades of revenue surge over outflow was spent by Congress for war and handouts. And now we're reaching a repeat of the late 1970s' Social Security insolvency.

Meanwhile, Chilean leftists "hold street protests against private accounts," Stossel reminds us. "They're angry because capitalists get a slice of the pie."

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This is Common Sense. I'm Paul Jacob.