

THE SOCIAL SECURITY PROBLEM

Several areas of economic thought need yet to be dealt with in this series of essays. It is not easy to decide which should come first, even if one decides to be guided by the prominence of newspaper headlines.

To people who have never stumbled upon a single pattern, the problems appear to be separate and unrelated. People who can see a single pattern in the apparently separate problems have to worry about sounding like a broken record when they relate each problem back to the pattern.

Today, the problem of social security seems to head the list. Past and present beneficiaries did and will get back more than they paid in. Future beneficiaries will get less than they paid in. Before long, there will be one beneficiary for each two workers paying in. The ones paying in can't stand the load.

When someone suggests the general fund as a source, the answer quickly comes: there is nothing in the general fund; the general fund is already a trillion dollar debt.

When someone suggests that someone else do some paying in, the answer has to be that there is no one else to do the paying in.

It should be no wonder that we cannot come up with the right answers when all the wrong questions are being asked. A much better question would be: Why do so many people end a long work career with so little left to provide for their own old age?

We come up with nonsense when we begin with nonsense. The whole system is fraught with nonsense when we can't see the pattern.

Then let's look at the pattern. What do old people (or anyone else) need? They need (as anyone else does) food, clothing, shelter, transportation, medical and other services - - -

What does it take to produce any of these things? It takes (as it always did) location, equipment and effort. I would challenge anyone to think of anything that can be produced, which needs anything more than those three: location, equipment, and effort. (The old classical economists used to use the terms: land, capital, labor, and no one has yet thought up a fourth factor of production.)

If there is not enough of something produced, then the problem has to lie with a shortage of at least one of those three, or else with the terms that their owners are able to make with each other. Now ask yourself: Which of those does it have to be?

The real estate dealer says: "Buy land. They are not making any more of it. Hold it idle for the maximum price either for sale or lease."

The providers of equipment, (buildings, factories, etc.) and the people who work must bid against themselves and each other to gain access to locations. They set the price of land themselves by bidding everything above a bare survival in order to gain that access. The owners of land need not fear that creators of more land will compete with their supply.

It is hard to see how a scheme such as our social security system can relieve distress by confiscation from some workers at one career stage to support other workers at some other career stage without causing at least as much or even more total distress.