

## THE SENATOR X SOLUTION

I have before me a long article (not Reader's Digest) written by a certain senator. Let's call him Senator X from Pennsylvucky because his personal identity has no bearing on the point of this essay. His errors in reasoning are no worse than those of vast numbers of the voting population.

Senator X is critical of the conclusions (and therefore proposals) reached by the Social Security Reform Commission. To his credit, Senator X regrets to say these proposals reflect a total absence of creativity and imagination—and worse still, a total lack of understanding of where they would lead the American economy. Also to the Senator's credit, he correctly identifies some evils of the present system and also some evils under the Commission's proposals.

Our Senator X then proceeds to outline (in my opinion, unclearly) his own plan which he claims will not reduce any promised benefits to anyone and will not raise Social Security taxes in the future. In fact, it repeals the scheduled increases which are already in the present law.

Senator X may be able to promote great public interest in his plan, but it still will not work. People will like his idea of keeping the present rate of benefits along with all of the present rate of scheduled increases, along with no increases in the present rate of paying in. But the loss has to be made up from somewhere even if only from printing press money. And printing press money only dilutes the buying power of all money unless it is somehow accompanied by an increase in the amount of goods to be bought with it.

Both our Senator X and the Reform Commission fail, as most other people do, to raise the really important basic questions of why so many people cannot provide for their own retirement years and where so many people get the idea that their money comes back increased if they send it to Washington first. He also fails to recognize that the payroll tax method of obtaining the money for the disbursed benefits actually produces more total distress than that amount of money can relieve.

Senator X says that no system of taxes can improve real benefits to Americans because taxes are not productive. His statement exposes his ignorance of the various effects of various tax formulas.

Quantity of tax is of relatively small importance. The important element of any tax formula is the condition under which the tax is exacted. Every tax acts as a penalty even if not intended to do so. And every penalty or perceived penalty modifies the decisions of people in some way. Anti-productive decisions could be brought very nearly to zero by the public collection of the proceeds of such. The problems and quarrels surrounding Social Security and most other social problems would then become trivial.