

Working class gets conned in scam favoring the rich

Someday, the working lugs of America are going to figure out who is paying for all these tax cuts. Fed Chairman Alan Greenspan recently offered a hint when he urged Congress to scale back Social Security benefits.

For two decades, politicians have been shifting the tax burden from high-income taxpayers to the sweating masses. Lunch-pail Americans represent easy pickings, since their taxes get automatically plucked out of weekly paychecks. And the tax for Social Security has proven to be an especially fat goose.

Congress has developed a bad habit: Whenever red ink threatens the federal budget, Social Security is the first place it looks for money. Raising the retirement age for benefits and slowing cost-of-living increases might make sense at some point. But everyone knows this infuriating discussion is about preserving tax breaks for the rich.

Social Security is the working stiff's tax. Three out of four households now pay more in Social Security taxes than in income tax. The Social Security tax takes 6.2 cents out of every dollar of salary, up to a maximum \$87,000. As a result, the tycoon making \$10 million pays the same amount to Social Security as the shopkeeper earning \$87,000.

For a full account of the working chump's growing role as America's star taxpayer, consult a new book titled, "Perfectly Legal: The covert campaign to rig our tax system to benefit the super rich — and cheat everyone else." Readers should take their blood pressure pills before letting author David Cay Johnston, a New York Times reporter, show them the various cons.

For example, politicians weep violently over the alleged unfairness of taxing stock dividends. That's double taxation, they exclaim. But, as Johnston points out, Social Security taxes apply to wages that have already been subject to the personal income tax. Nobody cries over that.

And here is the really big rip-off: Social Security is supposed to be a pay-as-you-go program. That is, today's workers pay for today's retirees. But from 1984 to 2002, workers paid \$1.7 trillion more than was required to meet current needs. That \$1.7 trillion surplus disappeared into government coffers, thus taking pressure off the income tax.

Why have workers been overpaying for

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Social Security? Look no farther than Ronald Reagan's tax cuts of 20 years ago. The loss of tax revenues helped double the 1982 federal budget deficit in one year.

Alarmed by the surging tide of federal debt, the Reagan administration scouted around for new sources of income.

At the time, Social Security was facing a modest deficit that could have been fixed with minor adjustments. But the Reaganites, aided by the dumb Democrats then running Congress, declared a crisis and rang the alarms. They pushed through big hikes in Social Security taxes and raised the future retirement age. They said that collecting more Social Security taxes than currently needed would "build up a surplus" for the baby boomers' retirement.

The late Sen. Daniel Patrick Moynihan, the not-at-all dumb New York Democrat, saw the trick for what it was. He called the Social Security tax increase "thievery."

The federal government goes through the motions of issuing IOUs to cover the overpayments. Economists have called those securities "worthless pieces of paper." And three years ago, then-Treasury Secretary Paul O'Neill dismissed them as "someone else's promise."

During the last presidential campaign, Democrat Al Gore supported the idea of a Social Security "lockbox": All Social Security tax money not going to current retirees would be used to pay down the national debt. That would leave the nation in better financial shape to pay benefits to the baby boomers.

Republican candidate George W. Bush said: Me too. "In my economic plan," he pledged, "more than \$2 trillion of the federal surplus is locked away for Social Security."

The surplus is, of course, gone, and Bush's tax cuts are helping pile up more debt, not reduce it. And while the president swings the tax-cutting saber with abandon, the blade never comes anywhere near the Social Security tax.

So we now have Chairman Greenspan saying that the nation can't afford the Social Security benefits for which workers have paid extra taxes since 1983. Someday, the lugs will "get it." And when that light finally goes on, they won't be amused.

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