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# Tale of two statistics

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Here are two statistics, while unrelated at first glance, are breathtaking in their implications.

• The government has announced that Social Security recipients will be getting a 1.3% average increase in their monthly checks starting in January. This amounts to about $20.

• For the period March 18, when the COVID-19 pandemic started to make its presence felt, until Oct. 6, the net worth of seven Pennsylvania billionaires increased by $3.5 billion, including $400 million for Dick Yuengling of Yuengling Beer in Pottsville.

Since 1975, Social Security's general benefits have been based on increases in the cost of living, as measured by the Consumer Price Index or cost-of-living adjustment. Clearly in recent years, this COLA has lost its fizz.

If you are living on a fixed income and were hoping for a decent cost-of-living increase in your Social Security payment for next year, you were once again disappointed. I mean $20 on average is better than nothing, but not by much.

Why this paltry amount? Tame inflation, we are told. Well, I don't know where these so-called government statisticians are shopping, but it certainly is not at the grocery stores I frequent. I can assure you that my prices have gone up far more than 1.3%.

The cost-of-living adjustment in 2012 was 3.6%; it dropped to 1.7 percent in 2013, 1.5% in 2014, 0 in 2015, 0.3% in 2016, 2.0% in 2017, 2.8% in 2018 and 1.6% last year.

The highest increases were in 1980 (14.3%) and 1981 (11.2%). The lowest, in addition to 2015, were back-to-back years of no increase in 2009 and 2010.

As for the recently announced COLA, the estimated average Social Security payment for a retired worker will be $1,543 a month in 2021. I want to stress that this payment is not a "gift"; we contributed to Social Security during our working years.

Social Security is financed by a 12.4% payment shared by employer and employee on a worker's first $137,700 of earnings.

Now, let's look at the polar opposite of the impending $4.65 a week average increase in Social Security benefits - Pennsylvania's super rich.

In the time frame noted earlier in this column, here is how the Lucky 7 have been faring, according to Forbes magazine:

- Victoria Mars of Mars candy (M & M’s, Snickers, etc.), from $6.2 billion to $7.2 billion
- Michael Rubin, executive chairman of Fanatics, the world’s leading provider of licensed sports merchandise, from $2.9 billion to $3.5 billion
- Thomas Hagen, Erie Insurance, from $3.1 billion to $4 billion
- John Middleton, tobacco supplier, from $3.3 billion to $3.4 billion
- Bran Roberts, Comcast, from $1.7 billion to $1.8 billion
- Dick Yuengling, Yuengling Beer, from $1.1 billion to $1.5 billion
- David Paul, founder of Globus Medical devices, from $1 billion to $1.4 billion

Before you get too riled up about so-called income inequality, remember this: Contrary to the stereotypes we tend to draw on for our conclusions, the wealthy mostly earn rather than inherit their wealth.

Among the super rich, few work on Wall Street or in finance. Most rich people got that way by providing us with goods and services that improve our lives.

According to the Cato Institute, “There is little relationship between inequality and poverty. The fact that some people become wealthy does not mean that others will become poor.”