

Rick Perry Says Social Security Is 'Ponzi Scheme'

Mon, Aug. 29, 2011 Posted: 03:19 PM EDT

GOP candidate Rick Perry continued his assault on the Washington establishment Saturday when he told a crowd in Iowa that Social Security is a “Ponzi scheme” and a “monstrous lie” for young people.

"It is a Ponzi scheme for these young people. The idea that they're working and paying into Social Security today, that the current program is going to be there for them, is a lie," Perry said, according to the Houston Chronicle.

"It is a monstrous lie on this generation, and we can't do that to them."

Talk of reforming the Social Security system has been debated for years. To people currently drawing Social Security checks or near the eligibility age, changing the rules of the game seems scary and unfair.

However, Perry insists that he is not proposing a change in the program for older Americans currently on or near Social Security age. Instead, he is saying there should be a national conversation about changing the system for the younger generation, perhaps by raising the age of eligibility or “establishing a threshold based on a person’s means.”

"Does Warren Buffett need to get Social Security? Maybe not," he said, as quoted by the Chronicle.

Michael Tanner, senior fellow with the CATO Institute agrees. While he wouldn't call it a Ponzi Scheme, he says the system is “unfair to younger workers.”

“It’s a system that misrepresents itself. People think that the money is taken out of their paychecks for their retirement. It’s not. It’s used for other people’s retirement. All you can do is hope that other people will pay for yours.”

Tanner explains that this hope may be dwindling in the years to come.

“It’s a pyramid system. It only works when there are a lot of people paying in and a few taking out. That’s not the case anymore. People are living longer and having fewer babies. So now there are fewer people paying into the system and more taking out.”

“The burden on these younger workers is heavier and the returns are lighter.”

The Social Security program was enacted under President Roosevelt in the 1930s as a part of his New Deal. The goal was to create a mandatory retirement system for all workers. When the program began, more people were paying in and families were larger.

Tanner states that in 1950, the program had 16 workers paying in for every one retiree. Today, there are just over three workers for every retiree. In 2030, according to the CATO Institute, the country will be down to just two workers per retiree.

“Change the system. Right now, it’s not a savings program. It’s just a transfer program. Funds are transferred from one worker to another. It needs to be more like a savings program or some variation of that. A transfer program is just not sustainable.”

Perry details his opinions of the Social Security program in his book *Fed Up!* which came out last fall prior to his decision to run for presidential office. In his book, he calls the program “a crumbling monument to the failure of the New Deal.”

According to his book, the program violates the Constitution and was established “at the expense of respect for the Constitution and limited government.” He writes that he would prefer a program that allows “individuals to own and control their own retirement” instead of a “Ponzi scheme.”

There has been some speculation that Perry has backed off some of his previous views since he hit the campaign trail. According to the Chronicle, one questioner in Iowa asked him about his backtracking on Saturday. Perry responded:

"I haven't backed off anything in my book. So read the book again and get it right."

Amanda Winkler
Christian Post Reporter

Copyright © Christianpost.com. All rights reserved.