

Retain Entitlements— Jettison Earmarks and Corporate Welfare

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ENTITLEMENTS: A senior citizen holds a sign during a rally to protect federal health programs at the 8th Annual Healthy Living Festival in Oakland, Calif., July 15. (Justin Sullivan/Getty Images)

could serve the American public even better.

“The public’s desire for fundamental change does not mean it supports reductions in the benefits provided by Social Security, Medicare or Medicaid. Relatively few are willing to see benefit cuts as part of the solution, regardless of whether the problem being addressed is the federal budget deficit, state budget shortfalls or the financial viability of the entitlement programs,” according to the Pew report.

Social Security Debate Misses Point

“The mishandling of Social Security funds has been going on since the mid-1980s. As soon as the surpluses, resulting from the 1983 [payroll tax](#) hike, first began to flow into the Treasury, politicians from both political parties began using the money like a giant slush fund,” according to an article on the website of Dissident Voice, a peace and social justice newsletter.

Don’t even dream of touching [Social Security](#), [Medicare](#), or Medicaid when seeking ways to reduce the budget, said over 60 percent of people polled in a 2011 Pew Research Center [survey](#).

“The public’s unwillingness to see Social Security and Medicare benefits cut in the interest of deficit reduction is evident when specific benefit reforms are tested,” said the Pew research report.

The majority of Americans, 87 percent, from both sides of the aisle, Republicans and Democrats, agree that Social Security keeps the elderly afloat, but more than half of the people polled called for an overhaul so it

Researchers and fellows from think tanks, as well as the media, continue to malign Social Security, Medicare, and Medicaid, calling them a drain on public finances, not acknowledging that the programs have become a major source of funding for the U.S. federal government since the early 1980s.

“Driving this massive increase in the size and cost of government are so-called ‘entitlement programs,’ in particular Social Security, Medicare, and Medicaid. Indeed, by 2050, those three programs alone will consume 18.4 percent of GDP,” said Michael D. Tanner, senior fellow at libertarian think tank the Cato Institute, in a 2011 article on Cato’s website.

However, in saying this, Tanner overlooks a major point. Social Security is not part of the U.S. budget. Neither he nor his fellow researchers acknowledge that Social Security payments come from monthly payments made by America’s earning population.

“Social Security is not part of the Federal Budget. It is a separate account and has its own source of income (‘Payroll Taxes’). Social Security payments go in the Social Security trust fund, and should NOT be counted as general revenue. The trust fund is supposed to be used to pay future benefits,” according to federalbudget.com, a website run by the Nation Debt Awareness Center.

Experts charge that for years, Social Security received excess payments because the federal government kept payments to the elderly intentionally lower than they should have been. The excess funds then were immediately transferred to the Social Security Trust Fund. Then, the U.S. Treasury transferred these moneys into its general account instead of investing them for the people.

As far back as 1990, Sen. Harry Reid (D-Nev.) said in a speech on the Senate Floor, which can be found in the Oct. 9, 1990, Congressional Record, “Keep in mind, if the moneys that are pouring into the Social Security trust fund were kept in the trust fund and not used for other purposes, there would be money for that [paying the elderly a decent amount].”

Reid continued, “It is time for Congress, I think, to take its hands—and I add the President in on that—off the Social Security surpluses. Stop hiding the horrible truth of the fiscal irresponsibility.”

Tanner, in an article remembering Sen. Daniel Patrick Moynihan (D-N.Y., elected four times from 1977 to 2011) the day after he died in 2003, misrepresented Moynihan’s intention to reform Social security, claiming that the senator wanted Americans to invest their hard-earned money instead of relying on a portion of their income coming from the Social Security Fund.

But given his speech on the Senate Floor in 1990, Moynihan clearly understood what was going on with Social Security and asked for an overhaul, but not elimination of Social Security.

“In 1972, we indexed benefits. ... The funds went down. ... They got down to two digits, about 15 percent. They got down to where we had about 15 percent reserve, about 1-month reserve,” Moynihan said in his speech to Congress on Oct. 9, 1990.

Before acquiescing to Reid, Moynihan said, “There are no reserves. They have all been embezzled. They have all been spent.”

The latest tally of the Social Security Trust Fund IOU was \$2.6 trillion, a number that hasn’t

changed since 2003. The present number cannot readily be ascertained, given that interest payments from the government and excess monthly social security payments from wage earners have been transferred to the Treasury's general fund the moment they were received.

Government Handouts at All-Time High

“In America today, the biggest recipients of handouts are not poor people. They're corporations,” according to a 2011 article on the libertarian website, [reason.com](#), titled “End Corporate Welfare.”

The largest corporations and banks rarely take the risk in doing business in foreign countries. The U.S. government's export-oriented agencies that take the risk of nonpayment by foreign entities are just like a revolving door, with executives from large companies making sure that they have the backing of the U.S. government before working on overseas projects.

A 2011 article on the independent news website, [worldwidehippies.com](#), suggests that among others, Boeing Co., Exxon Mobil Corp., International Business Machines Corp. (IBM), General Electric Co. (GE), FedEx Corp., Raytheon Co., Citibank, and Bank of America Corp. are some of the companies that benefit from government guarantees because these companies are risk averse.

The article suggests that despite GE having received billions in direct loans and loan guarantees from the U.S. government, it reduced its workforce by 269,000 people between 1975 and 1995. In 2009, GE received \$24.9 million in stimulus [grants and](#) retrenched 18,000 people, according to its 2009 annual report.

GE is not beyond twisting the state government's arms. In 2010, GE told Massachusetts, “Give us \$25 million in [tax credits](#), and we won't cut any more than 150 positions at our aircraft engine plant in Lynn,” according to an article on [boston.com](#), website of The Boston Globe.

GE had already laid off 600 people at the time. Then it told the state government that if it would provide funds for modernizing the plant, it would not cut 3,000 jobs until 2016.

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GE is not alone. Boeing has received many government subsidies, but reduced its workforce by more than 100,000 since 2000. Although not all the information is available at this time, Boeing has laid off close to 1,500 workers in 2011 so far.

“In the name of ‘job creation’ a substantial amount of federal funding goes to precisely those corporations that are eliminating hundreds of thousands of American jobs. ... American workers are providing funding to companies that are shutting down the plants in which they work, and are moving them to China, Mexico, Vietnam and wherever else they can find cheap labor,” according to a 2011 article on [worldwidehippies.com](#).