

Re: On Government Trust Funds

Source: <http://sci.tech-archive.net/Archive/sci.econ/2005-08/msg00326.html>

- *From:* "The Trucker" <mikcob@xxxxxxxxxxxx>
 - *Date:* Wed, 24 Aug 2005 06:09:38 -0700
-

"William F Hummel" <wfhummel@xxxxxxxxxxxx> wrote in message
news:csmng1536fmc19gpbeef18pqcfjm9vl3ur@xxxxxxxxxxxx

> On Tue, 23 Aug 2005 21:44:05 -0400, "tonyp" <tonyp@xxxxxxxxxxxx>
> wrote:

>>

>>"William F Hummel" <wfhummel@xxxxxxxxxxxx> wrote

>>

>>> However an IOU of the Treasury to a government trust fund is simply a
>>> bookkeeping entry unrelated to the financial wealth of the private
>>> sector. The private sector cannot sell or cash out trust fund assets
>>> because they are actually owned by the government.

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>>I can accept this definition as long as we agree that FICA is a tax, pure
>>and simple. But you might have an argument with those Republicans whose
>>propaganda in the class war is that the top X% of income earners pay Y% of
>>all income taxes. They invariably do not count FICA as an "income tax".

>>

> Right on! I have always said that FICA is an income tax. Its burden
> falls mainly on the middle income class because it consumes a larger
> fraction of their total income than it does for the high income class.
> Payroll taxes hurt aggregate demand and are therefore a drag on the
> economy.

>

> Government trust funds are essentially a fraud because they purport to
> be something they are not, a so-called "lock box" where tax money is
> stored for future use. That has led to endless confusion, even among
> politicians who should know better.

>

> I advocate outlawing government "trust funds" and off-budget
> bookkeeping. Further, I would eliminate the FICA tax and pay Social
> Security benefits out of the general fund. The loss of revenue should
> be made up with a fractional increase in the 1040 tax rates as
> required. There should be only one measure of government debt, and
> that is the one represented by the Treasury securities held by the
> public. Will Congress listen? Not a chance.

How do you/we/all_of_us throw the current thieves out of
office and replace them with some honest people? I am
very committed to the idea of smaller constituencies in the

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House of Representatives as the THE correct long term solution. But I see no way out of the current straight jacket that we have allowed the TwoParty to put us in. In 1910 these people locked the door and threw away the key when, by vote of the current membership, limited the number of seats to 435. It is no different than the candle maker's union. Follow the link in the signature to a page that really addresses the issue. The FAQ is a quick study. No matter what suggestion you or I or anyone else might have, it will not get past our aristocratic congress.

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"I know no safe depository of the ultimate powers of society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education." – Thomas Jefferson
<http://GreaterVoice.org>

- **References:**

- ◆ ***Re: On Government Trust Funds***
 ◇ From: tonyp
- ◆ ***Re: On Government Trust Funds***
 ◇ From: William F Hummel

- Prev by Date: ***Re: Why study general equilibrium models of perfect competition?***
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