

Re: Bush and O'Reilly, in denial.

Source: <http://sci.tech--archive.net/Archive/sci.econ/2005-11/msg00437.html>

- *From:* "Jim Blair" <jeb@xxxxxxx>
 - *Date:* Tue, 29 Nov 2005 11:06:13 -0600
-

"tonyp" <tonyp@xxxxxxxxxxxx> wrote in message
news:3eydnXGCAe5WmRHeRVn-vg@xxxxxxxxxxx

>
> "Jim Blair" <jeb@xxxxxxx> wrote
>
>> Yes, a fall in housing prices would not be a disaster.
>> Would it be bad for
>> housing to become "more affordable"?
>
>
> Depends. A fall in stock prices would make stocks "more affordable".
> Would that be a good thing, too?

Hi,

It would be for some people. When I was a young college professor and paying 5% of my salary to TIAA/CREF, the fall in stock prices during the 1970's was good for me. My constant dollar monthly purchases bought ever more shares.

The difference between stocks and a house is that you can live in a house. You should buy one whatever the price, but the less it costs, the more money you have for other things.

>
>
>> But as to your more general point: I agree that
>> at some point population must stop growing.
>> Sure ZPG would/does create some problems.
>> As with a retirement system like US Social Security
>> based on a wage tax. But the problems caused by ZPG
>> are less than the problems caused by unlimited
>> population growth.
>
>
> Why would a "retirement system like US Social Security" have any problem
at
> all in a steady-state (ZPG) environment?

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Because it is based on an ever expanding population. ZPG would mean an ever falling birth rate if people continue to live ever longer.

>...Each generation would be the same
> size. Each generation could support its parents with the same fraction of
> income as every other generation. What's hard to understand about
that?

Not if each generation is living longer. But we are not even near ZPG and the projection is for later retirements, higher FICA, and reduced benefits to keep the system solvent.

> What's bad about it?

There are better ways to fund retirement than a wage tax.

> > ??? The demographic problem with US Social Security
> > has been obvious since before Barry Goldwater point it out in 1964.
> > The real problem is that
> > politicians are afraid to deal with it (3rd rail and all).
>
>
> The "demographic problem", please note, is exactly that we face the
> _opposite_ of a steady-state condition. The baby boom was what systems
> engineers call a _transient_. A system's transient response is different
> from (but related to) its steady-state response. It's usually dumb to
> change your _system_, permanently, just to deal with a transient.

The "demographic problem" is a falling birth rate combined with living longer. The post WWII "baby boom" was a transient (short term) reversal of the centuries long declining birth rate trend. I'm not suggesting changing the system BECAUSE of the transient: the transient (baby boom) delayed the recognition of the problem, and delayed the need to deal with the problem. Delayed, but did not eliminate the need to change the system.

> > Bush at least had the nerve to raise the issue. And got slapped down
for
> > that. But the issue will be back ;-(
>
>
> Bush had the nerve to push privatization as "the" solution, and _that's_
why
> he got slapped down. People are not dumb. They appreciate, as you do
not,
> the _insurance_ aspect of a _Social_ Security system.

I think most people think (mistakenly it would seem) that Social Security is for their retirement. Whatever SS is supposed to "insure" you against

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could be handled by an insurance policy. (and what does Social Security insure me against?)

A any rate, Bush was proposing a RETIREMENT plan based on individual accounts. I mean we now permit those with a high enough income to deduct money for their retirement from their taxes using IRA's and 401K's. Low income people can't do that because they pay FICA rather than IRA taxes.

Bush wanted to give low income people the same break that higher incomes now have.

- >
- >
- > > I agree. Politicians should not come between doctor and patient.
- >
- >
- > Between patient and insurer, OTOH
- > There's an old line to the effect that the US government is a big insurance agency with a side business in military operations. It's usually meant to illustrate the relative magnitude of "entitlements" versus "defense". But let's turn it around for a minute: our military is insurance. It is insurance for "our way of life", which includes divorce, gambling, liquor, porn, and reality shows on TV, as well as the NYSE and the USPTO. We agree that everybody ought to chip in to the premium for this insurance policy, and we don't try to assign individuals to different "risk pools" when it comes to invasion by foreign armies or assaults by foreign terrorists. Why then do we think that collective insurance against disease would be so terrible?
- >
- > -- TP

The concept of "collective insurance against disease" sound fine. The devil is in the details, and especially when politicians want to restrict MY medicine and treatments to those which THEY consider to be morally acceptable to THEM.

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(
jim blair (jeblair@xxxxxxx) Madison Wisconsin USA.
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Re: Bush and O'Reilly, in denial.

No animals were harmed in making this post

- **Follow-Ups:**

- ◆ **Re: Bush and O'Reilly, in denial.**

- ◆ *From:* Jim Blair

- **References:**

- ◆ **Bush and O'Reilly, in denial.**

- ◆ *From:* Chas

- ◆ **Re: Bush and O'Reilly, in denial.**

- ◆ *From:* Jim Blair

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- ◆ **Re: Bush and O'Reilly, in denial.**

- ◆ *From:* The Trucker

- ◆ **Re: Bush and O'Reilly, in denial.**

- ◆ *From:* Jim Blair

- ◆ **Re: Bush and O'Reilly, in denial.**

- ◆ *From:* tonyp

- Prev by Date: **Re: Leszek Kolakowski on the Marxian LTV**

- Next by Date: **Re: Bush and O'Reilly, in denial.**

- Previous by thread: **Re: Bush and O'Reilly, in denial.**

- Next by thread: **Re: Bush and O'Reilly, in denial.**

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