

# Re: Question about President's Social Security plan

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*From:* tonyp (tonyp\_at\_world.std.com)

*Date:* 01/16/05

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<royls@telus.net> wrote

> > tonyp says...  
> >> *Private Learjets are of course \_much\_ better for "the economy" :-)*  
>  
> *Gogarty writes:*  
> > *Actually, that's true.*  
>  
> *Actually, it's false.*

Actually, it was ironic.

> > *Private investment is much better for the economy than*  
> > *military investment.*

As Timothy Little said, military expenditure can be considered a form of insurance. But insurance premiums are an expense, not an investment.

> *For one thing, that is a \_general\_ rule that has many exceptions, and*  
> *for another, private Learjets are more an investment in conspicuous*  
> *consumption than in productive capital.*

Roy, if you *\_travel\_* by Learjet you are indeed making an "investment in extravagance". When you buy a Learjet to rent out to conspicuous consumers, I'd say you are making an actual investment.

> *The most expensive military of all is one that is*  
> *not strong enough to deter aggression.*

The above sentence applies literally to the US military: in September 2001 it was (as it still is) the most expensive military in the world, but it demonstrably was too weak to deter aggression.

Now, back to Learjets. Or big-screen TVs, or cosmetic surgery, or live opera. They all give pleasure to their consumers, and employment to their

producers. None of them may be to your taste or mine, but the joy of the free market is that it caters to all appetites. Well, not all: I value quiet conversation with congenial friends more than I value opera, but having a nice chat adds nothing to GDP, whereas buying an opera ticket does. Life is more than "the economy".

Still, employing people to produce stuff that other people are willing to pay for is what "the economy" is all about. CEOs and movie stars are willing to pay for Learjets, taxpayers are willing to pay for F16s. Producing either plane employs people and thus adds to GDP. Buying either plane can seem like a misguided investment or a frivolous expense, to some people. It's a matter of taste: if "taxpayers" as a group are willing to pay for F16s, I cannot condemn their taste any more than I can condemn that of "CEOs and rock stars".

Our current problem is along a different axis: we have a president who thinks taxpayers should not pay for F16s, but finance them. Borrow, don't tax, is the Bush line. Borrowing money from rich people, rather than taxing rich people, is of course very good for the rich people.

You'd think the same would apply to not-rich people. Social Security (a pool of not-rich people's money) has been lending to the Treasury for about 20 years. The government has been borrowing from the not-rich, but Bush now wants to convince us that those government IOUs are worthless, and our only hope for retirement security is "private accounts". (As if that will somehow change the 2:1 worker:retiree ratio.) Of course, the rich must never be allowed to think that their government IOUs are worthless. So far Bush's tightrope act is working.

As Bush stirs the SS pot, however, the not-rich might wake up and see the double standard he's trying to pass off as the natural order of things. Or they might not. You never know, in a democracy.

-- Tony P.