Mr. William Raspberry
The Washington Post
1150 15th Street Northwest
Washington, DC 20071

March 4, 2002

Dear Mr. Raspberry;

I enjoyed your article "Social Security Rethink" and feel that you made an excellent and convincing point about why we should not let the Enron situation keep us from investing properly in the stock market.

Perhaps, I can persuade you to rethink the second argument against partial privatization. Please consider the following:

1. Sensible reform ideas deal solely with the "surplus" payroll taxes collected annually. Last year, fiscal 2001, these worker payroll tax payments over and above what the Social Security Administration required to run smoothly amounted to $98.7 billion. Despite many layoffs, the surplus will be even greater this year. Investing this money would take nothing away from the currently retired and disabled.

2. The surplus is money that the government takes and spends elsewhere. Once it's spent, it's gone. You cannot both spend and save the same money.

3. However, the government deposits "special obligation" nonmarketable Treasury bonds in the Social Security Trust Fund when they do this, all under the pretense of borrowing. It adds to the national debt and we would all be better off if they simply didn't do this, but then they wouldn't be able to play their borrowing game.

4. The Social Security Trust Fund now accounts for 20.7 percent of the national debt and can only be paid off with taxpayer money. This is recorded on the "Intragovernmental Holdings" side of the national debt.

5. To compound the injustice, the US Treasury pays the Social Security Trust Fund annual interest that is always higher than the interest paid investors who contract legitimately for securities on the "Public Debt" side of the national debt. This interest is paid by simply handing the trust more bonds, no money involved. It increases our indebtedness.

6. Like Enron employees, the American taxpayer not only loses his extra retirement and health care contributions, but unlike Enron goes more than 130 percent in the hole. These nonmarketable bonds are nothing but demands on future taxes. Taxes the government can implement without legislation. Alan Greenspeak claims that the only thing mattering is that the notes are enforceable.

As you can see, 141 million American workers or whatever number is still employed, would be better off if they threw their extra payroll taxes in the ocean. At least that way, the money would not have to be paid a second time (the Pay-It-Again, Sam scam) with interest compounding.

Your idea of instead investing this money in diversified stocks like the Wilshire 5000 index is certainly worthy, but let me suggest something further.

With this much to invest annually, Social Security could probably afford its own seat on the New York Stock Exchange, paying commission to no one, but why should we buy stocks that someone else already owns? Wouldn't it be much more direct to simply make loans to corporations and companies of all types, secured by their assets?

Social Security could also probably hold every single-family home mortgage in the country or at least invest in real estate as well.

In both cases, who would default on the American public when they are also their customers?

What's more, once Social Security were involved in the above, what's to keep it from becoming one of the largest banks in the country? Of course, this would become a direct threat to the Federal Reserve, and don't think that Alan Greenspan isn't aware of that.

It's possible for the government to manage these affairs, but why should we trust them to do it when for ages they've pulled the above scam? Hence, the only sensible thing to do would be to place investment in the hands of people in the private sector that we could watch and hold accountable.

I hope you take this in the spirit it's intended. Meanwhile, I remain at your service to discuss any of this should you desire. Please don't hesitate to call. I'm an old geezer, usually at home.

Thanks for reading this far,

Ed Henry
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