

MADOFF Vs SOCIAL SECURITY



This is not my original piece. It came to me via email but it fits so well with what I have previously written on this subject that I share it here. Bob

Why did Bernie Madoff go to prison? To make it simple, he talked people into investing with him. Trouble was, he didn't invest their money. As time rolled on he simply took the money from the new investors to pay off the old investors. Finally there were too many old investors and not enough money from new investors coming in to keep the payments going.

Next thing you know Madoff is one of the most hated men in America and he is off to jail. Some of you know this. But not enough of you. Madoff did to his investors what the government has been doing to us for over 70 years with Social Security. There is no meaningful difference between the two schemes, except that one was operated by a private individual who is now in jail, and the other is operated by politicians who enjoy perks, privileges and status in spite of their actions.

Do you need a side-by-side comparison here? Well here's a nifty little chart.

BERNIE MADOFF	SOCIAL SECURITY
Takes money from investors with the promise that the money will be invested and made available to them later.	Takes money from wage earners with the promise that the money will be invested in a "Trust Fund" (Lock Box) and made available later.
Instead of investing the money Madoff spends it on nice homes in the Hamptons and yachts.	Instead of depositing money in a Trust Fund the politicians transfer it to the General Revenue Fund and use it for general spending and vote buying.
When the time comes to pay the investors back Madoff simply uses some of the new funds from newer investors to pay back the	When benefits for older investors become due the politicians pay them with money taken from younger and newer wage earners to pay the

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older investors.

older geezers.

When Madoff's scheme is discovered all hell breaks loose. New investors won't give him any more cash.

When Social Security runs out of money the politicians try to force the taxpayers to send them some more; or they cancel S/S to all those who paid into it.

Bernie Madoff is in jail.

Politicians remain in Washington with fat medical and retirement benefits.

"If you put the federal government in charge of the Sahara Desert, in five years there'd be a shortage of sand. ~ Milton Friedman

Something to think about.

Bob Bandy