

There has been a lot of talk in Washington recently about senior citizens, mostly about how various healthcare reform models would help or hurt them. But there is another critical issue that has quietly devastated seniors financially over the last few decades. It concerns how the cost of living is calculated. How does the administration justify not giving a cost of living increase to Social Security recipients this year?

According to the official Consumer Price Index calculation, life has gotten cheaper for the first time in decades. If the government can show statistically that the cost of living has gone down, not up, then they can make the case for not giving a cost of living increase to social security recipients. But does this match reality? Using older calculations of CPI, the cost of living has actually increased – by roughly 5 percent!

The CPI (Consumer Price Index) is a calculation based on the average price of a fixed basket of goods that was initially designed to help businesses adjust for inflation. The government eventually started using it to determine cost of living adjustments for entitlement programs. Couple that with politicians' discovery that they could raid the social security trust fund to pay for new spending programs, and you have a perfect storm to deny seniors what they were promised, while hiding the true size of the deficit. For politicians, it is a win-win.

For seniors, it is a different story. Economist John Williams of Shadow Government Statistics has estimated that if the original methodology of CPI had not changed, Social Security checks would be nearly double what they are today. This represents a lot of money that politicians have been able to literally steal from seniors, to spend on their own wasteful programs. One example of how they do this is to substitute hamburger for steak, which lowers the average price of that basket of goods. But living on hamburger, or maybe dog food, instead of steak does not represent a constant standard of living. This renders the measurement virtually meaningless, even though politically it comes in very handy.

I have introduced legislation to keep politicians in Washington from ever raiding the Social Security trust fund again. HR 219 The Social Security Preservation Act would assure that all monies collected by the Social Security Trust Fund would only be used in payments to beneficiaries, or be placed in interest bearing certificates of deposit. This would at least stop the bleeding of the fund, and take away some incentive to tease and torture the numbers in order to give seniors the minimal amount. This would also cut off a source of funding for government growth, so it is not likely to get easy support from many politicians.

It is bad enough that Washington imposes high payroll taxes on American workers. The least Congress could do is use the tax dollars for their stated purpose. Instead, seniors will have a harder and harder time trying to survive on a fixed income in an economy based on variables and deception. For them, it is too late to start over. Today's young people will be forced to pay into the system for years to come. The first step towards solving the impending crisis facing Social Security is to stop politicians from raiding the trust fund and to significantly cut federal government spending.