

voice for reason and reality rather than demagoguery and condemnation.

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THE SOCIAL SECURITY SWINDLE

Irwin Schiff

Freedom Books, P.O. Box 5303, Hamden, CT 06518, 1984
pp. 256, \$12.95 (cloth).

The libertarian David Bergland once described Social Security as the world's greatest chain letter: Send money (an amount which was once an innocuous 1% of the first \$3,000 earned annually initially, but which has become a major form of income tax today); If you do not send money, bad things will happen to you (like going to jail); Sign your name at the bottom of the list and someday government will force other people to labor for your benefit. Schiff introduces his discussion of "the Social Security swindle" with an account of Charles Ponzi, whose scheme was to obtain money on promise of a profit, and establish credibility by paying off other "investors" with money given him by new "investors." Early winners are necessary for such scams to work. In author Schiff's view, the only difference between Social Security and Ponzi's scheme is that Social Security is larger and is implemented by force.

Irwin Schiff believes that politicians do not raise society's standard of living, but lower it. He supports this view by pointing out that it is a fundamental economic law that any society will get less of what it taxes and more of what it subsidizes, including crime, disability, delinquency, dependency, incompetency, and unemployment. Since Social Security "benefits" are tied to "not working" (not "engaging in substantial gainful activity"), Social Security emoluments are a subsidy for "not working and constitute a penalty for working.

Social Security was marketed as the end of problems attendant to unemployment and withdrawal from the labor force due to chronicity (age sixty-five was arbitrarily selected because of the comparatively small percentage of the population then attaining this now relatively unadvanced age). The sponsors claimed Social Security would have gigantic "insurance reserves."

Today, thirty-six million Americans receive Social Security "benefits." There is no reserve. There is not going to be a reserve. Future payments require inflation. Pointing to the efforts of Congress to obtain more chain to "save" the chain letter system, Schiff insists that the bottom line is that "the longer the nation persists in believing that Social Security is viable, the greater the ultimate injury to the nation will be."

Government Trust Funds do not represent "funds," Schiff continues, they are not "securities." The Social Security Trust Fund allegedly consists of "interest bearing IOU's" which, in effect, means that government has spent the money and given itself an IOU, meaning that it is promising to take the production of future taxpayers. The point is made that while Social Security might have been palatable in 1950, when each person taking a "benefit" was supported by 16½ workers, "can the government force two American workers to support a third — when such workers might, themselves, not be able to afford a house, a car, or their own fuel bill?"

Schiff maintains that government is currently trying to persuade younger Americans to believe that they are bound by some kind of "compact" under which they deliver on the promises made over the past half-century, whereas older Americans were talked into believing that their benefits would come out of their own "contributions." Since these "contributions" have been spent, we now have a "compact."

Government guarantees, he continues, are backed by nothing more than its willingness to print money which, in the final analysis, wipes out the value of all that is guaranteed. Social Security taxes are routinely increased (even when politicians claim taxes are being cut) based solely on the government's contention that increased taxes are required to pay increasing costs. Schiff makes a strong argument for the position that the financing scheme operates contrary to the very conditions on which the supposed "constitutionality" of Social Security was originally sustained.

The author highlights a number of other flaws in the system, such as foreigners who enter the U.S. for the express purpose of obtaining social security, government purchase of unemployment, the illusion that the system is watched by "trustees," as well as other capital destroying practices of government. Not content with merely calling for a severe cuts in the social secur-

ity system, which he believes are politically impossible in a democracy, Schiff calls for a program of what he calls "real social security" and the "antipoverty," namely: "By getting the government out of all those areas into which it has now blundered (such as Social Security, agriculture, education, labor relations, 'human resources,' etc.)," and forcing it to "concentrate on the only two areas where the Federal government is really needed — national defense and foreign policy."

ISRAEL'S GLOBAL REACH: ARMS: AS DIPLOMACY

Aaron Klieman

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Author Aaron Kleiman spotlights a significant development in the balance of international power in this remarkable new book. He draws attention to the fact that Israeli arms are found in every region of the world — Western Europe, North America, Central and South America, throughout Africa, and in many countries of Asia. Israel has military relationships with more than 50 countries. The number cannot be calculated exactly because of tacit understandings with some governments which are unwilling to maintain formal ties but which secretly fulfill their military procurement needs with Israeli arms. Israel's arms sales, estimated at more than one billion dollars a year, are of great importance to the Israeli economy. More than that, they have permitted Israel to quietly extend its diplomatic reach into many corners of the world.

Arms sales and production are one of the few bright spots in the beleaguered Israeli economy. Israel has even achieved a unique status through its highly articulated capacity to recondition or modify both U.S. and Soviet equipment. Initiated largely with official and unofficial U.S. and French aid — with pro-Israel Jewish men and women holding vital positions in defense research and defense industry administration, as also key political positions, in these and other countries — more than 112 Israeli industries produce arms for the export market, as well as for Israel's own defense. These armament industries employ more than 60,000 people, and positive spin-offs are generated for the non-military sector, providing innovative techniques and breakthroughs in such areas as materials, electro-