

Socialist Insecurity: How the Raw Deal Enslaved Americans

□ www.thelastbastille.com/2015/12/29/socialist-insecurity-how-the-raw-deal-enslaved-americans/

The ideal of evolutionary biology is that parents would value the survival and betterment of their children above their own. In reality, however, parents vacillate between their own individual self-interests and those of their children, often resulting in either negotiated compromises or authoritarian dictates. Government central planners have legalized intergenerational parasitism through the mechanizations of [taxation](#) and [welfare state](#) subsidies in order to encourage senior citizens to directly feed off the productivity of the current workforce, thereby [balkanizing](#) the young and the elderly against each other.

Two concepts are helpful for analyzing the political topic of [Social Security](#). The [Hegelian Dialectic](#) shows how the pattern of “problem-reaction-solution” is used by Leviathan to further solidify its power, yet, [Hanlon’s razor](#) says that malice should never be attributed to that which can be satisfactorily explained by stupidity. These two ideas will be used during this examination of the history, legalities, economics, and the privacy implications of [social insurance](#) in order to measure its compatibility with human liberty.



An Overview of the Relationship Between Central Banking & Social Insurance

Central banking, through methods such as [fractional reserve lending](#), directly causes all manner of [financial crises](#), thus beginning the formulaic Hegelian Dialectic. The [Second Bank of the United States](#) precipitated the [Panic of 1819](#) by about three years, yet this relationship was conveniently forgotten during the [Panic of 1907](#), which itself was caused by then-Treasury Secretary Leslie Shaw [stimulating inflation since 1905](#). This 1907 panic was used as the pretext for the establishment of the Federal Reserve Bank, which has since then proven itself to be incapable of accomplishing its *stated* objectives, to be a cartel operating against the public interest, as the supreme instrument of usury, the generator of inflation, a [war-monger](#), a destabilizer of the economy, and most importantly, as [an instrument of totalitarianism](#).



With the passage of the Federal Reserve Act in 1913, it would only be a matter of time until [malinvestment](#) by the Federal Reserve resulted in the [Crash of 1929](#), given that [business cycles](#) are a completely artificial phenomenon caused by excessive [credit creation](#) by central bankers, which inevitably leads to a [credit crunch](#). As former Federal Reserve chairman [Ben Bernanke said back in 2002](#):

*“Let me end my talk by abusing slightly my status **as an official representative of the Federal Reserve**. I would like to say to Milton [Friedman] and Anna [Schwartz]: **You’re right, we did it**. We’re very sorry. But thanks to you, we won’t do it again.” [emphasis added]*

In other words, Bernanke admitted that the central bankers were responsible for the Great Depression. It does beg the question, though, as to [how many deaths resulting from the Great Depression](#) is the Federal Reserve responsible for? Whatever becomes revealed by statisticians, this much is certain – the Great Depression was used as the justification for social insurance.

Once the [Social Security Act](#) was signed into law by then-President [Franklin Roosevelt](#) in 1935, [Social Security numbers](#) (SSNs) were foisted upon Americans incrementally over time, originally as a tax accounting tool, to be used exclusively for accountability purposes; namely, for calculating each “contribution” into the [Social Security Trust Funds](#) through payroll taxes. Despite the fact that SSNs were never meant to be used for identity verification, they are now commonly required for various functions, especially in the application for licenses **unrelated** to taxation or anything else of a financial nature. In short, the Hegelian Dialectic formula has been repeated multiple times by authoritarians in order to establish a *de facto* national identification tracking number **without** Congress officially doing so through its statutory authority, as delegated by the 1787 Constitution; this was accomplished by disingenuous advocacy that said that the answer to the evils of central banking lay in empowering [administrative agencies](#) to determine welfare handouts by bureaucratic diktat.

Constitutional Avoidance, Statutory Legalities, & Federalist Posturing

Constitutionally, does the federal government retain the power to impose social insurance upon the American citizenry? Both the [Preamble](#) and the Taxing & Spending Clause ([Art. I § 8 cl. 1](#)) have similar **general welfare** provisions, which say, respectively, that:

“We the People of the United States, in Order to form a more perfect Union...provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity...”

“The Congress shall have Power...To pay the Debts and provide for the common Defence and general Welfare of the United States...”

As much can be assumed that “provide for the common defense” might be nothing more than a male citizen’s obligation to submit to the military draft by way of its statutory [compulsory registration law](#), yet, promoting and/or providing for the “general welfare” is more of a challenge to determine its meaning, especially considering that the very word, “welfare,” itself has been [verbicided](#). Needless to say, it is essential to understand what the Framers had to say as to their original intent in crafting that phrasing into the federal Constitution.

[James Madison](#), the Father of the Constitution, had a rather limited view of the general welfare's composition. As Madison wrote in [Federalist Paper #41](#):

“Some, who have not denied the necessity of the power of taxation, have grounded a very fierce attack against the Constitution, on the language in which it is defined... No stronger proof could be given of the distress under which these writers labor for objections, than their stooping to such a misconstruction. Had no other enumeration or definition of the powers of the Congress been found in the Constitution...the authors of the objection might have had some color for it; though it would have been difficult to find a reason for so awkward a form of describing an authority to legislate in all possible cases. A power to destroy the freedom of the press, the [trial by jury](#), or even to regulate the course of descents, or the forms of conveyances, must be very singularly expressed by the terms ‘to raise money for the general welfare.’”

In other words, the concept of the **general welfare** cannot be used to circumvent the enumerated powers delegated to the federal government by its own Constitution; otherwise, it wouldn't be a very “[limited](#)” government, would it? From what can be construed, other references within *The Federalist Papers* strongly imply that the general welfare is tightly related to the common defense; specifically, that (according to [Webster's 1828 Dictionary](#)) the “exemption from any unusual evil or calamity; the enjoyment of peace and prosperity, or the normal blessings of society and civil government” is only possible due to military defense of the national realm, especially its borders, as was the case during the [War of 1812](#).

Perhaps a further examination of the relationship between taxation and the public (re: national) debt could illuminate the true nature of the general welfare itself. As Alexander Hamilton wrote in *Federalist Paper #30*:

“Money is with propriety considered as the vital principle of the body politic; as that which sustains its life and motion, and enables it to perform its most essential functions. A complete power, therefore, to procure a regular and adequate supply of revenue, as far as the resources of the community will permit, may be regarded as an indispensable ingredient in every constitution.”

Hamilton stressed the necessity for tax revenue as the lifeblood for the execution of other government powers. Interestingly enough, Cincinnatus wrote in [Anti-Federalist Paper #12](#):

“If the new government raises this sum in species on the people, it will certainly support public credit, but it will overwhelm the people. It will give immense fortunes to the

*speculators; but it will grind the poor to dust. Besides, the present government is not redeeming the principal of the domestic debt by the sale of western lands...[p]erhaps it will be found, that the supposed want of power in Congress to levy taxes is, at present a veil happily thrown over the inability of the people; and that the large powers given to the new government will, to every one, expose the nakedness of our land. Certain it is, that if the expectations which are grafted on the gift of those **plenary powers**, are not answered, our credit will be irretrievably ruined."*

In other words, **the power to tax is the power to destroy**. Of course, this begs the question as to whether the "complete power" of taxation would inevitably ruin the credit of the United States, pursuant to the Borrowing Clause (**Art. I § 8 cl. 2**)? It would seem as if the modern history of repetitive increases in the **debt ceiling** have answered this question for us.

Statutorily, is it possible for the federal Congress to impose social insurance as an exercise of its enumerated powers? Although the **Social Security Administration** (SSA) was established by the **Social Security Act of 1935**, the payroll taxes that were intended to fund the Old-Age, Survivors, and Disability Insurance (OASDI) "trust funds" weren't collected until the passage of the **Federal Insurance Contributions Act (FICA) of 1937**. Once this happened, the FICA payroll taxes were allocated towards funding the OASDI, from which the Social Security checks were issued to the qualified recipients; interestingly, § 210(c) of the original 1935 act said that the only "qualified individuals" were those who were 65 years old and had earned more than \$2,000 beginning in 1937 (**survivors and disabled benefits weren't added until 1939 and 1954**, respectively).

Judicially, are the FICA payroll taxes and the OASDI payouts a constitutional exercise of both the taxation and general welfare clauses? Such a pivotal question strikes at the very legitimacy of the social insurance mechanism that is **Social Security** itself. Judge Roberts wrote the United States Supreme Court's opinion in *United States v. Butler*, **297 U.S. 1** (1936):

*"Since the foundation of the nation, sharp differences of opinion have persisted as to the true interpretation of the [general welfare] phrase. Madison asserted it amounted to no more than a reference to the other powers enumerated in the subsequent clauses of the same section; that, as the United States is a government of limited and enumerated powers, the grant of power to tax and spend for the general national welfare must be confined to the enumerated legislative fields committed to the Congress. In this view, the phrase is mere tautology, for taxation and appropriation are or may be necessary incidents of the exercise of any of the enumerated legislative powers. Hamilton, on the other hand, maintained the clause confers a power separate and distinct from those later enumerated is not restricted in meaning by the grant of them, and Congress subsequently has a substantive power to tax and appropriate, limited only by the requirement that it shall be exercised to provide for the general welfare of the United States. **Each contention has had the support of those who views are entitled to weight.** This court has noticed the question, but has never found it necessary to decide which is the true construction. Mr. Justice Story, in his Commentaries, espouses the Hamiltonian position. **We shall not review the writings of public men and commentators or discuss the legislative practice. Study of all these leads us to conclude that the reading advocated by Mr.***

Justice Story is the correct one. While, therefore, the power to tax is not unlimited, its confines are set in the clause which confers it, and not in those of section 8 which bestow and define the legislative powers of the Congress. It results that the power of Congress to authorize expenditure of public moneys for public purposes is not limited by the direct grants of legislative power found in the Constitution.” [emphasis added]

Obviously, Roberts is referring to *Federalist Paper #41*, but [Hamilton did not argue in favor of a broader interpretation of the general welfare until after the federal Constitution](#) had been ratified. This interpretation of the general welfare becomes significant in Judge Cardozo’s written opinion in *Helvering v. Davis*, [301 U.S. 619](#) (1937):

“There have been great statesmen in our history who have stood for other views. We will not resurrect the contest. It is now settled by decision [in the Butler case]. The conception of the spending power advocated by Hamilton and strongly reinforced by Story has prevailed over that of Madison, which has not been lacking in adherents.”

So, Cardozo was simply reminding everyone, via *stare decisis*, what Roberts had written a year earlier regarding which interpretation the Court was going to use from here on out. Cardozo then gives some uniquely revealing details:

*“The purge of nation-wide calamity that began in 1929 has taught us many lessons. Not the least is the solidarity of interests that may once have seemed to be divided...**Congress did not improvise a judgment when it found that the award of old age benefits would be conducive to the general welfare.** The President’s Committee on Economic Security made an investigation and report, aided by a research staff of Government officers and employees, and by an Advisory Council and seven other advisory groups. Extensive hearings followed before the House Committee on Ways and Means, and the Senate Committee on Finance. **A great mass of evidence was brought together supporting the policy which finds expression in the act...The problem is plainly national in area and dimensions.** Moreover, laws of the separate states cannot deal with it effectively...**States and local governments are often lacking in the resources that are necessary to finance an adequate program of security for the aged.**” [emphasis added]*

Ah-ha! So, here is the justification for Social Security as the “solution” to the Great Depression – because the Federal Reserve caused the Crash of 1929, therefore the U.S. Congress must impose social insurance, as a bulwark against financial crises, in order to provide for the retirement of the elderly? Further elaborating on the structure of Social Security is Judge Harlan writing in *Flaming v. Nestor*, [363](#)

U.S. 603 (1960):

*“The Social Security system may be accurately described as a form of a social insurance, enacted to Congress’ power to ‘spend money in aid of the general welfare,’ whereby persons gainfully employed, and those who employ them, are taxed to permit the payment of benefits to the retired and disabled, and their dependents. Plainly the expectation is that many members of the present productive work force will in turn become beneficiaries rather than supporters of the program. But **each worker’s benefits**, though flowing from the contributions he made to the national economy when actively employed, **are not dependent on the degree to which he was called upon to support the system by taxation. It is apparent that the noncontractual interest of an employee covered by the Act cannot be soundly analogized to that of the holder of an annuity, whose right to benefits is bottomed on his contractual premium payments.**” [emphasis added]*

Simply put, **there is no contract** between taxpayers and the SSA in terms of receiving those coveted Social Security “benefits” once full retirement age has been met. Harlan elaborated on this revealing situation:

*“Particularly when we deal with a withholding of a noncontractual benefit under a social welfare program such as this, we must recognize that **the Due Process Clause can be thought to interpose a bar only if the statute manifests a patently arbitrary classification, utterly lacking in rational justification. Such is not the case here.**” [emphasis added]*

Given that the due process clause (would that be from the Fifth or Fourteenth Amendment?) is *not* arbitrarily classifying Social Security recipients, then the **general rule** of there being **no contract** between the SSA and taxpayers is what’s happening here. In other words, baby boomers and others who insist that they are “owed” Social Security checks because they “paid into the system” are woefully ignorant of the government’s interpretation of its own laws. Needless to say, because **there is no contract**, Social Security recipients are not “owed” a damn thing; Harlan goes onto describe in *Flaming* how Congress can change the schedule of “benefits” entirely at its own discretion.

In a rather uniquely illuminating piece of government literature, the SSA’s Office of Legislative and Regulatory Policy issued [a Social Security Bulletin in January of 1987](#) about the very constitutionality of Social Security itself. According to the bulletin’s author, Eduard Lopez:

“Of course, the Court’s decisions in the social security cases, represented a significant

constitutional development in establishing the breadth of Congress' powers to tax and spend for the general welfare. The decisions not only cleared the way for other general welfare programs, but more fundamentally provided the Federal Government with the substantive power and institutional flexibility to respond to the changing needs of the Nation."

Lopez, much like Judge Roberts in the *Butler* case, compared and contrasted the two Madisonian and Hamiltonian views of federalism, but this time regarding the Supremacy Clause ([Art. IV cl. 2](#)) and the [Tenth Amendment](#). Briefly put, Lopez said that the Hamiltonian view is that of "subordinate States" and the Madisonian view of the several state governments being "coequal sovereigns" with the national government; Lopez goes on to mention that "coequal sovereigns" was the original view of the U.S. Supreme Court from the mid-19th century to 1937, and that the "subordinate States" view took over since the late 1930s. [Court-packing](#), much?

Considering all the legalities at play, **what is the constitutionality of Social Security?** You must keep in mind that in *Helvering*, Cardozo mentioned that only the FICA payroll taxes are constitutional, pursuant to the Taxing & Spending Clause, yet the Court, by their adherence to the [Ashwander rules](#), totally dodged the question of the OASDI payouts; the closest answer to the latter issue was the lack of a contract mentioned by Harlan in *Flaming*. What this demonstrates, if anything, is that the Court's use of both [judicial review](#) (that is, ruling on the constitutionality of the matter brought before them for adjudication) and [constitutional avoidance](#) are often practiced whenever they want to either preserve or increase the power of the federal government, but seldom to limit or reduce it.

Financing Socialized Retirement

Economically, what are the costs of Social Security? [According to the Tax Policy Center](#), the federal payroll tax rate has increased from less than 3% to more than 12% over 70 years; [the Joint Committee on Taxation](#) found that the federal payroll tax burden has increased from approximately 10% to an estimated 40% over 50 years. Considering the enlarging tax revenues, you'd expect those subsidized "benefits" to increase, but such would not be an entirely accurate financial portrait.

[Government shutdowns](#), [credit-rating downgrades](#), and [unfunded liabilities](#) do not bode well for the financial solvency of the U.S. federal government. The [2011 debt-ceiling crisis](#) precipitated the credit downgrade of the national government from AAA to AA+, yet the lingering budgetary issues went unresolved, eventually culminating in the [2013 debt-ceiling crisis](#), which itself resulted in [a government shutdown later that year](#) (such a shutdown has not occurred [since the mid-1990s](#)). According to the White House's [Office of Management and Budget \(OMB\)](#), gross national debt has increased from less than \$1 *trillion* to more than \$14 *trillion* over 70 years.

Discovering the proportion of Social Security's unfunded liabilities relative to the gross national debt is imperative for understanding the true financial costs of social insurance. This past December 12th, [the gross national debt stood at \\$18.7 trillion](#); for the past six years, [according to the annual reports from the OASDI's board of trustees](#), Social Security's unfunded liabilities through the 2080s (on a annually shifting 75-year time frame) have *increased* from \$5.4 trillion in 2010 to \$10.7 trillion this year. So, not only are Social Security's unfunded liabilities compose a **5/9ths majority** of the gross national debt **just this year**, but they are also the **fastest growing** portion of it, considering its growth relative to the entirety of the gross national debt.

Because of these unfunded liabilities, the OASDI is paying out more than is being replenished by FICA taxes. [Dave Duffy wrote in 2001](#):

“There is no trust fund that holds social security money. The trust fund holds government bonds, which is a type of IOU, which will be paid off by raising taxes on future generations, or by simply drastically cutting back the benefits paid to future retirees. Although the government’s income from social security taxes is currently greater than the outgo to today’s recipients, the extra cash is simply put into the government’s general fund and spent. Nothing but another IOU is put into the social security trust fund.”

Duffy went onto say that Social Security was **underfunded** by about \$20 trillion, but isn’t this just an exaggeration? [According to the Congressional Budget Office \(CBO\) in 2013](#), **Social Security will become exhausted by 2033**. Obviously, the big question once Social Security becomes “officially” insolvent is, what’s next? [According to the Congressional Research Service \(CRS\) in 2014](#):

“The Social Security Act does not state what would happen to the payment of benefits scheduled under current law in the event of a Social Security trust fund exhaustion... [w]hen current revenues are not sufficient to pay benefits, however, the U.S. government must raise the funds necessary to honor the redemption of U.S. government obligations held by the Social Security trust fund as they are needed to pay benefits. If there are no surplus governmental receipts, the U.S. government may raise the necessary funds by increasing taxes and other income, reducing other spending, borrowing from the public (i.e., replacing bonds held by the trust fund with bonds held by the public), or some combination of these measures.”

This would seem to answer the question of what happens post-bankruptcy, yet, why does CRS implicitly appear to contradict Duffy regarding the very existence of the Social Security “trust funds” themselves? [As “Loren” from SSA said just this past month](#):

*“It is important to understand that the money you pay in Social Security taxes is not held in a personal account for you to use when you get a Social Security payment. Your taxes are used **right now** to pay people who are currently getting Social Security payments. In turn, your future Social Security benefits will be paid by future workers.”*

Interestingly, [Milton Friedman said the exact same thing over three decades ago](#); namely, that **workers**

subsidize retirees. So, at most, the “trust funds” are really nothing more than an accounting tool to track “intragovernmental debt,” and this is further confirmed by the 2014 CRS report. Put simply, because SSA is unable to maintain an equilibrium between FICA taxes and OASDI payouts, the next few generations are being saddled with unpayable debts, and this will likely result in either a [currency war](#) or [sovereign default](#).

Constitutionality may have indeed legitimized socialism, yet the laws of economics do not reward central planning, as can be evidenced by the growing federal payroll tax burden, unfunded liabilities, and ever-increasing debt ceiling. Taxation has truly ruined the credit of the United States, which Cincinnatus warned about in *Anti-Federalist Paper #12*, and this is evidenced by the federal government’s credit-rating downgrade. However, this is not a [doom porn scenario](#) by any means, particularly considering that if the current downward class migration degenerated further into a hyperinflationary depression, it would not result in a post-apocalyptic dystopia because this would interfere with the “business as usual” of fractional reserve lending that enables the State to parasitically feed off of the Market; in other words, a total socio-economic collapse would be to kill the goose who laid the golden egg.

The only real pertinent question left at this point is, how many years of Social Security subsidies can retirees expect to collect on? [According to the 2015 OASDI Trustees Report](#), the total benefit payments were \$848.5 *billion*, and these payments were made out to about 59 *million* people; this would mean that the average 2015 Social Security subsidy per recipient was \$14,381 (this is hovering around last year’s [poverty threshold](#)). If you consider the [World Health Organization \(WHO\) data on life expectancy](#), then the average male life expectancy from birth in America is 76 years, as opposed to females at 81 years. Assuming that the retirement age is not raised by remaining at 67 years, then the average total retirement subsidies per citizen can be calculated using the following formula:

(Average life expectancy – retirement age) X the average Social Security subsidy per recipient = average total retirement subsidies per citizen

Mathematically, plugging in the numbers for males and females, respectively, yields the following calculations:

$$(76 - 67) \times \$14,381 = \$129,375$$

$$(81 - 67) \times \$14,381 = \$201,250$$

This means that, on average, female Social Security retirees are paid \$71,875 *more* during their golden years than their male counterparts, based solely on their longer life expectancy. How is this indicative of the “[equality](#)” Elizabeth Warren demanded as a “progressive” commandment? [Gender gap](#), much?

Social Security is nothing more than socialized retirement, and an unequal one at that, especially considering how the FICA payroll tax is **regressive** due to [its tax cap at \\$118,500](#) per year. To briefly review, because of the 1907 panic caused by the Treasury department’s inflation, central banking was

reintroduced, which about two decades later caused the Great Depression, thereby providing a convenient pretext for the federal government to impose social insurance. This, in turn, led to the CBO's projection of the OASDI's exhaustion by 2033, which just might lead to a sovereign default or currency war. Simplifying this further using the Hegelian Dialectic, the recurring historical patterns appear to be as such:

- **Round #1:** *Inflation (the problem) → bank runs/panic (the reaction) → central banking (the “solution”)*
- **Round #2:** *Central banking (the problem) → Great Depression (the reaction) → social insurance (the “solution”)*
- **Round #3:** *Social Security (the problem) → debt ceiling increases/credit-rating downgrade/government shutdowns (the reaction) → currency war and/or sovereign default (the “solutions”)*

Needless to say, social insurance is a total lie, not just because of its financial insolvency, but also because it is constitutionally funded by payroll taxation, as well as the fact there is no contractual right to be paid its subsidized “benefits,” as Judge Harlan mentioned in the 1960 *Flaming* case. Upon a comprehensive review of Social Security, this is but just one story of the collusion between lawyers and bankers in their unholy mission to utterly destroy American liberty.

The Despicable Evil of Social Security Numbers

Last June, I was asked by an insurance agent for my SSN just to get a renter's insurance *quote*; fortunately when I refused, an alternative was used so I could discover that there was an opportunity for me to lower my annual bill by \$20. Earlier this month, [Eric Peters was asked by a police officer for his SSN during a traffic stop](#), which he promptly gave. Identity theft has increased from 11.7 million to 17.6 million between 2010 – 2014; thankfully, the financial loss during this same period decreased from \$17 billion to \$15.4 billion (although there was [an uptick in 2012 of \\$24.7 billion](#)).

Charles Mullen, the Associate Commissioner at the SSA's Office of Public Inquiries, [wrote a reply to Scott McDonald on March 18th of 1998](#). Mullen revealed that:

“The Social Security Act does not require a person to have a Social Security number (SSN) to live and work in the United States, nor does it require an SSN simply for the purpose of having one. However, if someone works without an SSN, we cannot properly credit the earnings for the work performed.”

This supports what [Claire Wolfe mentioned in 2003](#), and it does jive with the rest of the SSA literature that says the SSN is used as a way to determine eligibility for retirement subsidies. However, as with any “good” government “program,” exceptions to the general rule contain the most inconvenient surprises. Mullen continues:

*“The Privacy Act regulates the use of SSNs by government agencies. **They may require an SSN only if a law or regulation either orders or authorizes them to do so. Agencies are required to disclose the authorizing law or regulation.** If the request has no legal basis, the person may refuse to provide the number and still receive the agency’s services. However, **the law does not apply to private sector organizations. Such an organization can refuse its services to anyone who does not provide the number on request.**” [emphasis added]*

Obviously, the scope of said laws and “regulations” can be so broad as to render the general rule of no compulsory numbering a moot point, but is that the case here? Mullen provides two such examples, namely, [26 USC § 6109\(a\)](#) and [26 CFR § 301.6109-1\(d\)](#), which say, respectively, that:

*“When required by regulations prescribed by the Secretary: Any person required under the authority of this title to make a return, statement or other document such identifying number as may be prescribed for securing proper identification of such person...for purposes of [this paragraph], the identifying number of an individual (or his estate) shall be such individual’s **social security account number.**” [emphasis added]*

*“Any individual required to furnish a **social security number** pursuant to paragraph (b) of this section shall apply for one, if he has not done so previously, in Form SS-5, which may be obtained from any Social Security Administration or Internal Revenue Service office. He shall make such application far enough in advance of the first required use of such number to permit issuance of the number in time for compliance with such requirement. The form, together with any supplementary statement, shall be prepared and filed in accordance with the form, instructions, and regulations applicable thereto, and shall set forth fully and clearly the data therein called for. Individuals who are ineligible for or do not wish to participate in the benefits of the social security program shall nevertheless obtain a **social security number** if they are required to furnish such a number pursuant to paragraph (b) of this section.” [emphasis added]*

Well, geez, I wonder which individuals are required to cough up an SSN? 26 CFR § 301.6109-1(b) says:

*“Every U.S. person who makes under this title a return, statement, or other document must furnish its own taxpayer identifying number as required by the forms and the accompanying instructions. A U.S. person whose number must be included on a document filed by another person must give the taxpayer identifying number so required to the other person on request. For penalties for failure to supply taxpayer identifying numbers, see sections 6721 through 6724. For provisions dealing specifically with the duty of employees with respect to their **social security numbers**, see § 31.6011(b)-2 (a) and (b) of this chapter (Employment Tax Regulations)...” [emphasis added]*

These penalties range anywhere from \$50 to \$100,000 for failures regarding payee statements or “specified information reporting requirements,” up to a further maximum of \$250,000 for failures regarding information returns; the Employment Tax Regulations demand new employees to furnish an SSN to their employers, or otherwise immediately acquire one through filing an SS-5 form to SSA, in order to be in compliance with being subjected to taxes as imposed by FICA. In other words, if you are an employee working for wages, you must submit an SSN to your employer so you can pay FICA taxes.

Although it is true what Mullen said, the devil is in the details, particularly the *broad* application of the exceptions to the general rule. According to this year’s [SSA Pub #05-10023](#):

“Getting a Social Security number for your newborn is voluntary.”

Naturally, this is consistent with Mullen, for infant Americans (by and large) are not employees working for wages, and thus do not incur a federal income tax liability. Surely it is understandable why [Claire Wolfe earlier this year began using her SSN again](#), because quite a bit of the American workforce is composed of employees working for wages. The fact of the matter is that because of the way in which most Americans earn their livelihoods, their SSNs are initially used for tax accounting purposes, and then oh-so-conveniently morphed into a nearly universal tool for identity verification as the *de facto* national ID number; in this context, SSA’s assurances over the course of 17 years that getting an SSN is voluntary provides little comfort, simply because the exceptions to the rule are broader than the rule itself.

Mullen’s letter also mentioned that the [Privacy Act of 1974](#) does not apply to private sector organizations, and thus, they presumably reserve the right to refuse service to any customer who doesn’t provide their SSN on request; this is reinforced by [Dorcas Hardy’s 1986 letter to Rodney Rickman](#), which said that SSA does not have the authority to require employers to make employment decisions based on whether the potential employee refused to disclose his SSN, as this is a matter exclusively between the job-seeker and the employer. Given that private businesses enjoy [the right to refuse service](#), then do government regulations, such as “[know your customer](#)” laws, infringe on that right? [According to the Government Accountability Office \(GAO\)’s 2004 report on SSNs](#):

*“Large information resellers said that they generally use the SSN as an identity verification tool. Some of these entities have incorporated SSNs into their information technology, while others have incorporated SSNs into their client’s databases used for identity verification. For example, one large information reseller that specializes in information technology solutions has developed a customer verification data model that aids financial institutions in **their compliance with some federal laws regarding ‘know your customer.’** According to this company’s information, the data model compares information provided by the applicant, such as name, address, and SSN, with the data they already have in their databases, which is composed of multiple public and private sources.” [emphasis added]*

Obviously, the degree of voluntariness regarding the use of SSNs begins to slide headlong on the [slippery slope](#) of institutionalized coercion. It's a little hard to say with a straight face that getting a SSN is voluntary, but then create these hugely gaping legal exceptions, such as compliance with administrative business regulations or the statutory tax code. GAO's report also says:

"The Social Security Act of 1935 authorized the Social Security Administration (SSA) to establish a record-keeping system to help manage the Social Security program, and this resulted in the creation of the SSN...SSA estimates that approximately 277 million individuals currently have SSNs. Because of the number's uniqueness and broad applicability, the SSN has become the identifier of choice for government agencies and private businesses, and thus it is used for a myriad of non-Social Security purposes."

Since more than three-fourths of the domestic American population has SSNs, this means that a [captive market](#) for potential identity theft has been generated thanks to the lackadaisical federal bureaucracy. It could be said that, in addition to the three aforementioned rounds of the Hegelian Dialectic, there is yet another round, which is:

- **Round #4:** *Identity theft (the problem) → demand for "[consumer protections](#)" (the reaction) → SSNs being used for identity verification (the "solution")*

This is something that you must contend with directly, for unlike collective phenomenon like sovereign defaults, currency wars, or downward class migration, identity theft is committed primarily against individuals; this suggests that the responsibility for preventing and otherwise dealing with identity theft lies with individuals, as well. You are not able to influence government policy about social insurance through "[reform](#)," but what you can do is make yourself a [hard target](#) against identity thieves.

Some have claimed over the years that rescission of one's SSN is possible, but that [SSA will obstruct you at every turn](#); the basis for this claim lies in Form SS-521, [Request for Withdrawal of Application](#). However, the "application" in question is none other than Form SS-5, [Application for Request of Social Security Card](#). In other words, if a parent has submitted the SS-5 for their infant in order to get a tax deduction, and then changes his mind for whatever reason, then he'll have to submit the SS-521. Aside from circumstances like that, where the SSN was applied for, but not used, then generally speaking, **there is no such thing as rescission of an SSN**. Once the SSN is received and used, then it is simply too late to "request a withdrawal," mainly because by then, the application has been received and accepted by SSA, as evidenced by their issuance of a new Social Security card. In this respect, it would be accurate to say that SSNs are much like quicksand, in that you can avoid them, but once you're in, it becomes increasingly difficult to escape the longer you're in it; because of this, I think it is wiser to examine other options for dealing with your SSN rather than place blind faith in any "[sovereign citizen](#)" type of baseless assertions.

To reiterate, Mullen's 1998 letter mentioned how the Privacy Act only limits the government in requiring an SSN from you, but that the statute does *not* limit private companies at all. This would mean that my own situation could have turned out very differently where I could have not received an insurance quote because I had refused to give my SSN, because I was dealing with a for-profit corporation, not a

government agency. By contrast, though, this does beg the question as to whether the police officer who asked Eric Peters for his SSN during a traffic stop violated the Privacy Act? According to [5 USC § 522a\(g\)\(4\)](#), it says:

*“In any suit brought under the provisions of subsection (g)(1)(C) or (D) of this section in which the court determines that the agency acted in a manner which was **intentional** or **willful**, the United States shall be liable to the individual in an amount equal to the sum of – (A) actual damages sustained by the individual as a result of the refusal or failure, but in no case shall a person entitled to recovery receive less than the sum of \$1,000; and (B) the costs of the action together with reasonable attorney fees as determined by the court.”*
[emphasis added]

Huh, I wonder what circumstances and jurisdiction are enumerated in 5 USC § 522a(g)(1)(C) and (D):

“Whenever any agency...fails to maintain any record concerning any individual with such accuracy, relevance, timeliness, and completeness as is necessary to assure fairness in any determination relating to the qualifications, character, rights, or opportunities of, or benefits to the individual that may be made on the basis of such record, and consequently a determination is made which is adverse to the individual; or fails to comply with any other provision of this section, or any rule promulgated thereunder, in such a way as to have an adverse effect on an individual, the individual may bring a civil action against the agency, and the district courts of the United States shall have jurisdiction in the matters under the provisions of this subsection.”

This is rather intriguing, for it suggests that Peters *might* have standing to sue the police *if* he could demonstrate **intentional willfulness** on the part of the officer (of course, the jurisdictional matter of the [incorporation doctrine](#) would also be at issue, given that such a lawsuit under the Privacy Act would have to be done in federal district court against who would presumably be an agent of one of the several *state* governments). Perhaps [42 USC § 405\(c\)\(2\)\(C\)\(i\)](#) can illuminate the situation better:

*“It is the policy of the United States that any State (or political subdivision thereof) may, in the **administration** of any tax, general public assistance, **driver’s license, or motor vehicle registration law within its jurisdiction**, utilize the social security account numbers issued by the Commissioner of Social Security for the purpose of establishing the identification of individuals affected by such law, **and may require any individual** who is or appears to be so **affected to furnish to such State** (or political subdivision thereof) or any agency thereof having **administrative responsibility** for the law involved, **the social***

security account number (or numbers, if he has more than one such number) issued to him by the Commissioner of Social Security.” [emphasis added]

Understand all that? Put simply, the question here is, did the officer have the legal “authority” to **administer** driver licensure or vehicle registration at the side of the road? If so, then that is the end of the case, for then Peters was obligated to give his SSN, as he did; if not, then Peters would be in a position to use the civil remedies under the Privacy Act to sue the officer (14th Amendment issues, notwithstanding). Obviously, I am very skeptical whenever anyone recommends [suing the government](#) for anything, especially considering all the [patriot mythology](#) floating around the Internet.

Another set of approaches towards safeguarding your SSN from identity thieves and other miscreants, as some have recommended, is to [go on a paper trip](#), or [civilly disobey](#) federal law by giving patently false SSNs whenever you are asked for one. Due to the complexity of the former, I prefer to forego that here, other than to reiterate in previous book reports the fact that paper-tripping is simply nothing more than the **legal** exploitation of government loopholes; also, the civil disobedience avenue was alluded to earlier in reference to the penalties enumerated in [26 CFR §§ 301.6721-1\(a\), 301.6722-1\(a\), and 301.6723-1\(a\)](#).

Yet another possibility is that you could engage in what might be termed, “libertarian pyrotechnics,” regarding your Social Security card. [Russell Kanning and Kat Dillion burned their Social Security cards outside an SSA field office back in 2006](#) and [Mike Gogulski did the same to his in 2009](#). I guess as long as you resolve to never use either the card or the SSN itself ever again, this is probably the most legally hassle-free way to rid yourself of it, but as [Claire Wolfe accurately pointed out](#), this is easier said than done, unless [you have made arrangements for your change in lifestyle ahead of time](#).

Lessons Learned?

Social Security is little else than an unsustainable [perverse subsidy](#). Anyone who insists otherwise is living in denial. Four rounds of the Hegelian Dialectic have brought Americans under the heel of central bankers and the federal bureaucracy. If anything is to be learned from this rather sordid history, it is that no one can [centrally plan](#) anyone else’s retirement. Austrian economist Ludwig von Mises remarked in his 1949 *Human Action* that:

*“The problems involved are not of a praxeological character, and economics is not called upon to provide the best possible solution for them. They concern pathology and psychology. They refer to the biological fact that the fear of penury and of the degrading consequences of being supported by charity are important factors in the preservation of man’s physiological equilibrium. They impel a man to keep fit, to avoid sickness and accidents, and to recover as soon as possible from injuries suffered. The experiences of the **social security** system, especially that of the oldest scheme, the German, has clearly shown **the undesirable effects resulting from the elimination of these incentives**. No civilized community has callously allowed the incapacitated to perish. But the substitution of a legally enforceable claim to support or sustenance for charitable relief does not seem to agree with human nature as it is. Not metaphysical prepossessions, but considerations of practical expedience make it inadvisable to promulgate an actionable right to sustenance.”*

Passing off coercion as if it were charity is, perhaps, the most despicable thing [progressive socialists](#) have done (short of causing a sovereign default with all their [welfare entitlement spending](#), of course). [As I've mentioned before](#), inflation destroys the value of the capital saved from the past, taxation robs from the fruit of one's labor in the present, and borrowing enables deficit spending whose bill is shouldered upon the backs of the unborn. All three of these control mechanisms are present in the story of Social Security, which is really just the American version of what the German [NSDAP's](#) party platform demanded for "[a generous increase in old-age pensions](#)." National socialism, much?

The epic fail of social insurance also begs the question as to the government's enabling of identity theft. Not only are the implications of parents applying for SSNs (so they use their infants for tax deductions) quite profound, but also the fact that **identity verification is indispensable for government licensure**. Acquiring even the more purely elective marriage or ham radio license without an SSN might be biting off more than some can chew. Until the government is abolished, jealously guarding your SSN is the only real mitigation to take for the time being in terms of direct action on this issue (other than [never taking a Social Security "benefit" check](#) as an OASDI payout). [Keeping your own counsel](#) has been suggested in a myriad of ways; Robert Smith listed the following recommendations in his book, *Our Vanishing Privacy*:

- Don't put your number on an employment application; wait until you are hired.
- Do provide a Social Security number to an agency that will be paying you a salary or interest or dividends, charging you interest, or maintaining a checking or savings account for you.
- Do remember that state motor vehicle departments, tax departments, and welfare departments are authorized to demand an SSN. Otherwise, do not provide a Social Security number to any government agency unless it provides you with its authority to do so and its uses for the number.
- Try not to provide your number to the motor vehicle office unless it insists on it; in many states the motor vehicles department will waive its original demand for a SSN. Even if you must provide it, try to avoid having your SSN used as your driver's license number and printed on your license.
- Use caution when you are asked for your Social Security number by a retail store, a utility company, a private college, an insurance company, a credit-card company, or other private business. No law says you have to give it; no law says the company has to do business with you. Try providing only the last four digits. Or provide the number with a statement asking that it not be disclosed further. Ask that the number not appear on mailing labels.
- Don't provide your SSN when you cash a check or pay by credit card. Make clear why you are objecting.
- Don't provide your Social Security number over the telephone.
- Avoid enumerating your child at an early age. Most requests for SSNs by [public school systems](#) are not enforceable.
- Remember that federal law requires a Social Security number on your tax return for any child two years or older claimed as a dependent. Federal law requires that a child receiving Aid to Families with Dependent Children (AFDC) have a Social Security number. And some states require *parents'* Social Security numbers on applications for birth certificates (but not on the actual certificate itself). If you feel strongly about not enumerating your children, you can waive your claim to a tax deduction. Or, like Suzanne Watson in California, you can battle the IRS and perhaps win.

Aside from these guidelines, I would also proffer that you all examine Privacy Rights Clearinghouse's Fact Sheet #10, [My Social Security Number – How Secure Is It?](#) for more specific ideas on how to safeguard your SSN from identity thieves.

How might it be possible to avoid the temptations of Social Security's OASDI payouts as a retiree? **The answer to social insurance is financial independence.** Paying FICA taxes *hurts* you, and noticeably more so if you are male than female; because FICA is a *regressive* tax, then the payroll tax cap might actually help you *if* you can earn more money ([income taxes](#), notwithstanding). [Financially independent early retirement](#) does not violate self-ownership, like how Social Security does. Whether it be by way of freelancing, intensive saving, passive/residual income, and/or selling a profitable entrepreneurial venture, these are *voluntary* ways of providing for your livelihood, and are a much better financial safety net for your old age than some government program that can unilaterally change the terms of its "benefit" payments any time it wants.

I honestly don't know to what degree modern Americans are willing to sacrifice the conveniences of the present for the liberty of future posterity. Thomas Jefferson, I think, got it right when [he told Antoine Louis Claude Destutt de Tracy in 1820](#):

"It is incumbent on every generation to pay its own debts as it goes. A principle which if acted on would save one-half the wars of the world."

Unfortunately, as mentioned earlier, workers subsidize retirees through FICA taxes, so this is obviously in contravention to what Mr. Jefferson admonished the French over. What I appreciate about his observation is the historical link between debt and war; whether it be [socialized war debts](#) or socialized retirement, Leviathan has a nasty habit of coercing its victims to pay for things they either don't want, or think is unethical. In summation, I think [Stefan Molyneux best describes](#) my innermost feelings towards [the State](#):

*"Fuck the stupid teachers, fuck the bullshit unions, fuck the debt, fuck the Fed! **Fuck it all!** That's why you get out of bed in the morning, to say, fuck evil!"*