

Huffington Post: GOP Senator Calls Social Security A ‘Legal Ponzi Scheme’

Written by Russ for Wisconsin

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Ron Johnson is locked in a tough reelection bid with Russ Feingold.

MADISON - Sen. Ron Johnson (R-Wis.) called Social Security a “Ponzi scheme” in 2010. Now he is calling it a “legal Ponzi scheme.” See the Huffington Post report by Daniel Marans below.

[GOP Senator Calls Social Security A ‘Legal Ponzi Scheme’](#)

By: Daniel Marans

June 23, 2016

Sen. Ron Johnson (R-Wis.) described Social Security as a “legal Ponzi scheme” and voiced support for privatizing the program while meeting with conservative activists.

Speaking to a local branch of the [Koch brothers](#) -backed group, [Americans for Prosperity](#) , Johnson said that he supported privatizing Social Security, but the public was not yet ready for the idea.

“Currently, politically, you can’t do it,” Johnson said at the June 3 meeting in Oshkosh, Wisconsin. (The Huffington Post obtained an audio recording of Johnson’s remarks.)

“We’ve got to convince more of our fellow citizens that Social Security really is — and by the way, I was wrong when I said this in 2010, I said it’s a Ponzi scheme,” Johnson continued. “Ponzi schemes are illegal. So, Social Security is — it’s a legal Ponzi scheme.”

As Johnson notes, he previously called the program a mere [“Ponzi scheme” in 2010](#) , when he was first elected to the Senate in a Republican wave year.

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It is a [common conservative myth](#) that the nation's largest and most popular social insurance system resembles [this archetypal fraud](#).

In reality, Social Security, unlike a Ponzi scheme, is an open and transparent program that [reports annually](#) on its 75-year financial outlook. Like many national pension systems the world over, Social Security taxes workers to provide benefits for retirees and people with disabilities.

In years when Social Security takes in more than it pays out, it invests the surplus in U.S. Treasury bonds, guaranteed by the full faith and credit of the U.S. government. It has never been late on a payment to date.

Johnson is apparently under the impression that the government can no longer honor the Treasury bonds in which Social Security's surplus is invested.

Social Security's "trust fund has exactly zero in financial value," Johnson said.

In fact, Social Security has a surplus of \$2.8 trillion held in Treasury bonds that are no different than the ones held by China and other creditors.

Johnson is right about one thing: Privatizing Social Security, which would require Americans to invest the money themselves and shoulder the accompanying risks, remains extremely unpopular. President George W. Bush's attempt to privatize the program in 2005 [failed miserably](#), helping the Democrats retake the House of Representatives in 2006.

Opposition to cutting Social Security benefits at all was the [one position that united supporters](#) of all of the presidential candidates — Democrat and Republican — according to a March 31 Pew poll.

Johnson faces a difficult reelection effort against Russ Feingold, the Democrat he unseated in 2010. Feingold currently leads Johnson by about [8 percentage points](#), according to HuffPost Pollster's polling average.

"Sen. Johnson should be out listening to Wisconsin's seniors who want their leaders to protect Social Security," Feingold's campaign spokesman Michael Tyler said in an emailed statement, "but he's clearly more focused on serving the billionaires funding his reelection bid and multi-millionaires like himself."

Feingold's [campaign web site says](#) the candidate believes "Social Security benefits should never be cut, they should be expanded."