

The Crime of the Century

by Richard D. Lamm

I have just participated in the *greatest embezzlement* in all of history. In my 60-plus years, I have never seen such a perfect crime. Like most other master criminals, I am heady with success and feel a need to brag. I kid you not; never before has one group appropriated as much money that belonged to another group in the history of crime. The victims, while they are increasingly suspicious, *still* do not know they have been had. It was literally and figuratively as easy as taking candy out of the mouths of babes.

Here's how we did it: The first rule of embezzlement is to find some naive patsy. We sensed thirty years ago that the younger generation was not paying enough attention to public policy, so we quietly found ways to maintain our lifestyles and charge it to the next generation. While those of you

*This is an excerpt from The Brave New World of Health Care by **Richard D. Lamm**, Speaker's Corner Books, 2003. Used with permission from The Brave New World of Healthcare by Richard Lamm. Copyright 2004. Fulcrum Publishing, Inc., Golden, Colorado. All rights reserved.*

under 45 were preoccupied with other things, my generation dumped the largest load of debt on you that history has ever seen.

A good scam needs a compassionate come-on. In our case, we developed a new term, "poor elderly." To this day, most Americans do not understand that this is actually two words and that "poor" no longer describes the elderly as a class. There are, of course, poor elderly, but as a class, the elderly have the most discretionary income of any group in America (except those in the age bracket of 55-65).

Next, we devised a number of systems that allowed us to charge our retirement to the next generation of Americans, who will wake up to find they are on the losing side of a Ponzi scheme. Like all good con artists, we relied on trust. We told them there was a "trust" fund for both Social Security and Medicare. Of course, this was a lie. There is no trust fund, in the normal sense of the word, because we take this month's Social Security taxes from today's workers and pay them to today's elderly.

Then we tell today's workers not to worry—the money is being held in "trust." In actual fact (as Senator Ernest Hollings of South Carolina has observed), they would be no better off if the fund was invested in Confederate war bonds.

The trust fund is a sham, because it only contains IOUs that tomorrow's generation of workers will have to (mostly) pay off themselves. They will have to pay for both our retirement and their own. Not bad. We succeeded in taking money from poor workers in Saint Paul and sending it to wealthy retirees in Saint Petersburg – and no one was the wiser. But, I have hardly begun.

The perfect embezzlement maximizes its take. We soon found there was money left over after paying the Social Security funds to today's elderly, and we did not want to stop halfway. Would a self-respecting crook leave money lying in the bank vault after a robbery? Hell no. We completed the job by something called the "consolidated budget." This allowed us to quietly take the Social Security funds left over to reduce our taxes by spending the money on current government services. Under the consolidated budget, we could legally "borrow" the money in the "trust" fund left over every year and spend it on current government services, thereby reducing our yearly taxes.

Virtually every year for the last thirty-five years, we understated the yearly deficit and understated the total federal debt. Even though the official federal debt is approximately \$6.5 trillion, the amount actually passed on to the

next generation is closer to \$20 trillion. My generation are master embezzlers. The entire scheme was done with clever accounting gimmicks, which allowed us to minimize our taxes and maximize our spending while we passed the bill on to the next generation. By the time they, like many victims of a crime, figure it out, I will be long gone.

I have completely and totally spent the Social Security Trust Fund and left nothing in trust, absolutely nothing, for today's workers to pay future obligations. They will have to either raise their taxes substantially or dramatically reduce their benefits under the system. They have no other practical alternatives. They may, of course, try to do the same thing that my generation did and try to perpetrate the Ponzi scheme, but I doubt it will work. Young people catch on at some point. The true perfect crime only works once.

The next generation will wake up to the magnitude of the fraud. They will recognize they are working long hours (or two jobs) and make less working than I make in retirement. Yet every month, they transfer money to me to pay for my health benefits. I have plans for that also. When they start to blow the whistle, I will say with shock and horror, "You can't start an intergenerational war." I will tell them about how hard I fought for this country (six months in active service — most of it at the officers' club bar). I will shame them by accusing them of breaking the "generational contract," neatly covering the fact that it was really my generation who "broke" the

*"My generation are
master
embezzlers."*

contract by leaving them an unsustainable and insolvent system. Like any successful crook, I will cover all my bases.

When health care costs became a larger factor in our budgets, we found a system to subsidize our health care costs at the expense of following generations. We called it Medicare. The average senior who turned 65 in 2000 got back four dollars from today's workers for every one dollar that he/she paid into the system. Today's retiree receives on the average a \$100,000 subsidy toward his health care costs — from a system that is slated to go broke not far into this century. I am looking forward to playing golf and living high and sending much of the bill to today's workers who make less working full-time than I make in retirement. *Après moi, le déluge.*

The story does not end there. My generation screwed up the savings and loan industry. What did we do to get out of it? We issued thirty-year bonds! Why should I pay for my mistakes when there is a gullible generation right behind me? Will I be here in 30 years? No. Will you? I leave it to my kids to pay off.

My wife and I bought our first house in 1963 for \$11,900. Our first mortgage payments were forty-nine dollars a month because we had a VA loan subsidized by the federal government. Everyone in my

generation could buy his or her own home. It is estimated that 30 percent of the current workers below age 30 will never be able to own their own houses. It does not end there. I, to this day, get more money in housing allowance every year from the federal government than the poorest American. It is simple. I get to deduct my mortgage interest and real estate taxes, which is worth to someone in my income bracket more than the case equivalent that any poor person in this state receives for housing. Ditto health benefits. By not taxing my health insurance paid for by my employer, I also receive more health benefits from the federal government than most poor children on Medicaid.

Do I feel guilty? Well, occasionally. The other night I was standing in the line for movies, getting a senior citizen discount. The struggling young couple in front of me were wondering how they were going to pay the babysitter. My wife and I had driven to the theater in our fancy foreign car from our debt-free house, but we got a six-dollar discount from the price the young couple paid.

I try not to spend too much time thinking about it. I keep busy. Right now, I have to go down to the state legislature to lobby for free fishing licenses for seniors. Why not? We already get free state park admission. See you around. •