

Tyrannical Wrecks

by Tom Siems

Once upon a time, there lived a small herd of dinosaurs that longed for freedom and individual opportunity. To pursue that dream the small herd left its homeland on a journey that led them to a distant island.

The island was beautiful. And the members of the small herd learned the secret to economic growth by doing what each did best and then trading for the rest. By pursuing their own self-interests there seemed to be an invisible hand working within the community to organize its activities most efficiently.

Meanwhile, the ruling dinosaurs from the small herd's homeland—the pterrodactyls—began to increase taxes and make life miserable on the island . . . all without the small herd's representation. So the small herd declared independence from their homeland in order to form a more perfect union, establish justice, insure domestic tranquility, provide for a common defense, promote the general welfare, and secure the blessings of liberty.

With this declaration, however, came the responsibility that the small herd be protected and well represented. The small herd chose as its leader the largest and strongest

dinosaur: the *Tyrannosaurus Rex*. Of course, to provide a safe island, T-Rex received a regular allowance that was collected through various taxes on the herd.

For a brief time, life on the island was indeed happy. The island soon became known as “the land of opportunity,” and many other small herds from distant lands gathered within her borders and were welcomed with open arms. Through innovation, specialization, education, trade, individual freedom, private ownership of property, and the ability to enforce contracts, the United Island Herd prospered and grew.

But, as seems to be the nature of dinosaurs, voices of dissension and bitter complaints against T-Rex could be heard. There were calls for better roads, better schools, better protections, and better health care. There were some who thought that T-Rex should be given increased powers and responsibilities to control the herd and manage the economy. There were some who argued that many dinosaurs in the herd were too weak, or had brains that were too small, to make good decisions for themselves and thus needed T-Rex to better care for them now and into the future. It seemed that dependence on others in the herd diminished, while dependence on T-Rex increased.

After one particularly difficult economic period, the calls got louder and louder for T-Rex to become more involved as the herd's primary caregiver and provider. The economy had changed: transforming the

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way dinosaurs worked, where they worked, and with whom they worked. As a result, the herd's economic security was threatened to a greater extent than ever before. To address these concerns, T-Rex conceived a number of social programs that made him grow to an enormous size by taking away more and more wealth and power from the herd.

One initiative that T-Rex began was a system to take wealth from the working herd and immediately give it to those who had already completed a number of years of work. Of course, the first retired herd liked the idea very much because the members paid little into the system but collected plenty, providing an attractive return. Many subsequent retired herds also experienced attractive returns as T-Rex expanded benefits.

Unforeseen Changes

But a couple of unforeseen changes developed. First, the dinosaurs began living longer, thereby taking more from the system than originally planned. Second, the herd was hatching fewer dinosaurs, which required more working dinosaurs to pay the benefits promised to retired ones. Third, T-Rex never established an accumulated fund for the system, but rather used some of the surplus to pay for new roads, improved

border protections, and other initiatives demanded by the herd or forced on it by T-Rex. With lower and lower below-market returns that were increasingly unattractive for subsequent generations, the system was in crisis.

Now, it was obvious that the system couldn't go on forever. Something had to be done. T-Rex proposed the usual remedies—tax increases and benefit cuts—but the herd had difficulty believing they would really solve the system's problems in the long run and was increasingly intolerant of such fixes.

There was, however, a small minority within the herd that proposed privatized individual accounts as a viable option to save the system. Such a prefunded plan promised working dinosaurs—now an endangered species—greater control over and choice of investment options. Moreover, the plan would protect a dinosaur's retirement funds and provide an inheritance.

But the howls and groans from many in the herd drowned the voices of the privatization proponents. Instead of focusing on free-market solutions to strengthen the unsustainable system, opponents attacked. In the end, when nothing could be agreed on to re-engineer the system for the new century, T-Rex imploded.

And the herd became extinct. □

