

Entitled Selfishness

Boomer Generation Is in a State of Denial

By Robert J. Samuelson

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As someone born in late 1945, I say this to the 76 million or so subsequent baby boomers and particularly to Bill Clinton and George W. Bush, our generation's leading politicians: Shame on us. We are trying to rob our children and grandchildren, putting the country's future at risk in the process. On one of the great issues of our time, the social and economic costs of our retirement, we have adopted a policy of selfish silence.

As Congress reconvenes, pledges of "fiscal responsibility" abound. Let me boldly predict: On retirement spending, this Congress will do nothing, just as previous Congresses have done nothing. Nancy Pelosi promises to "build a better future for all of America's children." If she were serious, she would back cuts in Social Security and Medicare. President Bush calls "entitlement spending" the central budget problem. If he were serious, he, too, would propose cuts in Social Security and Medicare.

They are not serious, because few Americans -- particularly prospective baby-boom retirees -- want them to be. There is a consensus against candor, because there is no constituency for candor. It's no secret that the 65-and-over population will double by 2030 (to almost 72 million, or 20 percent of the total population), but hardly anyone wants to face the implications:

? By comparison, other budget issues, including the notorious earmarks, are trivial. In 2005, Social Security, Medicare and Medicaid (the main programs for the elderly) cost \$1.034 trillion, twice the amount of defense spending and more than two-fifths of the total federal budget. These programs are projected to equal about three-quarters of the budget by 2030, if it remains constant as a share of national income.

? Preserving present retirement benefits automatically imposes huge costs on the young -- costs that are economically unsound and socially unjust. The tax increases required by 2030 could hit 50 percent, if other spending is maintained as a share of national income. Or much of the rest of government (from defense to national parks) would have to be shut down or crippled. Or budget deficits would balloon to quadruple today's level.

? Social Security and Medicare benefits must be cut to keep down overall costs. Yes, some taxes will be raised and some other spending cut. But much of the adjustment should come from increasing eligibility ages (ultimately to 70) and curbing payments to wealthier retirees. Americans live longer and are healthier. They can work longer and save more for retirement.

Because I've [written all this before](#), I can anticipate some of the furious responses from prospective retirees. First will be the "social compact" argument: We paid to support today's

retirees; tomorrow's workers must pay to support us. Well, of course they will pay; the question is how much. The alleged compact is entirely artificial, acknowledged only by those who benefit from it. My three children (ages 16 to 21) didn't endorse it. Judging from the e-mail I receive, neither did many 20- or 30-somethings.

Next I'll hear that the Social Security and Medicare trust funds, intended to cover future benefits, have been "plundered." Blame Congress and the White House -- not us. This is pure fiction.

Social Security, Medicare and Medicaid are pay-as-you-go programs. Present taxes pay present benefits. In 2005, 86 percent of Social Security payroll taxes went to pay current retiree benefits. True, excess taxes had created a "surplus" in the Social Security trust fund (it hasn't been "plundered") of \$1.66 trillion in 2005; but that equaled less than four years' worth of present benefits. More important, Medicare and Medicaid represent three-quarters of the projected spending increase for retirees by 2030.

All the misinformation bespeaks political evasion. With his rhetorical skills, Clinton might have raised public understanding. Instead, he lowered it by falsely denouncing the Republicans for attempting to "destroy" Medicare. The first refuge of good Democrats is to accuse the Republicans of conspiring against old folks by trying to dismantle Social Security and Medicare. And Bush's credibility is shot, because he made the problem worse. His Medicare drug benefit increases spending, and though it could have been justified as part of a grand bargain that reduced other benefits, its isolated enactment was a political giveaway.

The failure to communicate also implicates many pundits and think tanks, liberal and conservative. Pundits usually speak in bland generalities. They support "fiscal responsibility" and "entitlement reform" and oppose big budget deficits. Less often do they say plainly that people need to work longer and that retirees need to lose some benefits. Think tanks endlessly publish technical reports on Social Security and Medicare, but most avoid the big issues. Are present benefits justified? How big can government become before the resulting taxes or deficits harm the economy?

Opportunities for gradual change have been squandered. These public failings are also mirrored privately. I know many bright, politically engaged boomers who can summon vast concern or outrage about global warming, corporate corruption, foreign policy, budget deficits and much more -- but somehow, their own Social Security and Medicare benefits rarely come up for discussion or criticism. Older boomers (say, those born by 1955) are the most cynical, hoping their benefits will be grandfathered in when inevitable cuts occur in the future.

Our children will not be so blind to this hypocrisy. We have managed to take successful programs -- Social Security and Medicare -- and turn them into huge problems by our self-centered inattention. Baby boomers seem eager to "reinvent retirement" in all ways except those that might threaten their pocketbooks.