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Chris Christie's stuck in the middle on Social Security and Medicare reform

By Paul Mulshine

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Our governor had barely gotten the words "Social Security" out of his mouth when he started getting slammed by the usual suspects.

"This guy is insane. Has he seen the average life expectancy data? I don't want to work until I have 6-7 years left to enjoy retirement," read one comment on a New Hampshire newspaper's website. "This guy can stop campaigning after this speech," read another.

The professional pundits weren't much kinder. "Chris Christie's big presidential idea: Torch Social Security" was the headline on an op-ed in the Los Angeles Times.

In fact, Christie proposed nothing of the sort. What he did propose should actually please the liberals. In New Hampshire Tuesday Christie said he wants to make both Social Security and Medicare more progressive, i.e. to charge the rich more than the middle class and the poor for both programs.

Conservatives have a term for that. We call it a "tax hike" - and one that would hit likely Republican primary voters the hardest.

Consider what Christie wants to do to a retired couple with an annual income of \$200,000, which might be needed to maintain an upper-middle-class life by the time his program would kick in.

His plan calls for cutting off their Social Security altogether - despite a lifetime of paying into it. On Medicare, Christie would stick them with 90 percent of the premium. The total bite could easily exceed \$50,000 a year.

That's the sort of criticism Christie can expect from the right. Meanwhile the left is slamming him for proposing slowly raising the retirement age to 69 - but not till the 2040s. Those Medicare reforms would not fully kick in till then either.

When I ran his plan by health-policy expert Michael Cannon of the free-market Cato Institute, an originator of the Burwell suit against Obamacare now before the Supreme Court, he had this reply:

"It's interesting that he says he will be bold and not timid, but then the first detail he gives about his entitlement reform plan concerns its timidity: that it will not affect current retirees," said Cannon.

It is indeed interesting. If you're going to take the heat for a reform plan, why not propose a plan that would address the real problem with the current retirement systems?

That problem is simply stated: We baby boomers are preparing to hand the next generations a bankrupt nation.

That's the opinion of a leading expert in the field of "generational economics." Boston University economics Professor Laurence Kotlikoff calls the current system "fiscal child abuse."

"Christie's right to say we need radical reform," said Kotlikoff. "But his plan is just moving the money from one place to another."

Kotlikoff gives Christie credit for at least talking about the problem. The other top Republican presidential contenders are just ignoring the multi-trillion-dollar unfunded liabilities in retirement funding, he said.

"None of these guys have the slightest idea what it adds up to," said Kotlikoff, whose new book of advice for prospective retirees titled "Get What's Yours" is No. 2 on the New York Times best-seller list.

That book advises people on how to negotiate the complicated federal bureaucracies that regulate retirement programs. But what we really need is to simplify not just retirement but the health care system as well, he said.

That's a question all the presidential contenders are ducking, he said: What sort of a system would we set up if we started from scratch?

Certainly not the current system, said Kotlikoff.

"The basic problem is we have four health-care systems that are highly inefficient," he said. "And there's no cost control."

Those systems are Medicare for the elderly, Medicaid for the poor, employer coverage for some workers and Obamacare for the rest.

All of the above are heavily subsidized by the government. So why not take all of that money and put it into a basic health plan that gives every American a voucher for health insurance from a private company?

Kotlikoff and fellow economists call that "the Purple Plan" because it would combine blue and red ideas. It would be great for business. Once freed from having to provide health coverage, employers could compete on a more equal footing with foreigners who don't face that burden.

And of course it makes no sense for older Americans to have a different health-care system than younger ones - especially when the younger ones are picking up most of the tab.

But what Republican has the nerve to propose ending Medicare just as we baby boomers are moving onto it? In fact the biggest criticism most Republicans have about Obamacare is that it cuts into Medicare. Or in other words, they're upset that a market-based system cuts into a single-payer system.

The guy who calls them out on that may anger liberals, but at least he'd be supported by conservatives.

That guy won't be Christie. There's an old Texas saying that the only thing you find in the middle of the road is a yellow stripe and dead armadillos.

But then our governor always did want to try life in the fast lane.