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Why Fiscal Warnings Fall On Deaf Ears

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More than a decade ago, I attended a prophetic presentation. One of the world's leading experts on generational accounting gave us a precise trajectory for US fiscal health.

Laurence Kotlikoff of Boston University had recently published *The Coming Generational Storm* (2005), and he detailed the demographic wave facing the next generation of taxpayers. At that time, he calculated the national debt - including unfunded liabilities - at US\$51 trillion, and he warned that, in the absence of reform, the number would skyrocket.

Not only have there not been reforms towards fiscal sanity, both George W. Bush and Barack Obama signed laws that gravely worsened the situation. In 2014, Kotlikoff recalculated the true debt at \$205 trillion and published his findings with the Mercatus Center. Out of desperation, he proposed a range of reforms and even ran for the US presidency, twice.

A more recent analysis from Jeffrey Miron of the Cato Institute reveals similar findings. Published as *U.S. Fiscal Imbalance* (2016), Miron's book uses a different but related economic metric, which finds a \$117.9 trillion shortfall over the next 75 years.

The book is essentially the combination of two white papers from Cato (here and here), with an introduction from past Cato President John Allison. Perhaps he and Miron thought the 68-page form for wider distribution might garner attention and make an impact. That didn't work out, unfortunately, and the book has not a single review on Amazon.com.

To be fair to readers, Miron's work has plenty of economic gobbledygook. He is "explicating" how one calculates a nation's fiscal imbalance - not exactly the layman's cup of tea.

That being said, for those inclined towards economic and policy research, there are nuggets of truth in *U.S. Fiscal Imbalance* that build on the work of Kotlikoff. In particular, both economists highlight the irrelevance of official debt numbers, which grossly underestimate (conceal) the true level of federal debt. Allison's introduction accurately describes those numbers as "political accounting," tailored to suit campaigns, not transparency or accuracy. (See the Institute for Truth in Accounting.)