



## Replace McDermott to move public option forward

By [Thomas Shafer](#)

October 26, 2009 updated 10 minutes ago

To quote Doug Bandow, senior fellow at the Cato Institute, “[Government entitlements] have become the worst sort of fool’s bargain—at least for everyone but the politicians who take credit for handing out money to a pliant population.”

This past September, I finally got hear our Congressman Jim McDermott speak on healthcare reform, and his vision of the ‘public option’.

He stated at that time: “My druthers – the public option would be a single-payer option.” In defense of instituting a public option, he referred to Medicare and its successes as an example of how the government got it right.

My question to him is, “OK... at whose expense?”

Congressman McDermott is either ignorant of the facts or dishonest about the burden which entitlement mentality places on us and future generations. But I seriously doubt the former.

Social Security, Medicare, Medicaid, SCHIP and the Prescription Drug entitlement have already dragged this country to the brink. In my opinion we are already doomed if how the federal government operates, and how Americans perceive its role, are not radically changed.

I’ve written about this before, but let me restate some facts to put this debate in context.

Regarding Medicare, it is one big cost-overrun. For example, in 1990 the federal government claimed it would cost \$12 billion. In reality it ended up costing \$107 billion.

With practically the same breath that McDermott praised Medicare as a success, he also admitted that it and Medicaid already practice rationing.

Social Security, Medicare, Medicaid and SCHIP make up about 42 percent of federal spending, and none of these programs are authorized in the Constitution. Defense spending on the other hand, is about 17 percent and half of the articles of the Constitution have to do with national defense. Interest on the national debt incidentally, is about 10 percent.

All of the current entitlement programs are running the federal government disastrously into debt. The national debt is made up of public debt and intergovernmental holdings. The public debt includes things, such as treasury bills, savings bonds, and other instruments the public can purchase from the government. Intergovernmental holdings, on the other hand, are when the government borrows money from itself – mostly borrowing money from

social security.

Sadly, the Social Security Administration is legally required to use its surpluses to buy U.S. Government securities. The U.S. Government then turns around and sells those securities – which automatically and immediately becomes intergovernmental holdings. This is accounting slight-of-hand, and highly illegal in the private sector. What you thought was a Social Security Trust fund is entirely vapor.

The U.S. Gross Domestic Product was about \$14 trillion last year. The federal debt is now almost \$12 trillion. This means one year of economic output already is committed to paying off the national debt.

The president and congress want to add another \$9 trillion in debt by 2019 – mostly through one form or another of government-sponsored health care and climate change legislation.

Social Security and Medicare: Together, they have about \$52 trillion in "unfunded liabilities." In real-people-speak, that is the difference between promised benefits and expected revenues. That amounts to about almost four years of America's economic production and is equal to the world's annual GDP.

McDermott thinks that we can pay for health care reform by increasing taxes on businesses. But the fact is that America already has the highest business taxes in the world. And so far, government shows zero ability to spend our tax dollars wisely.

To quote Walter Williams, George Mason University professor of economics, "Tax represents a government claim on private property. Every tax confiscates private property that could otherwise be freely spent or invested. At the same time [and most importantly], every additional dollar of government spending demands another tax dollar, now or in the future."

We are at the brink. A piece in the Oct. 25 Seattle Times business section states, "Many US jobs lost during the recession may be gone forever and a weak unemployment market could linger for years." This due in large part to the fact that burdensome business taxes have forced the export of US manufacturing, and now increasingly blue-collar work.

So while McDermott's Pollyanna view of government largess has us all cared for, the sad cold reality is that government healthcare will likely be the final straw that brings our house of cards crashing down around us. What we need to do is replace Congressman McDermott.

*Thomas Shafer lives in Seaview.*