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## Three little pigs: How entitlements will destroy us

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**Our national debt recently topped the \$13 trillion mark. That amounts to nearly 90% of this country's GDP; \$72,000 in debt for every household in America.**

And that's the good news.

In the next few years, our major entitlement programs, in particular Social Security and Medicare, will begin to run cash-flow deficits, adding hundreds of billions each year to the debt. In fact, Social Security's total unfunded liabilities top \$15.8 trillion, and depending on what accounting measure is used, Medicare's future shortfall could exceed \$100 trillion.

Before long, we may be thinking about today's debt as the good old days.

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Politicians like to pretend that you can deal with the debt crisis by eliminating "fraud, waste and abuse." And certainly there is plenty of that. This is, after all, a federal government that is spending \$34 billion to help Americans learn to be better shoppers, and \$4.2 billion to conduct "A National Conversation on Pluralism and Identity."

But the sad fact is that such outrages account for only a tiny fraction of federal spending. For example, there has been enormous anger over "earmarks," yet all earmarks together amount to less than 1% of the federal budget. In fact, if you completely eliminated all non-defense discretionary spending — everything from the Department of Education to the FBI, from NASA to the Food and Drug Administration — we would still face a budget deficit this year in excess of \$500 billion. Throw in the entire defense budget and we barely break even.

Now add Medicaid, Medicare and Social Security, and Obama's 2011 budget has a \$1.27 trillion deficit. It's the entitlements, stupid.

Nor can you tax your way out of debt. Eliminate all of the Bush tax cuts, including the tax cuts for low- and middle-income Americans, and you would reduce the debt by perhaps 10% — assuming you didn't cripple the economy in the process. Tax the rich? That won't get you there either. In fact, according to the Congressional Budget Office, in order to pay for all currently scheduled federal spending would require raising both the corporate tax rate and top income tax rate from their current 35% to 88%, the current 25% tax rate for middle-income workers to 63%, and the 10% tax bracket for low-income workers to 25%.

There is simply no way to control our debt without getting serious about reforming entitlements. Unfortunately, there is no evidence that politicians in either party are ready to do so. President Bush tried to reform Social Security, but his efforts were blocked by the powerful seniors lobby. And the same President Bush pushed through an unfunded Medicare prescription drug benefit that could eventually add \$13 trillion to the debt.

Democrats just finished pushing through a brand-new entitlement, a health care bill that — if all costs are included — will add \$352 billion to the debt over the first 10 years of operation. And Republicans spent much of the debate attacking Democrats for cutting Medicare.

Given this record of bipartisan irresponsibility, we can certainly be forgiven for wondering if the worst is yet to come.

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