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Editor's Watch

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Social Security and the Big Picture

Yes, indeed, Social Security needs to be fixed, and President Bush is correct that the time to begin is now. The problem for the president and Congress, however, is that Social Security cannot be plucked from among a host of national programs and problems that are closely intertwined and solved by itself.

You might ask, however, doesn't Congress have to deal with one thing at a time? It's difficult enough for Congress to do anything at all, so isn't the president right to challenge it with one big project at a time?

It is true that legislative changes are typically incremental, and at only a few times in American history have several major pieces of legislation been written and passed during a single presidential term. This does not contradict the opening paragraph, however. So the challenge is how to achieve one legislative project at a time while still recognizing that the problem being addressed cannot be solved by itself.

Robert J. Samuelson wrote in January (*Washington Post*, 1/14/05) that "the nation's problem is not Social Security. It is all federal programs for retirees, of which Social Security is a shrinking part. Admit that," he says, "and the debate becomes harder, but it also becomes more honest and meaningful." Americans who pay attention to these issues are already acquainted with the statistics, and I won't detail them here. The number of older Americans is growing in proportion to the number of younger people who will be working to support the health care and Social Security benefits for retirees. The costs of Medicare as well as Social Security are expected to skyrocket after 2030.

This is why Samuelson says that it "makes no sense to separate Social Security from Medicare. Most Social Security retirees receive Medicare. Similarly, it is the total cost of these programs that matters for the budget, taxpayers and the economy. By itself Social Security is almost irrelevant." The tragedy, says Samuelson, is that the public and both political parties are refusing to face the fact that "the central budget issue of our times is how much younger taxpayers should be forced to support older retirees." The issue, in other words, is not the growing cost of one program or another, but the larger generational relation between older and younger generations.

The Democrats (and many Americans) have thus far simply fallen back on the assumption that government has a responsibility to protect the elderly and therefore taxes will have to be raised and benefits adjusted to keep the generational compact in force. The Social Security system is not broken right now, so put off dealing with it until later. Considered in the short run, this makes some sense. In the long run, however, it is entirely inadequate.

President Bush along with many other Americans, on the other hand, are using the long-term generational problem as a reason to advocate a partial private-ownership solution for Social Security on its own. In other words, they are assuming the opposite of what most Democrats are assuming. The president is saying to younger workers that government cannot solve the big problems that now face us, so they need to look in the direction of market solutions for their retirement security.

This brings us back to the need to see the whole picture in order to address one major problem at a time. With a growing number of retirees and a shrinking tax base to support them (because of relatively fewer workers), the big picture requires consideration, *all at the same time*, of tax policies, federal social and health care expenditures, the costs of supporting those who are no longer working, and the needs and motivations of the younger working generation. Moreover, all of these together increasingly need to be considered in a global context, which will affect the American economy more and more.

If the larger challenge is a generational one, in other words, and not Social Security by itself, then asking citizens only to begin planning for lower benefits or only to think about how to earn more for themselves in the private market will not be enough. Both young and old need to look at the soundness of all systems together and especially at the well-being of the relation between the younger and older generations. Moreover, Congress and the president need to look at both taxes and spending together in relation to the whole generational challenge. Thus, when President Bush says he will not consider any tax increases, and some Democrats say they will not consider any private accounts in Social Security, both are refusing to face up to reality and will only pass on a growing problem to future generations.

Of course, there is a philosophical problem here and not only the technical problem of trying to match federal income and expenses. If President Bush maintains his bias against government and taxes and if others refuse to look at the limits of government, then the way they try to deal with the big picture will be very different. And if a more adequate philosophy of government and society does not capture the imagination of Washington's leaders, then there will be no resolution of problems such as those associated with the generational shift now taking place.

In almost every sector of society today, leaders are learning to think in terms of multiple functions or interactions within complex systems such as businesses, universities, the military, and even megachurches. The difficulty facing the president and Congress is not that the approach Samuelson is calling for is complex. The primary difficulty is that interest groups are pushing only for their interest and public officials are choosing to serve as interest-group brokers or to play one interest off against the other. The complex "system" called the common good or the public interest is often

simply ignored or trampled on. If this pattern of public behavior and political leadership is not changed, then there is little hope for a resolution of the Social Security crisis or of any other crisis for that matter. Politics could indeed be killing government.

—The Editor[©]