



Inside Track

Baby Boomers Bring Budget Bust

The gargantuan Medicare and Social Security entitlement programs, with some tweaks along the way, remained more or less workable as long as the baby boomers were in the workforce — a large generation supporting smaller generations of retirees. Beginning this year, however, the boomers are going to start turning 65 at the rate of 10,000 a day for 19 years. With that milestone for this gigantic generation come enormous costs for the American taxpayer in the form of Medicare benefits, which begin at age 65, and Social Security benefits, which begin in full at age 66. As David Walker, former U.S. Comptroller General and CEO of the Comeback America Initiative, told [CBS News](#), “The retirement of the baby boom generation will bring a tsunami of spending that will cause a severe problem for the federal government’s budget over time” — as if it didn’t have severe problems already.

For Medicare, says CBS News:

- The number of people eligible will nearly double from 46 million to 80 million by the time all the boomers reach 65.
- It’s estimated the cost will grow from \$500 billion a year today to \$929 billion by 2020.
- The number of workers supporting each senior will fall.

All of this adds up to one gaping hole in the federal budget. Medicare’s unfunded liability runs as high as \$38 trillion over the next 75 years — ObamaCare does nothing to remedy this and will probably [worsen it](#) — and the program may go bankrupt by 2017. Social Security faces a [\\$5.3 trillion shortfall](#) over the next 75 years and has already begun cashing in the federal IOUs in its phantom trust fund. Former Treasury Department economist Bruce Bartlett [calculated](#) in 2009 that “federal income taxes for every taxpayer would have to rise by roughly 81% to pay all of the benefits promised by these programs under current law over and above the payroll tax.”

MSNBC’s Matthews Calls on Obama to Release Birth Certificate



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The Obama administration cannot be happy that two of its most strident supporters, MSNBC commentator Chris Matthews and new Hawaii Governor Neil Abercrombie, have re-opened the “birther” controversy.

In case you missed it, in the run-up to Christmas, and again in the Christmas-to-New Years interlude, newly elected Governor Abercrombie, a Democrat and a personal friend of Obama’s parents when they lived in Hawaii, says he is going to do something about settling the matter once and for all that Barack Obama was indeed born in Hawaii, as Obama claims, and not Kenya, as many others assert. In a *Los Angeles Times* story entitled, [“For Hawaii governor, discrediting anti-Obama ‘birthers’ is a top priority,”](#) dated December 24, *Times* reporter Michael Memoli said Abercrombie “left little doubt that torpedoing the conspiracy theorists was a priority.”

“More than demonization — this is self-evisceration of politics,” Abercrombie told the *Times*.

A few nights later, MSNBC’s Chris Matthews brought up the matter on his [Hardball](#) program and strongly advocated that Governor Abercrombie release the official “long form” version of Obama’s birth certificate, since the authenticity of the “certificate of live birth” released by Obama has not been independently verified and does not include signatures of the attending physician, nurses, or hospital administrator. It also has been [challenged as a forgery](#) by independent forensic document examiners.

Matthews, who is one of President Obama’s most fervent supporters (his over-the-top fervor perhaps best illustrated in his ecstatic comment, [“My, I felt this thrill going up my leg,”](#) when he heard an Obama speech), let it be known that he does not doubt that President Obama was born in the United States within the definition of “natural born citizen,” as required by the U.S. Constitution.

In a discussion with *Chicago Tribune* columnist Clarence Paige and *Mother Jones* reporter David Corn, Matthews pointed out that 43 percent of Americans polled in a *New York Times* survey either believed that Barack Obama is not a legal citizen of the United States or are unsure. “I am not a birther, I am an enemy of the birthers,” Matthews said. However, in the next breath he asked a question that has crossed the minds of most reasonable people: “Why has the President himself not demanded that they put out the initial documents?”

Paige and Corn, both of whom are Obama supporters, dismissed the notion, commenting that no amount of evidence would ever convince the Obama detractors. But Matthews persisted, saying Obama should demand the release of his full birth certificate. “Don’t we want to know if he can find it?”



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Matthews asked. "I don't know why the governor doesn't say, 'Snap it up, whoever is there in the Department of Records, send me a copy right now,'" he added. "And why doesn't the President just say, 'Send me a copy right now?'"

Finally, after multiple attempts by Matthews asking "what could be the harm" of releasing the documents, Paige and Corn agreed that Obama and Abercrombie should release the original birth certificate. Both commentators also agreed with Matthews' assertion, that the release would do little to satisfy those who question his legal eligibility to hold the office of President.

Will Congress Go to War Against EPA Regulations?

Media pundits predict war between the incoming 112th Congress and Obama's Environmental Protection Agency (EPA) over heightened [regulations](#) the agency announced in late December. Many believe these regulations will effectively [circumvent](#) congressional authority over environmental policies.

EPA claims a 2007 Supreme Court ruling gave it the [authority to regulate](#) so-called greenhouse gases (GHG), including carbon dioxide, under the Clean Air Act. The first phase of these regulations went into effect January 2, establishing new standards for light-duty vehicles and stationary sources. Power plants and refineries fall under new rules in July and December of this year, respectively.

The updated [regulations](#) launch a cap-and-trade program, forcing companies to get permits to emit GHGs. Critics argue cap-and-trade legislation died in congressional committee this year, lacking enough support even in the Democrat-controlled Congress to pass. Many Senators are [worried](#) about the proposal's effect on employment in their states, and the Congressional Budget Office [estimated](#) one cap-and-trade bill, S. 1462, would have raised spending by \$13.9 billion over the next decade and increased the national budget deficit by \$13.5 billion over the same period. Yet the Obama administration is following through on its threat to regulate "in a command-and-control way" since Congress did not pass the bill.

[The New York Times](#) predicts that the battle between Congress and EPA will mean problems for both. Should EPA move too quickly "it risks a Congressional backlash that could set back the effort for years." But by shackling EPA, Congress might anger constituents who believe their stonewalling an endangerment to public health.

Of course, the number of constituents angered by congressional shackling of EPA could be a lot fewer than the *New York Times* thinks — particularly considering how the case for reducing greenhouse-gas emissions is imploding. (See "The Great Global-warming Crackup" in our January 10 issue.)

Boone's Bane: Wind Energy



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AP Images

It took only a little more than two years for Texas oil man and financier [T. Boone Pickens](#) to figure out the [bad business of wind energy](#) after touting it as the answer to U.S. dependence on fuel imports. In 2008, he launched an \$80 million advertising campaign for [The Pickens Plan](#), which proposed ending “America’s addiction to foreign oil” by teaming natural gas with wind energy.

But last month, after investing more than \$1.5 billion in turbines in west Texas, Pickens announced that he is bowing out of wind. What made his plans fizzle? He has blamed the lack of a power grid necessary to transmit energy generated by [remote wind farms](#). Media reports confirm this is one of the [problems with wind energy](#).

Another problem is natural gas. Reporting for the [Wall Street Journal](#), Robert Bryce explains, “Two years ago, natural gas prices were spiking and Mr. Pickens figured they’d stay high.” But they didn’t. Natural gas currently sells for around \$4 for every 1 million British thermal units (BTUs) of energy it produces, while wind energy eats up \$6.44 per million BTUs in federal subsidies alone. Pickens claims the price of natural gas would have to be \$7 per million BTUs to make wind energy economically viable.

According to Bryce, low natural-gas prices are here to stay because of “the drilling industry’s newfound ability to unlock methane from shale beds.” He also quoted Dr. Fatih Birol, chief economist for the International Energy Agency, [who predicted](#), “The gas glut will be with us 10 more years” due to a global oversupply poised to keep prices below \$6 until 2017.

As for Pickens’ now-useless west Texas turbines, Bryce says, “He’s hoping to foist them on ratepayers in Canada, because that country has mandates that require consumers to buy more expensive renewable electricity.”

This news of Pickens’ epiphany comes hand-in-hand with the announcement last November by Texas Comptroller Susan Combs that her state is paying too high a price for wind farms. Her annual [report](#) to the legislature says that the economic development incentive program allowing school districts to offer tax breaks is “increasingly used to over-incentivize projects that create few or no jobs.” Sixty-five percent of these projects are “renewable energy,” and wind makes up the majority of them. However, of the more than 6,000 jobs created by the incentive program, a meager 8 percent are in renewable energy. Moreover, a disproportionate 38 percent of the program’s tax benefits go to wind.

Combs stated that the cost to the state per job is nearly \$1.6 million, roughly 40 times more than the



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cost per job under the [Texas Enterprise Fund](#), which is the Governor's principal economic development plan.

Bad wind and market realities certainly didn't discourage the lame-duck Congress from extending wind subsidies and tax credits for another year. On December 17, President Obama signed into law the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Denise Bode, CEO of the [American Wind Energy Association](#), called it a "great holiday present for the 85,000 American workers in the wind energy industry." She claimed, "Orders will be on the rise for new wind power, and investors will put more capital into the U.S. economy."

T. Boone Pickens, for one, won't be among them.

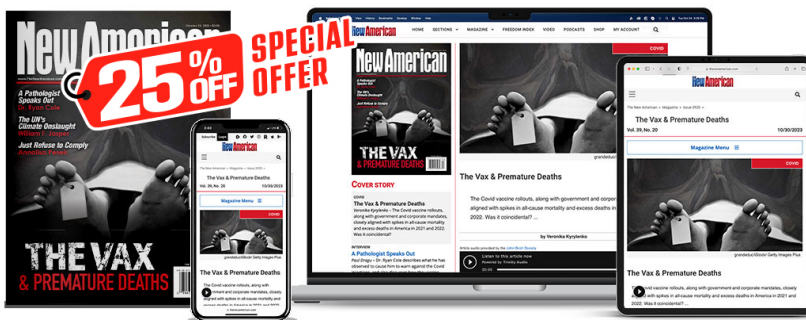


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