



Obama Does a 180 on Social Security; Now Wants to Expand Its Benefits

In a breathtaking reversal that far-left progressives are calling a victory, President Obama [said](#) in a speech in Elkhart, Indiana, on Wednesday that Social Security benefits should be expanded and made more “generous”:



And then we have to tackle retirement security. That’s something that keeps a lot of people up at night. ... Let’s face it — a lot of Americans don’t have retirement savings. Even if they’ve got an account set up, they just don’t have enough money at the end of the month to save as much as they’d like because they’re just barely paying the bills. Fewer and fewer people have pensions they can really count on, which is why Social Security is more important than ever.

We can’t afford to weaken Social Security. We should be strengthening Social Security. And not only do we need to strengthen its long-term health, it’s time we finally made Social Security more generous and increased its benefits so that today’s retirees and future generations get the dignified retirement that they’ve earned. And we could start paying for it by asking the wealthiest Americans to contribute a little bit more. They can afford it. I can afford it.

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This was met with huzzahs from the Left. Hillary Clinton tweeted, “We can never let Republicans cut or privatize Social Security — we should protect and expand it. Thanks, @POTUS.”

Bernie Sanders was even more enthusiastic: “I applaud President Obama for making it clear that it is time to expand Social Security benefits. Millions of seniors, disabled veterans and people with disabilities are falling further and further behind on \$10,000 or \$11,000 a year [from] Social Security.”

This was a stark reversal from three years ago when Obama suggested a modest cut in the Cost of Living Adjustment (COLA) for Social Security checks, using a “chained-CPI” to calculate it. This was met with howls of protest from Democrats, and the idea disappeared down the memory hole.

The *Washington Post* joined the chorus by publishing a letter from Jared Bernstein, a senior fellow at the left-liberal Center on Budget and Policy Priorities, who iterated the wonders of the program:

- Social Security provides a guaranteed, progressive, inflation-adjusted benefit,
- More than 40 percent of the elderly would be poor without Social Security; with it, 10 percent are poor,



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- Social Security is a highly efficient program, with administration costs of 0.7 percent of annual benefits,
- Its benefits are already modest, both in absolute terms and relative to those of other advanced economies, and
- Social Security provides particularly needed support for minorities.

This from Bernstein is especially interesting on at least two counts: His formal education consists of a bachelor's degree in fine arts from the Manhattan School of Music (where he played the double bass); a master's degree in social work from the Hunter College School of Social Work; another master's degree from Columbia University in philosophy; and a Ph.D. in social welfare. In other words, he spent not one credit hour studying anything that looked like economics.

Second, upon graduation he started teaching economics at Howard, Columbia, and New York Universities on such topics as "the middle class squeeze," "income equality," and "poverty." After that he joined the left-wing Economic Policy Institute (EPI), as a *senior* official. For a couple of years, Bernstein served as deputy chief economist at the Labor Department and then joined Vice President Joe Biden's staff as chief economist and economic advisor. At no point, in other words, did Bernstein spend a single day in the private sector learning how things work in the real world, nor did he ever have a brush with anything other than Keynesian (big government) economics.

This explains how he can look at a government program that is insolvent and is increasingly eating up its reserves in order to pay current beneficiaries (part of which — the Disability Income fund — will run out of money in October) and explain that the program is working just fine, that it's "efficient," that it provides support for the poor, the middle class, and minorities, and can be paid for by raising the taxes on the super-rich by removing the present \$118,500 annual income cap altogether.

After all, said Bernstein, the rich can afford it. The president said so.

Repeating a lie doesn't make it true, however. Five years ago Paul Ryan, before he became speaker of the House, pointed out that "if you took all the income from every millionaire in American today, it would run the government for about four months." Hardly enough to pay for the expanded benefits Obama wants.

But the super-rich — the top one-percenters — are already supporting half of the government. The Urban-Brookings Tax Policy Center, a liberal economic policy think tank, calculated that "the top 1 percent of Americans [paid] 45.7 percent of the individual income taxes in 2014, up from 43 percent in 2013 and 40 percent in 2012." Just how much more juice can be squeezed from that orange?

Another question: Just how deeply underfunded is Social Security already? According to the latest trustees' report, the official shortfall is \$24.5 *trillion*, or about 140 percent of the nation's total annual economic output.

But according to Boston University Professor Laurence Kotlikoff, when all the government's promises, including Social Security, are added together, the "fiscal gap" — the difference in present value terms between the government's expected revenues and its financial commitments — is instead a towering \$210 *trillion*. According to Kotlikoff, a modest tweaking of the rich simply isn't going to cut it. He wrote:

Eliminating [the fiscal gap] would require an immediate, permanent 59 percent increase in federal tax revenue [or] an immediate, permanent 38 percent cut in federal spending.

Not only is Social Security insolvent and marching toward the day of its extinction, it is also morally



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bankrupt. Aside from forcibly taking money from people who earned it and giving it others who didn't, for decades the government program has been making promises that its actuaries knew it could not keep, and Congress failed to address the issue frontally. Now, those most vulnerable — those the Democrats continue to cry about — are facing a future with greatly reduced benefits, either in amount or in delay (or both).

This always happens when politicians such as Obama, Sanders, and Clinton want to be “generous” with other people’s money. It’s too trite to say that Margaret Thatcher was right (“The problem with socialism is that you eventually run out of other people’s money.”), but simple math proves that the program heralded by progressives as the most successful welfare state scheme ever devised is within years of its demise. Passage of Obama’s dream will only hasten that day.

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