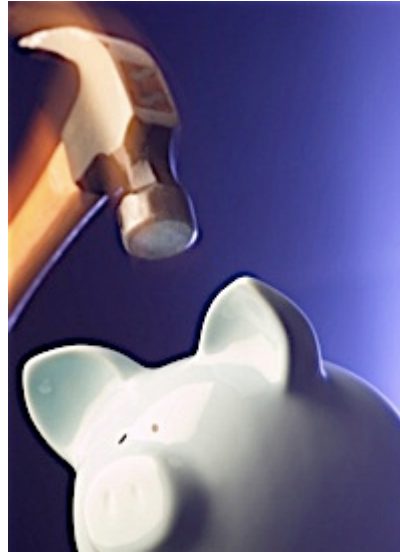




Written by [Michael Tennant](#) on January 2, 2011

Baby Boomers Bring Budget Bust

These 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 in 2011, 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. What to do about it?

The obvious answer, as CBS News points out, is for Americans “to work longer and get used to less government help.” Unfortunately, the reality of the situation has not yet penetrated the skulls of voters, says the report:

Yet Americans still, apparently, want it all. According to a new Associated Press/GfK poll, they don’t want to raise the age for Medicare.

Sixty-one percent favor raising Medicare taxes to avoid cutting Medicare benefits, and a majority of both Democrats and Republicans, young and old, would rather raise taxes than cut benefits.

How high would taxes have to go to keep afloat Medicare — and Social Security, which 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



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promised by these programs under current law over and above the payroll tax.”

Are Americans prepared to pay such astronomical amounts of taxes? If they refuse to permit eligibility age increases or benefit reductions as well as the taxes necessary to sustain current benefit levels, there will remain only the options of more debt — almost certainly more than anyone would be willing to lend the U.S. government — and runaway inflation. The outlook — Franklin’s “end of the republic” — is grim indeed.

Medicare and Social Security need to be scaled back drastically or, better yet, repealed. Had Americans heeded the wisdom of Franklin and the other Founders to bind the government down by the chains of the Constitution instead of unleashing it in hopes of enriching themselves at others’ expense, our nation would not now be facing such dire circumstances. Having squandered our birthright of liberty for a mess of pottage, we may very well discover that we cannot keep the republic they bequeathed to us.



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