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## The Road from Here: What About Medicare and Social Security?

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Richard Eskow

As the Bob Dylan song says: “Things should start to get interesting right about now.” You may think they’re *already* interesting – what with government closings, threats of a debt default, and extremist rhetoric under the Capitol Dome – but chances are we ain’t seen nothin’ yet.

In twelve weeks or so our new system of government-by-crisis will resume its regularly scheduled programming: more threats, more confrontations, and even more extreme rhetoric.

There are only a few ways this could play out, and most of them involve cuts to Medicare and Social Security. The ones which don’t probably involve either A) catastrophic gridlock or B) a mobilized citizenry.

Your personal level of optimism probably correlates closely to whether you think A or B is more likely.

### **Vox populi**

Any scenario which leads to Social Security or Medicare cuts would be bad for seniors. It would also be bad for any politician who supported it.

A recent poll by Lake Research shows that 82% of all Americans oppose cuts to Social Security, including 83% of Democrats, 78% of independents, 82% of Republicans – and, in one of the most startling findings of all, fully three-fourths of all self-described Tea Party members (74%). (Social Security Works has [a video](#) and a [petition](#) on this subject.)

Democrats hold the advantage on this issue right now, which means it's theirs to lose. There's a historical precedent: in 2010, after two years of presidential rhetoric about trimming entitlements, Democrats experienced a [twenty-point plunge](#) on the question "which party do you most trust to handle Social Security?" Republicans responded with a thoroughly predictable, utterly insincere – and very effective – "Seniors' Bill Of Rights."

2010 is the year Democrats lost control of the House.

### **Terribly wrong**

This weekend we saw Sen. Dick Durbin proclaim that "entitlement cuts" were acceptable in return for tax increases. In doing so, he repeated a couple of the right-wing misconceptions that have put this fundamentally sound program in political jeopardy. "Social Security is gonna run out of money in 20 years," Durbin was quoted as saying. "The Baby Boom generation is gonna blow away our future. We don't wanna see that happen."

It's true that Social Security's massive surplus – currently in the \$2 trillion range – will be gone by the 2030s, according to projections. But the program will still have a massive revenue stream and will be able to pay three-quarters of its scheduled benefits. And the Boomer generation's large size also means that it has made large payments into the Social Security system throughout its working life. (That's where today's enormous surplus comes from.)

Dick Durbin has been a champion for many good causes. It's sad that he's on the wrong side of this one – sad, but not surprising. A number of prominent Democrats are there with him, although many others continue to fight the good fight. The Republican Party, on the other hand, has been on the wrong side of Social Security and Medicare for a long time. There are no good guys on that side of the fence.

But this kind of inflammatory and inaccurate rhetoric is wrong. It fuels the flames of intergenerational war in a nation that has always thrived on mutual cooperation, and betrays a fundamental misunderstanding of economic and actuarial reality. Statements like these aren't just false. They come dangerously close to demagoguery.

### **What really happened**

This divisive anti-entitlement talk overlooks some crucial facts. Social Security was not projected to run a deficit until two things happened: First, an enormous amount of our national income moved to the top 1%, above the current payroll tax; and second, the Wall Street-driven financial crisis left 22 million Americans un- or under-employed, depriving the program of even more revenue.

Medicare's projected costs, which were projected to eat up the lion's share of the federal budget over the next seventy-five years, have come down or as a result of reductions in the rate of health care cost increases. Its remaining cost problems are well beyond the control of the individual seniors who belong to the program, so benefit cuts would merely victimize them by placing a much greater burden on them as individuals.

Those projected costs are, above all else, the result of runaway profit-taking in our medical economy – a problem which Washington's insiders appear unwilling to address.

### **The fix is ... out**

But, aside from the Progressive Congressional Caucus and a few courageous Senators, few people in Washington are talking about the fairest and most effective fixes for these problems. For Social Security that means raising the payroll tax, imposing a Wall Street transaction tax, and increasing payroll contributions – which a [poll](#) shows most Americans would be happy to pay in return for increasing, rather than decreasing, its benefits.

For Medicare, it means reorganizing our medical payment system so that it more closely resembles that of the nations which refuse to tolerate excessive profit-taking in healthcare – and pay far less than we do for it.

Unfortunately, most of the Senators and House members promoting these solutions are not in leadership positions. So we find ourselves in a Bizarro-World situation where too many Democrats speak like Republicans, most Republican Party leaders speak like right-wing extremists, and the Republican Party “insurgents” sound more and more like the leaders of paramilitary militias.

That's hardly a strong foundation on which to negotiate our economic future.

### **The posturing**

Now the posturing has begun. The position taken by Durbin, and apparently by the President as well, is that Republicans must agree to tax increases in return for entitlement cuts. As [Zach Carter](#) reported in the Huffington Post, Chris Wallace of Fox News asked Sen. Durbin why Republicans should have to agree to anything in order to get cuts which Democrats like Durbin and the President already support.

Unfortunately, it's a reasonable question. Not only do these Democrats apparently want to cut “entitlements” – some such cuts are included in the President's current budget – but they've essentially conceded as much, leaving them very little negotiating leverage.

for their part, Republicans say they're willing to give up the harmful cuts known as sequestration – and only those cuts – in return for Social Security and Medicare benefit reductions. Their defense-contractor patrons

would be amply rewarded in return for sacrifices from America's seniors and disabled.

### **The scenarios**

That's where our short list of scenarios comes in. So far, defenders of Social Security and Medicare have been saved by the extremism of the Republican Party's right. They'd be more than happy to cut Medicare and Social Security – perhaps to eliminate them altogether – but they don't seem inclined to accept any accommodation with the “interloper” they believe is living in the White House.

So, in one scenario, Social Security and Medicare are saved from the so-called “Grand Bargain” by Tea Party extremists who refuse any deal. That rescue would come with a very high price: ongoing economic uncertainty would continue to drain the nation of jobs and growth, while GOP extremists continued to polarize society and degrade our political rhetoric.

In a second scenario, Democrats retreat considerably from their current position and accept these entitlement cuts in return for something like a one-year cease-fire in the government shutdown and debt ceiling wars.

In another scenario, the “Grand Bargain” is negotiated by leaders from both parties, and is then celebrated as a triumph for common sense and a victory for “the adults in the room.” That would lead to even greater financial hardship for tens of millions of seniors and disabled Americans, now and for many decades to come.

Another scenario has Democrats like Obama and Durbin pushing these cuts through anyway to demonstrate to the commentariat and other receptive audiences that they are, in fact, the “adults” of American politics (if “adulthood” has become synonymous with a lack of vision or courage.)

Entitlement cuts are not an “adult” position. They're a traditionally *conservative* position – and would mean a significant retrenchment for the Democratic Party's signature achievements.

### **None of the above**

There's a very different scenario, however, one which points toward a significantly brighter future. That's the scenario in which progressives, both officeholders and activists, lead a popular movement which reflects public opinion and defends these programs from so-called “Grand Bargain” cuts.

It won't be easy. The viewpoint of a vast majority of Americans – including the vast majority of Republicans, and even of Tea Party members – has been marginalized inside the Beltway as that of “the left,” or even “the extreme left.” Politicians who defend these programs will have to stand up to the talking heads and lobbyists who, despite all the evidence, continue to deny the truth: their anti-“entitlement” Beltway views stand well outside the mainstream of American public opinion.

That crowd, with its talk of “Baby Boomers busting the bank” and “Social Security gone bankrupt,” is the real political “fringe” in this debate. Unfortunately, this “fringe” has a lot of money behind it.

It won't be an easy victory. But it's the only ending to this story in which everybody lives happily ever after:

Seniors and disabled people aren't forced unnecessarily into penury or financial insecurity. Good Democrats get elected, or reelected, to office. A serious conversation is begun about how to mitigate the effects of runaway profit-seeking on American healthcare.

That scenario won't come by itself. People will have to work for it. But it would be more than worth the effort.

Posted by [Richard Eskow](#) [Permalink](#)

## About Richard Eskow



Richard (RJ) Eskow is a well-known blogger and writer, a former Wall Street executive and a former musician. He has experience in health insurance and economics, occupational health, risk management, finance, and IT.

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