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OPINIONBEST OF THE WEB

'No Basis in Mathematical Reality'

It's getting harder to ignore the ruinous destination of Bidenomics.

ames Freeman Follow

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Last week this column noted media folk starting to realize that while it's fun to cover federal spending and debt as a political drama, it's really a story about math. A report from the Congressional Budget Office showing the marked deterioration of the nation's financial prospects just since last spring seems to have focused a few minds.

Now little more than a week after publishing "budget chicanery" advocate Paul Krugman writing an entire column attacking Republicans and lauding the President on the issue of entitlement programs without ever mentioning math, the opinion pages of the New York Times—yes, the Times—offer a healthy reality check.

Brian Riedl of the Manhattan Institute writes in the Times:

> In his State of the Union speech this month, President Biden pledged to block any reductions in scheduled Social Security and Medicare benefits. He also promised that any tax increases would be limited to families that earn more than $400,000 — roughly the top-earning 2 percent of American families.

> Together, these promises are almost certainly economically impossible.

> Over the next three decades, the Social Security system is scheduled to pay benefits $21 trillion greater than its trust fund will collect in payroll taxes and related revenues. The Medicare system is projected to run a $48 trillion shortfall. These deficits are projected to, in turn, produce $47 trillion in interest payments to the national debt. That is a combined shortfall of $116 trillion, according to data from the Congressional Budget Office. (To inflation-adjust these figures, trim by roughly one-third.)

Mr. Reidl ably describes the demographic challenges of a system that has fewer and fewer workers supporting more and more retirees and notes:

> The president's implication that full benefits can be paid without raising taxes for 98 percent of families has no basis in mathematical reality. Imagine that Congress let the Trump tax cuts expire, applied Social Security taxes to all wages, doubled the top two tax brackets to 70 and 74 percent, hiked investment taxes, imposed Senator Bernie Sanders' 8 percent wealth tax on assets over $10 billion and 77 percent estate tax on estates valued at more than $1 billion, and raised the corporate tax rate back to 35 percent. Combined federal income, state and payroll marginal tax rates would approach 100 percent for wealthy taxpayers, and America would face among the highest wealth, estate and corporate tax rates in the developed world.

> Yet total new tax revenue — 4 percent of G.D.P. — would still fall short of Social Security and Medicare shortfalls that will grow to 6 percent of G.D.P. over the next three decades. Not even halving the defense budget would close the remaining gap.

Meanwhile the Journal's Bill McGurn interviews a former trustee for Social Security and Medicare:

> "The president may think he's buried the issue and cemented his image as the great defender of Social Security," says Charles Blahous, senior research strategist at George Mason University's Mercatus Center...

> "The mythology on the left is that we can come together and fix it at the last moment," Mr. Blahous says. "But in 1983, the last time Democrats and Republicans came together on Social Security reform, the shortfall was relatively small and surmountable. This time, at the point when the trust funds run out of money, the deficits will be enormous."

Aris Folley reports for The Hill:

> Concerns are rising over the future of Social Security as lawmakers on both sides discuss potential changes to extend the lifetime of the program, which risks running a shortfall in funds sooner than one might expect.

Ms. Folley notes the recent projections from the Congressional Budget Office and its director Philip Swagel:

> While CBO projects the trust fund to reach insolvency in 2032, that estimate can move depending on factors like inflation or changes in the nation's demographics.

> Swagel said the nearly 9 percent cost-of-living adjustment (COLA) to Social Security payments this year pushed the program closer to insolvency.

> "On the one hand, beneficiaries benefit from the COLA," Swagel said during an event hosted by the Bipartisan Policy Center on Friday, but he added it's also "a consequence of high inflation"

> "I think we've learned as a nation that high inflation is very damaging," he added. "In a sense, like a tsunami that affects the entire nation, and in a way that other negative economic effects don't."

Mr. Biden and the Federal Reserve are the principal authors of this tsunami, and its destructive impact will be felt for years to come. The Committee for a Responsible Federal Budget writes:

> The fiscal outlook is far worse than last year due to legislation, executive actions, and economic changes. CBO now projects $3.3 trillion more debt in 2032 than it did last May, with roughly $2.3 trillion of the increase due to

> legislation and executive actions, $900 billion from changes in the economic outlook such as rising interest rates, and $550 billion from higher resulting debt service costs, partially offset by $525 billion of technical and other changes.

The brutal math resulting from Mr. Biden's refusal to curb spending is making U.S. politics the art of the impossible.

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'Disinformation Inc'

Congressional oversight seems to be generating some positive results. Gabe Kaminsky reports for the Washington Examiner that "a State Department-backed nonprofit group is severing its financial relationship with a 'disinformation' tracking organization that is secretly blacklisting and taking steps to shut down conservative media." Mr. Kaminsky adds:

> The National Endowment for Democracy, a group funded almost entirely through congressional appropriations, granted $545,750 between 2020 and 2021 to the Global Disinformation Index, which is feeding conservative website blacklists to advertising companies. Amid GOP lawmakers raising concerns, the National Endowment for Democracy is taking steps to distance itself from the purported "disinformation" monitor and will no longer be providing it future grant money, the nonprofit group told the Washington Examiner.

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