



The Daily Dish

What's Missing in the Debate

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On Friday the Obama Administration announced that they have decided against weakening car emissions standards. The Environmental Protection Agency (EPA) said they believe the stringent targets that are currently in place through 2025 are affordable and attainable despite industry concerns of increased consumer costs. According to the current greenhouse emissions standards, automakers are expected to achieve an average of 50.8 miles per gallon by 2025. That is up from the current standard of 35.3 miles per gallon.

Yesterday the American Action Forum (@AAF) released a new insight discussing the need for increases to the Pentagon's budget. According to the insight, since the Budget Control Act (BCA) was instituted in 2011 the defense budget has incurred a 25 percent reduction in real dollars. While the Obama Administration has demanded that any increase in defense spending be met with an equal increase in domestic spending, the incoming Trump Administration has stated they do not plan on following this method, which could mean the beginning of a reinvestment of funds into the U.S. military.

Eakinomics: What's Missing in the Debate

There is a lot on the table at the moment — fiscal 2017 budget resolution, repeal Obamacare, raise debt ceiling, repeal onerous Obama regs, confirm Trump appointees, reform the regulatory apparatus, fund the government for 2017, spend \$1 trillion on infrastructure, fiscal 2018 budget resolution, build a wall, fund the government for 2018, tax reform, and confirm Supreme Court justices — but what is just as important is what is not being discussed: Social Security Reform.

A new study reminds us that in 1983 “the federal government needed to fill a funding gap of about 1 percent of taxable workers’ wages. By the time Social Security’s trust funds are projected to run out in the early 2030s, the federal government will have to plug a hole of more than 3 percent.” Houston, Social Security is a problem. It’s a problem because it is a disgraceful way to run a pension program; no private sector entity could propose to keep a plan solvent by cutting benefits across-the-board by double digit percentages. Workers should be able to plan on stable benefits.

It’s a problem because one should do tax reform knowing how much spending has to be covered to balance the budget. Leaving Social Security with a huge hole in its finances makes the overall tax situation fundamentally more uncertain.

It’s a problem because Social Security does contribute to the overall federal red ink; red ink that leads to unsustainable rises in debt.

It’s a problem because fixing Social Security is not nearly as technically difficult as addressing the health care entitlements. Granted, the repeal and replace effort will inevitably force Congress to assess Medicare and Medicaid as well, but the level of sophistication and mastery in Social Security reform is simply much higher. Social Security is exactly the kind of warm-up exercise that entitlement reformers need.

For all these reasons, it is a shame that Social Security is missing from the discussion. Let’s hope that it gets

taken up sooner, and not later.