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From WMDs to Social Security: More Bush Stories

By Dean Baker
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You remember George W. Bush, the guy who tricked the country into a never-ending war in Iraq with stories about Saddam Hussein's weapons of mass destruction and links to Osama bin Laden. Well, he still has 16 months left in the White House and he's determined to do yet more damage with his famous "Bush stories" before he leaves town.

The latest Bush story is the cry that Social Security is going bankrupt and will impose an unbearable burden on our children and grandchildren. Of course, this is not the first time President Bush has gone after Social Security. Immediately after the 2004 election, he tried to use his new political capital to privatize Social Security. As a result of a massive nationwide organizing campaign, the privatization drive soon hit a dead end.

But Bush is not through with Social Security. In an apparent effort to lay the groundwork for a future president to privatize and/or cut the program, the Treasury Department is circulating a new set of Bush stories designed to convince the public the Social Security program must be changed.

The main thrust of these Bush stories is the old massive burden line. The first point highlighted in [Bush Social Security Story I](#) is that the program faces a \$13.6 trillion shortfall. That should make everyone really scared.

This number looks considerably less scary if we examine it more

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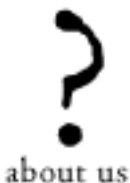
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closely. The bulk of this projected shortfall is attributable to deficits projected for the 22nd century and beyond. The problem is, life expectancies are projected to continue to rise through time. If we never change the retirement age, then we end up supporting ever-longer retirements.



Somewhere down the road, our great-great grandchildren will have to decide how much of their life they want to spend working and how much they want to spend in retirement. Assuming our great-grandchildren teach their kids arithmetic, this should not be a very difficult problem. Remember also, in 2100 living standards are projected to be three times higher than they are today; so we probably should not shed too many tears if the Social Security tax rate is somewhat higher in 2107 than in 2007.

If we retreat from the science fiction future to Social Security's 75-year planning period (ending in 2082), the Social Security trustees project a shortfall of \$4.7 trillion. This still sounds very scary because almost no one has any idea how much money \$4.7 trillion is over a 75-year period. If we express it as a share of projected income over this period, the projected shortfall comes to 0.7 percent or 70 cents on every hundred dollars of income.

Still scared? Suppose we use the numbers from the non-partisan Congressional Budget Office (CBO) instead of the Social Security trustees, since four of the six trustees are political appointees of the President. CBO tells us the projected shortfall over the next 75 years is equal to 0.4 percent of projected income. This is approximately 40 percent of the current spending on the war in Iraq and about one-fifth the size of President Bush's tax cuts. In other words, if the projected Social Security shortfall has you worried, you should be absolutely terrified about the cost of the war in Iraq and paralyzed with fear by the revenue lost as a result of President Bush's tax cuts.

Of course, the projected Social Security shortfalls are not trivial, but at this point they are still relatively distant. CBO projects the program can pay full benefits, with no changes whatsoever, for almost 40 years. It is entirely possible the situation will have improved somewhat by then so that any tax increases and/or benefit cuts can be pushed even further into the future.

One of the main reasons Social Security is projected to face a shortfall is the government has implemented trade and labor policies that shifted income upward, away from Social Security-tax-paying workers. If we reverse these policies in the years ahead, then we could get a more equal distribution of income, and at the same time eliminate

much of the projected shortfall.

There are other reasons the shortfall may prove to be smaller than currently projected, most obviously through more rapid growth. However, the main point is there are no serious projections that show Social Security facing any sort of crisis or a situation requiring action anywhere in the next two decades. The country already got led into a seemingly endless war by accepting one Bush story. It would be an entirely preventable tragedy if another Bush story played a role in dismantling Social Security.

Dean Baker is the co-director of the [Center for Economic and Policy Research \(CEPR\)](#). He is the author of [The Conservative Nanny State: How the Wealthy Use the Government to Stay Rich and Get Richer \(www.conservativenannystate.org\)](#). He also has a blog, "Beat the Press," where he discusses the media's coverage of economic issues. You can find it at the [American Prospect's web site](#).

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