

Guest column: Uncle Sam needs spending therapy

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I am living with an addict and he desperately needs my help.

For years, he's made excuses: First, he said he didn't have an addiction. Later, when the problem became obvious, he admitted that he might have an addiction but said it was under control. He was wrong.

Unfortunately, I'm not the only one living with him -

you are, too. The addict is Uncle Sam, and he's about to get a fresh influx of cash when Congress votes to raise the debt ceiling above the \$14.3 trillion it just hit.

Since the 1940s, the government has fed its addiction by spending on many seemingly worthy goals: transportation, subsidized

student loans, subsidized mortgages, space exploration, and agricultural subsidies, to name a few. But these programs aren't the reason Uncle Sam is on a crash course for the poor house. For that, you need look no further than entitlement spending.

It began with Social Security - an attractive proposition that was predicated on the false notion that life expectancies would not rise and that parents would continue having lots of children who would pay in. Instead, life expectancy has risen considerably, birth rates have plummeted, and the Social Security program now consists of mainly of a growing pile of IOUs.

The government doubled-down on its addiction in the 1960s with Medicare. Medicare's success was predicated on the similarly daft idea that medical technology would not improve relative to the 1960s. Of course, medical technology has improved considerably, bringing with it the ability to extend life in incredible ways, albeit at stratospheric prices.

When things looked their bleakest, we elected a candidate who promised to change Uncle Sam's spendthrift ways. This was the candidate who would put us through detox but would do it in a humane way - he was to be our 12-step program. Instead, he was an enabler, pushing more subsidies, bailouts, and a \$2.6 trillion health care entitlement.

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The candidate who promised change inherited a politically difficult problem - and turned it into a mathematically impossible one.

Let me put it in perspective: If the U.S. government were a household earning \$50,000 a year, it would have spent \$85,000 last year, \$79,000 this year, and be on track to spend \$80,000 next year. In total, this middle-class household would be carrying around \$320,000 in credit card debt and paying \$10,000 a year just in interest payments.

It's clear that the solution to a problem this big needs to be creative and innovative. And creation and innovation are what the private sector does best.

For instance, we could start by augmenting the current Social Security system with a private account option. Allow workers who have paid into Social Security for at least 10 years to divert their future Social Security taxes to private accounts; in exchange, they'll give up any claim to future Social Security retirement benefits.

Sound like a bad deal for workers? Not quite: Social Security is such a bad investment that most workers will actually be better off abandoning their accumulated Social Security retirement than continuing to pay into the system. My calculations suggest that a worker who opts to switch to a privatized retirement plan will end up with more retirement benefits than Social Security would have paid.

Plus, every worker who opts to move to a private account extends the life of the Social Security system for those who opt to stay in.

These ideas aren't unique to me - for years, a handful of brave policymakers have warned of an impending debt crisis, and presented unique solutions to the problems presented by entitlements.

The problem is that these solutions require the strength of character typically associated with statesmen, not career politicians. That, I suspect, is why the debt problem has grown so large - too many people worried about reelection, and too few worried about the untenable fiscal situation of our government.

Uncle Sam is an addict who must be stopped before he destroys our entire family, and there's no time like the present for a family intervention.

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