Alarm Is Sounded on Entitlements

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Congress is spending us into a hole. We hear about the cost of earmarks and the Iraq war. But what about "entitlements"?

That's the government's ironic term for programs that transfer money from people who earned it to people who didn't.

Entitlement? How can you be entitled to someone else's money?

To finance "entitlement" programs, the government threatens force against the taxpayers who provide the money. Why are people who favor compulsion called humanitarians, while those who favor freedom are stigmatized as greedy?

But I digress. Today's big problem with entitlements is that their growth will soon eat everything in the federal budget.

Last month, the Congressional Budget Office analyzed the growth of government spending and deficits for Rep. Paul Ryan of Wisconsin, ranking member of the Budget Committee. The report estimated that spending on Medicare, Medicaid, and Social Security, which in 2007 represented about 8% of gross domestic product, would balloon to 14.5% in 2030 and 25.7% in 2082.

There is no way that can fly.

If you add in all other spending, including interest on the debt, federal spending under the CBO's scenario would eat up an astounding 75.4% of GDP in 2084.

If taxes don't keep pace, the CBO says the "additional spending will eventually cause future budget deficits to become unsustainable ..."

And if taxes were to keep pace? The CBO says, "[T]ax rates would have to more than double."

One alternative to raising taxes would be to cut other spending. But at current spending-growth rates for Social Security, Medicare, and Medicaid, all other spending would have to be reduced to zero in 2045. How likely is that?

Mr. Ryan is understandably alarmed. In the May 21 edition of the Wall Street Journal, he wrote about a bill he's proposing that would: give individuals tax credits with which to buy their own health insurance in a competitive national marketplace, let the states have flexibility in running Medicaid, give workers under 55 money to buy insurance rather than rely on Medicare when they retire, permit younger workers to invest up to a third of their Social Security taxes in private accounts, increase the retirement age, and temper the growth in Social Security benefits.

I don't know if that would be enough. What we really need is a top-to-bottom freeing of the economy, including the health care industry, and massive cuts in government both spending and taxes. This would leave us wealthy enough to take care of ourselves, with private charity assisting those who can't manage.

But Mr. Ryan's heart is in the right place. At least he's trying to get the public and his colleagues to focus on what's important. He told me he hopes to play the role of "Paul Revere, sounding the alarm about the government's unsustainable fiscal path."

Sadly, his proposal has been largely ignored. The Wall Street Journal didn't even publish any letters about it.

At least Office of Management and Budget Director Jim Nussle said, "I am encouraged by Congressman Ryan's leadership in his efforts to address this serious problem that continues to swallow the budget and swamp our economy."

And the bipartisan Committee for a Responsible Federal Budget agreed: "It shows tremendous courage and leadership on Congressman Ryan's part that he is willing to lay out a comprehensive and detailed plan ..."

Pleasantly surprising is the lefty home-state Milwaukee Journal Sentinel's reaction, praising Mr. Ryan for "putting a plan forward" while the presidential candidates are "skirting the issue."

But for the most part, Mr. Ryan's plan is being ignored.

That's too bad, because this budget problem is the big one. The longer we wait to address it — the uglier it gets.

Mr. Stossel is co-anchor of ABC News' "20/20" and the author of "Myth, Lies, and Downright Stupidity," which is now out in paperback