

Last week's midterm elections have been characterized as a victory for grassroots Americans who are fed up with Washington and the political status quo. In particular, the elections are being touted as a clear indicator that voters demand reductions in federal spending, deficits, and debt.

If the new Congress hopes to live up to the expectations of Tea Party voters, however, it faces some daunting choices. For all the talk about pork and waste, the truth is that Congress cannot fix the budget and get our national debt under control by trimming fat and eliminating earmarks for "Bridges to Nowhere."

Real reductions in federal spending can be achieved only by getting to the meat of the federal budget, meaning expenditures in all areas. The annual budget soon will be \$5 trillion unless Congress takes serious steps to reduce spending for entitlements, military, and debt service. Yet how many Tea Party candidates who campaigned on a platform of spending cuts talked about Social Security, Medicare, foreign wars, or bond debt?

With regard to entitlements, the 2010 Social Security and Medicare Trustees report tells it all. It paints a stark picture of two entitlement programs that cannot be sustained under even the rosier scenarios of economic growth.

No one, regardless of political stripe, can deny the fundamental problem of unfunded future liabilities in both programs.

We should understand that Social Security was intended primarily to prevent old widows from becoming destitute. Life expectancy in 1935 was only about 65, when there were several workers for each Social Security recipient. The program was never intended to be a general transfer payment from young workers to older retirees, regardless of those retirees' financial need. Yet today Social Security faces an unfunded liability of approximately \$18 trillion.

First, Congress needs to stop using payroll taxes for purposes not related to Social Security, which was a trick the Clinton administration used to claim balanced budgets. Second, Congress should eliminate unconstitutional spending - including unnecessary overseas commitments -

and use the saved funds to help transition to a Social Security system that is completely voluntary. At some point in the near future Congress must allow taxpayers to opt out of federal payroll taxes in exchange for never receiving Social Security benefits.

Medicare similarly faces a shortfall of \$30.8 trillion in unfunded future benefits. The Part D prescription drug benefit accounts for approximately \$15.5 trillion, or half of the unfunded Medicare liability.

Congress should immediately repeal the disastrous drug benefit passed in 2003 by President Bush and a Republican Congress.

Fiscal conservatives should not be afraid to attack entitlements philosophically. We should reject the phony narrative that entitlement programs are inherently noble or required by “progressive” western values.

Why exactly should Americans be required, by force of taxation, to fund retirement or medical care for senior citizens, especially senior citizens who are comfortable financially?

And if taxpayers provide retirement and health care benefits to some older Americans who are less well off, can't we just call it welfare instead of maintaining the charade about “insurance” and “trust funds”?

Military spending and interest on the national debt similarly represent large federal expenditures that Congress must address by rethinking our foreign policy and exercising far greater oversight over the Federal Reserve and the Treasury department.

I have for a long time criticized our interventionist foreign policy and the Fed, and I will continue to do so. It's time for Congress to face the fundamental problems that affect Social Security and Medicare, and show the courage necessary to make real changes to both programs by rejecting the welfare/warfare state.