

Editorial from
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-The Editor's Page

Us vs. Them

Baby-boomers are now 44 percent of the voting-age population. Soon they will have the power to change the country, as indicated in this week's cover story. In what follows, Associate Editor Manuel Schiffres--himself a 34-year-old baby-boomer-- writes his own ideas on one pertinent theme: That workers his age are unfairly taxed to support Social Security for the elderly. This is in response to a recent Editor's Page that suggested ways to shore up Social Security.

--Marvin Stone, Editor

Displaying, as politicians do, a distaste for bitter medicine, the October 22 Editor's Page tackled Social Security's problems but ducked the most obvious remedy--cutting benefits.

Fairness and economics demand that cuts in Social Security be given strong consideration. Such action is highly unlikely, though, as long as the elderly citizen's lobby and its political allies set the tone for the debate.

Cuts are necessary for two reasons: First, there can be no serious effort to balance the budget without addressing Social Security and medicare, which now consume 28.1 percent of federal spending. Second, today's system is nothing less than a massive transfer of wealth from the young, many of them struggling, to the elderly, many living comfortably.

Yet aside from an occasional whisper about trimming pernicious cost-of-living adjustments (COLA's)--which have the effect of giving retirees, in times of stagflation, a bigger percentage boost in income than workers--the issue of benefit cuts is declared off limits.

One reason for this is the success of the powerful elderly lobby, abetted by liberal politicians, in shaping media coverage and convincing the public that old is synonymous with poor.

Two examples of press coverage: After Mr. Reagan promised in the first debate not to cut benefits for current recipients, reporters clamored to know what he planned for future retirees. Not surprisingly, he promised to protect them, too. On October 21, the lead story of the CBS-TV "Sunday Morning" show dealt with Social Security. As usual, the program focused on frail-looking retirees for whom survival would be all but impossible if benefits were cut.

But reality is far different. According to Census Bureau figures, the poverty rate in 1983 for those 65 and older was 14.1 percent, compared with the national average of 15.2

percent. And when non-cash government benefits are included, the elderly poverty rate drops to 3.3 percent.

A look at the benefit and tax schedules shows just how severely the current system soaks today's workers. As late as 1970, the maximum payroll tax was \$374 per year. Today, it is \$2,533 and estimated to reach \$3,750 in 1989. Any male worker who paid the maximum from 1937 to 1970 forked over \$3,766 in his working lifetime, recouped that in 19 months and today receives \$560 a month. A worker paying the top tax between 1980 and 1989 will shell out about \$27,000 in those years alone.

This can only get worse. Today, 3 workers support 1 pensioner. By 2035, it will be 2 to 1.

There's much more to this fairness issue. Seven in 10 retirees own their own homes. Their mortgage, carrying single-digit rates that may be government subsidized, are paid off or soon will be. For those 55 and older who sell their homes, the first \$125,000 in profits is tax-free, regardless of income. On the other hand, many young workers may never be able to afford homes in the face of 14 percent mortgages.

It's time to end the sham that Social Security is an insurance program and not the welfare system that it really is. One approach might be to develop a needs test for benefits. COLA's must be cut. Savings generated by these and other actions could be used to trim the deficit and slow projected rises in payroll taxes.

For years, the debate has centered on whether seniors could withstand benefit cuts. Let's have America's young initiate a debate on the other side of the equation--if not for their own sake, then for their children's.

Village Advertiser Commentary

Depending upon your age bracket, you will greet this opinion with shocked dismay or wild enthusiasm; in either case, you are justified. And so is the other guy.

Let's all keep uppermost the idea that we're in this together and must seek best possible solutions through compromise. It's not strictly Young vs. Old and Us vs. Them, because "us" is everybody, and "them" is our own mom and dad, or our own sons and daughters.

Pogo was right. "We have met the enemy and they is us."