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Elderly-political complex bequeaths crushing burden to next generations

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MALIBU, CALIF. // As Dwight Eisenhower left office, he warned against undue influence on government by the military-industrial complex. He urged us to "avoid the impulse to live only for today, plundering, for our own ease and convenience, the precious resources of tomorrow. We cannot mortgage the material assets of our grandchildren without risking the loss also of their political and spiritual heritage."

Unfortunately, others with undue political power also bloat government. In particular, Americans are sacrificing the future to the elderly-political complex.

Social Security and Medicare are the biggest fiscal problems facing the U.S. Each transfers massive amounts of income from younger Americans to older Americans, whose wealth has been increasing rapidly. But according to a recent article in USA Today, those programs face unfunded liabilities of \$340,000 per household for the next 75 years, leaving future generations a 13-digit bequest of IOUs far exceeding the national debt.

Despite that depressing reality, organizations for seniors insist that Social Security is safe, and they attack any reform that makes seniors, who have benefited handsomely, bear any of the costs of dealing with its over-promises. And rather than reining in Medicare's exploding liabilities, they constantly push to expand their benefits, increasing the burdens they will leave their children and grandchildren.

For all their talk about future generations, seniors' political groups are far more concerned about their short run than their heirs' long run. That is reinforced by politicians' bias toward immediate benefits and make-or-break issues for those who vote.

This is illustrated by the cognitive dissonance between the advice seniors routinely give their grandchildren and what senior groups support for themselves. Their typical wisdom to children boils down to "don't discount the future so much," whether it is to stay in school longer, to spend more time and effort studying and building their skills and less time and money consuming today, to delay getting married or having children until they can afford to pay for those choices themselves, and so on. Yet senior organizations support policies to increase what they get today at the expense of the future, discounting the predictable adverse effects they will leave behind.

You see the same dynamic in drug policy proposals. Senior groups favor every attempt to use government coercion to force down the price they must pay for available drugs, such as by imposing explicit and implicit (regulatory) price ceilings. But they ignore the violation of others' property rights and the disastrous effects on their grandchildren, for whom the long-term effect of undermining the incentives to develop new drugs is far more important than forcing down current drug prices (which are high, in large part, because of government policies ranging from Food and Drug administrations regulations to the tax code). And those effects would be large, given the disproportionate share of breakthrough medicines that originate in America.

John Maynard Keynes once denigrated the notion of focusing on the ultimate, long-run effects of policy by sneering that "in the long run, we are all dead." But, as Henry Hazlitt observed in *Economics in One Lesson*, "The tragedy is that, on the contrary, we are already suffering the long-run consequences of the policies of the remote or recent past. Today is already the tomorrow which the bad economist yesterday urged us to ignore."

Unfortunately, the self-proclaimed advocates for senior citizens have followed Mr. Keynes' view, looking only to their benefit in the short run, ignoring the adverse long-run consequences that already heavily burden their children and will even more heavily burden their children's children. That may reflect what political groups do - try to get more for themselves, necessarily at others' expense - but the electoral clout of seniors and the massive transfer of resources involved makes the elderly-political complex one of the greatest threats to those who will be forced to bear the long-run consequences they wish us to ignore today.

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