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# How to really solve the debt problem

The U.S. Federal Government's debt is staggeringly high – 20 percent higher than the value of all the goods and services produced in our country during a year. Given this uncomfortably

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high debt, it should come as no surprise that politicians are fighting over how to keep the debt from getting larger. The current battle over the debt ceiling is just one aspect of this fight. The fight has included discussions

about taxes and spending.

If politicians are going to be successful in keeping the debt from getting much worse, they will have to develop a plan that addresses the spending of two entitlement programs: Social Security and Medicare. In 2022, spending on these programs soaked up about 34 percent of the federal budget (according to the Center on Budget and Policy Priorities).

You may ask, what is so special about these programs that they need to be considered in any plan to get the federal debt under control? These programs need attention since they spend their money primarily on elderly people, and our nation is about to have significantly more elderly

people. As you probably know, our country had very high birth rates for many years. This cohort of people, labeled the baby boomers, has already started retiring from work and many more are about to retire. U.S. Census data reports that in 2020, 16.85 percent of the U.S. population was over 65; in 2030, this percentage will likely increase to 20.6 percent and is estimated to increase again to 21.64 percent by 2040.

U.S. citizens and legal residents become eligible for Medicare at 65. Then, they become eligible for their full Social Security retirement benefits at 67. With so many additional people becoming eligible for these payments, government spending will explode. This problem is compounded by the fact that with fewer people working, tax receipts to pay for these programs will decline.

What to do? There are several bad options. The government could increase taxes to pay for the extra outlays. However, these tax hikes would be so politically unpopular that politicians are unlikely to agree to them. The government could reduce benefits. This too is politically unpopular. Once people get used to receiving a certain level of benefits, they will rage against the politicians they blame for taking away their benefits. Consequently, politicians will never cut these benefits.

One solution seems to be a good option. The government should move back the age that people become eligible for Medicare and Social Security. People who live to 65 can expect to, on average, live almost another 20 years. That is a long retirement. Given the advances that have been made in medicine that extend lifespans and improve the quality of life, people can now work into their 70s. The retirement ages should reflect this ability.

In order to see whether people can continue to work beyond 65 or 67, we only have to take a look at our political leaders. President Biden was 78 at his inauguration; Donald Trump was 70; and Ronald Reagan was 69. Bernie Sanders, who chairs a Senate committee, is 81. While it is unrealistic to assume people can work as long as Bernie Sanders, most people are perfectly capable of working at 70 or 71.

If people did not receive Medicare and Social Security benefits until they were 72, for example, people would be paying into the system longer and drawing from it for fewer years. This change could be an important step in keeping the federal debt from getting even more out of control than it already is.

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