



How Much Do We Owe?

By John C. Goodman

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Have you ever wondered how much we as taxpayers actually owe because of commitments politicians have made on our behalf? Turns out, the answer is not as simple as you might think.

The place to start is with a [report](#) put out annually by the U.S. Treasury. There I learned that the federal government officially recognizes an outstanding debt of \$17.5 trillion. This amount consists of \$10.2 trillion in government debt held by the public, plus pension and retirement benefits owed to federal employees.

On the one hand, that amount exceeds our country's entire gross domestic product and that's pretty bad. On the other hand I was surprised that the number wasn't even higher because... Hey wait a minute.

What about Social Security? It's not on the list. What about Medicare? It's not there either.

On further investigation, I found out why. "Social Security promises are part of current law and can be changed by Congress at any time," I was told. Ditto for Medicare. And disability insurance. And survivors insurance. Etc. Etc. That's a bureaucratic way of saying, "We can break those promises any time we want to."

So let's see if I've got this right. I've been paying Social Security taxes for some 45 years or so and the federal government doesn't officially admit that it owes me a dime. The same is true for 45 years of Medicare taxes. But it does admit that it owes pension benefits and post-retirement medical benefits to federal workers. As a taxpayer, I'm liable for all the promises the government has made to its own employees. But federal workers are not liable (necessarily) for all the promises the government has made to me.

If you are a bond holder or a federal employee the federal government is saying, "We owe you the money." But if you're a senior on Medicare or Social Security, the government's position is, "We can default on our promises to you anytime things get a bit tight."

What's wrong with this picture?

Still, the government isn't likely to abolish Social Security and Medicare anytime soon. In fact, it's unlikely to ever abolish them. So what happens to the "amount we owe" if we throw those promises into the picture along with everything else? The calculations have been made in a [study](#) for the National

Center for Policy Analysis by former Social Security/Medicare Trustee Thomas R. Saving and economist Andrew J. Rettenmaier. Here's what they found:

- If today's seniors get everything that's been promised to them, they can expect to receive \$12.8 trillion in Social Security and Medicare benefits beyond the estimated taxes and premiums that will be collected to fund those programs.
- If these promises to the elderly are counted as official obligations, federal liabilities would climb to \$30.3 trillion — about twice the size of our entire economy.
- If we also include promises being made to all the young people who are currently paying (FICA) payroll taxes, the total climbs to nearly \$84 trillion.

Bottom line: we taxpayers owe a great deal. In fact, we owe about five-and-a-half times what the government officially admits.