

The Entitlement Reform Hoax

BY ROBERT B. REICH

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Tribune Media Services

It has become accepted economic wisdom that the only way to get control over America's looming budget deficits is to "reform entitlements."

The accepted wisdom is wrong.

Republicans trot out federal budget data showing a 32 percent increase in direct payments to individuals since the start of 2009 including food stamps, unemployment insurance, worker's compensation and subsidized housing.

But these expenditures are temporary. They've resulted from the deepest economic downturn since the Great Depression, which forced many families to turn to the government for help.

What about Social Security and Medicare (along with Medicare's poor stepchild, Medicaid)?

Social Security won't contribute to future budget deficits. By law, it can only spend money from the Social Security trust fund. That fund has been in surplus for the better part of two decades, as boomers paid into it during their working lives. Now that boomers have begun to retire, those surpluses are disappearing.

But this only means the trust fund will be collecting from the rest of the federal government the IOUs on the surpluses it lent to the rest of the government. This still leaves the trust fund with a shortage about two decades from now.

Yet the best way to deal with this isn't to raise the eligibility age for receiving Social Security benefits, as many entitlement reformers are urging. That would put an unfair burden on laboring people, most of whose bod-ies still begin wearing out when they reach their late 60s even though they live longer. And it's not to reduce costof-living adjustments for inflation, as even the White House seemed ready to propose in recent months.

Social Security benefits are already meager for most recipients. The median income of Americans over 65 is less than \$20,000 a year. Nearly 70 percent of them depend on Social Security for more than half of this.

Besides, Social Security's current inflation adjustment understates the true impact of inflation on elderly recipients — who spend far more than anyone else on health care, the costs of which have been rising faster than overall inflation.

That leaves two possibilities that "entitlement reformers" rarely, if ever, suggest but are the only fair al-

Security taxes (in 2013, that ceiling is \$113,700), and means-testing benefits so wealthy retirees receive less. Both should be considered.

What's left to reform? Medicare and Medicaid costs are projected to soar. But here again, look closely and you'll see neither is really the problem.

The underlying problem is the soaring cost of health care overall, combined with the aging of the boomer generation.

The solution isn't to reduce Medicare benefits. It's for the nation to contain overall health-care costs and get more for its healthcare dollars.

We're already spending nearly 18 percent of our entire economy on health care, compared with an average of 9.6 percent in all other rich countries

Yet we're no healthier than their citizens are. In fact, our life expectancy at birth (78.2 years) is shorter than theirs (averaging 79.5 years), and our infant mortality (6.5 deaths per 1,000 live births) is higher (theirs is 4.4).

That's because doctors and hospitals in the U.S. have every incentive to spend on unnecessary tests, drugs and procedures.

An estimated 30 percent of all health-care spending in the U.S. is pure waste, according to the Institute of Medicine.

Our balkanized health-care system spends huge sums collecting money from different pieces of itself: Doctors collect from hospitals and insurers, hospitals collect from insurers, insurers collect from companies or from policyholders.

A major occupational category at most hospitals is "billing clerk." A third of nursing hours are devoted to documenting what's happened so insurers have proof.

Cutting or limiting Medicare and Medicaid costs, as entitlement reformers want to do, won't reform any of this. It would just result in less care.

Taming future deficits requires not only limiting the overall growth of health-care costs. It also necessitates cutting our bloated military, and ending corporate welfare (tax breaks and subsidies targeted to particular firms and industries).

"Entitlement reform" only distracts us from these more important steps.

Robert Reich, former U.S. Secretary of Labor, is professor of public policy at the University of California at Berkeley and the author of "Aftershock: The Next Economy and America's Future." He blogs at www.robertreich.org.



THE DAKOTAS' OLDEST NEWSPAPER | FOUNDED 1861 Yankton Media, Inc., 319 Walnut St., Yankton, SD 57078

OPINION | OUR VIEW

Hagel And The Battle He Faces

resident Obama's nomination of former Nebraska Sen. Chuck Hagel for this nation's next Secretary of Defense seems like a strong choice. It would place a Vietnam veteran who endured the horrors and pain of combat into a pivotal role overseeing our nation's defense. He also has the background and the understanding of the military to shepherd the budgetary cuts that are no doubt coming as our wars wind down.

So, let's sit back and watch the Washington circus unfold. This threatens to turn into a political maelstrom.

The nomination of Hagel, a Republican who was once mentioned in conservative circles to be an enticing possibility for a presidential bid, is already being criticized by some GOP lawmakers, including a few who, once upon a time, praised Hagel for his military record and his commitment to the country. These critics now question Hagel's commitment to defending Israel and to challenging Iran. It probably doesn't help that Hagel, as a senator, evolved from cautiously supporting the Iraq War to virtually damning it when he left office, and he's also stated that it's time for the U.S. to "look for the exit" in Afghanistan.

Meanwhile, there are also some Democrats who are leery of the Nebraskan, particularly in regards to some comments he made about the nomination of an openly gay man to an ambassadorship during the Clinton administration. Hagel has apologized for the remarks, but it still looms as a question mark as this vetting process begins.

Meanwhile, several high-profile veterans are vowing to go to bat for Hagel in Washington. Former senator and disabled Vietnam vet Max Cleland is outspoken on the topic. "(Hagel) and I bled and almost died on the same battlefields in Vietnam," Cleland, the former Georgia Democrat, said in an interview. "We served together in the United States Senate and we actually got some legislation passed together. I respect him so much." Cleland also used an unprint-able barnyard term in referring to the political saber-rattling currently being done in the Senate.

Hagel brings to this position the unique perspective of the soldier. To that end, he has developed a sense of caution when it comes to committing this nation to international military episodes. This is not to say he fears conflict; instead, he is mindful of what happens to a nation when rosy beltway projections collapse into quagmires on the ground and in harm's way. Call it the Vietnam lesson or the Iraq lesson. Whatever the label, it is a perspective he would bring to the table. It's one that a country should never be without. Committing a nation to war, asking our men and women to make sacrifices that no other Americans will ever be asked to make, is a deadly serious decision," Hagel once said. "War is not an abstraction."

His views on protecting Israel are not blind or unquestioning. Nor are they "incendiary," as Rep. Eric Cantor has charged. Instead, Hagel's views are blunt and pragmatic. They may at times fly in the face of the preferred timidity that our politicians display when courting Jewish votes here, but Hagel's views are not anti-Israel or anti-Semitic.

As for his views on homosexuality, Hagel admitted last week that the remarks made more than 14 years ago were "insensitive," and he says he is now supportive of "open service" for LGBT recruits.

How this all plays out — and how much it is contorted to fit political ends will be fascinating to watch. It should not deprive Hagel of this nomination or this nation of his service. But when politics is injected into the mix, anything can happen.

Hagel and the Obama administration figure to be in for a fight, but the Nebraskan is a fighter who will not go away quietly or easily. He will stand his ground. As of now, he deserves confirmation.

kmh

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Robert REICH

Point Of View When The Phone Doesn't Work

BY CHRIS NELSON

South Dakota Public Utilities Commissioner

In 21st century America, we have many ways to communicate: landline telephone, cell phone, email, text Facebook, Skype, Twitter and whatever today's technology explosion invents as the next communication medium. With all of this technology at our fingertips and 136 years of experience since Alexander Graham Bell invented the telephone, making a long distance telephone call should be a "given."

Unfortunately, that is not the case in much of rural America including South Dakota. The reliability of long distance calling has slipped to something that might be expected in a developing country.

What's happening? Simply, it is getting more difficult for long distance calls coming from out-of-state to connect to landline telephone customers in South Dakota. This phenomenon has come to be known as the "rural call completion problem." Customers in South Dakota might later hear from someone who tried to call them that their phone "just kept ringing" when in fact it never rang in South Dakota. Others report that their phone rings but there is only dead air when it is answered. In some cases the call actually connects but is of extremely poor quality with an echo or garbled talk. Lastly, customers report that calls come through with inaccurate or misleading caller identification numbers.

These problems are having profound impacts on South Dakota businesses and families. Businesses from Custer to Canistota that rely on out-of-state customers report lost revenue when those customers can't connect their long distance telephone call. Security and health are threatened when calls made from a school to parents regarding school schedules or weather events never reach the intended recipients. One western South Dakota school that utilizes an out-of-state vendor for parent notification couldn't get those calls through to landlines in its own district. Of course family members living outside South Dakota want to be able to communicate with their family here.

What causes this problem? A quick answer is rapidly changing technology may have some "glitch" causing the problem. In actuality, the cause goes much deeper into our nation's telecommunications system. Every time a long distance call is made, money flows from a long distance phone company to other telephone companies involved in routing the call to its destination. Frequently, the caller's chosen long distance company will subcontract the call to other companies called "least cost routers," that transmit long distance telephone calls via the least expensive route. That's where this issue becomes devious. If least cost routers determine it costs them more to deliver a call than they are getting paid for the call, they have a financial incentive to lose (not connect) the call even though they are

required by law to complete the call.

Nelson

The result has shaken the telephone system on which we rely. We are subject to out-of-state companies making calculations on whether they will make or lose a fraction of a penny per minute on connecting or losing a long distance call that has been placed in their care.

This is obviously an issue of great concern to your state public utilities commissioners whose job is to ensure reliable utility service. Unfortunately, because this problem is occurring outside of South Dakota, the South Dakota Public Utilities Commission lacks authority to solve the problem. This is a national issue that requires a solution from federal telecommunications regulators. That responsibility rests with the Federal Communications Commission (FCC).

In October 2011, the FCC held a workshop to gather information to better understand this issue. Early in 2012 the FCC issued an order to long distance telephone companies essentially telling them, "don't do this again!" Because that order had no teeth, the problem remains. The FCC seems unwilling to do any serious investigation to find the companies who are the perpetrators of this problem and slap them with meaningful fines. The FCC's inaction has become so blatant and troublesome that recently 36 United States Senators, including Senators Johnson and Thune, signed a letter to the FCC demanding enforcement. Even that letter has failed to move the agency to action.

The FCC has clearly dropped the ball for rural America. Despite this inaction your PUC continues to push the FCC to do its job. You can help. If you experience calls that don't complete and can document those failures, let the FCC know by reporting those problems at www.fcc.gov/encyclopedia/problems-long-distance-orwireless-calling-rural-areas.

ion of the writer, but not necessarily that of the **PRESS & DAKOTAN**. Bylined columns represent the view of the author. We welcome letters to the editor on current topics. Questions regarding the Views page should be directed to Kelly Hertz at views@yankton.net.

elections.

Angeles at age 84.

history.

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1994)

ical weapons but they demanded that

Baghdad provide private access to scien-

tists and fresh evidence to back its claim

that it had destroyed its weapons of mass

destruction. Thousands of Venezuelan

bank workers stayed home to support a

nationwide strike seeking new presidential

Bush, on his first visit to Israel as president,

warned Iran of "serious consequences" if it meddled again with U.S. warships in the Persian Gulf. The U.S. military reported

nine American soldiers were killed in the

first two days of a new offensive to root out

al-Qaida in Iraq fighters holed up in dis-

tricts north of Baghdad. Johnny Grant, the

honorary mayor of Hollywood, died in Los

One year ago: Iranian state radio re-ported that a court had convicted former

U.S. Marine Amir Mirzaei Hekmati of work-

ing for the CIA and sentenced him to death. (The Obama administration and his

family deny Hekmati was a CIA spy.) Pres-

ident Barack Obama announced that chief

of staff William Daley was quitting; he was

succeeded by Obama budget chief Jack

Lew. Former Cincinnati Reds shortstop

Barry Larkin was elected to baseball's Hall

of Fame. No. 2 Alabama beat No. 1 LSU

21-0 for the first shutout in BCS title game

Today's Birthdays: Author Judith Krantz is 85. Football Hall-of-Famer Bart

Starr is 79. Sportscaster Dick Enberg is 78. Actress K. Callan is 77. Folk singer Joan

Baez is 72. Rockabilly singer Roy Head is

72. Rock musician Jimmy Page (Led Zeppelin) is 69. Singer David Johansen (aka Buster Poindexter) is 63. Singer Crystal

Gayle is 62. Actor J.K. Simmons is 58.

Nobel Peace laureate Rigoberto Menchu

s 54. Rock musician Eric Erlandson is 50.

Actress Joely Richardson is 48. Rock mu-sician Carl Bell (Fuel) is 46. Rock singer

Steve Harwell (Smash Mouth) is 46. Rock

singer-musician Dave Matthews is 46. Ac-

tress-director Joey Lauren Adams is 45.

Roots singer-songwriter Hayes Carll is 37.

Singer A.J. McLean (Backstreet Boys) is

Catherine, Duchess of Cambridge, is

(OneRepublic) is 29. Rock-soul singer

Paolo Nutini is 26. Actress Nina Dobrev is

24. Actor Tyree Brown (TV: "Parenthood")

ish a man, quit does. A man is not finished when he's defeated. He's finished when he

Thought for Today: "Defeat doesn't fin-

President Richard Nixon (1913-

Pop-rock musician Drew Brown

Five years ago: President George W.

TODAY IN HISTORY

By The Associated Press

Today is Wednesday, Jan. 9, the ninth day of 2013. There are 356 days left in the

Today's Highlight in History: On Jan. 9, 1913, Richard Milhous Nixon, the 37th president of the United States, was born in Yorba Linda. Calif.

On this date: In 1788, Connecticut became the fifth state to ratify the U.S. Constitution.

In 1793, Frenchman Jean Pierre Blan-chard, using a hot-air balloon, flew be-tween Philadelphia and Woodbury, N.J.

In 1861, Mississippi became the second state to secede from the Union, the same day the Star of the West, a merchant vessel bringing reinforcements and supplies to Federal troops at Fort Sumter, S.C., retreated because of artillery fire.

In 1931, Bobbi Trout and Edna May Cooper broke an endurance record for female aviators as they returned to Mines Field in Los Angeles after flying a Curtiss Robin monoplane continuously for 122 hours and 50 minutes.

In 1945, during World War II, American forces began landing at Lingayen Gulf in the Philippines. In 1951, the United Nations headquar-

ters in New York officially opened. In 1960, on his 47th birthday, Vice

President Richard Nixon became a candidate for the Republican presidential nomination.

In 1968, the Surveyor 7 space probe made a soft landing on the moon, marking the end of the American series of unmanned explorations of the lunar surface.

In 1972, reclusive billionaire Howard Hughes, speaking by telephone from the Bahamas to reporters in Hollywood, said a purported autobiography of him by Clifford Irving was a fake.

In 1987, the White House released a Jan. 1986 memorandum prepared for President Ronald Reagan by Lt. Col. Oliver L. North showing a link between U.S. arms sales to Iran and the release of American hostages in Lebanon.

In 1993, the two owners of a fast food restaurant in Palatine, III., and five employees were found shot and stabbed to death. (Two suspects were arrested in May 2002 both were convicted in separate trials and

sentenced to life in prison.) In 1997, a Comair commuter plane crashed 18 miles short of the Detroit Metropolitan Airport, killing all 29 people on board.

Ten years ago: U.N. weapons inspectors said there was no "smoking gun" to prove Iraq had nuclear, chemical or biolog-

FROM THE BIBLE

As soon as I heard these words I saw down and wept and mourned the day. Nehemiah 1:4. Portals of Prayer, Concordia Publishing House, St. Louis

Cathy Sudbeck Kelsey Thomas Sally Whiting Brenda Willcuts Jackie Williams

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Published Dailv Monday-Saturday

Periodicals postage paid at Yankton, . South Dakota, under the act of March 3, 1979.

Weekly Dakotian established June 6, 1861. Yankton Daily Press and Dakotian established April 26, 1875.

Postmaster: Send address changes to Yankton Daily Press & Dakotan, 319 Walnut, Yankton, SD 57078.

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YOUR LETTERS

Serving Us In Washington

Bryant Jackson, Yankton

After my service as a sergeant in the U.S. Marine Corps, I left active duty to enter the workforce and continue my education. The Department of Veterans Affairs has not been properly staffed for years to handle the increased number of requests and claims that resulted from the past two wars in Afghanistan and Iraq. My university was not receiving payment from the VA. I was also not receiving my compensation from my Post 9/11 GI Bill.

I contacted Rep. Noem's office on multiple occasions over the course of a few weeks in October. I have yet to hear from them.

I then reached out to the office of Senator Johnson. The same day my request was heard, and his office proceeded to investigate the reason my education claims had not been processed. In less than a week, Sen. Johnson's office resolved the issue.

If anyone is serving the state at the capital, it is Sen. Johnson. I applaud Sen. Johnson for his work on the Post 9/11 Veterans Education Assistance Act and his service to my fellow veterans.