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Our View: 'We're broke'

Wolf: As in 2010, opposes 'holiday'

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To understand Rep. Frank Wolf's recent votes on extension of the "payroll tax holiday" - it is most definitely not a tax "cut," he says emphatically - one must return to point of origin, namely a year ago this month when this notion of "stimulus," as flawed then as it is now, first arose.

Speaking to us on Dec. 15, 2010, Mr. Wolf said, "The $110-112 billion for the payroll tax holiday - we're borrowing it from the general fund. And the general fund is broke."

Thus, Mr. Wolf is nothing if not consistent. He didn't like the idea then - seeing it, as we did and still do, as nothing less than an ill-advised "defunding" of a Social Security system careening toward insolvency - and he likes it even less now.

And so, much as he did last year, he voted against all iterations of the bill. Tuesday's "nay" was not so much a rejection of a House-Senate conference to reconcile differing versions of the "tax holiday" as it was a rejection of both measures - the House's 12-month extension and the Senate's two-month extension.

Or, as he said at the end of a statement Tuesday, "I voted no on this policy last December. I voted no on this policy last week. And I vote no today." Hear, hear!

Why such consistency, pray tell? To quote Mr. Wolf further:

On Tuesday: *"I oppose motions regarding a conference because I do not support any of the costly proposals to extend the temporary payroll 'holiday,' which destabilizes the Social Security Trust Fund and does nothing to enact the needed long-term structural reforms necessary to right our fiscal ship of state."*

On Dec. 13: *"The issue today . . . is whether or not a temporary - and costly - one-year payroll tax 'holiday' should expire at the end of the month. The real issue is whether it is responsible for Washington to further shortchange the Social Security Trust Fund at a time when it is already on an unsustainable path."*

There, in a nutshell, is why Frank Wolf opposes this bill - and why we stand in agreement. This is sheer fiscal madness - i.e., to extend a cut, from 6.2 percent to 4.2 percent, from what a worker contributes to his own retirement in the misbegotten hope of "stimulating" the economy. It defies common sense to take money out of this system when actuaries continually call attention to Social Security's looming insolvency. And it makes even less sense, as Mr. Wolf says, to pay for this "holiday" out of the general fund when that "ship of state" is up to the gunwales in debt ($15 trillion and rising), budget deficits (more than $1 trillion annually), and unfunded liabilities that Mr. Wolf pegs at $62 trillion. Again, sheer madness.

And to think that Official Washington - Congress as well as the White House - has repeatedly talked a solemn game about debt and deficit reduction only to pay lip service to the gravity of the situation. Simpson-Bowles? Nothing came of its prescriptions. Nor, as Mr. Wolf says, those offered by the so-called Gang of Six. Finally, less than six weeks ago, that debt-reduction "supercommittee" failed in its efforts to find $1.2 trillion in reductions over 10 years.

And now, as Mr. Wolf says, a rudderless Washington has found ways to make matters worse by spending *more* . Word on the D.C. street, he adds, is that once such an extension is approved - its fate will hang in the post-Christmas fire - Americans will have a "holiday" in "perpetuity," with nothing to show for it but further debt and a Social Security system further enfeebled. Thus will Congress' profligacy be compounded over time.

By acquiescing to such a "holiday" last December, congressional Republicans, of whom Mr. Wolf is one, forfeited more of their fast-diminishing reputation for fiscal probity. This year - with "one last chance," as Mr. Wolf put it, to right this wrong - they have, almost unbelievably, ceded *political* high ground as well to a president whose fiscal wantonness exceeds even theirs.

One year ago, if Republicans had stood their ground, Mr. Wolf says, they could have "pilloried" Barack Obama for even suggesting such a "raid" on Social Security. Now, 12 months later, their dithering over a measure that should not have been passed in the first place has allowed this advocate of tax *increases* to cast himself as a champion of tax *relief*. Unbelievable? Believe it.

Still, to Frank Wolf, this is not so much a political issue as it is a moral one. How can we, this nation, continue to spend money, he asks, when "we're broke"? How can we continue to heap upon our progeny the bitter fruit of our profligacy?

And so he quotes Washington who, in his Farewell Address, said: "We should avoid ungenerously throwing upon posterity the burden of which we ourselves ought to bear."

But "bear" it, so it appears, we will not. How irresponsible is *that*?

Our View: Yes, 'unsustainable'

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Why is extension of the "payroll tax holiday" so ill-considered? Examine these numbers, as Rep. Frank Wolf **(see editorial above)** did in crafting a statement of opposition to this measure. To wit:

In 1950, Mr. Wolf noted, the average worker lived until age 68. What's more, for every retiree on Social Security - all 3 million of them in ' 50 - no less than 16 workers "supported" him (or her) through payment of the FICA, or payroll, tax - which, he hastened to say, is not so much a tax as an annuity paid by workers en route to *their* retirement.

Fast-forward 62 years: Today, the average life expectancy, Mr. Wolf said, is 78 years. Some 55 million people (one of every six Americans) currently receive Social Security payments, and some 10,000 people - the first wave of the Baby Boom generation - join their ranks *every day* , and will continue doing so each day for the *next 19 years* . In 2011, the number of workers "supporting" one retiree has fallen to *three* . Small wonder then that the system's actuary says its "trust fund, come 2037, will no longer be able to pay full benefits.

And yet Republicans and Democrats, for all their bickering, seem ready to extend a "payroll (FICA) tax holiday" - a reduction of the employee's contribution from 6.2 to 4.2 percent - for two months, or maybe 12. Go figure. Is this "sustainable," or un-?