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## The Great Woodstock Festival in the Sky

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By Kerry Pechter    *Wed, Aug 3, 2016*

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The health care industry in the U.S. is likely to benefit from a big uptick in federal spending in coming decades, as Baby Boomers become eligible for Medicare benefits, according to a July 16 [report](#) from the Congressional Budget Office.

Such spending, combined with Social Security outlays, is often framed as an unsustainable burden on the U.S. economy and on future generations. But it can also be perceived as a boost to consumer spending and a boon to all the businesses that sell consumer goods or medical care to the elderly.

Call me a cockeyed optometrist, but that's how I choose to see it.

In 2015, Social Security spending alone added about \$886 billion to the economy, not counting so-called multiplier effects, according to the latest Social Security Trustees' [report](#). Some economists argue that payroll taxes also reduce the spending power of the nation's workers by that amount, producing no net benefit. I'm not an economist, but I don't feel compelled to view Social Security as a zero-sum game. Workers who pay FICA taxes aren't fleeced; they acquire an asset—future OASI benefits—that they will tap in their own old age.

I've asked economists how they account for Social Security's undeniable contribution to local economies and none of them has ever had an answer, other than to repeat the mantra that Social Security spending comes at the expense of spending by wage earners.

When framed as a pure expense, entitlement spending can certainly appear threatening. Here's a scary factoid: By 2046, spending for Social Security and the major health care programs (primarily Medicare) for people 65 or older is projected to account for about half of all federal noninterest spending.

Social Security is also on track to increase as a share of the U.S. economy—from 4.9% of gross domestic product (GDP) in 2016 to 6.3% in 2046. Assuming that current laws aren't changed, gross spending on Social Security and the major health care programs is projected to reach 16.3% of GDP in 2046.

But if you accept that all Social Security and federal health care spending goes directly back into the U.S. economy, and helps every community where the elderly buy groceries and visit doctors, and relieves grown children of the financial burden their frail parents might otherwise impose, then it's difficult to believe the doomsayers who act as though Social Security spending is an expense that goes to Jupiter in a rocket ship and never comes back.

Sure, there will be stresses to federal and state budgets as the Boomers—with their titanium hips, Van Morrison CDs and organic green tea supplements—push the envelope of human longevity. But that's just demographics. And it's temporary.

Eventually the Boomer age-wave will pass. Sometime in the 2060s, the last Boomers will ascend to that great Woodstock Festival in the Sky. Those lacking tickets will duck under or jump over Max Yasgur's fence, as they did during that heady summer of 1969 when men landed on the moon and *Hair* opened on Broadway. They will be stardust. They will be golden. They will get themselves back to the Garden.

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