THE COVENANT RENEWED

From Dependency to Prosperity

A Twenty-Year Framework for American Fiscal Restoration

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Contents

EXECUTIVE SUMMARY

The Problem

The federal government spends $6.5 trillion annually while borrowing an additional $2 trillion. Social Security faces $22 trillion in unfunded liabilities over the 75-year actuarial window. Medicare's unfunded obligations exceed $52 trillion over the same period. Together, these programs deliver a population that is sicker, more indebted, and more dependent than any generation before.

The national debt now exceeds $38 trillion with no credible plan for repayment. Annual interest payments exceed the defense budget. The American people are not receiving value for their contributions.

Social Security operates as an intergenerational transfer scheme yielding 1–2% implicit returns on contributions that younger workers may never receive. Medicare and Medicaid funnel trillions through insurance intermediaries who produce nothing of therapeutic value. A total of 15.3% of every paycheck disappears into systems designed in the 1930s for demographic and economic conditions that no longer exist.

Various measures have been undertaken to improve government efficiency, reduce waste and fraud, and increase revenue through tariff adjustments. However well-intentioned, these measures are marginal at best. They do not address the fundamental problem: approximately 70% of federal spending flows to Social Security, Medicaid, and Medicare. Without comprehensive structural reform, the nation is merely postponing an inevitable fiscal reckoning.

The Proposed Solution

This document proposes a twenty-year transition to a system based on the following principles:

1. **Individual Retirement Ownership** — Private accounts that citizens own, invest, control, and bequeath to their heirs, replacing political promises that evaporate when actuarial assumptions fail.

2. **Individual Healthcare Ownership** — Tax-advantaged savings for routine care combined with genuine insurance for catastrophic events, eliminating intermediaries who extract value without delivering care.
3. **Protection of Children** — Federally funded treatment for severe but treatable childhood conditions, representing a genuine investment in future citizens with measurable return.
4. **Adult Responsibility** — No bailouts, no unlimited backstops, no institutionalized dependency. Freedom entails consequences. Responsibility confers ownership.

The Transition Path

The proposal envisions a linear, predictable twenty-year transition with no sudden disruptions:

Year	Personal Accounts	Legacy Systems
1	5%	95%
2	10%	90%
10	50%	50%
20	100%	0%

All participants understand the rules and have adequate time to adapt.

The End State

Upon completion of the transition:

- Federal spending: Approximately $2 trillion (reduced from $6.5 trillion)
- Federal debt: Approaching zero
- Tax burden: Lowest among developed nations
- American prosperity: Permanently secured through ownership and fiscal discipline

The choice is straightforward: managed decline or renewed covenant.

1 THE BROKEN COVENANT

1.1 How America Became a Nation of Dependents

The founding generation built a nation on radical self-reliance. Government existed to protect liberty, enforce contracts, and defend borders. Everything else was the province of individuals, families, and communities.

That covenant held for 150 years. Then it broke.

1.2 The Breaking Points

1935: The Social Security Act

Marketed as "insurance," Social Security was always a transfer program. Current workers pay; current retirees collect. There is no savings. There is no investment. There is no ownership. There is only a political promise that subsequent generations will continue paying.

For a time, demographics made the arithmetic work. Sixteen workers supported each retiree in 1950. That ratio has moved in only one direction.

1965: Medicare and Medicaid

Government entered healthcare not as a provider but as a payer—the worst of both arrangements. Private delivery with public funding meant no price discipline, no competition, and no accountability.

An industry emerged not to deliver health but to capture government payments. Administrators multiplied. Paperwork metastasized. Costs exploded while outcomes stagnated.

1973: The HMO Act

Government-mandated employer insurance severed the connection between patient and price. Citizens no longer purchased healthcare; they “utilized” their “benefits.” Third-party payment meant no one inquired about costs.

1.3 The Parasite Economy

Today, entire industries exist solely to intermediate between Americans and their own money:

- Health insurers: $1.3 trillion in annual premiums
- Pharmacy Benefit Managers: Controlling 80% of prescription transactions
- Medicare Advantage plans: Extracting billions through diagnostic upcoding
- Hospital billing departments: Often larger than clinical staff

None of these entities heal anyone. They exist because government created markets for intermediaries, and intermediaries captured government to protect those markets.

1.4 The Results

Healthcare: The United States spends 18% of GDP on healthcare—nearly double the developed-world average. The nation ranks 46th in life expectancy. Infant mortality exceeds that of Cuba. Two-thirds of personal bankruptcies involve medical debt.

Retirement: The average Social Security benefit is $1,900 per month. Half of Americans have less than $10,000 saved for retirement. The Social Security trust fund depletes by 2033.

Americans spend more and receive less. The intermediaries thrive. The people struggle.

1.5 The Dependency Spiral

The cultural damage exceeds the fiscal damage.

When government promises to handle retirement, people do not save. When insurance "covers" healthcare, people do not inquire about prices. When disability payments continue indefinitely, people do not adapt. When bailouts follow failure, people do not plan.

Three generations of Americans have been conditioned to expect others to handle their responsibilities. The result is a nation of adults with the financial literacy of children and the resilience of hothouse flowers.

This is not compassion. It is infantilization at scale.

1.6 The Inevitable Collapse

The current trajectory leads to only one destination: fiscal collapse. There are three possible outcomes:

1. **Explicit default:** Benefits cut suddenly when funds are exhausted
2. **Implicit default:** Inflation erodes the real value of benefits
3. **Managed transition:** Orderly shift to a sustainable system

Options one and two will occur whether policymakers choose them or not. Option three requires deliberate action now. This proposal chooses option three.

2 HEALTHCARE REFORM

2.1 Principle

Healthcare is a service to be purchased, not an entitlement to be provided. When individuals spend their own money on their own care, prices decline, quality improves, and outcomes strengthen. This is not theory. It is observable fact in every segment of medicine untouched by third-party payment.

2.2 The Current Dysfunction

The average American family pays $24,000 annually for health coverage—combining employee contributions and the employer share that would otherwise be wages. In return, they receive opaque pricing, narrow networks, prior authorization delays, claim denials, and surprise bills.

Money flows through a Byzantine chain: employer → insurer → PBM → hospital billing department → provider. At each step, someone extracts value. By the time a dollar reaches actual care, it has been bled by parasites.

2.3 The Reform

Universal Health Savings Accounts

Every American receives a tax-advantaged Health Savings Account at birth. Contributions are tax-free. Growth is tax-free. Withdrawals for healthcare are tax-free. The 15.3% payroll tax disappears. Workers retain that money, depositing what they choose into accounts that compound tax-free for life.

Direct Primary Care

Without insurance intermediaries, primary care returns to a simple transaction. Direct Primary Care practices already demonstrate the model: $50–150 per month for unlimited visits. No billing codes. No prior authorization. No claim forms. Simply medicine.

Price Transparency

When patients pay directly, they demand prices upfront. Competition emerges. Prices decline. Consider LASIK eye surgery: no insurance involvement, and prices dropped 70% over twenty years while quality improved dramatically.

Drug Pricing Normalization

End insurance intermediation, end PBM extraction, permit importation, and the arithmetic changes immediately. The $500 inhaler becomes $20. The $300 insulin normalizes to $30.

Catastrophic Coverage

Genuine insurance—protection against rare, catastrophic events—remains available for private purchase. Those who want such coverage purchase it. Those who prefer to self-insure with substantial HSA balances do so. Choice returns to the individual.

The Exception: Children's Catastrophic Fund

Children cannot be responsible for their own health outcomes. A narrow, federally funded Children's Catastrophic Health Fund covers severe but treatable conditions (childhood leukemia, congenital heart defects, Type 1 diabetes), verified by independent medical review. This represents an investment in future citizens with genuine expected return.

2.4 Healthcare Transition Timeline

- **Year 1:** HSAs available to all citizens; insurance mandates repealed
- **Year 5:** Medicare and Medicaid enrollment frozen for new applicants
- **Year 10:** Medicare and Medicaid benefits begin phase-down
- **Year 20:** Legacy programs conclude; HSA system fully operational

3 RETIREMENT REFORM

3.1 Principle

Retirement security derives from ownership, not promises. A balance in an account under individual control is real. A political commitment to future payments is not.

3.2 The Ponzi Structure Revealed

Social Security is not insurance. It is not savings. It is not investment. It is a transfer from current workers to current retirees, mediated by government, with differences papered over by IOUs in a "trust fund." The arithmetic was always destined to fail:

Year	Workers per Retiree
1950	16.0
1970	3.7
2000	3.4
2024	2.8
2035 (projected)	2.2

3.3 Australia: Proof of Concept

Australia provides the clearest proof that mandatory private retirement accounts work at scale. In 1992, Australia introduced the Superannuation Guarantee—compulsory employer contributions to individual retirement accounts. Starting at 3%, contributions gradually increased to 12% by 2025.

The results: Australians now hold $4.33 trillion in superannuation assets—the fourth-largest pension holdings globally. The system is politically untouchable because every worker watches their balance grow.

3.4 Universal Retirement Accounts

This proposal expands the Trump Accounts concept to every American worker through personal Universal Retirement Accounts (URAs). These accounts are owned, invested, portable, transparent, and protected.

3.5 The Mathematical Advantage

An average worker earning $60,000 per year pays $7,440 annually in Social Security taxes. Invested in broad market index funds at historical 7% return over a 40-year career:

- **Social Security path:** Political promise of approximately $2,400/month at age 67
- **URA path:** Account balance of approximately $1.5 million

That $1.5 million at 4% safe withdrawal rate equals $5,000 per month indefinitely, while preserving principal, with the remainder passing to heirs upon death.

4 THE TRANSITION

4.1 Principle

Sudden change is cruel. Gradual change with clear timelines is opportunity.

Twenty years is long enough to save substantial money, change careers, relocate, build family support networks, and for children to reach adulthood. It is also short enough to see the destination, maintain political will, and ensure that procrastinators face real consequences.

4.2 Timeline

Year 0: Announcement — Legislation passes with detailed twenty-year schedule. All dates, percentages, and rules publicly known.

Years 1–5: Early Transition — HSAs and URAs established. Legacy systems continue at 95% $\rightarrow$ 75%. Early adopters build meaningful balances.

Years 6–10: Mid-Transition — Legacy systems at 75% $\rightarrow$ 50%. URA balances become substantial. Direct Primary Care expands rapidly.

Years 11–15: Late Transition — Legacy systems at 50% $\rightarrow$ 25%. Most workers have significant URA wealth.

Years 16–20: Completion — Legacy systems at 25% $\rightarrow$ 0%. URA and HSA systems fully operational.

Year 21+: The New Normal — Americans own their retirement and healthcare. Federal spending $2 trillion. Debt approaching zero.

4.3 Financing the Transition

The simultaneous collapse of insurance intermediation, PBM extraction, and hospital billing bureaucracy releases trillions in capital currently wasted on non-care. American families lose $24,000 annually to the insurance system. Total extraction by the parasite economy exceeds $3 trillion annually. Returning even a fraction of this funds the entire transition with money remaining.

4.4 Political Lock-In

By year five, millions of Americans will have URA balances they can see, touch, and track. No politician will survive campaigning on confiscating retirement accounts. Australia proved this at national scale. With $4.33 trillion in superannuation accounts, no Australian politician dares touch the system. Ownership creates permanence.

5 THE FISCAL MATHEMATICS

5.1 Current Baseline (FY2024)

Category	Amount
Social Security	$1.4 trillion
Medicare	$900 billion
Medicaid	$600 billion
Defense	$900 billion
Interest on Debt	$1.0 trillion
All Other	$1.7 trillion
TOTAL SPENDING	**$6.5 trillion**

Federal Revenue: $4.5 trillion — **Annual Deficit:** $2 trillion — **Total Debt:** $38 trillion

5.2 Year 20 Projection

Category	Amount
Social Security	$0 (phased out)
Medicare	$0 (phased out)
Medicaid	$0 (phased out)
Children's Fund	$50 billion
Defense	$800 billion
Interest	$200 billion
Other Functions	$700 billion
TOTAL SPENDING	**$1.8 trillion**

Revenue: $4.5 trillion — **Annual Surplus:** $2.7 trillion

5.3 Year 25 and Beyond

- Debt approaching $0
- Interest approaching $0
- Spending $1.6 trillion
- Revenue $5+ trillion (after growth effects)
- Annual Surplus $3.5 trillion

These surpluses enable everything that follows.

6 THE CASCADE EFFECTS

First Order: Direct Savings

Approximately $3 trillion in annual federal spending eliminated by year 20.

Second Order: Money Returned to Citizens

The 15.3% payroll tax disappears. For a worker earning $60,000, that represents $9,180 per year no longer sent to Washington. Multiplied across 160 million workers: $1.5 trillion annually returned to citizens.

Third Order: Healthcare Cost Collapse

Remove insurance intermediation, and prices fall 30–40%. Current U.S. healthcare spending of $4.5 trillion annually (18% of GDP) falls to $2.5–3 trillion (10–12% of GDP). That represents $1.5–2 trillion returned to the economy annually.

Fourth Order: Tax Cuts Become Possible

Year 20+ surpluses enable: Corporate rate 21% → 10%. Capital gains 20% → 10%. Across-the-board income tax reductions. Estate tax eliminated.

Fifth Order: Growth Accelerates

Historical U.S. GDP growth of 2–3% annually increases to 4–5%. Compound 4.5% growth over 20 years and the economy roughly doubles versus baseline trajectory.

Sixth Order: Trade Leverage

The U.S. consumer market expands from $15 trillion to $20–25 trillion. Every nation seeks access. America sets the terms.

Seventh Order: Talent Magnet

Post-reform America offers the lowest tax burden in the developed world. Every ambitious person on Earth wants to be here. Human capital compounds.

Eighth Order: Cultural Renewal

A nation of owners thinks differently than a nation of dependents. Financial literacy becomes universal. Planning becomes normal. Self-reliance becomes celebrated.

Ninth Order: The Capitalist Majority

When every worker owns a growing portfolio, the political arithmetic inverts. 160 million worker-capitalists with genuine stake in the system. Ownership transforms citizens from spectators into players defending the rules. Socialism becomes politically impossible—not through suppression, but through irrelevance.

7 IMPLEMENTATION

7.1 Required Legislation

Core Acts:

1. Universal Retirement Account Act
2. Health Savings Expansion Act
3. Twenty-Year Transition Act
4. Children's Catastrophic Health Fund Act
5. Payroll Tax Sunset Act

Supporting Legislation:

- Healthcare price transparency requirements
- Hospital anti-monopoly measures
- Drug importation authorization
- Scope of practice reform for NPs and PAs
- Interstate insurance competition
- Financial literacy education mandates

7.2 Political Coalition

Core Supporters: Young workers, small business owners, fiscal conservatives, libertarians, New Right populists

Potential Converts: Union members (after observing URA growth), minorities, healthcare workers

Opposition: Insurance industry, hospital administration, AARP (initially), progressive politicians, federal employee unions

7.3 The Lock-In Strategy

Years 1–3: Establish URAs and HSAs with visible monthly statements.

Years 3–5: Balances reach $20,000–$50,000; workers become protective.

Year 5+: Political reversal becomes impossible. Confiscating retirement accounts becomes electoral suicide.

8 THE HARD TRUTH

8.1 Challenges and Short-Term Costs

This proposal does not pretend the transition will be painless.

For Current Retirees: Benefits shrink over twenty years. Some will struggle. Some will need to work longer, move in with family, or downsize. However, twenty years provides substantial time to adapt.

For Insurance Workers: Two million jobs will disappear. They will find productive employment rather than extracting value from others' hardship. Creative destruction is how economies evolve.

For Hospitals: Revenue models built around billing optimization will collapse. Some hospitals will close. Some regions will face temporary disruption.

For Politicians: Voting for this requires genuine courage. The attack advertisements write themselves. Short-term political cost is real.

For Everyone: Twenty years of uncertainty, adjustment, and friction. Success requires discipline across multiple administrations. However, the successful political resurgence of President Trump, the unprecedented political realignment, and continuity through future Vance administrations afford America a rare window of opportunity.

8.2 Why the Difficulty Is Justified

The alternative is unacceptable. Current trajectory ends in sudden benefit collapse around 2033–2035, or inflation destroying purchasing power, or debt crisis, or generational warfare. A managed twenty-year transition with clear rules surpasses a sudden collapse with no warning.

Difficult is not synonymous with wrong. Painful is not synonymous with bad.

8.3 The Greatest Benefit

This proposal requires smart, future-oriented citizens. Twenty years of transition will produce exactly that. A nation that plans. A nation that saves. A nation that invests. A nation that takes responsibility for its own future. That cultural transformation may be worth more than all the fiscal savings combined.

9 CONCLUSION

America faces a choice.

9.1 Path One: Managed Decline

Continue the current trajectory. Borrow until crisis. Inflate away promises. Watch living standards erode. Accept diminished position. Leave children a broken inheritance.

9.2 Path Two: The Covenant Renewed

Twenty years of transition. Ownership replaces promises. Responsibility replaces dependency. Prosperity replaces stagnation. Strength replaces weakness.

The covenant between citizen and nation—between present and future—renewed for another century.

This is not a partisan program. It is mathematics plus time plus will.

The numbers are clear. The path is known. The only question is whether America chooses it.

Twenty years to become the country we were meant to be.

The Covenant Renewed.

ABOUT THIS PROPOSAL

This proposal was developed by a citizen focused on long-term fiscal sustainability and American competitive strategy. The author has no institutional affiliation, think tank backing, or financial interest in these recommendations. This work represents genuine analysis offered in good faith for consideration by those with the power to act.

Engagement, critique, and refinement are welcome. The goal is not to be proven right—it is to find what works.

"A nation that cannot control its finances cannot control its destiny."

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