

Republican Perspective

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Party Like Its 1999

“The real goal should be reduced government spending, rather than balanced budgets achieved by ever rising tax rates to cover ever rising spending.” Thomas Sowell, Economist

“But life is just a party, and parties weren't meant to last,” is a lyric from the famed song writer/singer Prince’s “1999” hit. I take no pleasure in writing that the Republican controlled Congress views federal spending as just one big party. No regard for spending and deficits is in the DNA for Progressive Democrats. Republicans elected to champion limited government and fiscal responsibility are partying with Democrats and one can only hope it will end soon.

The signing of the Omnibus Spending Bill by President Trump is a low mark for his administration. The 2,232-page bill was written in secret by leaders of both parties with the majority of elected representatives out in the cold. More embarrassing was that lawmakers were given 24 hours to vote on legislation that they did not write nor have time to read. The “swamp” won again as there was no victory for conservative budget policy. The Democrats were successful in receiving unnecessary spending increases for domestic programs.

Why should we be concerned about this spending party? Doesn't it just feel good? One reason is that the nation is on an unsustainable fiscal path that threatens the future economy and our role in the world. Over the next 30 years according to the Peterson Foundation, publicly held debt is expected to rise to almost 200 percent of gross domestic product (GDP). It's this long-term debt trend that poses the biggest threat to America's economic future.

Contrary to what Progressives may wish you to believe, military spending is not the driver of U.S. debt. The Wall St. Journal reports that in 1989 when the Berlin Wall fell, defense spending was 26.5% of federal outlays. In 2019 it will be 15.6%. Non-discretionary spending is for programs required by law. These encompass such income transfers as Medicare, Medicaid, Social Security and food stamps, among other things. This category was 47.7% of outlays in 1989 and has steadily climbed to reach an estimated 69.2% in 2019. It's this relentless increase in non-discretionary spending that threatens our economic future.

Without reform to Medicare, Medicaid and Social Security, non-discretionary spending will continue to increase as a larger share of the federal budget. Increased interest on the debt will also have negative impact. The Office of Management & Budget (OMB) reports under current law, debt will steadily increase. By 2028, debt held by the public

is projected to reach 96 percent of GDP! Further, by 2020, interest payments on the national debt will be greater than total federal spending on children. Maybe that statistic will bring lawmakers to their senses and act like adults.

Now I can hear Progressives clamoring, just raise taxes and everything will be OK! Maybe there are other options:

- Switzerland adopted a “debt brake” in 2003 that appears to be working. The Swiss debt brake is a countercyclical expenditure rule that allows deficit spending during economically weak periods, and that limits spending more tightly during economically strong periods. The goal is to achieve a stable revenue-to-spending ratio. The rules have led to a budget that tends toward surpluses or balance.
- Republican Congressman Mark Sanford introduced the “One Percent Spending Reduction Act of 2018,” known as the Penny Plan. Per Sanford, “The idea is simple: for the next five years, cut a single penny from every dollar that the federal government spends, excluding interest payments on the debt. By 2024, the budget would be balanced and would remain balanced by mandating that spending not exceed revenue. The plan’s only mandate is a one-percent cut in spending every year for five years.” Many Rossmoorians will have to cut 1% from their budgets to pay for higher gasoline and food prices.

While these solutions are worthy of consideration, structural reforms to Social Security and Medicare need to be debated. Without such national dialogue, the elephants in the room only grow larger and more problematic.