

GOVERNMENT OVERSPENDING: (IR)RESPONSIBLE GOVERNING

Americans have grown increasingly knowledgeable – and increasingly concerned – about the government’s explosion of spending and debt. Americans have also begun to recognize the discrepancy between their own belt-tightening, and what is, *and isn’t*, happening in Washington.

IS THIS RESPONSIBLE GOVERNING?

- Washington Continues Deficit-Spending Spree**
- No Priorities, No Plan, No Budget**
- Passing The Buck**

Washington Continues Deficit-Spending Spree

Economists of every political stripe have warned that failing to get spending and debt under control will lead to dire consequences, including higher taxes, higher costs of living, slower economic growth, and fewer jobs. Despite strong evidence of spending-policy failure, and clear warnings of the consequences of out-of-control debt, Washington continues to overspend at an alarming rate.

- While Washington’s overspending problem clearly isn’t new -- it has cumulatively overspent to the tune of \$13.3 trillion – it has grown significantly worse.¹
- Washington now hopes to cut the deficit in half by 2013.² But according to Congressional Budget Office data, had projected spending not increased so drastically in the last two years, the deficit would have declined by more than 75 percent.³
- While the trillion-dollar, debt-financed “stimulus” bill failed to work as promised (53 percent of Americans believe the country would be better off if the stimulus money had *not* been spent⁴), many in Washington continue to insist: 1) the first stimulus would have worked if they just had spent *more*; and 2) the public should give them another chance – and more of their hard-earned money – to try again.

No Priorities, No Plan, No Budget

Despite the nation’s precarious economic and fiscal situation, Congress this year failed to perform its most basic responsibility. For the first time since the implementation of the 1974 Budget Act, the House of Representatives failed to pass – or even to write – a budget.⁵ The House instead “deemed” a one-year budget “outline,” which offered no plan or restraint; but allowed spending and borrowing to continue unchecked.

- Congress and the Administration chose to punt the responsibility of governing to a commission. The National Commission on Fiscal Responsibility and Reform was created by executive order of the President, and charged with recommending to Congress a remedy for the nation’s dismal fiscal situation.
- The Commission also provides Congress and the Administration with a scapegoat for raising taxes on individuals, families and businesses to chase Washington’s overspending. (“The Commission made us do it!”)

Passing The Buck

By running up unsustainable levels of spending and debt – and shirking the responsibility to address it – Washington is knowingly subjecting future generations of Americans to the painful consequences of its actions.

- Between 2011 and 2020 interest payments on the debt, adjusted for inflation, will nearly triple – spiking from \$221 billion to \$637 billion.⁶
- When more tax dollars are consumed by interest payments, there is less money available to spend on other priorities.
- As servicing the debt becomes more expensive, policymakers will likely contemplate major tax increases, or an increase in the money supply.
 - Tax hikes will cut into family budgets and dampen prospects for growth and job creation.
 - Paying for debt by increasing the money supply would push prices higher on goods and services, thus making American families' savings less valuable.
- By 2020, interest payments and entitlement programs (such as Medicare, Medicaid, and Social Security) will *alone* consume more than 90 percent of projected federal revenues, or 90 cents out of every dollar collected in taxes.⁷
 - This means just 10 percent of tax revenue will be left to fund all other government functions: from defense and homeland security to education and the environment. Any additional spending will be done with borrowed money.
 - We cannot tax or grow our way out of this problem. Unless Washington stops passing the buck and restrains spending, all Americans will suffer for this failure to govern.

¹ U.S. Treasury Department, Debt to the Penny, <http://www.treasurydirect.gov/NP/BPDLLogin?application=np>

² Mike Allen, “Obama vows to cut huge deficit in half,” *Politico*, 3/22/09.

³ Congressional Budget Office, “A Preliminary Analysis of the President’s Budget and an Update of CBO’s Budget and Economic Outlook,” 3/09.

⁴ *Time Magazine Poll*, July 12-13, 2010, http://www.srbi.com/Economy_Poll.html

⁵ *St. Petersburg Times*’ “Politifact” website, 6/13/10.

⁶ Office of Management and Budget, Mid-Session Review, Page 29, <http://www.whitehouse.gov/omb/assets/fy2011_msr/11msr.pdf>

⁷ Office of Management and Budget,, Mid-Session Review, Page 23, <http://www.whitehouse.gov/omb/assets/fy2011_msr/11msr.pdf>