



Debt Ceiling Crisis

By Rod Blum

Aug. 7, 2011

Washington doesn't have a debt ceiling problem – it has a spending addiction. And half of the money doesn't even belong to us – forty-three cents out of every dollar Washington spends is borrowed. Can you imagine if YOUR household borrowed almost half of what it spends every year? Patently insane.

Check your political ideology at the door and look at the facts. In 1999 - the tail end of the Clinton Administration - we had a budget surplus. Revenues to the federal government that year were \$1.8 trillion; estimated revenues for 2011 have grown to \$2.2 trillion – a 23% increase even in the midst of a recession. In 1999 federal government spending was \$1.7 trillion; estimated federal government spending for 2011 is \$3.8 trillion – a staggering 125% increase. Where would a fiscally-sane citizen say the problem lies?

Measured another way, 2011 expenditures are projected to be about 24% of GDP. And while Democrats are calling the spending cuts “draconian”, spending after the cuts will still range between 22-23% of GDP, substantially above the post-WWII spending average of 20.2% of GDP. As a result of this out of control spending, our national debt has risen dramatically. When President Obama took office, the total national debt was \$10.6 trillion – it now stands at \$14.3 trillion – a \$3.7 trillion increase in just thirty months, which is more than the cumulative total of the national debt that was amassed by all U.S. presidents from George Washington through Ronald Reagan.

The recently passed debt ceiling bill taps on the spending breaks but it's nowhere near “mission complete”. It's simply the best deal possible right now with big-spending Democrats in control of the Senate and White House. It cuts about 5% off federal spending over the next ten years. That's like a 400-pound man promising to lose 20 pounds over a decade. Spending will still increase every year. The President's ten-year budget, as scored by the non-partisan Congressional Budget Office, resulted in \$9 trillion in additional deficits, which will be reduced to \$7 trillion by the new bill.

Most, but not all, Washington politicians have proven time and again they cannot be trusted to control spending. Today there are over 11,000 registered lobbyists in Washington – about 21 for every member of Congress. These armies of special interests swarm Washington to make sure their pet programs don't get touched. Politicians receive countless rewards to spend but few incentives to say no. Statutory restrictions on spending are desperately needed NOW. Citizens must demand a Balanced Budget Amendment to force politicians to stop borrowing from our children and grandchildren. And voters of all stripes need to quit looking to government to solve their problems.

We are at a tipping point my friends and the choice has never been clearer: European socialism or freedom.

The President keeps blaming millionaires and billionaires for our fiscal problems because that argument appeals to the basest tendencies in his constituency – class warfare. In 1980 the top 10% of income earners paid 49% of all federal taxes. In 2008 (latest year data available) the top 10% paid 70% of all federal taxes. And remember that these are the citizens who take risks, invest their capital and create jobs. Obama, who has never created a job in his life, is in over his head regarding the economy. Democrats argue about how much of a shrinking pie citizens should be allowed to keep. I'd rather figure out how to grow the pie larger by growing the economy and making America the envy of the world once again. When the pie grows larger everyone's piece gets bigger.