

## You Say, I Say

I say “deficit,” you say “never quit.”

I say CBO, you say GAO.

CRS, OMB,

Freddie Mac, JEC,

Let’s call the whole thing off.

Well, let’s not.

Each administration has a favorite Alphabet agency they choose in order to plumb up their fiscal numbers at election time or the State of the Union or budget presentations. What is not presented are the plethora of budget gimmick trickery and smoke-and-mirror, intra-governmental accounting gimmicks, such as robbing Social Security Administration to pay general Treasury bills and on and on. Our lawmakers cherry pick departmental and budget projections to paint the bad news as rosy as possible – to serve us the Deficit Kool-Aid at a price we think is acceptable.

Let’s get serious about the budget numbers, Today we have an escalating, multi-trillion deficit that underscores the reality that there is only ONE abbreviation that matters.

IOU.

That is the only thing we are telling the futures generations with our out-of-control deficit spending.

As long as deceptive accounting practices occur, politicians will never own up to the crisis of the burgeoning deficit nor take the steps needed to stop the spending and get us heading back to the black. The longer we wait to make changes and reforms, the less effective the solution will be -- and the more drastic and haphazard the changes will unfold.

Two combined forces create a strong formula for endless deficits. First, politicians want to keep their jobs, so they continue to bring home goodies for constituents. That means choosing spending over spending reductions. And to help make sure they keep their jobs, politicians always promise not to raise taxes. The result is systemic deficits.

For XX of the last 50 years we have been in deficit spending. The Reagan Revolution came with full rhetorical fury to cut spending, but that soon lost its glamour once the political targets were dealt with. There was an explosion of spending under the George

W. Bush administration, followed by a turbo charge in spending in the Obama administration – causing the U.S. annual deficit to triple since 2007. According to OMB estimates, the deficit will reach \$1.47 TRILLION dollars this year – 10 percent of the entire economy. The growing deficit, the related interest costs and the total inability of politicians to deal with the spending and deficit drunkenness guarantees our individual shares of the deficit will rise and rise.

Each American's share of the budget deficit is \$40,000, according to a study by Bruce Yandle of Clemson University's Department of Economics. The problem is unsustainable spending, not the gap between revenues and expenditures, not the recession. Congress needs rules it cannot avoid. Rules need to be more than political rhetoric.

It is now time for government to get its fiscal house in order. For years governments have been promising more than they can deliver and delivering more than they can afford. That has to end.

Americans have repeatedly said that they want the deficit brought down by reducing government spending, not by raising taxes. Too often politicians like to proclaim that "the era of tax and spend government is over." Since they seemingly are incapable of following their own promises, we have to do it for them.

Our own history does show us a way: the Base Realignment and Closing (BRAC) commissions of the late 1980s and 1990s were remarkably successful because of their particular structures. They worked because no member of Congress ever had to vote for shutting down any particular military base. Similarly, a spending commission could curb discretionary spending successfully, but only if it embodies the lessons of BRAC. That means not just creating a commission but making sure it is composed of independent members whose recommendations become binding without congressional action.

Congress may say that are the only ones constitutionally permitted to pass a budget, but nothing stops them from accepting cuts in spending. They did it for military bases, they can do it for other areas.

A commission modeled on BRAC is no silver bullet but gets the process moving. The Mercatus Center at George Mason University suggests a start by submitting \$1.16 trillion in discretionary spending out of the entire budget of \$3.8 trillion for possible reduction or elimination – one third of the federal budget.

That would indeed be a strong first step – just the type of bold, imperative action that Congress refuses to take.

It is just one idea – but one good idea. It is time to hear other good ideas.

The United States fiscal outlook is unsustainable. Entitlement reform is essential and there are only a limited number of options available to prevent, as Mercatus says, a “fiscal death spiral” where debt and interest rates combine to bankrupt the country. Among these: reform Social Security by raising the retirement age to 67 and increase the eligibility by 13 years, reflecting the remaining life expectancy rates and make Medicare into a voucher program plus catastrophic insurance (similar to what European nations have done to slash their deficits).

It is harsh medicine. Alas, when you have squandered your health economic health, as America has, further delay in treatment can be fatal.

You can't spend what you don't have and if you do, you are in trouble. We need responsible government now.

