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US debt portends a sea of red ink for nation's children

By Sen. Judd Gregg (R-N.H.) - 06/17/10 07:03 PM ET

The United States is drowning in debt. The 2010 deficit is expected to reach \$1.5 trillion, and the president's budget dictates deficits will average \$1 trillion annually for the next ten years.

Annual deficits contribute to total national debt, now at \$13 trillion. A portion of that amount – debt held by the public – is no less staggering. Publicly held debt amassed over 232 years of government was \$5.8 trillion in 2008. Under the president's budget, it will double by 2012, triple by 2018, and rise to 90 percent of GDP by 2020.

Americans understand that our debt will have severe consequences for future generations. If President Obama spends eight years in office, each American child's share of the publicly held debt jumps from \$85,000 in January 2009 to nearly \$200,000 by 2017. Our children will have less money for hallmarks of the American dream — a home purchase, a college education, a secure retirement — and a lower quality of life.

How should the president and Congress address this crisis? By putting the brakes on reckless spending that is driving the nation deeper into debt. The majority argues spending is not the culprit, but that is an exercise in denial.

Federal spending during 1960-2008 averaged 20 percent of GDP. Following the financial crisis of 2008, spending immediately spiked in order to stabilize the economy. The problem is that spending doesn't abate once we are past the financial crisis. Instead, under the president's budget, federal spending is permanently inflated to a new average of 24 percent of GDP.

Tax revenue has averaged 18 percent of GDP since 1960, and even though the president's budget assumes higher levels going forward, revenue cannot keep pace with the majority's spending. The ever widening gap between revenues and outlays must be borrowed from China and other countries, to be paid back by our children.

The root cause of our growing fiscal calamity is spending, and slowing it is our only hope of getting back on firmer fiscal ground. The Democratic Congress, the keeper of the nation's purse strings, does not have the best track record in this area. However, the debt crisis, now a pressing issue for most Americans, is giving many Congressional members pause in an election year.

For example, this past week saw the defeat of the Baucus amendment to the extenders' bill when 52 senators stood together and refused to waive the point of order I raised against the amendment for spending more than the budget allowed.

Senator Russ Feingold (D-Wis.) recently offered a proposal to give Congress a second look at wasteful spending, legislation that I co-sponsored after it was modified to ensure all rescinded funds go toward deficit reduction instead of being spent elsewhere.

Unfortunately, many enforcement tools — notably pay-as-you-go rules — are often cast aside by the majority when inconvenient. One of the most effective ways to control spending is to allow the budget enforcement tools to work as they were intended.

The Congress should adopt a new budget blueprint that takes serious steps to put the nation back on the right fiscal path. New spending should be paid for with legitimate offsets. Non-defense discretionary spending should be frozen, without a myriad of exemptions. TARP should be ended, not extended to serve as a piggy-bank for the Administration.

The elephant in the room is \$77 trillion in unfunded obligations in the entitlement programs. As Baby Boomers retire, we will face a much more serious crisis than the one we are now emerging from. Bipartisan solutions — insulated from special interest groups, expedited in Congress, and guaranteed a vote — are needed to reassure all Americans that reforms are fair and necessary. Hopefully the president's Fiscal Commission, on which I serve, will achieve bipartisan recommendations to Congress, where leaders have promised a vote by year's end.

Our nation has a long history of being the engine of global economic growth, but it cannot uphold that tradition if Congress continues its risky spend-tax-and-borrow ways. The path back to fiscal responsibility and economic prosperity requires committed spending restraint, adherence to budget enforcement and an open-minded effort to tackle entitlement issues. Without those steps, our children will be cast adrift in a sea of red ink.

Sen. Gregg is the ranking member of the Senate Budget Committee and a senior member of the Senate Appropriations Committee.

Source:

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