

# The Detroit News

## Washington is biased toward spending

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March 10, 2015

While the Obama administration lectures Europe about its fiscal policies, Washington continues to run deficits. The problem is bipartisan. When George W. Bush took office, the national debt was \$5.8 trillion. When President Barack Obama took over it was \$10 trillion. Now it is \$18.2 trillion.

These numbers will look like the “good ol’ days” when the entitlement tsunami hits in coming years. Interest alone ran \$431 billion last year and will jump dramatically as interest rates rise to more normal levels.

Worse, economist Laurence Kotlikoff figures total unfunded liabilities today run about \$200 trillion. But who’s counting?

It long has been obvious that the American political system is biased toward spending. Public choice economics explains how government agencies have interests and why spending lobbies so often prevail over the public.

Congress demonstrates a “culture of spending” in which members tend to back higher expenditures the longer they serve. Washington richly rewards legislators for “growing” in office and joining the bipartisan big government coalition.

Some analysts still hope that electing the “right people” will fix the system. But without creating some institutional barriers to political plunder the system will continue to produce the same overall results, despite slight differences in exactly how much is spent on whom and when.

Over the years advocates of fiscal responsibility have offered various proposals to contain Uncle Sam’s voracious fiscal appetite. The late William Niskanen proposed a measure that was simple and impossible to game. Niskanen, acting chairman of the Council of Economic Advisers under President Ronald Reagan, left that position to become chairman of the Cato Institute.

Two decades ago Niskanen proposed a simple 125-word amendment requiring a three-fifths vote to increase the debt limit or raise taxes and federal compensation to states and localities for any mandates. These provisions would be suspended in the event of a declaration of war.

“Nothing has changed in the interim to render Niskanen’s proposal obsolete or impractical,” noted Lawrence Hunter of the Social Security Institute in a new study for the Carleson Center for Welfare Reform.

The measure would put taxing and borrowing on a level playing field, eliminating the current bias for piling up debt. Moreover, the three-fifths requirement would make it easier for legislators to reconsider outlays than to collect more money to waste. This would create a useful corrective for the pervasive pro-spending bias built into the system today.

However, Niskanen was writing in far more innocent times. When he left the Reagan administration three decades ago the national debt was \$2.7 trillion.

Congress must again address the debt limit by the Ides of March. Advocates of fiscal responsibility should use the debt battle to push the Niskanen Amendment. Equally important, any increase should include language prioritizing payments with existing funds. Let President Obama threaten to veto a debt measure because it includes language requiring him to pay the most important claims first.

While it would be hard to reject a debt limit increase for spending already approved, congressional Republicans should begin preparing for the next debt fight. The only hope for reducing the growth in federal debt is to create institutional barriers to its growth.

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