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How can a bankrupt republic run the world?

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The annual budget battle is at its peak and Washington continues to flaunt its remarkable dysfunction. In coming years this fiscal irresponsibility is likely to drive U.S. foreign and military policy.

The U.S. government has no more important duty than defending the nation. However, providing for the “common defense,” as the Constitution puts it, is remarkably easy. America has vast oceans east and west and pacific neighbors north and south.

Today only Russia, with an arsenal of nuclear-tipped missiles, could launch a serious attack on America. However, Moscow has no incentive to do so, since the result would be devastating retaliation. China’s military is expanding but directed at preventing Washington from dominating the People’s Republic of China at home and in its neighborhood.

Terrorists abound, but mostly result from maladroit U.S. policies that create enemies and make other people’s conflicts America’s own. Nor do America’s conventional forces and nuclear arsenals offer the best response, since promiscuous war-making does more to accelerate than diminish terrorism.

Why, then, is Washington spending \$717 billion in 2019 to maintain vast armies, fleets, and air armadas around the world? Not for defense, of America, anyway. It is to protect allies, assert influence, remake failed societies, dictate behavior, promote values, and more.

All may have offer some benefit, though rarely as much as asserted. And none have much to do with protecting America—its territory, people, constitutional system, and prosperity.

Unfortunately, attacking is far more expensive than deterring. Most of America’s Pentagon outlays go to project power, which is why the U.S. has an outsize military budget, equal to that of the next dozen or so nations combined.

The so-called “defense” budget is the price of America’s aggressive foreign policy. Playing global gendarme—or gauleiter, depending upon one’s location when America’s bombs fall—is not cheap.

Even if the U.S. once felt wealthy enough to squander its financial resources in such pursuits, those days have ended. Washington is effectively bankrupt, with massive unfunded liabilities.

Last year the Republican Party, once the self-proclaimed guardian of the treasury, approved a deficit approaching \$779 billion. The Congressional Budget Office figured the president's 2019 budget will push the deficit to nearly \$1 trillion, and the numbers will continue to rise, to \$1.527 trillion in 2028.

This debt increase would be accompanied by rising interest rates. CBO figured "net interest," which disguises federal costs by subtracting interest paid to Uncle Sam, will rise from \$315 billion last year to \$819 billion in 2028.

Of course, Congress could cut domestic expenditures. Hah, hah ... only kidding! To achieve anything approaching a responsible budget requires addressing the four big domestic boulders, which along with military outlays make up 85 percent of the budget: interest, which cannot be reduced without repudiating debt; Social Security, the traditional "third rail" of U.S. politics; Medicare, the equally popular elder health care program; and Medicaid, the perennially underfunded promise of medical services for the poor.

More likely, Congress will act like, well, Congress, and both spend more and collect less than under current law. If so, the CBO's "Extended Alternative Fiscal Scenario" predicts that the deficit as a percentage of GDP will rise from 78 percent last year to 105 percent in 2028, 148 percent in 2038, and an astonishing 210 percent in 2048. America's average over the last half century was just 41 percent; only during World War II and in its immediate aftermath did the federal debt exceed 70 percent, peaking at 106 percent in 1946.

With larger deficits and debts, interest rates likely would be higher and GDP growth lower. Moreover, noted CBO: "Large federal budget deficits over the long term would reduce investment, resulting in lower national income and higher interest rates than would otherwise be the case." A financial implosion would become more likely: Imagine a 2008-style crisis, but with the debt burden twice as great to start.

Of course, Congress could raise tax hikes, but they are no more popular than spending cuts. Moreover, the growing deficit is mostly a result of increased spending.

Military cuts are inevitable. The starting point, though, is to revise foreign policy. Cutting expenditures without trimming tasks risks creating a dangerous mismatch. Instead, the administration should end unnecessary wars, stop nation-building, and drop obsolete alliances, adjusting its force structure accordingly.

To stabilize Washington's finances, all programs need to be addressed. However, military outlays deserve an especially thorough review. U.S. policymakers need to remember that the government's highest duty is to defend its own people.

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