

Massive coronavirus spending lighting the fuse on national debt bomb

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April 14, 2020

The conversation surrounding the novel coronavirus and ensuing societal lock down has understandably focused for the most part on how to contain the spread of the virus, how far to push restrictions, how to stimulate the economy, and when to re-open society for business. But amid it all, the extraordinary levels of government debt being hammered through Washington have gone largely unnoticed — potentially setting the fuse on a debt-fueled bomb that might tank the recovering economy.

At least, that's what a new report from the Committee for a Responsible Federal Budget suggests.

The bipartisan committee found that, at minimum, the deficit will nearly quadruple this year and hit a whopping \$3.8 trillion. It also projects that we will reach a 100% debt-to-GDP ratio, a critical red flag, this fiscal year, much earlier than previously expected.

Oh, and these jarring figures are all *underestimates*. The committee explains, “These projections almost certainly underestimate deficits, since they assume no further legislation is enacted to address the crisis and that policymakers stick to current law when it comes to other tax and spending policies.”

Yup, that's right, given that lawmakers say the \$2.2 trillion coronavirus relief package Congress already passed was just a beginning, and that more legislation is likely forthcoming, the true figures could be hundreds of billions if not trillions higher.

Multiple experts reacting to this report warned that we're responding to one crisis by setting ourselves up for problems down the line.

“Trillions more in government debt will sadly reduce opportunities and the standard of living for young Americans,” Cato Institute Economist Chris Edwards told me. “Some federal relief during this crisis was needed, but the crisis exposes the recklessness of federal politicians driving up the debt over the past decade of growth and making our economy more financially vulnerable during a downturn.”

It's certainly true that the federal government needed to do something to respond to the coronavirus. So, even if one can quibble with the specifics of this response, it may well have warranted some deficit spending. But as Edwards wisely notes, this is why our policymakers should have spent the last decade of growth shrinking the deficit and paying down the debt. Now, when crisis strikes, we can't spend on credit without pushing ourselves into unimaginable levels of debt.

This is the consequence of decades of bipartisan disregard for fiscal sanity. But, sadly, it's not the septuagenarians in Congress who will bear most of the costs for their profligate waste and irresponsible spending — it's future generations.

“That the budget deficit for 2020 will be larger than the size of the entire U.S. economy should surprise no one, but that doesn't mean we won't be dealing with the consequences for many years to come,” R Street Institute Director of Fiscal Policy Jonathan Bydlak explained to me. “But by running up gobs of debt — now, and especially over the last decade when times were good — we are putting even bigger strain on generations to come while growing government in the short term.”

There's something deeply immoral about this kind of deficit spending, which more or less amounts to intergenerational theft. We would all condemn parents who took out a credit card in their child's name and went on a shopping spree, but many fail to realize that through excessive deficit spending, the government is essentially doing the same thing. Future generations will get stuck holding the tab, and pay for this reckless deficit spending through slower economic growth, larger annual interest payments, and many other negative consequences.

We ought to demand that lawmakers finally take responsible account of the federal budget when this crisis is over, and get it in order — so that when the next crisis comes, we don't have to impoverish our grandchildren to address it.