



Dems take GOP — and future generations — to the cleaners

Chris Edwards

March 26, 2018

The 2,232-page omnibus spending deal signed into law last week threw fiscal sanity out the window. While entitlement spending has continued to grow, the relative restraint in discretionary spending had provided hope that federal budget control was possible.

But that hope is now dashed under this president and Congress. The omnibus hiked discretionary spending 13 percent in a single year, while scraping the budget caps that were the singular achievement of reformers after the landmark 2010 election.

President Trump included substantial cuts in his recent budget, but signing the omnibus made a joke of his own proposals for fiscal restraint.

The GOP's discretionary budget actions and the relentless rise of health care and retirement spending have put the budget on a catastrophic course.

Projections by the Committee for a Responsible Federal Budget show that, without reforms, deficits will top \$1 trillion next year and \$2.4 trillion by 2028, and continue growing after that.

With interest rates rising in coming years, the government will be rolling over more than \$20 trillion in debt while borrowing a fresh trillion or two every year from capital markets.

As a share of the economy, debt is already the highest in our peacetime history, and the politicians have no plan to do anything about it. We appear to be headed toward a Greek-style financial crisis, with interest rates spiking and the economy tanking.

No one knows the timing of the coming crisis, but we do know that younger generations will get hammered under the massive debt, which already amounts to \$160,000 for every household in the nation.

Young people will be forced to pay a rising share of their earnings to foreign and domestic creditors. Today, Republicans champion tax cuts, but tomorrow their out-of-control spending threatens to turn young people into tax slaves.

People often say that Social Security, Medicare and Medicaid are the real budget busters, not discretionary programs. But the omnibus is so discouraging because cutting low-value

discretionary programs should be an easy reform step before the bigger challenge of entitlements.

How are Republicans going to reform entitlements if they won't even push cuts to wasteful liberal programs that GOP voters don't care about?

In the omnibus deal, the Democrats took the Republicans to the cleaners. But a more unnerving upshot is that majorities in both parties seem entranced by federal spending. They seem to think that is a free lunch which magically solves society's problems.

There is little appreciation that government spending sucks resources out of the private economy and undermines freedom and prosperity.

That reality struck me as I watched recent appropriations hearings on President Trump's 2019 budget. Few Republican members voiced support for any of Trump's proposed cuts.

Instead, members of both parties used their question time during hearings to promote spending programs for their own districts. Members know that rising debt is a looming disaster, but their parochial concerns always take precedence.

Republicans were hoping that their tax-reform success would help them salvage control of Congress this fall, but the spending blow-out will surely suppress turn-out amongst fed-up conservatives. Who knows? Maybe that bodes well for budget control, since the GOP is far more resistant to spending when they are in the minority.

My larger fear is that, down the road, rising spending and deficits will inspire liberals in both parties to push for a new broad-based tax, such as a carbon tax or a value-added tax. That would be a tragic blow to American competitiveness, especially after the GOP worked so hard to reduce business tax burdens.

So whether it pushes up debt or taxes, rising spending will undermine economic growth. It will also create vicious feuds between the parties, interest groups and the generations.

If you think Washington is dysfunctional now with members at each other's throats, today is a picnic compared to policymaking tomorrow if spending keeps on rising as projected.

Chris Edwards is editor of www.DownsizingGovernment.org at the Cato Institute.