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Driving the Conversation:

## Donkeyphant in the room: Is either party serious about debt and how worried should we be about it?

**"Obsessing now about the debt is like worrying about a roof leak when the building's foundation is crumbling and needs to be shored up." Ross Baker**

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**David Boaz**, Executive VP, Cato Institute:

***Neither party is serious about cutting the deficit or the national debt***

More worryingly, neither party is seriously worried about the soaring size, expense, and power of government. David Leonhardt tilts a little to the Democrats in blaming the GOP for most of the looming deficits. It's true that the wars and the 2003 prescription drug entitlement are a big part of the deficit. But CBO chronically overestimates the amount of revenue you get from raising marginal tax rates and underestimates the growth produced by marginal rate cuts. Plus Leonhardt accepts the Obama budget's trick of promising that total discretionary spending in the out-years will be flat (another thing he copies from Bush). Obviously, these numbers will in fact go up as each year approaches and Congress and the president agree on more spending.

Contra Cesar Conda, the Republicans did not seriously propose a \$375 billion budget reduction. As David Leonhardt noted, my colleague Tad DeHaven pointed out that the real budget cuts in the Republican proposal amount to \$25 billion over five years. That almost makes Obama's \$17 billion in proposed cuts look impressive.

One of Obama's main arguments, which seems to be bought by some people who ought to know better, is that his health care plan will reduce costs. If anybody thinks that we can reduce the cost of health care without reducing quality by having the government take over more of it, I recommend that they get on the waiting list now for the surgery they'll be needing in a few years. And personally, when I retire around 2020, I'm hoping to have access to 2020 health care, not drugs and techniques frozen at the 2009 level.

The federal budget is the classic illustration of the "public choice" problem of concentrated benefits and

diffuse costs. Everybody wants his own subsidy in the budget, and members of Congress respond to that. The cost of the spending is diffused among 300 million unorganized taxpayers, while the spending interests are organized and vocal. That's why only solutions like a balanced budget amendment or some other limit on Congress's spending power will ever stop the accelerating cost of government.

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