

US Debt Is 5X Worse Than Govn't Owns Up To

By Paul Ebeling

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The US national debt has been estimated by the government at a record \$18-T. That is why it is almost unfathomable that a new calculation says the true national debt is really much higher, it is really \$91-T, and that because of unfunded social programs.

Cato Institute senior fellow Michael Tanner wrote in an article recently that even at the official lower government number, the national debt equals about 101% of GDP.

“In other words, we now owe more than the value of all goods and services produced in this country over a year,” he wrote.

While that may sound bad, Mr. Tanner said the debt figure is still growing, and is actually understated in the official government calculations.

“That is because they do not include the unfunded liabilities of programs like Social Security and Medicare. While those liabilities don't show up on the country's official balance sheet, they nonetheless represent legal obligations of the US government. Including the expected shortfall from those programs brings our true debt to an unfathomable \$90.6-T.”

Mr. Tanner noted Social Security, Medicare, and Medicaid alone account for 47% of federal spending today, a figure that will only continue to grow without reforms.

In his view, both parties are to blame for keeping their heads in the sand.

Democrats either deny there is a problem, or say it can be fixed by taking the wealthy, he said. “But even if one thought that tax increases were a good idea, and could be implemented without killing jobs or slowing economic growth, it is simply impossible to increase taxes enough to close the budget gap. In particular, raising taxes on the wealthy falls far short of what would be required to pay for our current and future obligations.”

As for Republicans, he said they either lament the debt problem or pretend it can be eased by solving wasteful spending.

“Certainly, there is plenty of that, but you simply cannot balance the budget by cutting the usual suspects. Foreign aid amounts to less than 1% of federal spending. Federal subsidies to Planned Parenthood and the Corporation for Public Broadcasting amount to a combined 0.02%.”

Mr. Tanner said the obvious fix is to fix entitlements with reforms that everyone in Washington, DC seems to be afraid of.

“Social Security and Medicare are generally seen as immune to debt reform, in large part because seniors, who vote, receive the benefits, while young people, who do not vote, get the bill,” he wrote.

“But unless we want to drown future generations in a sea of Red Ink (debt), we need to put away childish things, and have a serious conversation about the future of entitlements.”

The WS-J suggests that long-range government forecasts of federal spending should be viewed with a bit of skepticism, based on recent experience.

“Today the White House and Congressional Budget Office forecast good years ahead and an exceptionally long economic recovery. The budget assumes that Congress and the Obama White House will continue to let the Department of Defense and all other non-defense discretionary spending shrink. The experience of the last decade suggests at least some of these projections might miss,” the WS-J said.

One growing battleground in the federal spending debt is spending on public employee benefits and pensions, according to Politico.

Politico suggested the problems in the public employee sector have progressed to the point where members of both parties, not just Republicans have joined in to place some controls on the costs.

Daniel DiSalvo, a senior fellow at the Manhattan Institute, recently wrote, “As expenditures on benefits increase, these expenditures “‘crowd out’ government spending on parks, education, public safety and other services on which the poor and middle class rely, as the government costs more but does less.”

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