Policy Expert Warns U.S. Can't Tax Way out of Debt Problem

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A Washington policy expert told North County business leaders Wednesday that higher taxes won't erase the trillions of dollars in debt building up from Social Security and other entitlement programs.

"You cannot tax your way out of the debt we're in," said Michael Tanner, a senior fellow at the influential libertarian Cato Institute.

"The money is in Medicaid, Medicare and Social Security," he said, adding that these three programs now account for 59 percent of the federal budget yet Congress has been unwilling to make fundamental changes to them.

"We lack big solutions in Washington," he said.

Tanner was one of three speakers at the North San Diego Business Chamber's 2016 State of the Region program. The luncheon at Sony's headquarters in Rancho Bernardo was sponsored by Norhrop Grumman.

Diane Harkey, who represents San Diego County on the state Board of Equalization, said California faces a similar challenge with $400 billion in unfunded liabilities.

The state's economic picture is improving, she said, but there are clouds on the horizon ranging from falling oil prices to a chaotic election year.

"There's a lot of chaos right now in the political system," she noted.

Harkey predicted that if recreational marijuana is legalized in the upcoming election, "it's going to be a huge industry" that will create budget and public safety problems for the state.

"We're a huge state. We're not Colorado," she said.

She said the military remains the San Diego economy's "saving grace" because it accounts for almost a quarter of this region's economy.

Helen Robbins-Meyer, chief administrative officer for San Diego County, said the biggest impact on the county's budget are the requirements mandated by state and local voter initiatives.

She urged San Diegans to carefully study the propositions on the ballot, from public money for a Chargers stadium to a higher minimum wage.

"Don't get proposition fatigue," she said.