



Federal Entitlement Spending, Debt Set To Explode, Cbo Reports

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A new report by the Congressional Budget Office (CBO) predicts the total amount of liabilities, or debt, owed by the U.S. government will exceed 141 percent of the country's gross domestic product (GDP) by 2046.

GDP is the total value of goods produced and services provided in the nation each year.

CBO—a nonpartisan, independent government agency responsible for providing economic and budgetary analyses—also predicts taxpayer-funded entitlement programs, such as Medicare and Social Security, will consume about 17 percent of the country's total gross annual economic output by 2046.

CBO warns these trends will decrease Americans' ability to earn and save money and will increase the likelihood of fiscal crises.

Time Is Running Out

Michael Tanner, a senior fellow at the Cato Institute, says the fuse on the national debt bomb is growing shorter every day.

“Once you're over about 80 percent of GDP, it begins to slow overall economic growth,” Tanner said. “That means lower wages. It means fewer jobs, and it means it's that much harder to pay back the debt.”

Tanner says reducing the size of government is the only real cure.

“The issue is that you're not going to see that kind of [revenue] growth in the future,” Tanner said. “There's reason to be very skeptical toward the belief growth alone is going to do this. You really do need to cut spending. That's where the money is. There are a variety of reforms out

there, some better than others on each program. Regardless of which you choose, choose one of them. If you choose the fourth or fifth best, it would still be better than doing nothing.”

Entitlement Spending Run Amok

Romina Boccia, deputy director of The Heritage Foundation’s Thomas A. Roe Institute for Economic Policy Studies, says “mandatory” entitlement spending is consuming ever-increasing proportions of federal spending.

“Discretionary spending, as a percentage of the budget and of the GDP, has actually been on the decline,” Boccia said. “Mandatory programs are allowed to continue growing regardless of the resources that are available to the federal government, so they are crowding out other areas of the budget and growing regardless of what the size of the deficit is, how much revenue the federal government is able to collect. Congress has not taken appropriate action to slow the growth in those programs to make sure they are targeted appropriately, make sure they are functioning effectively.”

Politicians Ignoring Problem

Boccia says both major-party presidential candidates, Democratic Party nominee Hillary Clinton and Republican Party nominee Donald Trump, are failing to address the problem.

“I’m very concerned that the current debate in this election cycle does not reflect the entitlement spending challenges that we face with the seriousness that they require,” Boccia said. “We’ve already waited too long, and the longer we wait, the more drastic the changes will have to be and the less time people will have to adjust to them.”