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Trillions spent, nothing gained

By Frank Vernuccio
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The United States Treasury Department has revealed that America now has a record debt of over $18 trillion ($18,005,549,328,561.45 to be precise.) That amounts to 103% of the nation's entire gross domestic product.70% of that debt was accumulated during the Obama Administration.

The news isn't getting any better going forward. The Treasury Department figures demonstrate that since the start of the new federal fiscal year several weeks ago, it has issued another $1,040,965,000,000 in additional debt to pay off its maturing securities and to cover new deficit spending. It has been estimated that an additional $6 trillion in deficit spending will take place over the next ten years due to current plans.

All of this growing debt has been incurred despite record intakes in revenue, both in the previous year and during the new fiscal period. As noted in a recent *New York Analysis of Policy and Government* article, in 2014, "Statistics released from the U.S. Treasury Department reveal that for the first time in history, the U.S. took in over $3 trillion in revenue, $3 trillion and 21 billion to be precise. That's a $247 billion jump from the prior year. A significant part of the additional revenue largely came from huge tax hikes resulting from the expiration of the Bush tax breaks and Obamacare taxes.

"Despite that, the government ran a $483 billion dollar deficit, even though key areas of federal responsibility, such as Defense and homeland security spent less. Even the Social Security Administration spent less.

"The agencies that spent more included the Environmental Protection Agency, and the General Services Administration. And of course, spending on welfare type programs have increased significantly during the Obama years."

Much of that increase in revenue doesn't come from a productive economy; indeed, the US economic engine has been sputtering. Taxes, however, have been in a significant upwards trajectory, rising by $3 trillion, according to studies by the Heritage Foundation, as noted in an article in the Daily Signal The "fiscal cliff" deal of 2013 resulted in a number of significant hikes, as noted in an article in the Daily Signal:

"1. Payroll Tax: increase in the Social Security portion of the payroll tax from 4.2 percent to 6.2 percent for workers. This hits all Americans earning a paycheck—not just the "wealthy." For example, *The Wall Street Journal* calculated that the "typical U.S. family earning $50,000 a year" will lose "anannual income boost of $1,000."

2. Top marginal tax rate: increase from 35 percent to 39.6 percentfor taxable incomes over $450,000 ($400,000 for single filers).
3. Phase out of personal exemptionsfor adjusted gross income (AGI) over $300,000 ($250,000 for single filers).
4. Phase down of itemized deductionsfor AGI over $300,000 ($250,000 for single filers).
5. Tax rates on investment: increase in the rate on dividends and capital gainsfrom 15 percent to 20 percent for taxable incomes over $450,000 ($400,000 for single filers).
6. Death tax: increase in the rate (on estateslarger than $5 million) from 35 percent to 40 percent.
7. Taxes on business investment: expiration of full expensing—the immediatededuction of capital purchasesby businesses.

Obamacare tax increases that took effect:

8. Another investment tax increase: 3.8 percent surtax on investment incomefor taxpayers with taxable income exceeding $250,000 ($200,000 for singles).
9. Another payroll tax hike: 0.9 percent increase in the Hospital Insurance portion of the payroll taxfor incomes over $250,000 ($200,000 for single filers).
10. Medical device tax: 2.3 percent excise tax paid by medical devicemanufacturers and importers on all their sales.
11. Reducing the income tax deductionfor individuals' medical expenses.
12. Elimination of the corporate income tax deductionfor expenses related to the Medicare Part D subsidy.
13. Limitation of the corporate income taxdeduction for compensation thathealth insurance companies pay to their executives."

CATO notes that taxpayers are rebelling against tax hikes:

"In several states, voters turned down proposals to hike taxes, even when tied to popular initiatives such as education or transportation. In Missouri, for instance, voters overwhelmingly turned down a sales-tax increase that would have funded a number of transportation projects. And, in Nevada, voters turned down measures that would have removed a cap on the state;s mining tax and imposed a 2% tax on gross receipts for businesses with revenues over $1 million. And…voters in Massachusetts approved that ballot measure eliminating the inflation adjustment on the gas tax. When they weren't turning down proposed tax increases, voters were making sure that there would be fewer such proposed hikes in the future."

The pertinent question is what has the nation gained from all that spending?

According to the CATO Institute, "Traditionally, the national debt as a percentage of GDP rose during major wars and the Great Depression. But… there's been no major war or depression … we've just run up $16 trillion more in spending than the country was willing to pay for. That's why our debt as a percentage of GDP is now higher than at any point except World War II."

The absence of war or depression is only the beginning of the analysis, however. The nation's military has seen decreased, rather than increased, spending, and whole areas such as defense against EMP impacts from either natural causes or nuclear attacks, as well as the development of an adequate missile defense program, have been wholly ignored. America's infrastructure continues to be neglected. High-tech development vital to the future U.S. economy, including space exploitation, continue to receive inadequate funding as other nations move forward quickly. The poverty rate remains relatively unchanged, despite massive increases in programs such as food stamps.

Washington's culture of wasteful spending, which merely serves to get incumbents re-elected, is devastating the national fiscal health. According to Senator Tom Coburn: "Our nation is on an unsustainable fiscal course that is threatening our future as a republic. Reducing wasteful spending is the first step Congress should take in order to bring down our debt and deficits."

The problem, however, goes beyond waste, and beyond spending meant only to help incumbents get re-elected. It also rests in the federal government getting involved in whole areas that are, frankly, outside of its constitutional jurisdiction.