The Locker Room
THE JOHN LOCKE FOUNDATION'S STATEWIDE ISSUES BLOG

Cato's Tanner responds to House Speaker Boehner's 'blunder'

Michael Tanner of the Cato Institute uses his latest National Review Online column to take U.S. House Speaker John Boehner to task for his response to last week's election.

They hadn't even finished counting the ballots in Florida when House speaker John Boehner indicated that Republicans were preparing to surrender on issues ranging from taxes to health-care reform.

With regard to taxes, Boehner signaled that he was once again open to a "grand bargain" to avoid the looming fiscal cliff. While he kept an increase in tax rates off the table for now, Boehner said that he was open to "additional revenue" as part of a deal. Such additional revenue could, of course, take many forms, such as closing loopholes, raising fees, or counting on increased economic growth. But by preemptively conceding on revenue, Speaker Boehner takes the focus off the need to cut spending.

Speaker Boehner correctly noted that everyone agrees we can't keep spending more than we take in. But that implies that the problem is simply the difference between what comes in and what goes out. It's not.

The Congressional Budget Office projects that, under current policy, federal spending will reach 46 percent of GDP by mid-century — even if we never add another new government program. True, a substantial portion of that spending will be interest on the federal debt. Theoretically, therefore, if taxes were increased enough to cover spending and close the deficit, adding no additional debt, we'd have far lower interest payments, meaning that total levels of government spending would be lower in the future. Lower, but not that low: Even if one assumes that the government accumulated no additional debt beyond the $16.2 trillion it currently owes, federal government spending would still approach 30 percent of GDP by 2050. Throw in state and local spending, and government at all levels would consume *roughly half of everything produced in this country. We might have no deficit, but we would have both higher government spending and a bigger tax burden than Greece has today.*