

# ***PERSONALLY SPEAKING***

***Number 80***

***March 12, 2011***

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## **CO-DEPENDENCY PUTS THE UNITED STATES BEHIND A BUDGET DEFICIT 8-BALL**

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*Permission to quote is granted when the source is acknowledged.*

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The public discourse on the scope and impact of the federal budget deficit typically ends with an acknowledgment that unless the Big Three entitlements – Social Security retirement, Medicare, and Medicaid – are slashed there is little that can be done to rein in the deficit that in FY 2010 amounted to \$1.294 trillion. Americans have become so dependent on those entitlements that cutting them is painful.

Understandably, senators and representatives who delight in taking care of their constituents resist telling them that the free lunch is over. They trim a little bit here and a little bit there in a partisan dance they call the Continuing Resolution that gives the appearance that they are hard at work but fools no one. A pampered and dependent America has elected a paralyzed and dependent Congress that is afraid to tell us that we are stuck behind a budget deficit 8-ball.

Some 65 years later the greatest generation has been replaced by the servile generation. For years we prided ourselves on our backbone. Now we are spineless and all too willing to require future generations to pony up for the handouts, entitlements, and tax breaks we cling to today. We behave like spoiled brats who party and leave behind a pile of trash for others to clean up. The generation that includes our children and grandchildren may look back and think of us as the narcissistic generation.

To get a better handle on the budget deficit task before us, consider the following four scenarios, all of which are simple direct changes to the federal budget for FY 2010 and none of which has an indirect impact on the economy or touches the Big Three entitlements. We sidestep the usual complexity required in budget analysis in order to drive home the point that the United States is mired in a budget deficit crisis. The Treasury Department's *Citizen's Guide to the 2010 Financial Report of the Government* supplied the budget information.

Scenario 1. Eliminating such often criticized agencies as the Departments of Energy, Education, Housing and Urban Development, Environmental Protection Agency, Small Business Administration, Agency for International Development, and the Postal Service reduces the deficit from \$1.294 trillion to \$1.122 trillion.

**Scenario 2. Tossing out every department and agency of the federal government except Defense, Health and Human Services, Social Security Administration, Treasury, Veterans Affairs, and interest on the public debt – let’s call them the “protected agencies” -- slashes the deficit to \$283 billion.**

**Scenario 3. Adding to Scenario 2 the removal of all tax credits including the Making Work Pay Credit, the First-time Homebuyers Credit, and the Earned Income Tax Credit cuts the deficit to \$173 billion.**

**Scenario 4. Tagging on to Scenario 3 a suspension of all tax refunds, with the exception of the \$366.1 billion refunded to individual income tax filers, leaves a budget deficit of \$70 billion.**

**It follows that just by juggling the figures in the federal budget the \$1.294 trillion deficit can be reduced to \$70 billion without touching the Big Three. All it takes is gutting the federal government.**

**It also follows that with the \$70 billion deficit under Scenario 4 restoring any “unprotected agency” such as the Departments of State and Homeland Security means that dollar for dollar cuts must be made in the budgets of the “protected agencies” in order to maintain the deficit at that level.**

**Another option, however, is available. If no cuts are made on the spending side of the budget, federal tax revenues would have to climb from the \$2.440 trillion collected in FY 2010 to \$3.734 trillion in order to achieve a zero deficit. With current tax revenues representing roughly 16 percent of current GDP, the U.S. economy would have to increase annual output from the current \$14.861 trillion to approximately \$22.404 trillion, a 50 percent increase in an economy that in a good year sees GDP climb by roughly 5 percent.**

**There is one other option. Continue to run deficits, pay the interest on the debt by inflating the currency, and continue our narcissistic ways.**

**We have not seen a budget crisis like this in our lifetime. With the exception of the last option that manages the debt by inflating the currency, getting out from behind the 8-ball requires uncommon courage and moderation.**

**Courage on the part of elected officials in Washington to tell the American public that, even at the risk being defeated in the next election cycle, the co-dependency that has brought on this crisis must come to an end. Moderation on the part of all Americans if we are to break this co-dependency and survive as a strong, free, and honorable nation.**

**We need the ordinary, everyday heroism of our parents and grandparents who 60-70 years ago made the sacrifices necessary to protect and preserve our nation as strong, free, and honorable and who today we celebrate as the greatest generation.**

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