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TIME TO KICK AMERICA'S SPENDING ADDICTION

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Informed in part by an angry and vocal tea party movement, the American public has been shaken by the latest figures on the U.S. government debt that climbed from \$10.6 trillion when Barack Obama was sworn in as president to \$12.8 trillion today. It will get worse before it gets better if indeed it ever gets better. Obama's own budget for fiscal year 2010 projects a total (on- and off-budget) deficit of \$1.6 trillion followed by a FY 2011 deficit of \$1.3 trillion.

If federal budgeting were prepared on a calendar year basis, the U.S. government would run out of money by July 31. Expenditures for the rest of the year would have to be financed entirely through borrowing.

Budget deficits are nothing new. Indeed they have become a routine part of federal government operations like an 800 pound gorilla who long ago found a comfort zone on the steps of the Capitol. Since the end of World War II, the public debt has increased every year except 1946-47, 1947-48, 1950-51, 1955-56, and 1956-57. Since then we've had more than 50 consecutive years of deficit spending.

The federal government is not alone in spending more than it takes in. The latest data from the Federal Reserve puts total household sector debt at \$13.5 trillion and business sector debt at \$11.0 trillion. Americans have a debilitating dependency on various sources of credit to supply the money to buy the things they need and want but cannot afford. Americans have become credit junkies. Just as overeating leads to obesity which is resolved only through the moderating interventions of a strict diet and regular exercise, overspending leads to indebtedness which is put right only through the moderating interventions of spending limits and rigorous compliance.

To address the American addiction to public expenditures that is obligating federal taxpayers to billions in annual debt service payments, we propose a 12-step recovery program. The 12 steps call for measures that have implications for excess household and business spending.

- 1. Discontinue all federal subsidies for the production of corn-based ethanol.**
- 2. Approve no new refundable tax credits until the federal budget is back in balance. A refundable tax credit in effect is an expenditure because, whenever the tax credit is greater**

than the filer's tax liability, the Treasury issues a check for the difference.

- 3. Kill every federal expenditure based on the premise of "too big to fail."**
- 4. Limit earmarks by requiring the president to create a line item for earmarks in the budget. Divide the budgeted total into two equal parts, one for the Senate and one for the House of Representatives. Let senators share equally their part and representatives share theirs in like manner. Everyone would be allowed to freely add projects to the budgeted total as long as they respect their individual share limits. Allow those who oppose earmarks or don't use up all of their own funds to sell their unused share to those who support it and would like to raise their limits. Permit trading if need be across party lines or from one house of Congress to the other. Anyone trying to slip an earmark into other legislation would have to pay the full amount of that project from his/her own campaign funds or scratch the project and pay the full amount into the U.S. Treasury.**
- 5. Initiate a *binding* national referendum on the debt ceiling every two years to coincide with the national elections in November. Any senator or representative voting to approve a budget that exceeds that limit would be automatically removed from office in the next two-year election cycle.**
- 6. Lay out a schedule to pay down the public debt with a one percent tax on all credit-card transactions imposed at the point of sale and collected from credit card companies. This action will have the intended secondary effect of getting credit cardholders to think twice before using the card.**
- 7. Require a two-term president to balance budget deficits with budget surpluses over his/her eight years in office, thereby adding nothing more to the public debt. Any president failing in this regard would be stripped of his/her pension and all other retirement privileges, barred from all ceremonies involving past presidents, disqualified from holding any other public office, and denied public funding for his/her presidential library.**
- 8. Reject any federal or state legislative initiative to make filing bankruptcy easier.**
- 9. Put all new highway construction on hold until every bridge in the United States is safe to use.**
- 10. Approve no new entitlement programs for persons/families above 200 percent of poverty.**
- 11. Suspend all new public expenditures on stadia and arenas and all current subsidies for professional sports teams until the unemployment rate falls to 4.9 percent, the jobless rate in January 2008 when the current recession began.**
- 12. Prosecute members of Congress for the failures of any public financial agency for which they have direct Congressional oversight responsibility.**

When it works, a 12-step program makes for a recovered addict. However, it does not assure that the addict will remain clean and sober. Nor does it guarantee that a recovered addict will initiate the other changes required for a normal, healthy lifestyle and development as a mature human being. But it's a start, a necessary start.

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