

March 13, 2006 Today our national debt stands at \$8.2 trillion, which represents about \$26,000 for every man, woman, and child in America. Interestingly, the legal debt limit is only \$8.18 trillion, a figure that was reached a few weeks ago. This means the Treasury department must ask Congress to raise the debt limit very soon, most likely as part of a larger bill so it can be hidden from the American people. Raising the debt ceiling is nothing new. Congress raised it many times over the last 15 years, despite the supposed “surpluses” of the Clinton years. Those single-year surpluses were based on accounting tricks that treated Social Security funds as general revenues. In reality the federal government ran deficits throughout the 1990s, and the federal debt rose steadily. Former Federal Reserve Chairman Alan Greenspan made it easier for Congress to obscure the extent of federal debt. He endorsed a change in the law that redefined Social Security and veterans pensions. In reality those obligations are debts, just like any other bill that must be paid in the future. But Mr. Greenspan urged renaming these obligations “intergovernment accounts,” which magically changed them from debts to “accrued liabilities.” This semantic shift frees up lots of room under the debt ceiling for more borrowing. Debt and credit, wisely used, can be proper tools for individuals and businesses. In a free society, however, we can never view expansion as a proper goal for government. Unlike a private business, our federal government should not be seeking out new ways to increase the scope of its dubious “services.” Any government that consumes at least 25% of the American economy and still can't balance its books is a government that vastly overspends. I disagree with the supply-side argument that government debt doesn't matter. The issue is not whether the Treasury has sufficient current income to service the debt, but rather whether a government that spends so much ultimately will destroy its own economy. Debt does matter, especially to future generations that will be asked to pay for our extravagance. When government borrows money, the actual borrowers- big spending administrations and politicians- never have to pay it back. Remember, administrations come and go, members of congress become highly paid lobbyists, and bureaucrats retire with safe pensions. The benefits of deficit spending are enjoyed immediately by politicians, who trade pork for votes and enjoy adulation for promising to cure every social ill. The bills always come due later, however. Nobody ever looks back and says, “Congressman so-and-so got us into this mess when he voted for all that spending 20 years ago.” For government, the federal budget is essentially a credit card with no spending limit, billed to somebody else. We hardly should be surprised that Congress racks up huge amounts of debt! By contrast, responsible people restrain their borrowing because they will have to pay the money back. It's time for American taxpayers to understand that every dollar will have to be repaid. We should have the courage to face our grandchildren knowing that we have done all we can to end the government spending spree.