

Escaping the deficit spending trap

Borrowing from future generations must end

By C. Alexander Ohlers

The recent budget proposal by Rep. Paul Ryan has demonstrated that achieving a balanced budget is not impossible. Yet while it is technically possible, it is politically close to impossible.

The reason government cannot solve the spending problem is that public debt is a form of systemic corruption. It is a process in which politicians are able to transfer resources from those who cannot vote right now — the youth and future generations — to their constituents, who can vote.

We normally do not think of deficit spending as a form of corruption because there traditionally has been a legitimate purpose for investment

Debt financing of infrastructure and even wars extend the debt, but also the related benefits of investment to future generations. An infant today stands to benefit later from a system of roads and bridges, so it is fair that he contribute to a long-term financing program based on the life of the investment.

Such is not the case with much of current deficit spending. Federal spending on infrastructure from 1956 to 2006 ranged from less than 3 percent to 6 percent of total federal spending, leaving the vast majority of spending on other expenses — such as pensions, health care, welfare and costs associated with running the government. Unlike roads or bridges, payments of current or past health care costs, retirement and other services will not provide a benefit to those who cannot yet vote.

The U.S. government has thus far accumulated more than \$16 trillion of debt, in large part from spending

programs. As a result, every citizen and every child born into the U.S. system currently holds more than \$50,000 in debt, about \$20,000 of which has been passed to them in just the past four years. Based on estimates of projected

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revenues and spending under current policies, the debt per citizen will have risen to \$60,000 per citizen by this time in 2017. It is likely that the youth, children and the unborn will inherit approximately \$20 trillion in debt, of which nearly half will have been amassed from 2008 to 2016.

If those unfairly taxed through deficit spending could participate in the process, what would they say? They may argue, quite fairly, that non-investment redistribution of wealth should not be taken from future generations, but must be paid for by the current voting members of the political system. If future voters could weigh in now, they might want to reform systems such as Social Security and Medicare. Unfortunately, the young are exploited precisely because they do not have a voice or political representation.

As such, politicians are advantaged politically through debt spending because their constituents do not actually pay for many of the benefits they receive. This systemic corruption is ingrained in the political mechanisms, so negotiating parties within that system cannot normally solve it. The problem will most likely grow, and

the Ryan budget, just like the Bowles-Simpson plan of 2010, will be heavily challenged or ignored.

This abuse, like all forms of corruption, must be addressed through law, not negotiation. The only way to restrain government spending is to enact laws that restrict the passing of debt to future voters. Deficit spending should be limited only to those programs that require long-range planning and that will somehow directly benefit those who inherit the debt. If politicians are not allowed to plunder future generations, but instead must send the bill for their spending programs to their voting constituencies, the era of big government will truly be over.

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