

Posted By Alison Fraser

Federal spending is out of control. Even President Obama knows it [2]. To really stop the madness, Reps. Jeb Hensarling (R-TX), Mike Pence (R-IN), and **John Campbell (R-CA)** have proposed [3] a simple solution - a constitutional amendment capping federal spending at 20 percent of the economy. Their proposal puts the debate squarely where it should be: exploding federal spending and the size of government. The authors of the amendment write that [4] "Fiscal reform must begin and end with significant spending restraint. If not - if spending continues unchecked - this generation will prove to be the first to mortgage the future of its children and grandchildren instead of leaving a better and more prosperous future". So true. Congress has proved itself incapable of fixing the massive fiscal mess they created. Now it must fix the legislative process and begin to propose real spending reforms.

Under the excesses that occurred under President Bush, the automatic explosion of entitlement spending on Medicare, Medicaid and Social Security seemed a distant economic threat. But the recent spending binge has changed the game so that, when coupled with the remainder of President Obama's stunning agenda, Washington is today building a bridge of debt to our long-term entitlement meltdown. This spending-driven debt is a symptom of the system allowing budget policy to go desperately wrong.

If lawmakers want to fix the problem, they must come to grips with the real causes of spiraling deficits and debt. As Brian Riedl explains [5], federal spending is climbing to rates not seen since the 1960s, and now exceeds \$30,000 per household. While tax revenues are projected to remain close to the historical average of 18 percent of the economy, spending is rising dramatically over the historical average 20 percent of the economy to 24.7 percent in 2009. Spending will reach 26 percent by the end of the decade and keep on climbing as the entitlement tsunami really kicks in [6]. As Clinton would say, it's the spending stupid.

By contrast, the balanced budget proposal [7] from House Blue Dogs, introduced by Rep. Bobby Bright (D-Ala.), would take entitlement spending on Social Security and Disability off the table, actually creating a class of benefits with special protection. Regardless of whether that would stand the constitutional test or not, the simple fact is that entitlement spending is so huge, the budget cannot be controlled unless entitlements are reformed. All of them. And by focusing on the deficit only, the Blue Dog proposal would likely lead to punitive tax hikes.

As Pence, Hensarling and **Campbell** show, Congress must be forced to operate under tough controls rather than gimmicks that cannot be simply ignored, like PAYGO [8]. Policymakers cannot tout the need for fiscal restraint in one breath and vote for (or sign) colossal new

spending - SCHIP, Stimulus, bailouts, a new health benefit, etc. - in another. Spending limits must force all federal programs - discretionary and entitlements, current and proposed - to compete against each other for tax dollars and Congress must set real priorities for the nation.

The Spending Limit Amendment would not solve all budget problems. To gain support the long-term fiscal situation must be made explicit [9] - front and central in the annual budget decisions. Americans must be told that Social Security and Medicare's excess costs are \$44 trillion, or \$184,000 for every man, woman, and child in the nation.

And it takes time for a constitutional amendment to become law. Time we don't have. Their amendment should go hand in hand with other strong controls to make it workable. Entitlements should not be allowed to grow on autopilot and crowd out other priorities, but should be put on real budgets like defense, anti-poverty programs and education are today. Any savings must be captured and preserved [10] to fix the fiscal mess - not to pay for expensive new benefits.

Congress must also get down to the business of serious budget reforms to rein in current spending. Rep. Paul Ryan's (R-WI) "Roadmap for America's Future, 2.0." [11] lays out such a plan. It also shows the tough work Congress and the nation must do to derail the current spending trajectory along the lines envisioned by the Spending Limit Amendment.

These are the kind of steps necessary to protect the family budget from the federal budget.

URLs in this post:

[1] Image: <http://blog.heritage.org/wp-content/uploads/entitlementsObama.jpg>

[2] Even President Obama knows it:
<http://blog.heritage.org/2010/02/18/a-toothless-commission-on-spending-is-no-substitute-for-tru-e-leadership/>

[3] have proposed:

http://online.wsj.com/article/SB10001424052748704231304575091622911663494.html?mod=WSJ_Opinion_LEFTTopOpinion

[4] The authors of the amendment write that:

http://mikepence.house.gov/images/stories/sla-3-3-10-long_doc.pdf

[5] As Brian Riedl explains: <http://www.heritage.org/Research/Economy/bg2354.cfm>

[6] keep on climbing as the entitlement tsunami really kicks in:

<http://www.heritage.org/research/features/BudgetChartBook/If-Tax-Revenue-Is-Held-at-Historical-Levels.aspx>

[7] the balanced budget proposal:

<http://thehill.com/homenews/house/84579-blue-dogs-offer-balanced-budget-amendment>

[8] gimmicks that cannot be simply ignored, like PAYGO:

<http://www.heritage.org/press/commentary/ed070209e.cfm>

[9] the long-term fiscal situation must be made explicit:

<http://www.heritage.org/research/budget/wm2199.cfm>

[10] savings must be captured and preserved:

<http://www.heritage.org/Press/Commentary/100909b.cfm>

[11] "Roadmap for America's Future, 2.0.": <http://www.roadmap.republicans.budget.house.gov/>