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Balancing the Budget is not enough

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The United States is bankrupt by every measure and requires drastic cuts and changes now. Balancing the budget may be a good start, but it does nothing to pay the debt and unfunded liabilities. As of June 12, 2012, the national debt stood at \$15.777 trillion while unfunded liabilities stand at a gargantuan \$119.256 trillion. Congress has recklessly used all of its citizen's social security and Medicare contributions to hold down the national debt, and yet that sits at nearly \$16 trillion. We have all heard the ongoing debates over balancing the budget, yet the partisan bickering has stopped any action from occurring. Then there was the special committee that got nothing done. Adding to the problem is an administration hell bent on more stimulus money that does little but add to the national debt and erode the value of the dollar.

The website <http://www.usdebtclock.org/> shows a running total of the United States budget. As of June 12, 2012 we can see that the disaster point is upon us. We either cut spending dramatically and pay off our national debt or we will become a nation of servitude. The U.S. National Debt now looks like this:

- US National Debt: \$15,776,791,303,453 (was \$9,193,222,137,000 on 1/27/08)
- US Federal Spending: \$3,651,220,046,699
- US Federal Budget Deficit: \$1,349,491,292,862 (Still running up the national debt)
- Gross Debt to GDP Ratio: 103.7811% (2nd only to the post-World War II high of 108.6%)
- Actual Unemployed: 22,934,150
- Food Stamp Recipients: 46,316,260

If things were not dire enough, the US has \$119,255,920,975,252 in unfunded liabilities that include:

- Social Security Liability: \$15,723,397,445,635
- Prescription Drug Liability: \$20,803,264,127,736
- Medicare Liability: \$82,729,259,545,901

The liability per taxpayer is \$1,048,319 for these unfunded liabilities.

Rather than pass this burden on to yet another generation, the U.S. needs to create a national budget to pay off all debt within 30 years. This would mean balancing the budget to end deficit spending as well as collecting revenues over and above this amount to pay unfunded liabilities plus interest. The debt and unfunded liabilities as of June 12, 2012 is roughly \$135.49 trillion [\$119.26 trillion (unfunded liabilities) + \$15.777 trillion (national debt) + \$0.45 trillion (net interest on debt)]. Spread over 30 years, this is \$4.52 trillion annually.

Essentially, we need a budget that meets current spending (about \$7.5 trillion), and additional monies to pay down the national debt, interest, and fund social security, prescription drugs, and Medicare (about \$4.52 trillion). Balancing the budget, fully funding unfunded liabilities, eliminating national debt, and covering interest would require \$11.92 trillion in revenue annually over 30 years. Currently, the federal government collects just \$4.7 trillion annually, which does not even cover the current spending outlays.

All money for paying debt and unfunded liabilities must be mandated to this specific purpose only. Right now, this money goes into a general fund and spent as congress sees fit. That is an obvious error, as every congress has squandered the money and has shifted the burden to future generations.

The Founding Fathers felt the debts of one generation should be paid for by the generation that incurred them. The rising generation, they felt, should be both politically and economically free from the burdens of the previous one. They felt that passing debts onto the next generation would be forcing the children of the future to be born into a certain amount of bondage or involuntary servitude. This position would be something for which they neither voted nor subscribed. Literally, it would mean “taxation without representation” and a blatant violation of a fundamental republican principle.

George Washington stated, “No pecuniary [monetary] consideration is more urgent than the regular redemption and discharge of the public debt; on none can delay be more injurious, or an economy of time more valuable.” (Fitzpatrick, *Writings of George Washington*, 33:168.)

Sure, this sounds like a good plan, but how can it be done? I am proposing a hike in revenues of \$4.52 trillion annually to \$11.92 trillion [\$4.52 trillion (debt reduction and funding currently unfunded programs) + \$7.5 trillions (federal spending)]. This is a 254% increase in revenues over current figures (\$4.7 trillion). Where do we find the additional \$7.22 trillion [\$11.92 trillion - \$4.7 trillion) needed to make this plan work?

- Cut government waste (The Department of Education receives **\$77.4** billion [1.1%] in 2012 alone, the Department of Energy, **\$29.5** billion [0.4%]: Source: OMB. Both of these should be abolished). As Ron Paul has called for, also shut down the Department of Commerce, the Department of the Interior, and Housing and Urban Development. Paul identified these **200,000 "non-productive" jobs** that were part of his economic plan to trim \$1 trillion in government agencies costs.
- Reduce regulations that have grown so restrictive that children are required to obtain a permit to have a lemonade stand.
- Federal regulatory officials imposed 3,807 new rules in 2011, an average of 15 each business day, filling 81,247 pages in last year’s Federal Register. Functionaries are busily enforcing the 169,301-page U.S. Code of Federal Regulations, observes Deroy Murdock, a media fellow with the Hoover Institution

on War, Revolution, and Peace at Stanford University. Non-Pentagon executive-branch civilian employment dipped 11.5 % under President Bill Clinton, but spiked 14.4 % under President George W. Bush and another 5.5 % under President Obama from 2008 to 2010, rising from 1.28 million employees to 1.36 million. Of these workers, 291,676 are engaged in regulation, up 17 % under Obama. Murdock cites research by Clyde Wayne Crews of the Competitive Enterprise Institute, who states that complying with federal regulations cost the U.S. economy \$1.75 trillion in 2008, surpassing all U.S. corporate pre-tax profits of \$1.3 trillion in 2009 — and that 2008 figure is likely higher today. “Every dollar spent to mollify federal authorities is a dollar that cannot be spent to hire new employees, launch new products, or open foreign markets,” Murdock writes in National Review. “My colleagues at Engage America have calculated that **federal red tape has squelched at least 779,203 potential jobs. If these positions were filled, today’s unemployment rate would fall from 8.2 percent to 7.7.**” “At least 25 percent of regulators should be thanked for their service and dismissed,” Murdock suggests.

- Approve all permits for fracking, as there is no confirmed evidence of environmental damage. This would be a huge step towards energy independence, higher employment, and tremendous tax monies. The money collected would include royalties and leases.
- Approve all permits for Underground Coal Gasification for sites well below the aquifers. This cuts energy costs, employs more, and utilizes our vast coal reserves. Sites with UCG well beneath the aquifer have shown little risk of groundwater contamination. The Minerals Management Service (MMS) collected nearly \$372.4 million in royalties from Federal and American Indian coal leases in 1999.
- Eliminate the national mandate for the utilization of alternative fuels. Ethanol is a complete bust, requiring more fossil fuels to make it than it provides.
- The Department of the Interior **collected \$11.16 billion from on-shore and offshore areas in fiscal year 2011 – a \$2 billion increase over the previous year.** The department’s mineral revenue disbursements are one of the nation’s largest sources of non-tax revenue. Source: *Federal revenues from oil, gas and coal climb by \$2 billion*, Posted on November 8, 2011 by Bob Berwyn. This is a lot of money considering the U.S. has hardly scratched the surface of their tremendous coal, oil shale, and natural gas resources.
- A Study by Regional Economic Models, Inc. (REMI) found the Keystone Pipeline would **add 16,000 jobs over a two-year period, then 800 sustainable jobs.** This study concluded that the benefits would be concentrated largely in the pipeline states themselves -- these states could see an increase in gross domestic product by as much as \$3.1 billion as well as an increase in business sales by as much as \$6 billion.
- Stay out of the Kyoto agreement that taxes carbon dioxide emissions. Other countries will not participate, and this places an unfair tax upon our producers, who are already meeting EPA requirements. Canada has dropped out in order to save tens of billions of dollars, claiming manmade global warming claims are false.

- The National Center for Policy Analysis - Global Warming Policy. *Some Economic Implications* by Stephen Brown of the Dallas Federal Reserve Bank showed the economic fallout of the Kyoto accord. Without any offsets or credits, reducing emissions 7 percent below 1990 levels in compliance with the Kyoto accord would have reduced U.S. GDP by 3.6 percent to 5.1 percent in 2010, representing a loss of \$330.2 billion to \$467.8 billion, or \$1,105 to \$1,565 per capita. **Even with such offsets and credits, compliance with the Kyoto accord would require the U.S. to reduce emissions by approximately 3 percent below 1990 levels, reducing U.S. GDP by 3 percent to 4.3 percent in 2010, a loss of \$275.2 billion to \$394.4 billion, or \$921 to \$1,320 per capita.** Source: Fiscal Year 2012 Budget of the U. S., Office of Management and Budget. President Obama's pledge to reduce greenhouse gases by 17% below 2005 levels by 2020 would have a devastating impact on an already dismal economy.
- Drop out of the United Nations as it has become corrupted, ineffective, and duplicates services already in place. At the very minimum, do as Great Britain has and do not contribute to the duplicated services. The OMB released its report on FY 2009 U.S. contributions to the U.N. in June 2010. The report revealed that **the U.S. provided \$6.347 billion [0.1%] to the U.N. system in FY 2009,** including over \$4 billion from the State Department, over \$1.7 billion from USAID, over \$245 million from the Department of Agriculture, and tens of millions more from the Departments of Health and Human Services, Labor, and Energy.
- End all of the 1,696 subsidy programs in the federal budget, which dispense **hundreds of billions of dollars annually**, to state governments, businesses, nonprofit groups, and individuals. Source: *Number of Federal Subsidy Programs is Soaring*, Chris Edwards, Director of Tax Policy Studies, Cato Institute. A sampling of new federal subsidy programs in 2006 shows how our politicians are squandering tax dollars to expand government influence and pander to special interest groups:
 - Healthy marriage promotion: \$150,000,000
 - Safety belt performance grants: \$124,500,000
 - Incentive fund to raise teachers' pay: \$ 99,000,000
 - Prisoner reentry job search help: \$ 21,000,000
 - Clean fuels program for city buses: \$ 17,600,000
 - Specialty crop block grant: \$ 7,000,000
 - Motorcycle safety education grant: \$ 6,000,000
 - Environmental justice training grants: \$ 1,000,000
 - Museum professionals training grants: \$ 982,000
 - Steps to healthier girls: \$ 60,000
- **USDA subsidies alone totaled \$261.9 billion from 1995-2010, or an average of \$17.46 billion [2.4%] a year.** These cuts would also aid in curbing the overreach of government who is in violation of the principle of federalism. Federalism is

- the constitutional principle that the federal government out not to encroach on properly state, local, and private activities.
- Fossil fuel subsidies account for between \$10 [0%] and \$30 billion [0.2%] a year.
 - Subsidies are taxes. A recent study from Iowa State University reveals that doing away with the sugar program could **save American consumers \$3.5 billion** and **create 20,000 more jobs a year in the food industry**. Source: *The Impact of the U.S. Sugar Program* by John Beghin and Amani Elobeid, November 17, 2011. The subsidies in the U.S. sugar program result in prices 50% higher on average than that of the rest of the world. In addition to subsidies, tariffs are imposed on imports to keep the price competitive. Proponents of sugar subsidies claim that this "safety net" is required for American producers to produce sugar. What they don't tell you is that the higher raw prices of sugar hurt users of sugar, such as Hershey's, and this price is passed along to the consumer. It also restricts expansion in the business, and greater employment. Taxpayers pay for the subsidies, tariffs, overall higher taxes because of fewer taxpayers, and the higher price of sugar as an end user. This is how all subsidies work -- the taxpayer is forced to pay for an artificial price hike, lower priced products are discouraged via tariffs, and employment is hindered. It's a losing proposition all of the way around, violates the concept of free markets, and is paid for by unwitting taxpayers. Sadly, subsidies stay in place because of lobbyists, money, and the influence it has on legislators.

Higher employment means higher income tax revenue, and less people on entitlement programs. It also means less bankruptcies and foreclosures. The single biggest process of raising revenues is to get out of the way of private industries. De-regulation and minimal government intrusion would go a long way towards stimulating business. The overlap of government agencies must be abolished. The biggest gains to the economy will come through significant increases in the GDP. A higher GDP, by definition, means a growth in the nation's total value of goods and services. This higher number reflects higher employment, less entitlement spending, and profitability. This in turn reflects a higher amount of tax revenues.

What revenues does the government get from oil leases/royalties?

What revenues comes from coal?