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## Stop the Madness

*Washington is spending the country into economic decline*

Written August 25, 2010 by Pete du Pont

Summer is almost ended, and Americans are growing more and more skeptical about the coming fall--about our lack of jobs, our bigger and more expensive government, the higher taxes that will be coming soon, more expensive and less personal health care, and, most important, our declining economy.

A look at specific trends makes it seem very bad indeed. As Mortimer Zuckerman recently wrote in *The Wall Street Journal*: "Now there are at least 14.5 million Americans still searching for work: 1.4 million of them have been jobless for more than 99 weeks, 6.5 million have been jobless for over 27 weeks."

Pessimism is on the increase, and people are losing confidence in the president. In health care, while 39% of people believe Barack Obama's performance is up to expectations, 55% say that he has fallen short. Regarding our economy it is 29% positive and 66% negative. And the budget deficit? Only 25% of people think the government has done well controlling the deficit, while 67% believe it is too big and will not be cut.

Just two years ago, the total debt of the federal government was 69% of our gross domestic Product. Last year it was 83%; this year it has risen to 94%. By 2013 or 2014, if we continue current economic policies, it will exceed 100%. And those numbers don't even include the tens of trillions of dollars in Social Security and Medicare debts that are already with us.

If we continue the very large annual increases in federal spending that our current government has pushed--Washington is estimated to spend \$30,543 per household this year, \$5,000 more than two years ago--our economy will face serious decline, if not collapse. Michael Boskin, writing in February, cited a study that found a gross debt-to-GDP ratio of 30% to 90% would be sustainable. But the study concluded, in Mr. Boskin's words, "as it gets to 90% of GDP, there is a dramatic slowing of economic growth by at least one percentage point a year." This would mean higher interest rates, higher taxes and continued weakness in jobs and investment as the unsustainable deficits cast a pall over our economy.

So America needs a different and better national economic policy. First, our huge annual deficits (\$1.47 trillion this year) must be substantially reduced, not expanded. As Jonathan Weisman noted in the Journal earlier this month, that is a very challenging task: Eliminate the military, federal education funding, agriculture support, housing programs, federal prisons, the FBI, Central Intelligence Agency, Coast Guard, and border patrols, and we would still have a deficit. And as Rep. Gary Peters (D., Mich.) has observed, "People say 'Don't touch my Social Security. Don't touch my Medicare. Don't cut defense spending. Don't raise my taxes.'" Nevertheless, it has to be done.

Second, tax rates must be reduced to promote economic growth. Start by not letting the Bush tax cuts expire next January, then repeal before their 2013 start date the ObamaCare 3.8% Medicare tax on investment income and the additional 0.9% Medicare tax on wages.

Third, reversing the current federal policy of growing the size and scope of government. Not enacting cap-and-trade would be a first step, one that Congress seems to have adopted already. Repealing ObamaCare is another, so that health-care costs are not massively increased--estimated by some to be \$2 trillion in the first full decade--and so that individuals and their doctors can make their own medical choices.

With the huge increases in spending enacted in the last two years, it will be difficult to find a congressional consensus on spending reductions. If we cannot all agree, for example, that it's time to end federal subsidies for ethanol (\$6 billion per year) and all manner of farm crop subsidies (\$15 billion per year), we won't make any progress.

After November, there is likely to be an opportunity to accomplish some of these goals. The Democrats see their House control slipping, their Senate majority shrinking. And though they won't admit it, they know that the past 19 months of runaway growth in government have made millions of Americans more and more skeptical. People see endless growth of spending--the Office of Management and Budget shows deficit spending slightly declining for three or four years and then rising again beginning in 2015--and they expect big tax hikes to pay for it.

The time has come to stop the economic madness. Step one is getting the congressional change in November. Step two is for Republicans to step up to the plate and enact substantial spending and tax rate reductions and increase economic growth. And step three must be to win the presidency in 2012 so that the Obama governmental expansion comes to an end.