



Written by [Bob Adelman](#) on July 15, 2016

## Latest CBO Report “Grim”; Offers No Solutions to National Debt

On Tuesday, the Congressional Budget Office (CBO) published its [annual report](#) on the country’s long-term budgetary and financial outlook. One need only to see the chart on Page One of the report to see why CBO’s Justin Bogle said the outlook was “grim”: It shows government spending growing so much more quickly than anticipated revenues that annual deficits will likely triple in the next 30 years, if not sooner. Bogle called this scenario unsustainable.



For the first time, the CBO built into its assumptions the projected impact of ObamaCare, the country’s declining birth rate, the explosion of Baby Boomers demanding benefits from Social Security and Medicare over that period, plus Boomers’ increasing life expectancies and the increasing costs of providing them healthcare along the way.

It also assumed that government debt will continue to be issued to help cover the shortfalls, driving interest rates higher. The assumptions are based on no changes in tax laws or increases in benefits to be dreamed up and passed by a Congress that pays scant attention to the Constitution. There is no provision for another recession despite the fact that the last recession began nearly 10 years ago, with another one likely in the next few years.

Under those rosy assumptions, therefore, by 2046 the welfare state will eat up half of all the government’s revenues, leaving precious little for its legitimate functions such as providing for the country’s defense and its court system.

The solutions offered by the CBO are general in nature and reflect the same concerns expressed in years past: Congress must do something before it’s too late. “The prospect of such large debt poses substantial risks for the nation and presents policymakers with significant challenges,” the CBO warned.

The day after the CBO’s grim report was issued, Representative Reid Ribble (R-Wis.) and other members of the House introduced their Save Our Social Security (S.O.S.) Act. It is designed to “reform” Social Security, one of the prime drivers of the increasing deficits projected by the DBO. They called it “balanced,” “comprehensive,” and a “sensible solution” that will “preserve Social Security for generations to come.” As expected, the S.O.S. Act will rearrange slightly the deck chairs on Social Security’s *Titanic* by “adjusting” revenues and benefits and raising the retirement age.

The Heritage Foundation reported earlier that “reform should be a priority ... without allowing Social Security, Medicare, Medicaid, and ObamaCare to drive the nation into a debt crisis.”

Congress is likely to ignore the warnings from the CBO and give short shrift to Ribble’s plan. Last November, it will be remembered, Congress had the opportunity to cap spending but instead passed



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(with members of both parties equally guilty) the Bipartisan Budget Act of 2015, which expanded government spending by another \$80 billion over the next two years.

In other words, it is likely that nothing will be done.

Analogies to a family's finances don't apply to the federal government, which has its own printing press — the Federal Reserve — to fund its deficits. And expectations that a Great Default will end the madness is equally flawed. That scenario is based on the assumption that buyers of the government's bonds will finally stop buying them when they realize they will never get their money back. But those buyers currently have (and will likely continue to have) few other places to invest their "safe" money. Who wants to buy German debt, which now levies a penalty (negative interest rates) for the privilege? Where else are they to go?

And, if they decide to withdraw from the money markets altogether (highly unlikely), there's always the Fed as the buyer of last resort.

Besides, the Great Default scenario rarely takes into account the civil unrest that would likely topple the government if those welfare checks suddenly stopped.

Nowhere to be found in any of these offers of solutions is any reference to the Constitution. It's worthwhile to contemplate just what would happen if enough of those elected representatives decided, all of a sudden, to take their oaths of office seriously. What would happen then?

Bills would be enacted into law that would restrict government's activities to those enumerated under Article I Section 8. Where there is any doubt, those activities would be eliminated as well, leaving them properly to the states.

That world would be vastly different than the one Heritage and Ribble seek to "reform" and "sustain." The welfare-state programs would be completely cut, at least at the federal level. Our interventionist foreign policy would end, which would dramatically cut our military budget. Gone would be the Departments of Agriculture, Commerce, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Labor, Transportation; agencies such as the EPA, NSA, and DEA, to name a few; and last but not least, the government's funding mechanism, the Federal Reserve.

Estimates are that such a government, run according to the rule book, would cost less than 20 percent of its current budget, thus freeing up ample amounts of surplus revenues that could be used to pay off (not down!) the national debt within years, not decades. That would be followed (if not done concurrently) with substantial cuts in the corporate and individual income tax rates with the goal of eliminating them altogether. This in turn would eliminate the IRS.

Some have suggested that freeing up those government bureaucrats to work in the private economy would add another substantial boost in productivity uncounted by the CBO.

It would be a country that once more wasn't persuaded that socialism could be made to work efficiently. It would be a government whose inevitable waste and mismanagement wouldn't be such a current drag on its performance of its essential duties, and it would be far less attractive to individuals and groups seeking taxpayer largesse and favors. It would also cease to be a funding mechanism for its citizens' enslavement as it would terminate all relationships with the United Nations and demand its removal from American soil.

All of this is fantasy, of course. In today's world, no such scenario has any chance of being enacted. But in the freedom fight, one cannot fight something with nothing. This is the scenario dreamed of and



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planned for by the Founders, who knew that an unlimited government would not only eventually go bankrupt, and it would take its citizens' freedoms with it.

For nearly 60 years, members of The John Birch Society have labored, and continue to labor, to create sufficient understanding of the Founders' principles and intentions so that that world which seems at present to be so far away may eventually be enjoyed by generations yet unborn.



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