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AMERICA'S PUBLIC DEBT: CRISIS OR THE COST OF CIVILIZATION?

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Fuente: Acton Institute

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6 de febrero de 2019

The [annual update](#) from the Congressional Budget Office released on Jan. 28 has once again highlighted the debate over America's debt crisis. Despite dismissive claims that Washington should end its debt and deficit "[obsession](#)," and the fact that America's indebtedness was omitted from last night's State of the Union address, a much more prudent approach would treat this as a real crisis, important not only for public policy and political culture but also for our personal and spiritual lives.

The [size and scope](#) of the crisis is significant. The national debt is the accumulation of the federal government's unpaid liabilities. These include deficits, which are negative balances between spending and revenue for a particular period, and are financed by instruments issued by the Treasury Department. [The deficit for the month of October 2018 exceeded \\$100 billion](#), which more than doubled the deficit from the previous October. The deficit for the 2018 fiscal year totaled \$779 billion. The highest deficit in the last 50 years was in 2009, when the government spent \$1.4 trillion more than it brought in. The last time the federal government ran a surplus was 2001.

A major category of both financial and human cost over the previous two decades has been war: The invasion of Iraq and Afghanistan along other ongoing activities in the "War on Terror" [have been estimated to have cost nearly \\$6 trillion](#). These numbers also do not include the government's future entitlement obligations and promises, including Social Security and Medicare, which by most accounts [are likely to grow considerably in coming decades](#). Indeed, entitlements represent perhaps the most significant area of necessary policy reforms in the coming decades.

It makes sense to compare these absolute numbers to [the size of the overall economy as well](#). And since the American economy is so large and has grown so greatly over the last 50 years, the figures for national indebtedness as a portion of gross domestic product (GDP) are somewhat less striking but no less worrisome. The last decade saw a spike in deficit spending as a share of GDP following the Great Recession in 2009. In 2009 the federal government's deficit spending relative to GDP was nearly 10 percent, while [the federal government's overall outlays reached nearly one-quarter of GDP](#). This peak was followed by a steady decline, while the last three years have seen a slow increase to deficit spending in 2018 at nearly 4 percent of GDP. Over the last five years overall government spending as a share of GDP has been just above 20 percent.

These numbers also do not include indebtedness at other levels of government in the country. Many localities and municipalities are facing significant shortfalls in funding for pensions and other programs in coming years, and states also face major challenges as more money flows to them through federal programs. Estimates of the overall public debt, including local, state, and federal governments, approach \$25 trillion.

In addition, a greater and greater share of federal spending in the future will simply be paying the interest on debt that was already accumulated. A recent [Wall Street Journal report](#) based on a



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Congressional Budget Office study shows that, if current increases in interest rates continue, the government “will spend more on interest than it spends on Medicaid in 2020; more in 2023 than it spends on national defense; and more in 2025 than it spends on all nondefense discretionary programs combined, from funding for national parks to scientific research, to health care and education, to the court system and infrastructure.”

There are many, many factors that legitimately impact the level of government spending. It does seem, however, that there may be a kind of natural rate of government revenue and therefore a just rate of government expenditure. If, even amid different policies and eras, the federal government tends to bring in revenue of less than a fifth of GDP, then it seems prudent and just that spending generally and normally match that level. As the economists [Antony Davies and James R. Harrigan put it](#), “While the government has collected a relatively constant 17% of GDP, it has spent a relatively constant 20% of GDP.... In other words, the government consistently chooses to spend more than it can take in, to the tune of about 3% of GDP. In any given year, the government spends about 15% more than it should.” Otherwise, the tax burden that is passed along to the next generation simply grows year after year, decade after decade.

As for solutions and sources of the problems, some years ago the Acton Institute developed some [“principles for budget reform”](#) that continue to have salience:

- 1) Reform of federal spending must properly balance responsibilities to current and future generations.
- 2) Because we owe the next generation economic opportunity, comprehensive budget reform is necessary.
- 3) The role of civil society is primary in assisting those in need.
- 4) The role of the federal government must reflect its limits as expressed in the U.S. Constitution.

There was something of a shift in political culture in the United States around these issues in the 1980s. A dominant theme of the Reagan Administration was that lowering taxes would necessarily result in constrained government. Such reasoning counted on the cultural norms against excessive and extended deficit spending. What such proposals got wrong was that the cultural reserve against running up public debt had already begun to evaporate, and that lowering taxes without commensurate decreases in expenditures would usher in a new era of budgetary irresponsibility.

[Not much has changed on that score in the meantime.](#) The debt crisis we face today is really just one aspect of a much larger crisis, one that is not merely political, or economic, or social, or cultural, or personal. It is a comprehensive crisis, one that crosses all institutions and all people. It is [what Abraham Kuyper called “architectonic,”](#) meaning that it is a challenge that is not reducible to merely technical solutions in one area of life. In some sense this crisis is the latest instantiation of the corruption that has marked the human condition since the fall into sin, and will only ever be fully resolved at the consummation of all things. Until that day, we must stem the tide and push back the darkness as faithfully as we are able.