A Declaration About America's Fiscal Crisis

by
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Director and Senior Fellow
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EXECUTIVE SUMMARY

The outcry over deficit spending and the rapidly escalating national debt is reaching ear-piercing levels. Everyone but the Obama Administration seems to understand the fiscal crisis facing the nation. In a recent article in *Time* magazine, Yuval Levin wrote, "The problem's scale is daunting. At more than $10 trillion, our debt has doubled in the past five years and will double again by decade's end. By the early 2030s, it will be roughly twice the size of our entire economy (far larger than the largest national debt in our history, right after World War II) and still growing out of control, gravely threatening future growth and prosperity."

We hear dire warnings about the economy from every corner of the nation — economists, Wall Street, fiscal analysts, legislators, civic leaders, investment brokers, and financial commentators in the media. No wonder; a quick look at various aspects of the economy reveals a dark forecast. The housing industry continues to tank, with foreclosures up, more homeowners "underwater" and prices falling. Unemployment is at 9.1 percent and the misery index is the highest it has been in 28 years. Negative whispers questioning the viability of the American economy have turned into wails of despair and the public's approval of the President's handling of the economy continues to drop — the latest Gallup Poll reveals that only 20 percent of Americans are satisfied with the way things are going. Worse, the latest CNN poll reveals that nearly half of all Americans say they fear America is on the verge of another "Great Depression."

When he retired from Congress after 30 years of service, Sen. Judd Gregg (R-New Hampshire) warned that if the nation did not "address its staggering debt" we would face an "inevitable fiscal meltdown." Now, economists and financial analysts agree: The current national fiscal crisis is devastating to the future of America.

The President's spending policies and over-regulation have led to continued high levels of unemployment and underemployment, threaten the loss of essential Constitutional freedoms, and now have put the economy on the brink of disaster. In addition to the exorbitant price tags on President Obama's spending bills and the accompanying bailouts, those efforts are based on unrealistic utopian views, among them that action by big government can solve every problem and that more government programs can somehow substitute for a father providing for his family. The current administration clearly believes that bigger government can meet every need and that the federal government is best equipped to make decisions that affect all Americans — thus, the President's health care reform legislative monstrosity was rammed through Congress in spite of overwhelming objections from the public and unified opposition from the other political party.

Concerned Women for America (CWA) believes that America's best days could be ahead of us; that is why we are weighing in on this issue. Our 500,000 members believe that the only way out of this fiscal crisis is to go back to those historically-proven, time-honored principles that are the foundation of this great nation and the ideals on which the most prosperous nation in history has flourished: individual freedom and responsibility, competition, opportunity, determination in the face of adversity, and a can-do attitude that leads to setting and reaching goals through hard work and personal accomplishment. Guided by these principles and ideals, the nation can come back from the brink of fiscal peril.

A recent Public Notice poll found that a majority of voters want Congress to accept its responsibility to tackle the spending problem that is threatening the nation's economic stability. CWA stands with the American people in calling for Congress to get the nation's "fiscal house in order." To that end:

CWA OPPOSES tax increases and any measures that would weaken the U.S. military, threaten national security or undermine national sovereignty.

CWA SUPPORTS "Cut, Cap and Balance." We support curtailing entitlements. We support reversing government expansion. And we support repealing ObamaCare.

Concerned Women for America reminds legislators that the nation's women are very concerned about the fiscal crisis and want to see principled, courageous action to reverse the crisis and bring back the kind of financial and economic stability that propelled America into the world's superpower. Accordingly, we ask Congress to make the hard choices necessary to stop the reckless pattern of spending and get the nation back on a sound fiscal foundation by balancing the federal budget while maintaining pro-life protections in our current spending. Specifically, CWA opposes any additional spending without a plan for cutting the size of government and balancing the budget within five years. We reject any and all tax increases that will cripple families, devastate the economy and consolidate more power in government. We support the "Cut, Cap, and Balance" initiative as the best way to stop the cycle of endless deficits.

Note: CWA's analysis of the nation's fiscal crisis follows. An electronic copy is available at www.concernedwomen.org.

Reversing the Fiscal Crisis and Reforming Entitlements: Stop Bankrupting Our Families

by Janice Shaw Crouse, Ph.D.

The ultimate test of a moral society is the kind of world that it leaves to its children.
Dietrich Bonhoeffer

Introduction:

The outcry over deficit spending and the rapidly escalating national debt is reaching ear-piercing levels. Everyone but the Obama Administration seems to understand the fiscal crisis facing the nation. In a recent article in *Time* magazine, Yuval Levin wrote, "The problem's scale is daunting. At more than $10 trillion, our debt has doubled in the past five years and will double again by decade's end. By the early 2030s, it will be roughly twice the size of our entire economy (far larger than the largest national debt in our history, right after World War II) and still growing out of control, gravely threatening future growth and prosperity."[1]

The United States' democratic government is built on the premise that each generation establishes a foundation on which the next generation prospers, yet for the first time in this nation's history young people face a future that threatens to be less financially secure than that of their parents. Only 44 percent of Americans — fewer than ever before — believe that today's youth will have better lives than their parents.

We hear dire warnings about the economy from every corner of the nation — economists, Wall Street, fiscal analysts, legislators, civic leaders, investment brokers, and financial commentators in the media. No wonder; a quick look at various aspects of the economy reveals a dark forecast. The housing industry continues to tank, with foreclosures up, more homeowners "underwater" and prices falling. Unemployment is at 9.1 percent and the misery index is the highest it has been in 28 years.[2] Negative whispers questioning the viability of the American economy have turned into wails of despair and the public's approval of the President's handling of the economy continues to drop — the latest Gallup Poll reveals that only 20 percent of Americans are satisfied with the way things are going.[3] Worse, the latest CNN poll reveals that nearly half of all Americans say they fear America is on the verge of another "Great Depression."[4]

In his article, "America is Sinking under Obama's Towering Debt," Nile Gardiner, a D.C.-based foreign affairs analyst for the British newspaper, *The Telegraph*, quoted from a Congressional Budget Office report, "the federal government has been recording the largest budget deficits, as a share of the economy, since the end of World War II." [5] To compound the alarm, the CBO *admits to understating the severity of the problem* because its report does not include the negative impact that "substantial amounts of additional federal debt" would have on other aspects of the nation's economy.[6] Thomas R. Eddlem, in *The New American*, wrote, "CBO Labels Current U.S. Debt Path 'Unsustainable.'"[7] Foreign publications, acknowledging that "America has not been here before" in terms of structural unemployment, the unprecedented debt, deficit and economic crisis, are weighing in with dire predictions — the latest: *Financial Times* wonders if the U.S. is headed to a "lost decade" of stagnation, like Japan's in the 1990s.[8]

Fraud and waste — estimates total over $300 billion — are rampant in earmarks and government programs. Both the national debt and annual deficits are at record levels and both Medicare and Social Security are careening toward bankruptcy with each new report estimating the date being closer than the last projection. Congress is responsible for setting the policy to deal with the crisis and its deadline — August — is fast approaching. That is when "the U.S. Treasury will run out of maneuvers to pay the government's bills."[9]

When he retired from Congress after 30 years of service, Sen. Judd Gregg (R-New Hampshire) warned that if the nation did not "address its staggering debt" we would face an "inevitable fiscal meltdown."[10] Gregg did not expect Congress to act before the crisis, saying, "Unfortunately, American politics and governance usually reacts best in crisis and isn't very good in anticipation of problems. We're good at the next election, but we're not very good at the next generation."[11]

The head of President Obama's Fiscal Responsibility Commission, Erskine Bowles, called the current fiscal crisis in America "the most predictable economic crisis in history."[12] Bowles' remarks and recommendations were ignored by the White House,[13] but, as noted in the paragraphs above, economists and other analysts have been sounding the alarm for months.

The debt and deficit are major problems; so are unemployment and the lack of job creation. According to CBS News, chronic unemployment is now worse than during Great Depression because the unemployed typically remain unemployed longer now than in the 1930s.[14] The concern is bipartisan. Even James Carville, the celebrity Democrat political advisor, said, "This employment rate for this long is a humanitarian crisis of the first magnitude." [15]

While many politicians remain blasé, more and more of the American public is becoming concerned – eight in ten Americans believe that the economy is in poor shape.[16] A recent CNN/Opinion Research Corporation national poll revealed increasing pessimism about the economy with 48 percent worried that the U.S. faces another Great Depression within the next 12 months (the highest figure ever). One commentator declared, "That's not just economic pessimism – that's economic fatalism."[17]

In their book, *This Time is Different: Eight Centuries of Financial Folly,*[18] Carmen Reinhart (University of Maryland) and Kenneth Rogoff (Harvard University) argue that economic trends are predictable based on economic facts and data, yet countries continue to ignore warning signs, thinking that "this time" things will be different. They believe that finding a solution to the current American crisis will be especially difficult, take a long time and require more drastic measures. They warned, "Needless to say, a near doubling of the U.S. national debt suggests that the endgame to this crisis is going to eventually bring much higher interest rates and a collapse in today's bond-market bubble. The legacy of high government debt is yet another reason why the current crisis could mean stunted U.S. growth for at least five to seven more years."[19]

To put it plainly: The current national fiscal crisis is devastating to the future of America. As Bowles said, "The markets will absolutely devastate us if we don't step up to this problem. The problem is real, the solutions are painful, and we have to act." [20]

In an analysis of new government financial obligations published by *USA Today*,[21] the record-breaking "$61.6 trillion total of financial promises not paid for" amounts to $528,000 debt per household — which is more than five times what Americans have borrowed for everything else, including mortgages and car loans. The alarmingly rapid increase — $5.3 trillion in new financial obligations during 2010 — highlights the disparity between the nation's total revenues and the existing spending commitments, which now constitute more than one-third of the nation's gross domestic product (GDP).[22]

Equally disturbing is the dismal outlook for today's college graduates: "Unemployment among young people, including college graduates, is stratospheric."[23] According to a poll conducted by the polling company, inc./womantrend on behalf of Generation Opportunity, a youth mobilization group, 77 percent of poll respondents are delaying major life changes and another 27 percent are delaying further schooling because of economic constraints. [24] An article on PowerLine blog baldly stated: "Today's younger generation may or may not have a future."[25]

This litany of dismal prospects, is, in John Hayward's description, "a failure of philosophy, not just a personal failure of Obama's. The whole concept of a centrally-planned economy becomes absurd after two years of 'unexpected' news and developments 'we don't understand,' coupled with 'blips' that last forever. It is painfully obvious that the central planners don't know what they're doing, and don't understand why their plans are failing."[26] *Investor's Business Daily* reviewed the evidence of the "lackluster performance" of the President's economic "stimulus" — implying that the Obama administration tacitly acknowledges a lack of confidence in its own economic stewardship.[27] Few economists give the $830 billion stimulus positive reviews. Further, other programs that the Administration pushed to spur the economy were equally unsuccessful (Cash for Clunkers, mortgage help, homebuyer tax credits, the auto rescue plans).[28]

Yet after the spectacular failures of the Obama administration's stimulus spending and corporate bailouts, the President proposes to revive the economy through even more government spending and yet more bailouts. Hayward criticizes the abysmal failures of Obama's efforts and "spin" trying to cover up those "empty promises." Then, he declares the advantages of individual responsibility and small government approaches:

> "Of *course* the countless individual entrepreneurs empowered by the Republican proposals know more about how to create jobs and economic growth than Obama and his ideologically blinded "experts." You could peel away the ideology, and those millions of individuals would *still* beat the credentialed elites, ten times out of ten. Individuals process economic feedback without the arrogance of a government that can use trillions of tax and deficit dollars to insist it never makes a mistake. They find opportunity, and abandon mistakes, far more quickly than any bureaucracy. They have a far better understanding of how many people they need to hire than any official. The success of individuals cannot be conjured by

> manipulating statistics, and their failures cannot be argued away in a blizzard of insults and empty promises. [Emphasis original].[29]

In short, the President's policies have led to sustained levels of high unemployment, threaten the loss of essential Constitutional freedoms, and now have put the economy on the brink of disaster. For instance, in the fine print, long after the media had turned their attention elsewhere, the CBO revealed that the cost of the federal government bailout of Fannie Mae and Freddie Mac came to a whopping $317 billion instead of the $130 billion figure used by the Obama administration. The discrepancy in the figures comes from the way the money is treated in the budget. The Administration's Office of Management and Budget (OMB) treats Fannie Mae and Freddie Mac as nongovernmental entities, and thus outside the budget. The OMB counts only the cash payments of $130 billion and not the cost of federal subsidies. That budgetary maneuver obscures the real costs. Because Fannie and Freddie are insolvent, the federal government must make up their losses when the loans they have guaranteed decrease in value upon default.[30]

In addition to the exorbitant price tags on President Obama's spending bills and the accompanying bailouts, those efforts are based on unrealistic utopian views, among them that big government can solve every problem and that more government programs can somehow substitute for a father providing for his family. The current administration clearly believes that bigger government can meet every need and that the federal government is best equipped to make decisions that affect all Americans — thus, the President's health care reform legislative monstrosity was rammed through Congress in spite of overwhelming objections from the public and unified opposition from the other political party.

Two signs of increasing desperation in the White House over the state of the economy are: the resignation of Austan Goolsbee, Chairman of the Council of Economic Advisers, and the fact that the White House has discontinued its daily economic briefings. These events should have derailed Mr. Obama's much-vaunted "Recovery Summer II," but the Democrats continue to push big tax hikes and argue for more "stimulus" spending.

The Republican Study Committee (103 Members) sent a letter to the GOP leadership, "With each passing day our nation's fiscal health gets worse, leaving our children and grandchildren falling further into debt. The Democrats have given up, saying that the only answer to excessive borrowing is more borrowing. [I]t is imperative that we move quickly and unite behind a plan to restore fiscal responsibility to Washington."[31]

In a much-celebrated speech about the budget, Rep. Paul Ryan (R-Wisconsin), who is the House Budget Committee Chairman, spoke to the Hamilton Society with clarity and precision as he described the choice facing America today:[32]

> The unsustainable trajectory of government spending is accelerating the nation toward the most predictable economic crisis in American history. Years of ignoring the real drivers of our debt have left us with a profound structural problem. In the coming years, our debt is projected to grow to more than three times the size of our entire economy. This trajectory is catastrophic. By the end

> of the decade, we will be spending 20 percent of our tax revenue simply paying interest on the debt – and that's according to optimistic projections.
>
> Our fiscal crisis is above all a spending crisis that is being driven by the growth of our major entitlement programs: Social Security, Medicare, and Medicaid. In 1970, these programs consumed about 20 percent of the budget. Today that number has grown to over 40 percent. Over the same period, defense spending has shrunk as a share of the federal budget from about 39 percent to just under 16 percent – even as we conduct an ambitious global war on terrorism. The fact is, defense consumes a smaller share of the national economy today than it did throughout the Cold War.
>
> If we continue on our current path, the rapid rise of health care costs will crowd out all areas of the budget, including defense. This course is simply unsustainable. If we continue down our current path, then a debt-fueled economic crisis is not a probability. It is a mathematical certainty. Some hear these facts and conclude that the sun is setting on America… that our problems are bigger than we are… that our competitors will soon outrun us… and that the choice we face is over how, not whether, to manage our nation's decline.
>
> It's inevitable, they seem to say, so let's just get on with it. I'm reminded of that Woody Allen line: "More than any other time in history, mankind faces a crossroads. One path leads to despair and utter hopelessness. The other, to total extinction. Let us pray we have the wisdom to choose correctly." Look – our fiscal problems are real, and the need to address them is urgent. But I'm here to tell you that decline is not a certainty for America. Rather, as Charles Krauthammer put it, "decline is a choice."

Concerned Women for America believes that given a decisive change in course America's best days could be ahead of us; that is why we are weighing in on this issue. Our 500,000 members believe that the only way out of this fiscal crisis is to go back to those historically-proven, time-honored principles that are the foundation of this great nation and the ideals on which the most prosperous nation in history has flourished: individual freedom and responsibility, competition, opportunity, determination in the face of adversity, and a can-do attitude that leads to setting and reaching goals through hard work and personal accomplishment. Guided by these principles and ideals, the nation can come back from the brink of fiscal peril.

In this time of unprecedented fiscal crisis, when America stands at a crossroads of decision regarding the kind of world we will leave for future generations of Americans, Concerned Women for America is taking a stand. We are reminded of the proverb which former Senator Gregg liked to quote: "Procrastination is the grave in which opportunity is buried." The time for action is now. Gregg also had an answer for how to address the problem:

> "Number one, you stop spending — it's that simple. You just plain stop spending money you don't have and adding programs you can't afford. This is especially true on the discretionary side of the ledger. There's no reason we shouldn't freeze

> discretionary spending for at least . . . four years. Secondly . . . we've got to look at these entitlement programs — especially Medicare and Social Security — and recognize that because of this demographic shift, they are no longer affordable to the younger generation."[33]

A recent Public Notice poll found that a majority of voters want Congress to accept its responsibility to tackle the spending problem that is threatening the nation's economic stability.[34] CWA stands with the American people in calling for Congress to get the nation's "fiscal house in order."[35] Our recommendations and analyses follow.

CWA OPPOSES — the following approaches to the current economic crisis. Such solutions:

- Cannot include tax increases.
- Cannot include measures that would weaken the U.S. military, threaten national security or undermine national sovereignty.

CWA SUPPORTS — the following solutions and pledges our lobbying efforts and our whole-hearted efforts to see them implemented.

- We support "Cut, Cap and Balance."
- We support curtailing entitlements.
- We support reversing government expansion.
- We support repealing ObamaCare.

REFORMS THAT CWA OPPOSES

Tax increases must be off-the-table: After becoming frustrated with Treasury Secretary Timothy Geithner's insistence that the only possible solution to the fiscal crisis is to raise taxes, seventy-five of the new GOP members of the House demanded that the President present specific debt reduction plans. To date neither the President nor the Senate majority has presented a plan – – except for vague declarations that a tax increase is necessary, especially on the richest Americans (those who stimulate the economy and hire employees).

The Senate Budget Committee explained in 2005 how to put the "raise taxes" proposal in appropriate context: The Government Accountability Office (GAO) estimates that the total unfunded promises by the federal government for the next 75 years come to $44 trillion. Put that amount up against the total in taxes raised by the federal government throughout history — only $38 trillion. When entitlements were established (Social Security, Medicare and Medicaid), it was assumed that there would always be more workers than retirees, but that will not be the case when the Baby Boomers retire.[36] In 1950 there were 16 workers per retiree; now there are two workers per beneficiary.[37] If we paid out the promises through taxes alone, we'd have to double the payroll tax and income tax rates. In short, warned the Senate Budget Committee long ago, "Our children are going to face the largest intergenerational tax increase in history if we do not fix this situation."[38]

Experts agree that tax increases are not the answer. One economist — former Treasury Department economist Bruce Bartlett — did some calculations in 2009 and determined, "Federal income taxes for every taxpayer would have to rise by roughly 81% to pay all of the benefits promised by [Social Security and Medicare] under current law over and above the payroll tax."[39] To summarize: "Taxes would have to at least double to cover all the government's unfunded liabilities, which is politically untenable and would kill the economy if it did take place."[40]

Reforms cannot weaken the U.S. military, threaten national security or undermine national sovereignty: As Congress debates the U.S. debt ceiling (which we reached in May — currently $14.3 trillion), it is also discussing how to increase the ceiling (to avoid default on national financial obligations) while at the same time exercising fiscal restraint and ensuring the stability of the U.S., as well as global, economies. Obviously, any solution to the national fiscal crisis cannot weaken or threaten U.S. national security, which would in turn destabilize economies around the world.

Many experts believe that the single biggest risk to the world economy today is the possibility of the United States' defaulting on its debt. James Bullard, president of the St. Louis Federal Reserve Bank, said, "The U.S. fiscal situation, if not handled correctly, could turn into a global macro shock. The idea that the U.S. could threaten to default is a dangerous one."[41] Yet, recently the president of the Chinese rating agency Dagong Global Credit Rating Co., Ltd. declared that China already considers the U.S. in default.[42] Further, the current administration has an "incoherent position on the international value of the dollar."[43] While the Treasury repeated the slogan that "a strong dollar is good for America," the real value of the dollar fell by seven percent over the past year. Further, the Obama Administration allowed the dollar to fall more quickly relative to the Chinese Yuan — an example of an inconsistent dollar policy that adds to the uncertainty that limits business investment and hiring both here and abroad.[44]

Currently, Senate Republicans are pushing an amendment to the Economic Development Revitalization Act (EDRA) to keep the International Monetary Fund from having access to up to $108 billion in taxpayer funds which the Obama administration wanted set aside to bail out foreign countries. Senator Jim DeMint (R-South Carolina) said, "Our nation is on the brink of bankruptcy and American taxpayers simply cannot afford to bail out Europe. …If we don't reverse our reckless fiscal course, America will be the one in need of a bailout." Senator Orrin Hatch (R-Utah) added, "Now is not the time … to bail out profligate European governments," and Senator David Vitter (R-Louisiana) declared, "The federal government needs to get out of the bailout business."[45]

Just when we thought the prognoses couldn't get any worse, CNBC came out with a headline: "U.S. is in Even Worse Shape Financially than Greece." Bill Gross of Pimco, the world's largest bond fund, calculated that, if future liabilities in entitlement programs — which he estimated at $50 trillion — and the costs of all the programs related to the bailouts, are added to the public debt of $14.3 trillion, the total debt comes to "nearly $100 trillion." Not surprisingly, Gross added that a solution won't be found overnight. He further added that concern in foreign countries is mounting as they question whether the "U.S. is capable of a political solution to its burgeoning debt and deficit problems."[46]

Many knowledgeable legislators are concerned about the U.S. borrowing from nations that hold significant amounts of U.S. Treasury securities. A 2010 report from the Congressional Research Service revealed that the United States is loaning money to some of the world's richest nations and then borrowing the money back. Senator Tom Coburn (R-Oklahoma), who asked for the report, expressed "grave concern" about the "dangerous" policy. He added, "Borrowing money from countries who receive our aid is dangerous for both the donor and recipient."[47] Yet the report revealed that the U.S. gave out "massive" foreign aid — $1.4 billion to 16 foreign countries – to nations that held at least $10 billion in Treasury securities — four of those countries were among the world's ten richest nations (China, India, Brazil and Russia).[48]

Sen. Coburn added: "If countries can afford to buy our debt, perhaps they can afford to fund assistance programs on their own. At the same time, when we borrow from countries we are supposedly helping to develop, we put off hard budget choices here at home. The status quo creates co-dependency and financial risk at home and abroad."[49]

Foreign Nations	**Amount U.S. loaned to Foreign Nations**	**Amount Foreign nations hold in U.S. Treasury Bonds**
China	$27.2 million	$1.1 trillion
India	$126.6 million	$39.8 billion
Brazil	$25 million	$193.5 billion
Russia	$71.5 million	$127.8 billion
Mexico	$316.7 million	$28.1 billion
Egypt	$255.7 million	$15.3 billion

Office of Sen. Tom Coburn, June 3, 2011, http://coburn.senate.gov/public/index.cfm/2011/6/report-finds-u-s-foreign-aid.

The situation was summarized very simply by Marc Nuttle, author of *Moment of Truth*, "Either there will not be enough money in the world to borrow or the interest rate will increase so high we won't be able to afford to service the debt. When this occurs, either the government prints the money to pay for its obligations and the currency is destroyed, or the United States defaults on its debt, wreaking havoc on the world's economy." [50] And, as he noted, the U.S. is currently "bumping into the ceiling of the world's ability to fund ongoing sovereign deficits and debt."[51]

REFORMS THAT CWA SUPPORTS

CWA Supports "Cut, Cap and Balance:"

CWA supports the "Cut, Cap and Balance" (CCB) proposal, endorsed by more than 40 conservative groups and nearly 10,000 voters. Forty Congressional signers have pledged to "block a vote on raising the debt ceiling unless it is coupled with plans to cut, cap and balance federal spending."[52] CWA believes that CCB is a "line in the sand" that lays out the conditions necessary for reversing the fiscal crisis. CCB is also supported by many of CWA's colleague organizations that are equally concerned about fiscal integrity.[53] On their own, each of the three prongs of the CCB (cut, cap and balance) have the support of more than half of those surveyed – – including Democrats and Independents — by On Message, Inc, on behalf of Let Freedom Ring.[54] The plan calls for:

- Immediate spending cuts to slash the deficit in half next year. According to March projections from the Congressional Budget Office, this would require spending cuts of approximately $380 billion in the 2012 fiscal year.
- Statutory, enforceable caps that align spending with average revenues by ratcheting total federal spending down to 18% of GDP.
- House and Senate passage of a Balanced Budget Amendment to the Constitution that includes a spending cap at 18% of GDP and a high hurdle for tax increases. Forty-seven senators have already endorsed a Balanced Budget Amendment along these lines.

We at CWA like the analogy used by Rep. Lou Barletta (R-Pennsylvania), who compared the debt in the U.S. to an imaginary situation involving one of his teenage daughters. In an interview with National Public Radio, he posed a rhetorical question, "If one of my daughters took my credit card and ran it up to the limit, would I call the credit card company and tell them to raise the limit?" Barletta declared, "My answer would be no." He added, "I would pay the bill because we owe it."[55] He also said, he would "take the card away." Pounding his message home, he concluded, "It is unfortunate that you need to treat politicians here in Washington the way we do our children, but there you go."[56]

Sadly, many in Congress don't "get" Congressman Barletta's analogy; they want to raise the debt ceiling, continue spending, reject budget controls and ignore the impending bankruptcy of Medicare and Social Security with no questions asked. As a consequence, nothing has been done to curb out-of-control spending, nor has the deficit been addressed. Now we are at a crisis with economic experts around the world warning of dire consequences if nothing is done to cut spending, reduce the debt and deficit, balance the budget, curb the excesses of Medicare and Social Security and restore fiscal responsibility.

Unbelievably, not only has President Obama not presented a plan to address the fiscal crisis, he is leading the formidable opposition to the efforts of Congressional conservatives who have presented several strong plans for finally cutting spending and bringing the budget under control.

In spite of the President's opposition and the roadblocks by the leftist-controlled Senate, we urge Congress to fulfill its fiscal responsibilities with statesmanlike determination — America's future and the fate of our children and grandchildren depend upon their commitment.

We advocate working toward a three-pronged approach that: First, cuts the deficit; Second, caps spending; and, Third, balances the budget — steps that, we believe, are the most sound way to address the fiscal crisis and restore confidence in the American economy. In a recent Reuters/Ipsos poll, 71 percent of Americans say they are opposed to raising the debt ceiling. We agree with Rep. Paul Ryan: We also do not see "a shrinking America where we are another name on the U.N. roster." Like Ryan, we know that for the "world community" to function for the benefit of all, "it must and will be lead. The question and challenge of our time is, Who will lead...us or China?" Ryan believes and powerfully articulates a strong belief in America and the good days that are ahead of this great nation ... "if we make the right choices now."[57] Ryan also tells the story of Soviet dissident, Natan Sharansky who "testified to the power of words to those suffering under the boot of oppression. Sharansky said in reference to President Reagan's inspired 'Evil Empire' speech, 'This was the moment. It was the brightest, most glorious day. Finally a spade had been called a spade. Finally, Orwell's Newspeak was dead.'"[58]

As Republican Study Committee Chairman, Rep. Jim Jordan (R-Ohio), said, referring to the Cap, Cut and Balance proposal, "The politicians need to catch up with people on this one."

First, Cut the Deficit: The religious left — who typically align with liberal Democrats — are trying to turn negotiations over the fiscal crisis into a "social justice" issue by asking "What Would Jesus Cut?" Their answer, as summarized by Mark Tooley, president of the Institute on Religion and Democracy, is to oppose any cuts at all to the welfare state, while definitely cutting defense spending and raising taxes on the rich. After finishing a Lenten fast against cuts to the 2011 budget, Jim Wallis — outspoken evangelical left leader, activist for "social justice" issues, advocate for "sharing" prosperity and editor of *Sojourners* magazine — convinced the U.S. Conference of Catholic Bishops, the National Association of Evangelicals and the Salvation Army to join him in forming a "Circle of Protection" around federal poverty programs. He declared, "If you're going to come after the poor, you have to go through us first."[59]

Such emotionally-laden arguments are typical demagoguery from the left on controversial issues. One leftist advertisement has the GOP dumping an elderly woman out of her wheelchair and over a cliff. No wonder the economy is in crisis; historically, every time the issue of cutting the deficit and ending profligate spending is brought to the public, the media is inundated with images of neglected and starving people — featuring the poor, hungry-looking children, and the desperately-ill elderly — who supposedly will be left destitute if there is even the slightest reduction in the size of "big-government" programs or a minimal cut-back on out-of-control entitlement spending.

Demagoguery and denying the problem are both short-sighted and irresponsible. In a recent newsletter, CWA called government debt a "moral issue" that is "bankrupting our families" and blamed the "reckless spending spree mentality" of big government for putting our nation on the brink of the greatest moral catastrophe in our history. When conservatives proposed "cuts" of a mere 1.6 percent, the Administration balked — even though the federal budget has skyrocketed

10.5 percent since last year and 40 percent in the past four years. CWA described it like this: "These miniscule 'cuts' would be like the average American family *only* adding about $49,000 in unpaid credit card debt this year instead of $51,000 and then bragging about 'cutting' spending!"

CWA is not alone is seeing the fiscal crisis in moral terms. In his speech at the celebration of Ronald Reagan's birth at the U.S. Capitol, Marc Nuttle spoke about the insidious threat of unsustainable debt and deficit and the "moral imperative" of deficit reduction.[60] Mr. Nuttle cited three reasons for American exceptionalism: (1) We were the first country established on the principle that God is sovereign over man and man is sovereign over government, (2) We were the first country to abolish hereditary classes and titles, and, (3) We are the only country where its citizens can do anything they want that is not against the law.[61]

Throughout most of this nation's history (from 1789 to 1932), according to Rep. Randy Forbes (R-Virginia), balanced budgets or surpluses were the norm, but since 1960, the U.S. has run deficits in all but six fiscal years, with the most recent annual federal deficits expanding steeply upward in an unprecedented trend and Congress seemingly unwilling to address the problem.[62] Analysts say that the federal government's financial condition has deteriorated dramatically over the past year — "far beyond the $1.5 trillion new debt taken on to finance the budget deficit."[63] In short, the United States must reduce our debt; the problem will not go away, it will not heal on its own; it will only get worse. Our debt is now at or rapidly approaching equality with the level of the Gross Domestic Product (GDP) – depending on the expert being quoted; it must be reduced to no more than 70 percent of GDP.

Concerned Women for America believes that the America people, when the situation is clearly and simply explained to them, will rally around and understand the need for drastic action. The bottom line is that we must take action now. If we continue playing politics and obscuring the reality of the crisis, we will be past the tipping point and we will be like Greece. Did no one listen to the Congressional Budget Office prediction that the national debt (significantly, *without* entitlement programs) would exceed the GDP by 2025, continue spiraling upward to 180 percent of GDP by 2035, and go even higher in subsequent years?

Second, Cap Spending: In a tone-deaf move that ignored both political and fiscal reality (notably of the failure of the first round of stimulus spending), Democrat leaders called for additional spending to "boost the sluggish U.S. economy." According to Senate Assistant Majority Leader Dick Durbin (D-Illinois), Congress must "get the recovery right before you get in this deficit-cutting mode."[64] Federal Reserve Board Chairman Ben Bernanke joined in the call for more stimulus and less restraint. At the same time, the Congressional Budget Office issued a new report indicating that "the rising cost of health and retirement benefits will swamp the economy unless Congress boosts taxes or slashes spending." Treasury Secretary Timothy Geithner warned that action had to be taken before August 2.[65] Congressional leaders had set a date of July 1 for a final draft proposal from the bipartisan group headed by Vice President Joe Biden; that date, said House Speaker John Boehner, would allow time to finalize details and get the deal through the House and Senate – which everyone agreed would be a political miracle.[66]

The President has repeatedly pledged to cut spending and, thus, reduce the deficit, but both domestic and defense spending continue to expand to record highs. This has not escaped public notice. A poll conducted for Public Notice found 62 percent of likely voters are worried that Congress will *not* go far enough in cutting spending.[67] Indeed, fully 53 percent of Americans say they support plans to cut spending. Regardless of political ideology, Americans are "fed up" with out-of-touch politicians who have "abdicated their responsibility."[68] All the profligate spending and irresponsible economic practices are contrary to the advice of outstanding economists. A group of 150 economists, including Nobel Prize winners, sent a letter to the President warning him that any increase in the debt limit would have to be offset by spending cuts to maintain economic stability.[69] Also, the words of Michael Pento, senior economist at Euro Pacific Capital, remind the President that "genuine government stimulus comes from low taxes, stable prices, reduced regulation and low debt. Our economic policymakers have scrupulously avoided such remedies."[70]

Citizens Against Government Waste (CAGW) shows that the U.S. has a record $1.4 *trillion* deficit.[71] Clearly the debt and deficit are out of control; the rhetoric about the potential for federal bankruptcy no longer seems extreme. Projections about welfare spending exceed $10 *trillion* over the next decade. Experts agree that current welfare spending is unsustainable. The Obama administration's 2011 budget increased welfare spending by more than 40 percent — up to $953 billion.[72] These increases amount to "roughly twice the spending levels under President Bill Clinton after adjusting for inflation."[73] While the President "talked the talk" in the State of the Union, his *2012* budget does not "walk the walk;" fiscal restraint is missing.

Yet, even the Obama Administration admits that the ratio of debt to GDP is a serious problem. The International Monetary Fund (IMF) predicts that the U.S. debt will surpass GDP in 2012.[74] Indeed, the IMF tracked GDP growth and found that the "world's largest economy" is expanding at a "slower pace" than at any time in the past five decades.[75] Some scholars are quite pessimistic. Michael Tanner, Senior Fellow at the Cato Institute, wrote that the statutory debt limit of $14.3 trillion "actually underestimates the size of the fiscal time bomb that this country is facing. If one considers the unfunded liabilities of programs such as Medicare and Social Security, the true national debt could run as high as $119.5 trillion."[76]

The welfare reforms that Congress initiated in 1996 were highly successful as long as the original provisions remained in effect, but it didn't take long for the old ideology to creep back in and the result is dramatic increases, once again, in the 77 welfare programs run by the federal government.[77] Republicans are proposing a return to the 2007 spending levels and a re-introduction of the work requirements that made the 1996 welfare reform so successful (they were removed in 2009). The Heritage Foundation estimated that welfare spending today tops the nation's defense spending (welfare spending $953 billion — including almost a doubling of spending on food stamps, from $39 billion to $75 billion this year — in contrast to defense spending budgeted at $668 billion, with a projected increase by the Obama administration of 42 percent).[78]

Third, Balance the Budget: CWA recommends that the Walsh-Lee Balanced Budget Amendment (BBA) be a "done deal" before any discussion of raising the debt ceiling. But even back in the Reagan administration there were efforts to balance the budget and leaders acknowledged that only a BBA would get the job done in a way that could not be undone by future administrations. The House Judiciary Committee recently passed a balanced budget amendment that Chairman Lamar Smith (R-Texas) declared is "the last line of defense" and that a constitutional amendment is the only way to truly stop spending and save the American economy. A strong balanced budget amendment to the Constitution is necessary to protect the nation from a fiscal crisis like we now face; it is also necessary to provide the federal discipline that 49 of the individual states have enacted.

CWA recognizes that "governments get more of what they subsidize" — which is probably at the root of the overwhelming rejection of Obama's 2012 budget by 97 senators recently. The President's budget continued the practice of over-spending and "punts on needed reforms to entitlement programs, which threaten to swallow the entire budget."[79] We have subsidized single moms — the population demographic that most contributes to poverty in this country — to the point that now more than 41 percent of our nation's babies are born in a household where there is no father present, which in effect condemns them to a life of poverty, well-known risks to their well-being and limited future prospects.

CWA's members represent the heartland of America and, as the persons most often making the family's spending decisions, we understand the importance of balancing the checkbook and living within the family's means. We expect the same approach from our national leaders when it comes to balancing the federal budget. We recognize the crossroads that our nation faces in determining if we will go forward building on the strong policies that made this nation the leader of the free world or if we will buy into the narrative that America is unexceptional and doomed to the decline that characterized so many great nations in the past.

We also recognize that freedom can only exist through economic security; this fiscal crisis threatens not only our economy but our way of life and our freedoms. Sadly things are not looking up. In their recent survey of top economists, Blue Chip Economic Indicators "shows the average forecast for GDP growth in 2011 fell from 2.9 percent in April to 2.7 percent in May."[80] All indications point to even lower growth in the coming months. Note that three percent is the lowest rate for creating enough jobs to staunch the unemployment trends. Plus, recovery will be hampered, say the economists, because the U.S. borrowed over $3.1 trillion from 2008 through 2010 and is expected to borrow another $1.5 trillion this year, along with adding $2 trillion for buying new debt.[81]

CWA Supports Curtailing Entitlements:

Former Senator Gregg, a deficit-hawk, described the entitlements crisis thus: "Like objects in the rear-view mirror, the impact of Social Security's looming crisis is closer than it appears."[82] Gregg pointed out that until 2011, the government collected more in Social Security taxes than it spent; after 2011, that surplus accelerates downward. During the "fat" years, the government used that excess to pad other spending; now there is no padding left.[83] The numbers are disturbing: one in seven Americans now receives food stamps, one in six is on Medicaid — is it any wonder that nearly 63 percent say the nation is on the wrong track?

Harvard economist Jeff Miron advocates phasing out Medicare because people on Medicare "don't have an incentive to be selective with the care they receive because they pay so little for the care."[84] Concrete reforms of Medicare are needed and experts are considering various alternatives, including a voucher system for recipients "to buy approved insurance of their choice" that promises to "yield enormous savings" while providing "about the same level of coverage as seniors currently get (with a little more for the poor and less for the wealthiest) but would grow more slowly than Medicare costs have and induce efficiency by making consumers more cost-conscious."[85]

Citizens Against Government Waste (CAGW) warns: "By failing to produce cuts to entitlement spending, the President is sitting idly by as our national debt approaches the value of all goods and services Americans produce in an entire year. Any budget that ignores the structure and volume of entitlement spending … is reckless."[86]

Yet, the Obama administration continues to borrow "record amounts to fund spending programs,"[87] expand government and increase the number of people dependent upon entitlements. To address the problem, CAGW produced *Prime Cuts 2011* with 691 recommended cuts that would "save taxpayers $391.9 billion in the first year and $1.8 trillion over five years."[88]

Frankly, the "underlying structural problems" related to the unfunded promises [totaling $44 *trillion* before ObamaCare] that are inherent in current government programs make the "current entitlement system unsustainable."[89] To put that $44 trillion in context, "all taxes raised by the federal government in its history only total $38 trillion."[90] It doesn't take a degree in economics to realize that, unless spending and entitlement reforms are initiated, major tax increases are inevitable. As Rep. Ryan put it in the opening sentence of his Roadmap for America's Future: "Rarely before have the alternatives facing America been so starkly defined."[91]

To further put things in perspective, entitlement programs (Social Security, Medicare, and Medicaid) are projected to consume 18.4 percent of GDP by 2050. If tax revenues remain at the current level of 18 percent of GDP, entitlements will eat up all federal revenues. "Therefore, any serious attempt to balance the federal budget and reduce our growing national debt must include a plan to reform entitlements."[92] This is not breaking news. The Bipartisan Commission on Entitlement and Tax Reform reported in 1995 that current trends in entitlement spending were unsustainable. Since then, the nation has been warned repeatedly about overspending and government expansion.

We favor ending the “entitlement” culture and the “structural” programs that encourage dependency and inhibit personal responsibility. Obviously, the major reason for the fiscal crisis is our culture of dependency and system of entitlement. These perks are costing American taxpayers trillions of dollars a year. Current welfare programs total close to $1 trillion a year (twice as much as national defense and nearly the size of the federal deficit).

At the outset, let’s be very clear on two points: (1) Social Security is not an entitlement: Americans have paid into Social Security in order to fund their retirement; they have earned their Social Security. (2) While we believe Americans should get what they have earned, if things continue as they have been, Social Security will be broke and people expecting retirement income will get nothing. We advocate reforming the system so that people will receive the maximum possible for their Social Security investment.

The current Social Security program was enacted in 1935, when the average life expectancy for men was 60 years and for women 64. Then, there were 42 working Americans for each retiree.[93] But even then, President Roosevelt questioned whether Social Security would continue to provide income for retirees in the future. There is general agreement that Social Security is more tenuous now than at any time since its near-collapse in 1983.[94] The House Budget Committee states, “Without reform, benefits will have to be cut by 24 percent, or payroll taxes raised by 31 percent.”[95] Neither option is viable, presenting a dilemma that politicians try to avoid.

Indeed, heretofore Social Security has been untouchable. Until now, it was political suicide to talk about reforming Social Security. But with life expectancies now averaging 75 years for men and 80 for women, there has been a dramatic demographic shift (significantly more people retiring and fewer young workers contributing to Social Security income) with profound ramifications for Social Security. *USA Today* reports that — counting entitlement bills — Uncle Sam actually owes a record $61.6 trillion, which is $528,000 per household and more than five times what Americans have borrowed for everything else.[96]

As reality becomes inescapable, there seems to be emerging agreement that something has to be done. Recently, former chairs of the Council of Economic Advisers authored a commentary in *Politico* recommending that the report presented by the bipartisan National Commission on Fiscal Responsibility and Reform, chaired by Erskine Bowles and Alan Simpson, be a starting point for fiscal reform. Called “The Moment of Truth,” the Commission’s report detailed the problem, proclaimed that there are no “easy answers” and said, “the solution will be painful.”[97]

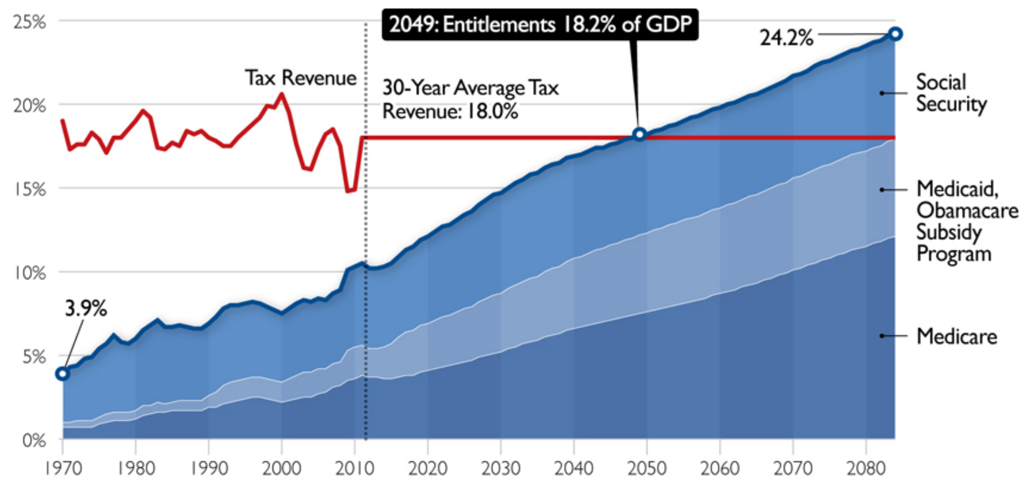
Social Security is now paying out more than it is taking in. Many people argue that the Social Security Trust Fund will take care of the shortfall; gradually though, we are learning that the Social Security Trust Fund surpluses have already been spent, leaving only government bonds (IOUs) remaining. For those bonds to be redeemed funds would have to be generated from higher taxes on the working public; even so they would be insufficient “to pay all promised benefits.”[98] The Cato Institute gave the following assessment of the Social Security problem: “Social Security is not sustainable without reform. Simply put, it cannot pay promised future benefits with current levels of taxation. Yet raising taxes or cutting benefits will only make a bad deal worse.”[99] *The Washington Post* explained, “Social Security is the single largest federal program, dispensing about $700 billion last year to nearly 60 million people, the vast majority of them retirees."[100] Both major political parties agree that something has to be done, but tampering with Social Security has long been considered to be political suicide. The *Post* article speculates that the "deficit has emerged as an uncommonly powerful political issue" that might have produced a climate where voters would reward those having the courage to take "bold action to restrain government spending — including overhauling Social Security, Medicare and Medicaid."[101]

We have already seen a dramatic and massive demographic shift that has changed the Social Security ratio. In 1950, there were 16 American taxpayers for every Social Security beneficiary; now there are only two taxpayers for each recipient of benefits.[102] Increasingly Social Security faces the prospect of having to pay out more in benefits than it takes in through payroll taxes. It was not meant to be thus; when established in 1935, Social Security was supposed to be a trust fund that would support future retirees. Instead, Social Security funds have been squandered away on general government expenses to the point that Baby Boomers face the prospect of an insolvent Social Security. That means, according to former Senator Gregg, while the government collects more in Social Security taxes than it pays out in benefits, Social Security money pads other spending so when it starts dropping (this year?) other areas "will begin to feel the pinch."[103] What we cannot do is solve the Social Security shortfall by continuing to raise taxes on American workers and families. Tax hikes would be disastrous for families and would cripple small business owners. While there is support for removing the "cap" on wages that are taxable for Social Security, opponents point out that "eliminating the cap would give the United States the highest marginal tax rates in the world, higher even than countries like Sweden."[104] Cato's Michael Tanner adds that caps would cost the U.S. about "$136 billion in lost economic growth" over the next decade along with "1.1 million lost jobs."[105]

In the midst of the Social Security crisis, some critics are asking about the financial advisability of Social Security as a personal retirement plan; they argue that workers would be better off investing the money that goes into Social Security and thus have control over their own funds (as though stocks and bonds are reliable, predictable investments, though one study reports that market investments would have paid an average of seven percent compared to Social Security's annual return of 2.2. percent).[106]

In light of all the criticisms, one obvious way to solve the Social Security problem would be to cut benefits — a solution that gets overwhelming opposition (especially from younger workers) since people who have paid into Social Security expect to receive the promised benefits. Already, the rate-of-return for Social Security taxes is less than a worker could expect from his or her private investments. There is some support, however, for raising the retirement age and changing the cost-of-living adjustments (COLAs). Others recommend policy solutions such as personal/individual retirement accounts and changes in benefits. While the idea for personal accounts has been "off the table" since the Bush administration, Rep. Ryan has resurrected the proposal and gained support from several fellow members of the Congressional Class of 2010. Ryan recommends that those under age 55 have the phased-in option — completely voluntary with opt-out and opt-back-in options — of investing a percentage of their Social Security taxes in their own "personal retirement accounts."[107]

ENTITLEMENTS AS A PERCENTAGE OF GDP



Source: Congressional Budget Office.

Frankly, as painful as it will be to address and as controversial as any solution inevitably will be, Medicare and Social Security are in deep trouble and the problems with these entitlements must be addressed sooner rather than later. In the past year, Medicare alone took on $1.8 trillion in new liabilities (which is more than the record deficit) and Social Security added $1.4 trillion in obligations (partly reflecting longer life expectancies). Federal and military retirement programs pushed entitlements further down the financial hole. All these negative changes caused heated debate between Congress and the White House over lifting the debt ceiling.[108]

Using standard accounting rules, *USA Today* examined both Medicare and Social Security annual reports and "the little-known audited financial report of the federal government" to find

Program	Unfunded Liabilities	Amount per household	Explanation
MEDICARE	$24.8 Trillion	$212.500	30 million new beneficiaries (next two decades) Actuaries say costs are significantly underestimated because of too rosy — totally unrealistic — estimates of ObamaCare benefits.
SOCIAL SECURITY	$21.4 Trillion	$183.400	Because of quirky government accounting, long-term deficit will be much, much larger. *USA Today* called it "simply dishonest" and compared it to paying off a bill with a credit card and counting it "paid."

that the U.S. government has promised pension and health benefits worth more than $700,000 per retired civil servant. These pensions are covered by federal IOUs. With 10,000 baby boomers turning 65 each day, and thus becoming eligible for full benefits under both Medicare and Social Security, it is easy to see why these entitlements constitute "massive unfunded liabilities"[109] — which is a fancy way of saying that they are going broke.

Speaking of being "simply dishonest," "federal pension plans are entirely funded by government bonds;" the Treasury Secretary avoided having the U.S. hit the debt ceiling for a few months this year by treating IOUs as actual cash. As a result, the U.S. now has an unfunded liability of $2 trillion (pensions and retiree healthcare) – which will cost Americans $17,000 per household.[110] Add in military retirements and disability benefits for another $3.6 trillion — which is another $31,200 per household.[111]

Michael Tennant, author of *The $61Trillion Debt*, explains that "in short, there simply is no way that the government can honestly pay everything it has promised, causing [Robert] Wenzel [of EconomicPolicyJournal.com] to remark:

> Default is really the only long-term option. It will be done either in straightforward fashion, where the government pays pennies on the dollar for what it owes. Or it will be done in stealth fashion by the Fed printing up dollars to pay for the government obligations, which will create huge price inflation that will screw the average worker and also those on fixed incomes such as retirees.

Neither option is positive, but the second one would be disastrous. These options are the reason the debt ceiling cannot be raised without first instituting significant spending cuts. Tennant notes that the third option — borrowing the money — is a moot possibility because "who is going to loan Washington $61 trillion more" when America's credit rating is "teetering on the brink"?[112] He explains:

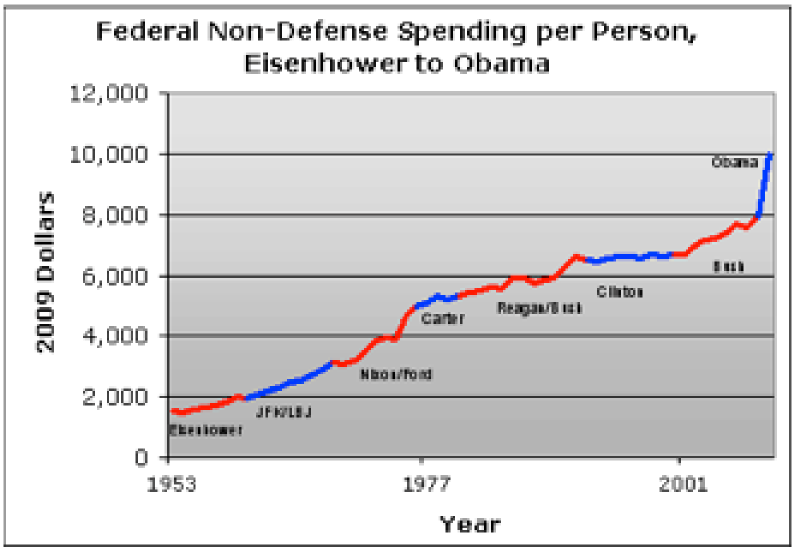
> While creditors are usually willing to negotiate a debtor's bills down to a level that person can pay, albeit perhaps with some difficulty, they would never accept payment of the full debt in Monopoly money. Americans concerned about the future of their country should also be willing to accept fewer government goodies paid in not yet fully debased dollars than to demand everything the government has promised them paid in increasingly worthless currency. The former approach stands a good chance of reviving our declining fortunes; the latter will merely sink them even faster.[113]

In short, reforming Social Security might possibly be a winning issue in 2012. More importantly, such reforms of a major entitlement problem might be the key to averting the coming fiscal train wreck.

CWA Supports Reversing Government Expansion:

As Michael Tanner put it so well: “We face a debt crisis not because taxes are too low, but because government is too big.”[114] As mentioned previously, best estimates are that our national debt will double in the next five years and then triple in the next ten years. Our debt-to-GDP ratio is already at dangerous levels — many economists say we have already reached the 100 percent crisis level. Since all those numbers have shown staggering growth, it is fair to ask why they are suddenly so high. We’ve mentioned the shifting demographics, but another major factor driving the intolerable numbers is the radical growth of government under the Obama Administration.[115]

One-Year Growth in Government — Eisenhower to Obama[116]

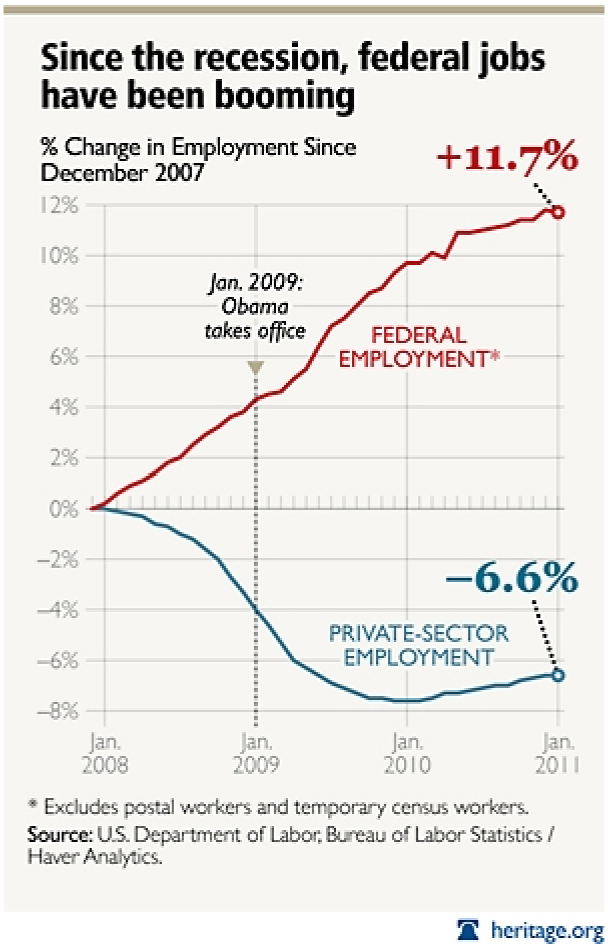


Numbers adjusted for inflation. Copyright: John R. Lott, Jr.

President Obama likes to call himself the “pro-growth” president, but as the *Examiner* newspaper says, “Obama’s actions since his first day in office have made clear that his business is growing government. On all three basic measures of the size of government — work force, spending, and taxes — Obama has stimulated tremendous [government] growth.”[117] While private sector employment stays around 10 percent (close to 8 million unemployed Americans), public sector employment remains a robust 4.4 percent, with nearly 100,000 new positions filled in Mr. Obama’s first year in office; plus, ObamaCare is predicted to add 16,000 new Internal Revenue Service employees.[118] In addition to their salaries, some of these employees receive annual bonuses based on excellent performance. Asbury Park Press (who obtained the information under the Freedom of Information Act) reported that 1.3 million federal employees received $408 million in bonuses in 2009 (which was $80 million higher than the previous year).[119]

During the Obama administration, the private sector workforce “has shrunk by 2.6% while shedding 2.9 million jobs while the federal workforce (excluding Census and Postal workers) has grown by 7% while adding more than 144,000 jobs.”[120] The President’s ill-fated 2012 budget includes an additional 15,000 federal government jobs (including the IRS employees necessitated by ObamaCare).[121]

Such rapid and extensive increases in the reach of government is a threat to freedom, as expressed so poignantly in a well-known quip attributed to economist Walter Williams: "Government is about coercion. Limiting government is the single most important instrument for guaranteeing liberty. We're working on a third generation which has little in the way of education about what our Constitution means and why it was written. Thus, we've fallen easy prey to charlatans, quacks, and hustlers."



Heritage Foundation, February 22, 2011,
http://blog.heritage.org/2011/02/22/federal-workforce-continues-to-grow-under-obama-budget/

Another problem with all these additional government jobs is that government spending does not create the economic growth needed to sustain private sector job growth. The Heritage Foundation identifies several problems with increasing government employees at the expense of the private sector: (1) Government resources come from the private sector, (2) Government spending substitutes for private-sector investment. (3) Government spending is determined by political priorities rather than economic return.[122] To use a Sarah Palin expression, this dramatic expansion in federal jobs is a "bullet train to bankruptcy." Dan Mitchell of the Cato Institute, summed up the problem with big government expansion, "Good fiscal policy is very simple. Restrain the size and scope of government so that outlays grow slower than the private sector. If that happens, the burden of federal spending will shrink as a share of economic output."[123]

CWA Advocates Repealing ObamaCare:

No plan for fiscal responsibility would be complete without reversing ObamaCare. Congress should start the debt resolution debate by discussing ways to bring health care costs under control. With other entitlement debt escalating, especially Medicare and Social Security, the need to rein in health care costs becomes more imperative. Congress should start by eliminating the "Patient Protection and Affordable Care Act of 2010."

The American people have suffered grievously from programs and policies that meant well but failed miserably — and on a colossal scale — as is documented by an abundance of data and the obvious social trends in America.[124] A year into ObamaCare and it is clear that this supposed "health care reform" law is destined to fail on a colossal scale. It is "the broadest, most expensive, most intrusive health care bill in our history."[125] The monstrous, 2700-page law, with a price tag of nearly $1 trillion over the next decade, ensures that the federal government will run, control and totally supervise health care through 159 new government agencies by 2014.[126] It will increase government health care expenditures which have been identified as the "central cause" of the nation's "long-run deficits."[127] *Business Insider* recently noted "an underlying, fast-growing problem that no one wants to address," health care spending that they predict will become "the largest part of spending, at over 10 percent of GDP."[128]

ObamaCare was pushed through Congress in spite of wholesale opposition from the minority party and the general public. The majority of Americans did not want the bill passed then and opposition to the law is just as strong now. CNN/Opinion Research Corporation released a March survey indicating that only 37% of Americans support the measure, with 59% opposed.[129]

Dramatic government expansion and incomprehensible costs are already embedded into the bureaucracy making it virtually impossible to defund ObamaCare, therefore making it imperative for the nation's legislators to repeal ObamaCare. The House has already voted to repeal; unless the Senate follows suit, the federal government will be making our health care decisions and regulating the health care industry, thereby pushing the nation over a brink into financial and social devastation.

In addition to the costs, the complexity and the federal control, ObamaCare brought with it yet another ill-advised return to the old failed social welfare policies of entitlement, and it is distressing to contemplate the lapse back into the old ways of victimhood these new initiatives have rekindled.[130] With the specifics of the legislation a closely-guarded secret known only to the liberal elite in Congress before the bill passed the Democrat-dominated House and Senate, it was not immediately clear that women and families were the ones bearing the brunt of the new taxation hidden in ObamaCare. Supporters didn't talk about the bill's marriage penalty — the fact that it redistributes wealth from married couples to cohabiting couples.[131] They also didn't mention the fact that "people on Medicare and Medicaid, disproportionately women, will receive less care and possibly worse care."[132] Plus, nobody talked about the fact that the bill penalizes those employers that hire low-income workers, primarily single mothers and housewives needing a second income.[133] So, instead of encouraging single mothers to marry the father of their children and to become financially independent by facilitating job growth, ObamaCare creates another avenue of dependency through health insurance subsidies.

Another issue concerns the impending tax increases and the growing burden on Americans to comply with the federal tax code. According to the IRS's Taxpayer Advocate Service, "The tax code has grown so long that it's challenging even to figure out its length."[134] Their best estimate is that it contains approximately 3.7 million words. For its part, The Tax Foundation reported that by 2005 the Internal Revenue Code had 7 million words: "By contrast, the King James Bible has 788,280 words in 66 books … and the English translation of *War and Peace* has 560,000 words."[135]

In addition to the financial burden of ObamaCare — it has already "raised payroll taxes on families earning more than $250,000 per year by 0.9 percent,"[136] there are other issues in the health care law that negatively affect women and families, most notably the marriage penalty, payback to feminists and taxpayer funding of abortion:

Marriage Penalty — Some commentators argue that ObamaCare will "destroy marriage for the middle class the same way that the Great Society welfare state destroyed the black family with financial incentives for staying single."[137] The law will "hit young married couples hard" and "bite back at empty-nesters" by creating "enormous pressure for couples to live together without marriage — or even get divorced — by charging married couples thousands of dollars more in premiums and fees." [138] The disparity is intentional, and it means that U.S. government policy encourages singleness and creates increased disincentives for marriage. As the Democrats explained: Making "subsidies neutral towards marriage would lead to a married couple with only one bread-winner getting a more generous subsidy than a single parent at the same income-level."[139] The subsidies for singles in ObamaCare are just one more of the numerous financial incentives in current government policy that increasingly encourage individuals to reject marriage — the Earned Income Tax Credit (EITC), housing subsidies, food stamps, child support payments, and the welfare dependency programs that created and sustained the inner city matriarchal culture.

Payback to Feminists — ObamaCare continues the paybacks to the radical feminists. Politically, ObamaCare is designed to placate and cement the support of that 70 percent of unmarried women who voted for President Obama in the 2008 election. Greenberg Quinlan Rosner, a liberal firm, said: "Unmarried women represent one of the most reliable Democratic cohorts in the electorate ... We find unmarried women leading the charge for fundamental change in health care."[140] Many of these unmarried women are mothers (older women, rather than teenagers, currently drive the out-of-wedlock birth rates); women in their twenties had 60 percent of all babies born out of wedlock, and women over age 30 had another 17 percent. ObamaCare is a boondoggle for these older unmarried mothers.[141]

The domestic and social policies of the Democratic Party are typically shaped by feminist input. White House logs under the Obama Administration indicate that representatives of Planned Parenthood are among the most frequent visitors.[142] ObamaCare continues the paybacks to the radical feminists. Early in his administration, President Obama signed the Lilly Ledbetter Act, allowing women to sue employers for workplace discrimination, even years after widespread workplace discrimination. Later, the President gave the majority of taxpayer-paid stimulus jobs to women even though men suffered the majority of job losses during the current recession.[143]

***Taxpayer Funding for Abortion* —** It was clear toward the end of the health care reform pseudo-process that President Obama was "willing to put everything on the table in order to be the president who passed health-care reform. Everything that is, except a ban on federal funding for abortion."[144] With the capitulation of supposedly pro-life Democrats, President Obama succeeded in getting a law that is "the greatest expansion of abortion since the 1973 *Roe v. Wade* decision."[145] The president tried to protect the renegade pro-life Congressmen with an executive order that pretended to reverse the bill's provisions. But even the President's fans acknowledge the subterfuge: Planned Parenthood bragged, "We were able to keep the Stupak abortion ban out of the final legislation and President Obama did not include the Stupak language in his executive order."[146]

In a thought-provoking article in *First Things*, Wesley J. Smith argues: "One can support or oppose the government funding abortion. But that isn't the point. If we are to have any respect for law and ordered liberty, our legislation must honestly describe what is intended and allowed. Otherwise, people can't fully judge whether or not they approve of what their representatives have done and may not even understand what the law requires or permits. Of course, that is the whole point of ObamaCare: Its authors designed it to deceive and obscure."[147]

Clearly, imposing taxpayer funding for abortions in ObamaCare did not settle the issue. Penny Nance, chief executive officer of Concerned Women for America, sums up the situation, "People are highly energized about the fact that their tax dollars are going to pay for other people's abortions."[148]

To conclude, "ObamaCare is projected to add another $2.5 trillion after all its provisions take effect. There's no end in sight to the increasing costs of these entitlements."[149] Democratic staffers supposedly told reporters that they had to decide "what their goals were" with health care reform legislation.[150] They should learn from history: more than forty years of failed policies have shown that when the wrong solution is applied to a bad situation, increases in funding simply magnify the problem.[151]

Conclusion:

We can't say we haven't been warned. When Senator Gregg retired in 2010 after 30 years in Congress, he gave an interview to *The Daily Caller.* A famed deficit hawk, he expressed fear over the "inevitable fiscal meltdown" and predicted a "financial crisis of inordinate proportions" within three to seven years.[152] As the nation's largest public policy women's group, Concerned Women for America is deeply concerned about the fiscal health of the nation and the impact of the economic crisis on American families. The impact of unemployment, reckless spending and out-of-control debt and deficits is harming women and children and undermining the basic, foundational unit of society, the nation's families.

Concerned Women for America advocates a fiscal reform plan that focuses on entitlement reform — offering options that would enable today's seniors to reap the benefits that they have earned while instituting plans that would rescue our children and grandchildren from the debt and national decline that will otherwise be inevitable. We reject the suggestion made by Senate Minority Leader Mitch McConnell (R-Kentucky) that a short-term debt limit hike would provide extra time for negotiations that would resolve the complex issues. We totally disagree with Treasury Secretary Timothy Geithner who called plans to reduce the federal deficit over the next decade "irresponsible;"[153] on the contrary, it is irresponsible to advocate, as Mr. Geithner has, plans that would maintain the status quo on the debt and deficit. This administration has a habit of delaying unpopular policy implementation until long after their terms in office are over.

Concerned Women for America reminds legislators that the nation's women are very concerned about the fiscal crisis and want to see principled, courageous action to reverse the crisis and bring back the kind of financial and economic stability that propelled America into the world's superpower. As Congressman Paul Ryan said, "The Federal Government's current fiscal path is unsustainable: it leads to unprecedented levels of spending and debt that will overwhelm the budget, smother the economy, weaken America's competitiveness in the 21st century global economy, and threaten the survival of the government's major benefit programs."[154] Reforms must be undertaken to make Social Security sustainable for the long run in the context of government's proper role, restraining government spending and limiting the size of government while restoring individual initiative, entrepreneurship and opportunities for America citizens.[155]

We cannot afford to continue moving toward what Senator Gregg called a "European Democratic welfare state model."[156] While Congressman Ryan's proposal is not a quick fix and would not accomplish its goal of cash-flow solvency until 2083, it provides a road map for getting where America needs to go. Congressman Ryan argues that the nation is approaching a "tipping point" where we will not be able to change course and that situation will be disastrous for the nation's fiscal stability and future prosperity. More seriously, Ryan is concerned with the impact dependency has on recipients' character and their entrepreneurial, risk-taking spirit.

Accordingly, we ask Congress to make the hard choices necessary to stop the reckless pattern of spending and get the nation back on a sound fiscal foundation by balancing the federal budget while maintaining all the pro-life protections in our current spending. Specifically, CWA opposes any additional spending without a plan for cutting government spending and balancing the budget within five years. We reject any and all tax increases that will cripple families, devastate the economy and consolidate more power in government. We support the "Cut, Cap, and Balance" initiative as the best way to stop the cycle of endless deficits.

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Penny Nance became CWA's new CEO in January of last year. She has energetically put to use her skills honed working in the arena of public policy over the past twenty years. Penny most recently served as President of Nance and Associates and as Special Advisor for the Federal Communications Commission (FCC), where she advised the Chairman and the Commissioners on media and social issues. In this capacity, she served as a liaison and provided outreach to Congress, public interest groups, and industry. Before joining the FCC, Penny was founder and President of the Kids First Coalition, a non-profit organization focused on educating Capitol Hill, the media, and the public on a variety of issues related to children. Penny has been quoted and featured on the topic of social issues and politics in print media including the *New York Times*, *New York Daily News*, *Wall Street Journal*, *USA Today* and others. She has appeared on Fox News, C-Span, Lehrer News Hour, MSNBC, CNN and many network affiliates. Prior to founding Kids First Coalition, Penny worked for five years as Legislative Director for CWA. She has also consulted for other non-profit organizations including Prison Fellowship Ministries and the Center for Reclaiming America. She served on the Capitol Hill Staff of Congressman Pat Swindall (R-Georgia). Penny is the wife of Will Nance and the mother of two children. She has served on CWA's national board of trustees and the Virginia board of Bethany Christian Services (the nation's largest non-profit adoption agency).

Concerned Women for America (CWA) is the nation's largest public policy women's organization with a rich 30-year history of helping our members across the country bring Biblical principles into all levels of public policy. There's a cultural battle raging across this country and CWA is on the frontline protecting those values through prayer and action.

We focus on six core issues: the family, the sanctity of human life, religious liberty, education, pornography and national sovereignty.

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Janice Shaw Crouse, Ph. D, is the Director and Senior Fellow of CWA's Beverly LaHaye Institute. Both her book, *Children at Risk (2010)* and her forthcoming book, *Marriage Matters* (2012) are from Transaction Publications. She is a weekly columnist for numerous publications and a frequent television and radio commentator on contemporary issues. She was the 2008 Woman of the Year (along with Chuck Colson as Man of the Year) for the Centers for Decency. She was a former presidential speechwriter and twice served as an official delegate to the United Nations (2002 and 2003). She is featured in numerous publications, including the *Congressional Quarterly and The Public Eye*. She authors scholarly and think-tank publications and Congressional Testimony. She is on the 5-member Management Council for the World Congress of Families. She is a member of the Board of Trustees of the Institute on Religion and Democracy and the Howard Center. She is on the Board of Directors for the Christian Film and Television Commission. The National Press Club describes Dr. Crouse as "a conservative leader who appeals across ideological and religious barriers . . [Her] perspectives on cultural and political issues expose spin to reveal truth in ways that have earned respect and made her a popular cultural analyst."

BEVERLY LAHAYE INSTITUTE

The Beverly LaHaye Institute is the think tank and research arm for Concerned Women for America. The institute was founded in 1999 to honor Mrs. Beverly LaHaye, the founder and Chairman of CWA, for the purpose of providing accurate data and sound analysis to inform and substantiate policy positions on contemporary issues from a Biblical and feminine perspective. Through professional, highest-quality research and analysis, the BLI stands strong in defense of marriage, family and life. BLI sponsors policy forums on Capitol Hill, writes legislative testimony, compiles and analyzes social science behavioral research, publishes literature reviews, opinion editorials, reports, and monographs, and provides commentary for media on CWA's six core issues.

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