

## Can We Keep Robbing our Children's Piggybanks?

Last year, Dan DeBoissiere identified the long-term issues associated with a large national debt. Unfortunately, our federal legislators were not listening and passed a major tax cut for corporations and citizens during a time when the economy is humming and does not appear in need of any further stimulation. Contrarily, many economists would argue that this is the time to take a serious look at ways for reducing the debt by focusing on ways to move towards a balanced budget rather than cutting taxes.

Dan is asking us to go to the Concord Website to better understand the issues with a growing deficit. "The Concord Coalition is a national, nonpartisan organization dedicated to fiscal responsibility and reform. Since 1992 Concord has worked to educate the American public about the causes and consequences of the growing federal debt and the need to develop realistic solutions for sustainable budgets."

The Concord Coalition blog post by Steve Winn (Monday, October 22, 2018) offers "Seven Reasons to Worry About High Federal Deficits" and explains how high and rising federal deficits hurt ordinary Americans. Please go to the website and follow all the links to gain a fuller understanding of these important issues.

<https://www.concordcoalition.org/blog-post/seven-reasons-worry-about-high-federal-deficits?eType=EmailBlastContent&eId=6aeb2b25-d5ec-4b84-af63-c1756933f833>

After reviewing the materials from the Concord Website, we need to ask ourselves what is at stake here and what is the appropriate stance for informed citizens to take in addressing the issues raised by chronic underfunding, or if you prefer, uncontrolled overspending. Here are some questions to consider as you read the materials for the seminar.

1. The evidence suggests that the present level of Social Security benefits cannot be maintained and by some time during the 2030s, retirees will be receiving 75% of what they presently are receiving. There is also strong evidence that only about 30% of younger people are saving enough for retirement. The confluence of these two factors call for the rethinking of public policy. What would you want to see your representatives do to address this issue?
2. Medicare is heading for a near-term crisis because the taxes being collected only cover 40% of the cost of the program. Yet Medicare has proven to be a very popular entitlement for most citizens, (In fact, there is a growing call to have a "Medicare for All" health care system of payment.) Given the articles you read and other information you may have gathered, what type of system of health care is appropriate, given your values and considering how it should be funded?
3. An equally important program for funding health care is Medicaid, which is the primary responsibility of each state with federal dollars used to offset state costs. "For 50 years, Medicaid has helped ensure that millions of Americans who need it have access to health care for preventive, primary and specialty services. Children, pregnant women, parents,

seniors, individuals with disabilities and low-wage earners all may qualify for Medicaid subject to state requirements under federal standards. As a result, the most vulnerable Americans get a hand up to a healthier life.” As chronic federal underfunding and large annual deficits continue, there will be growing pressure on the states to pick up more of the burden. This will probably mean higher state taxes or reduced services. What is your stance on this issue?

4. The recent tax cuts by Congress and the President promised to be paid for by faster growth. However, the annual deficit has grown this year and the projections for future years is not promising. Sustained deficits will cost each of us more money just to pay the interest on the government loans, thus leaving less money for growth. After reading the materials for this seminar, what do you think is a reasonable approach to addressing this issue: more taxes and for whom, less spending and where? Some economists say that we should simply print more money, as purchasers of government bonds seem to continue to have full faith in the government paying their debts. Are there any indications this may change?
5. Government deficits are intergenerational. It is quite clear that a 22 Trillion debt cannot be paid by the present generation of spenders. Put simply, Dan is suggesting we are using our childrens’ credit cards without their knowledge and we will not be around to pay the debt incurred. Does the presented evidence in this seminar support Dan’s contention? Is there an argument to be made that makes this ethically acceptable? Is there another way to look at this issue?

David and Aram