



The Great American Debt

Each year since 1969, Congress has spent more money than it takes in, and each year the Treasury Department has had to borrow money to meet Congress' appropriations, which always increase. Indeed, the Treasury Department has the third largest expenditure in the federal budget. Only Defense and the income redistribution programs of the Departments of Health and Human Services, HUD, and Agriculture (food stamps) are higher.



As the debt increases, so do the interest payments. Social spending is the largest item in our federal budget, and ObamaCare has greatly increased that expenditure. At a time when our national debt was in the trillions, the enactment of ObamaCare was a totally irresponsible act on the part of the new administration.

For the fiscal year 2011, the Treasury Department spent \$454 billion on interest payments to the holders of our national debt. That's almost a half trillion dollars, just for interest payments. Compare that to \$6 billion for NASA, \$70 billion for the Department of Education, and \$26 billion for the Department of Transportation. And it looks like we shall have to make those interest payments into the foreseeable future, meaning that they will be paid by our children and grandchildren.

How much is America worth? It's an important question because if we owe more than we are worth, and have to keep borrowing to keep Washington's redistribution machine running, we are headed either toward default of the debt or bankruptcy. That would destroy the credit of our federal government. Of course, inflation could delay the moment of reckoning, but it would also destroy the savings of millions of Americans. Indeed, we are already seeing the effects of inflation in the grocery store and shopping mall.

The Obama administration insists that we raise the taxes of the rich to help cover our deficit. Republicans argue that the federal government must cut its spending to achieve a balanced budget. Taking more money out of the private sector, where it can be used to generate wealth, and transferring it to the public sector, which only knows how to spend money, would harm the economy as a whole.

Obama is an ideological socialist. He believes that the purpose of the private sector is to pay for the lavish social programs of the public sector. But what he seems not to realize is that the private sector has given the government all that it can without harming its ability to generate additional wealth. But socialists don't seem to care if they kill the goose that lays the golden egg. Their attitude is reflected in the signs being held by the Occupiers of Wall Street: Kill Capitalism; People Not Profits, as if it's possible to help people without profits.

The European Union, run by socialist governments, is facing the same problem. Because of over-



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regulation and a basic hostility toward capitalism, the private sector is stagnant and cannot support the ever growing demands of the public sector. And so these socialist leaders, whose governments have borrowed more than they can pay back, have to face reality. In Spain the voters threw out the socialist government by the largest margin in Spain's electoral history. And Spain has always been a hotbed of socialism and anarchism. But economic reality has hit them in the face like a bucket of cold water. What happened in Spain in November may be a forerunner of what can happen in the United States in November 2012. The Conservative People's Party's candidate, Mariano Rajoy, enjoyed a landslide victory, winning an absolute parliamentary majority with a crushing 16 percentage points over the Socialists. The party will have 186 seats of the parliament's 350. The Socialists lost a third of their seats, as voters dumped a government that presided over a dramatic economic slump that has left 23 percent of Spaniards unemployed.

"It is no secret to anyone that we are going to rule in the most delicate circumstances Spain has faced in 30 years," Rajoy said. He pleaded for time. "There will be no miracles," he said. "We haven't promised any." The new Spanish leader has promised major reforms, more austerity, and strict deficit control in tune with market demands and with those of Germany's Angela Merkel, the European Central Bank and the European commission. Rajoy's shadow Finance Minister Cristóbal Montoro has said the new government will act hard and fast, introducing reforms immediately. Rajoy must now name his future Finance Minister. He has said in the past that he is happy to choose someone from outside the party, so may end up naming a market-friendly technocrat.

Nor would there be any instantaneous miracles if Republicans win the White House in November 2012 and a Tea Party majority takes over both houses of Congress. Here in America, we are finally coming to grips with the basic fundamentals of economics. In Spain, they call the socialists Socialists. But here in squeamish America, the "S" word, is rarely if ever mentioned in the establishment media, and it's amusing to watch the liberal pundits discussing the problems between Obama and the Republicans in the usual terms of political party jargon. But that's because the word has come down from above that the term socialism must not be mentioned because it too well describes what our problem is. The Democrats know that most Americans do not favor socialism. They prefer the terms liberal or progressive, but not socialist. Yet if you read *Radical-in-Chief* by Stanley Kurtz, you will know where Obama comes from ideologically. Kurtz minces no words: Obama is a Socialist.

How can we realistically deal with the national debt in a way that does not penalize future generations with terrible economic burdens? The answer is surprisingly simple: The government must stop spending so much money, and Congress must begin dismantling the socialist programs that are leading us to bankruptcy. Only a growing economy will enable us to create the new wealth needed to pay down the debt. It will mean weaning the public from its addiction to government money. Which means that the private sector will have to create enough new jobs to hire people dependent on the redistribution of other people's money.

It was President Lyndon Baines Johnson, back in 1965, who got us on the socialist treadmill of wealth redistribution by getting his progressive Congress to vote for the Great Society, named after British Socialist Graham Wallas's book, *The Great Society*, published in 1914. It became the blueprint for the expansion of the federal government into socialism. Thus was enacted the famous War on Poverty (a war we could never win), the Elementary and Secondary Education Act (which put the federal government into all public school classrooms to the detriment of academic excellence), Medicare and Medicaid (enacted to prepare us for socialized medicine), National Public Radio (subsidized liberal



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indoctrination via radio and television), the National Endowment for the Arts (so government could choose its favorites), the National Endowment for the Humanities (to make symphony orchestras, playwrights, and writers dependent on federal money).

And every administration after Johnson added its own new programs on the premise that the taxpayer would provide an inexhaustible amount of money to pay for it all. Even “conservative” Republican George W. Bush couldn’t resist adding his own entitlement to those already driving the government into the red, a Prescription Drug Plan. I guess he expected to win the plaudits of the AARP.

However, like Spain, we have reached the end of the road. Our debt is beyond anything ever created in the history of mankind. The American people must finally decide whether they want socialism or capitalism. They can’t have both. But how many voters in America know the difference between the two? Our present problems are based on the premise that we could have both.



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