



Written by [Veronique de Rugy](#) on June 27, 2024

True Test of Leadership: Fiscal Responsibility in the Presidential Debate

During and after this week's presidential debate, we must look beyond rhetoric and personality to the core issues shaping America's future. The most pressing is the unsustainable growth of government spending and ballooning national debt, which promises to rob Americans of wealth and living standards in the coming decades. Make no mistake, it's a genuine crisis demanding immediate attention. Dealing with it responsibly should be the litmus test for presidential leadership.



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A recent Congressional Budget Office report paints a dire picture. Projected deficits have climbed alarmingly high, far exceeding previous estimates. The federal budget deficit is now projected to reach \$1.9 trillion in 2024, about equal to a staggering 6.7% of annual GDP. More troubling still is the exponential growth in government spending compared to projections from just four years ago.

Back in 2020, the CBO projected that federal outlays would reach \$7.5 trillion by 2030. The latest report puts that number at \$8.5 trillion — an additional \$1 trillion in just four years. The projected deficit for 2030 also increased by roughly 25%, or \$450 billion, in those four years. Meanwhile, projected debt accumulation grew by 20%. In 2020, the CBO projected that the federal debt held by the public would by 2030 reach \$31.4 trillion. The latest report now puts that at \$37.9 trillion. It will, however, grow another \$10 trillion by 2034, to \$47.8 trillion!

Contrary to what you may have heard, this rapid expansion of government is more than a response to recent crises, though some of it does reflect the oversized response to COVID-19. More importantly, the expansion results from a fundamental shift in the size and scope of federal activities.

Fiscal recklessness threatens the very foundations of our economic prosperity. As government expands, it crowds out private investment, stifles innovation and places an ever-growing burden on future generations. The rising costs of debt service alone — projected to reach \$1.7 trillion annually by 2034 — will consume an ever-larger share of our national resources, leaving less for critical investments in infrastructure, education and research. The costs of these interest payments, in turn, will be paid for by more borrowing. That will fuel inflation and make the Fed's job harder.

These are a few reasons why growing debt increases our vulnerability to economic shocks and geopolitical crises. It reduces our fiscal flexibility to respond to future recessions or national



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emergencies and potentially undermines the dollar's status as the world's reserve currency.

The candidate who truly grasps the gravity of this situation and proposes concrete, realistic steps to address it will demonstrate the leadership our nation now desperately needs. A serious president must commit to talking about this issue by examining every federal program and agency, eliminating redundancies and devolving appropriate responsibilities to state and local levels. More importantly, we need a thorough review of entitlement programs.

Recent numbers from the Manhattan Institute's Brian Riedl show things are on track to get much worse over the next 30 years, with accumulated deficits of \$115 trillion, including Social Security and Medicare deficits of \$124 trillion (the rest of the budget will produce a surplus of \$9 trillion). Basically, Social Security and Medicare are the problem, and no candidate should be taken seriously if he continues to claim his administration won't touch the programs, like both President Joe Biden and former President Donald Trump have done.

For long-term economic stability, we must have a credible plan to gradually reduce our debt-to-GDP ratio. This should include setting specific targets for deficit reduction over the next decade, implementing automatic spending reforms if fiscal targets are not met, and reforming the budget-making process. While not directly a fiscal measure, reducing the regulatory burden on businesses can spur economic growth and indirectly improve our fiscal position by increasing tax revenues without raising tax rates.

As voters, we must demand that both candidates address these issues head-on during the campaign season. Vague promises and populist rhetoric are insufficient. We need detailed, actionable plans to put America on a sustainable fiscal path. The candidate who rises to this challenge — who has the courage to speak honestly about the tough choices ahead and the vision to chart a course toward fiscal sanity — will prove himself worthy of leading our nation.

In these turbulent times, only by reining in the leviathan of government can we secure prosperity and liberty for future generations. The stakes couldn't be higher. Let's judge the candidates not by their charisma or their attacks on each other but by their commitment to doing what must be done. The future of our republic depends on it.

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