

# MEHAN III: Where is the party of small government?

*The Washington Times*

**Fiscal crisis ahead**

**G. Tracy Mehan III**  
**Wednesday, August 6, 2008**

**OP-ED:**

I recently spoke with a Republican Hill staffer whom I had not seen since the Democrats took control of Congress. After joking with him about the shift from the strategic offensive to playing defense, I asked if Republican members were ready to refurbish their brand by opposing earmarks, controlling spending and even confronting the largest Death Star of all, federal entitlements - Medicare, Medicaid, Social Security.

I was treated to a discussion of the waste in our health system and government programs which support it. I was inundated with a drizzle of detail of how this or that program lost money due to mismanagement or venality.

My friend did not mention earmarks, spending or entitlements. Given his job, I have to believe he was avoiding a sensitive subject, having nothing to offer by way of encouragement.

David M. Walker, until recently Comptroller General of the United States and head of the Government Accountability Office (GAO), is a modern-day Cassandra who sees clearly the fiscal crisis in our not-so-distant future. Mr. Walker argues that the country is facing "an explosion of debt" due to the baby boomers' retirement, spiraling health care costs, plummeting savings rates and increased reliance on foreign lenders, which present "unprecedented fiscal risks." He describes GAO's long-range simulations or projections as "chilling." In 1966, mandatory programs, mostly entitlements, amounted to 26 percent of total federal spending. In 2006, it was 53 percent. Add in net interest on the debt, and the numbers are 33 and 62 percent, respectively.

Discretionary spending, what most citizens would term "government" - defense, national parks, the weather service - has fallen from 67 to 38 percent of federal spending.

Most frightening, what GAO calls "implicit exposures" for future Social Security and Medicare benefits jumped by 158 percent since 2000, mushrooming from \$13.0 trillion to \$40.8 trillion. This fiscal burden amounts to \$455,000 per household. This has happened while Republicans controlled the White House and Congress (until 2006).

A trillion here, a trillion there ... balancing the budget in 2040 could require cutting total federal spending by 60 percent or raising federal taxes to twice today's level.

Faster economic growth can help, but it cannot solve the problem alone: "Closing the current long-term fiscal gap based on reasonable assumptions would require real, average annual economic growth in the double digit range every year for the next 75 years," says the GAO. "During the 1990s, the economy grew at an average of 3.2 percent per year."

Fraud, waste and abuse? That would be an easy problem to solve. This crisis is a fundamental, structural and systemic failure of federal fiscal policy resulting from a dysfunctional political culture for which Republicans must take responsibility. The administration's drug benefit was the largest expansion of a federal entitlement in recent history, and its non-defense discretionary spending has surpassed levels attained by Lyndon Johnson and the Great Society.

Fiscal responsibility and entitlement reform should be viewed as complementary, rather than antithetical, to supply-side tax cuts and pro-growth policies. Rep. Paul Ryan of Wisconsin, a dedicated supply-sider, is one Republican congressman who understands this. His proposed legislation, "A Roadmap For America's Future," combines entitlement reform with tax relief designed to lift "the massive projected debt burden from the shoulder of future generations." Absent fiscal restraint and structural reform of entitlements, Americans are alarmed at ballooning deficits which transfer the burden to the next generation. They may come to embrace higher taxes with a view towards reducing the deficit which, in and of itself, is important only as a percentage of gross domestic product. Ignoring the entitlement crisis puts at peril the GOP's low-tax, growth strategy for the nation's economy.

Allowing the Bush tax cuts to expire will certainly not address the entitlement crisis, the federal deficit or economic growth. Any additional tax revenues will probably be consumed by new health insurance programs, supported by Sen. Barack Obama if he becomes president. And that is just one new program proposed by Democrats and supported by many Republicans of late.

Rather than succumbing to the siren song of big government, staunchly defending earmarks or their votes for drug benefits, the farm bill and now the housing legislation, Republican members of Congress need to reclaim their heritage of fiscal responsibility and recall their true reason for being.

*G. Tracy Mehan III, who served at the EPA in both Bush administrations, is an adjunct professor at George Mason University School of Law.*