Spending Our Children's Future Today

Our tax- and power- hungry politicians and government agencies are on an incredible spending spree. They buy a lot of services and stuff today for which the children will pay for far into the future. Clearly we are using future generations' prosperity and wealth today.

And, our aging population means fewer taxpayers to pay for our mounting deficits, debt and unfunded liabilities (see inside for details).

And what is all that spending buying? Certainly much of it will be chosen based on political criteria with little regard for the magnitude and timing of benefits. Plus, government does a poor job of most of its endeavors.

No matter what you think of the size, scope, and role of government, there is some amount beyond which the cost is too high. Arguably, government taxes and spends too much already.

Taxation

Estimates are that middle class people pay about 30% of their income for all federal, state and local taxes.

Most of that is federal income tax, but; state and local governments continue to add or raise fees and taxes for a growing array of services and programs too.

Libertarians would agree with Benjamin Franklin who said: It would be thought a hard government that should tax its people one tenth part.

How Many Laws?

There is no known count of all existing laws. But it seems safe to say that there are perhaps a million federal, state and local laws.

Many laws are outdated, overlapping and too expensive. Ideally, our politicians would review those old laws and change or get rid of them as appropriate. But they are busy spending and making more laws.

Government Taxing & Spending: How Much is Too Much?

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Unfunded Liabilities

Unfunded Liability: future payments that government promises to make, for which too little money is being collected to make the payments.

Government has an astonishing amount of unfunded liabilities including Medicare, Social Security and many federal, state and local government pension and retirement health programs.

Estimates vary but a reasonable estimate of the total is about $60 Trillion, about $181,000 per person.

So, existing debt (see right panel) plus unfunded obligations exceeds $88 Trillion! That's 88 with twelve zeros after it!

The only possible responses are: 1) cut benefits, 2) increase taxes and 3) borrow more.

But politicians want votes so it is unlikely that they will use options one and two.

U.S. Government Deficits and Debt

Deficit: *money spent that exceeds income within a given period.*

Debt: *money borrowed and paid back, with interest.*

For 2021 the annual federal government deficit – was about $2.3 Trillion, not including Covid-related stimulus.

That amount must be borrowed each year and is on pace to add $12 Trillion - $15 Trillion to the existing $28 Trillion of debt over ten years. That debt is about $85,200 per person.

As context: in 2021 the value of the entire U.S. economy – gross domestic product (GDP) – is about $23 Trillion. As of 2020 debt was an incredible 120% of GDP.

In 2019 the U.S. ranked 43rd out of 207 countries in debt/GDP ratio.

That's not all. Interest payments for that debt add another $8 to $10 Trillion to the amount that must be paid to lenders.

By 2025 annual interest payments will be approximately $750 Billion, exceeding cost for any other major U.S. federal spending category.

Of course, people could not possibly hope to overspend and borrow like that, year-after-year.

The obvious response: reduced government size, scope and spending. In any given year, government should spend only what it takes in.

	Per Person[1]
Deficits[2] ($/year)	4,532
Debt[3] ($)	85,196
Unfunded Liabilities[4] ($)	181,269
Total Owed[5] ($)	266,465

All estimates are for 2021.
1. Population: 331.0 Million.
2. Projected annual deficit: $1.5 Trillion.
3. Debt: $28.2 Trillion.
4. Unfunded Liabilities: $60.0 Trillion.
5. Debt + Unfunded Liabilities.