

IN CASE YOU MISSED IT

Debunking Detrimental Fiscal Fallacies

A key priority of the House Budget Committee is *sounding the alarm* on our [out-of-control federal debt](#), raising awareness to the [risk](#) reckless government [spending](#) poses to our American way of life if Congress doesn't change course.

One factor that complicates this goal is misinformation about fiscal issues and widely held misguided beliefs about Congress' power of the purse and how taxing and [spending](#) really work.

James Carter, an alum of President George W. Bush's administration and the U.S. Senate Budget Committee, recently published an article in the [Daily Caller](#) debunking three widely held misguided beliefs that he says "threaten to skew Congress' deliberations and put America's future at further risk."



WORD ON THE STREET



Via [Daily Caller](#)

- ***Misguided Belief #1:*** "We [the federal government] don't have to balance our checkbook. We are like the banker in Monopoly. We create the money. We hand out the money everyone else plays the game with."
 - That misguided thinking is why the federal government is poised to spend [\\$6,418,000,000,000](#) this year. *That's \$204,000 per second!*
 - Given that the speed of light is 186,000 miles per second, the federal government is literally spending faster than the speed of light!
 - The source of the problem? The federal government's decrepit budget process pays lip service to the concept of scarcity and does little to encourage a thoughtful weighing of national priorities and the trade-offs involved.



- ***Misguided Belief #2: Tax Cuts Are Costly.***
 - Actually, tax policy changes do not ‘cost’ anything.
 - Taxation is merely one method the government uses to extract resources from the private sector for its own use. A tax cut changes the mix of how the government extracts resources — a little less taxing, a little more borrowing. **Federal spending is the true cost.**
- ***Misguided Belief #3: Moody’s recently cut the federal government’s credit outlook to “negative” from “stable.” but there’s plenty of time to clean up this mess.***
 - Having accumulated a debt of \$33.9 trillion and trillions more in [unfunded liabilities](#), the federal government faces a rapidly deteriorating fiscal outlook. According to the Congressional Budget Office (CBO), federal spending will push the budget deficit to nearly *\$3 trillion per year* within the decade.
 - [Penn Wharton](#) estimates, “Under current policy, the United States has about 20 years for corrective action after which no amount of future tax increases or spending cuts could avoid the government defaulting on its debt whether explicitly or implicitly (i.e., debt monetization producing significant inflation).”

THE BOTTOM LINE

We must not allow fiscal fallacies to enable Democrats in Congress and the White House to spend America’s future away, or let misguided talking points justify kicking this can down the road. **The debt requires immediate action from Congress.** The longer policymakers let this self-inflicted fiscal crisis fester, the more draconian the cure will be.

House Budget Republicans are fighting to change the culture of Congress’ spending obsession and *reverse the curse* of our [\\$34 trillion federal debt](#) before it’s too late.

