

Written Testimony:  
Former Speaker of the House Newt Gingrich to the House Budget Committee  
July 20, 2022

First, thank you for inviting me to speak with you. I am honored to return, even virtually, to the People's House and participate in our Great Experiment.

This committee is dealing with some the most important issues facing our country, and it has the greatest opportunity to begin restoring an America that works for all Americans.

Let me start by saying something that may come off as harsh but needs to be said: It is a great irony to have the government – which has been the largest single abuser of children of the last two years – suggest that Americans should trust government to improve their children's' lives and futures.

I mean that. The government-led efforts to isolate and mistreat children in response to COVID-19; to trap them in schools that don't teach; and to eliminate the culture of work, productivity, and hope for a better future have contributed the most widespread psychological and academic trauma to children we have seen in modern times.

The government's failure to deal with mental health issues in a serious way that prioritizes patient *and* community welfare has led to a record number of people who are homeless. The government's failure to stop the illegal drug trade and the explosion of overdoses and deaths has led to more American deaths than the last several wars combined. It has also been the largest single destructive force undermining and weakening children in American history.

So, to have this hearing, with that background, without a little humility about the damage our government and bureaucracies have done is astonishing.

So, with that said. There are several things your committee could be doing to repair some of this damage.

Let me just remind you first, as President Ronald Reagan said, the greatest social program is a job. Work good for the family, it's good for income, and it's good for teaching young people that when they grow up, they should expect to work.

Second, we balanced the federal budget for four straight years through a bipartisan effort – which included President Bill Clinton – because we cared about America's future enough to make tough choices.

Third, given the current rate of inflation, the suggestion to pile more money into the system is a suicidal act of hubris.

Fourth, when we passed welfare reform, it was principled, work-oriented, was a systemwide overhaul, and it worked. It worked because people went to work. Because Americans were going to work, we saw the largest single reduction of childhood poverty in American history. And the reforms were bipartisan. Remember, I met personally with President Clinton for months. John Kasich worked with Democrats to get the bills written and passed. It was a totally bipartisan effort.

Perhaps most importantly, the ideas and work that led to successful welfare reform didn't come solely out of Washington, D.C. We reached out to governors and state officials who actually administered Washington's welfare dictates. *They told us* what needed to be fixed and what needed to be completely reworked. We didn't tell them. This, of course, drove the Washington, D.C. staff members crazy, but it worked. We needed to hear from the people who actually worked in these programs on a day-to-day basis to understand how the system needed to change.

The greatest problem Washington has today is its inability to learn what works and what fails in the real world. This city has a passion for skipping over reality and focusing on ideology.

We are seeing it happen today as we grapple with high inflation and tumble toward a recession. We don't have to reinvent Jimmy Carter. We know what works.

What works is balancing the budget, which we could do in five to nine years. I know this because we did it in four years in the 1990s.

What works is having the maximum number of able-bodied Americans going to work. We should be connecting all government aid to work, except for the most severely challenged. Further, given advancements in technology and communication, we should reassess and update what able-bodied means.

What works is cutting out corruption and incompetence. Consider the \$20 billion dollars stolen from the California Unemployment Fund. Some estimates suggest that nearly half of all pandemic aid was stolen.

What works is having strong families who have enough take-home pay to make their own decisions about how their children are educated – and who is taking care of them. Just as we need education freedom – which former Secretary Betsy DeVos is championing – we need childcare freedom.

Part of childcare freedom is allowing parents to self-organize at the community level. If you have a friend or relative who you trust to take care of your children and you want to pay them for that service, who is the government to step in and tell you who can and can't pay to watch your children while you are at work? Who is the government to decide that uncle, aunt, neighbor, or friend from church doesn't have the appropriate degree or union membership to get paid to care for your child during the day?

The last thing we need is a unionized, government bureaucracy bringing the same level of mediocrity and failure to preschool that has managed to bring too many inner-city schools.

I recently wrote a book, "Defeating Big Government Socialism: Saving America's Future," which deals with many of the problems your committee faces. Writing it has informed a lot of my thinking and I hope it will be helpful to the Committee. I have included a section from the book on balancing the budget in my written testimony.

I thank you for the opportunity to be here, and I look forward to answering your questions.

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## From “Defeating Big Government Socialism: Saving America’s Future,” Chapter 7: Opportunity and Hope:

### BUILDING A SUCCESSFUL AMERICA ON A BALANCED BUDGET

Continued reckless federal spending is a recipe for disaster for the American people. As I described in the preceding chapter, inflation has hit record highs and the supply chain has been significantly disrupted. Government spending was already high due to the COVID-19 pandemic, but the Biden administration and Big Government Socialists have prioritized spending even more of Americans’ money. With the American Rescue Plan and the infrastructure bill, the Biden administration has already signed into law a combined total of \$3.1 trillion.<sup>15</sup> Had the Build Back Better Act passed, this total would have climbed much higher.

President Biden has said that this multi-trillion-dollar new spending “will reduce inflation.”<sup>16</sup> But with fewer goods to absorb the flagrant government spending, we have a textbook definition of what will make the already skyrocketing inflation worse. The size of the U.S. economy has not kept pace with the amount of government spending. Today the national debt is more than \$30 trillion, while the gross domestic product of the United States is \$20.95 trillion.<sup>17 18</sup> In 1980 (during the Jimmy Carter administration, the last high-inflation Democrat president), the U.S. economy was three times larger than the national debt. But today the roles have reversed. Now the debt is bigger than the economy.

This means today’s Federal Reserve has much less room to raise interest rates to cool off the economy. Because the debt is so large, a high interest rate would eat into federal, state, and local budgets due to the crushing costs of servicing the debt.

When the Carter administration raised interest rates, a recession ensued. But at the time of this writing, the Wall Street Journal reported that Americans should anticipate an oncoming hike in interest rates. According to the newspaper on February 10, 2022:

The question facing Federal Reserve officials ahead of their policy meeting next month is no longer whether they will raise interest rates but rather by how much. . . . The debate still has weeks to play out but could lead officials to begin lifting interest rates from near zero next month, with a larger half-percentage-point increase rather than the standard quarter-percentage-point move. The Fed hasn’t raised rates by a half percentage point since 2000.<sup>19</sup>

The American people are the ones who bear the brunt of this poor and irresponsible federal fiscal policy. Regardless of the result of the March meeting, the case for balancing the budget is urgent—and the American people agree. According to a recent poll we sponsored at the American Majority Project and conducted by McLaughlin & Associates, 70 percent of Americans support passing a constitutional amendment that would require that Congress pass a balanced federal budget annually.

Diving into this further during focus groups, we found: “Support for balancing the budget is driven by a belief that it will force Congress to set priorities, solve the root causes of problems,

and that it is something that every family and business must do, therefore Congress should do it as well.”<sup>20</sup>

Passing a balanced federal budget is challenging, but it’s not impossible. When I was Speaker of the House, congressional Republicans passed the only four years of balanced budgets in our lifetime. As a team, we made balancing the budget a priority by finding savings and passing reforms. Our approach in the 1990s was not to be stingy with Americans’ money, but to be smarter. We didn’t carelessly slash budgets or mindlessly continue to do “what had always been done.” We invested in Americans and the future of our country. This approach requires discipline and focusing on returns, outcomes, and metrics of success.

For example, we saw the benefit of the National Institutes of Health, so we set out to double its budget. This budgetary increase led to more lives saved, as well as more money earned in the world market, and secured American global leadership in a high salaried industry. We reformed welfare and the telecommunications industry, which resulted in more people working, more jobs, and more savings for taxpayers and consumers.<sup>21</sup> The results we saw from a collective and determined focus on balancing the budget were remarkable. In 1995, when the congressional Republican majority took office, the Congressional Budget Office’s projection for the cumulative federal budget deficit over the next ten years was \$2.7 trillion in total. But in January 1999, just four years later, the CBO projected a \$2.3 trillion federal surplus over the next ten years. In just four years, we had turned around the financial outlook of the United States to the tune of \$5 trillion.

While it is true that a lot has changed since the turn of the century, there is no reason why Congress cannot and should not balance the budget using the same approach congressional Republicans implemented when I was Speaker. We informed Americans in our American Majority Project and McLaughlin & Associates poll, “The successful formula in the 1990s was to control government spending, cut regulations, reform welfare so people had incentives to work, and cut taxes in order to increase economic growth and increase revenues as the economy got bigger.” We then asked, “Would you approve or disapprove of Congress using the same economic policies now?” An overwhelming, bipartisan majority supported this approach; a total of 73 percent of people approve of these economic policies, including 65 percent of Democrats, 71 percent of independents, and 83 percent of Republicans.<sup>22</sup> There is a strong moral case and political incentive for members of Congress to prioritize smarter spending. It’s time Congress listens to its constituents and balances the federal budget.

## Endnotes

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16. Caroline Downey, “Biden Claims His Multi-Trillion Dollar Spending Packages Will ‘Reduce Inflation,’” National Review, July 22, 2021, <https://www.nationalreview.com/news/biden-claims-his-multi-trillion-dollar-spendingpackages-will-reduce-inflation/>.

17. U.S. National Debt Clock: Real Time, accessed March 10, 2022, <https://www>.

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18. "GDP (Current US\$)—United States," World Bank, 2022, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=US>.

19. Nick Timiraos, "Surging Inflation Heightens Fed Debate Over How Fast to Raise Rates," Wall Street Journal, February 11, 2022, <https://www.wsj.com/articles/rising-inflation-keeps-pressure-on-fed-to-frontload-rateincreases-11644509103>.

20. "Analysis: Americans Want a Return to Balanced Budgets," American Majority Project, Gingrich 360, February 25, 2022, <https://americanmajorityproject.com/analysis-americans-want-a-return-to-balanced-budgets/#more-1442>.

21. Newt Gingrich, "It Is Time to Balance the Federal Budget Again," Gingrich 360, February 7, 2022, <https://www.gingrich360.com/2022/02/04/it-is-timeto-balance-the-federal-budget-again/>.

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