



Buchanan for Congress

Peace - Balance - Freedom



CAMPAIGN SPEECH

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Thank you and good afternoon. Candidates often talk about abstractions, like "freedom" or "opportunity." Today I will talk to you about numbers.

54 TRILLION dollars. That is the total of unfunded federal government liabilities, according to the government's own figures. None of us can grasp a number that large. It is about 175,000 dollars per person or 700,000 dollars per family of four in the U.S.

If your family pays off your mortgage, your car loans, and your credit cards, our federal government has still put you deeply into debt, perhaps more debt than we can ever pay. That debt equals the total of ALL private wealth in America. Our federal government has literally taken out a 100% mortgage on the entire country. Today I will tell you how this immense debt was created, by whom, and with what consequences. I will also explain how we can solve this problem, completely and permanently.

First, federal deficit spending has now been the norm for three generations. Since 1931, early in The Great Depression, we have had deficits in 66 years and surpluses in only 12 years. Borrowing paid for social welfare programs in the Depression, borrowing paid for much of the Second World War, and borrowing has been out of control under recent Republican Presidents.

After President Reagan was elected in 1980, Republicans found that cutting taxes while still increasing spending was more popular than cutting both taxes and spending. They borrowed the difference, an average of more than 200 billion dollars each year under Reagan and the first President Bush. Our current President Bush has averaged more than 300 billion dollars each year added to the federal debt.

In the fiscal year that ends September 30th, the federal deficit will reach 400 billion dollars, partly because our government borrowed an additional 150 billion dollars, much of it from foreign countries, to send us stimulus checks, so that we could go all go shopping and buy more stuff made in foreign countries. I did not see how more debt and consumption would help us, so I sent my 600 dollar stimulus check back to the U.S. Treasury, as a donation towards paying down our national debt.

We have been able to borrow trillions of dollars because after World War II the United States was the world's strongest and most reliable nation. The U.S. dollar was the preferred currency for settling international trades, and the preferred currency for other central banks to hold. Foreigners, including the central banks of China, Japan, and Saudi Arabia, hold more than two trillion dollars in federal debt. Our government relies on their willingness to continuously roll over that debt and buy more of it, as it would be very difficult to finance such large deficits from our meager domestic savings.

Second, Democrats and Republicans have created unaffordable and universal entitlements, benefits given to the entire population and thus very expensive. Democrats created Social Security in 1935 and Medicare in 1965. Both parties cooperated to add very expensive drug benefits to Medicare in 2006, without adding any new revenue to pay for those new benefits. Republicans sold out the country's finances hoping for success in the 2006 Congressional elections; instead they were soundly defeated.

How would you feel if, when the fellow down the street retires, you and everyone else living on the street had to buy him a house? What if you also had to buy one for his wife? What if you had to buy them each TWO houses, so that when that couple retires, you and your neighbors had to buy FOUR houses! Wouldn't that be crazy? How long would you put up with it? Not long, unless you were 64 years old and close to retiring yourself. Yet that is exactly what we are doing. When your neighbors retire, the cost of Social Security for each person is equal to what it would cost to buy them a house at age 65. The cost of Medicare for each person is equal to what it would cost to buy them a second house at age 65. But it gets worse.

EIGHTY MILLION baby boomers, more than one fourth of the population, will retire over the next 25 years. The size of that generation, along with longer life spans and lower birth rates, mean that the number of workers supporting each Social Security retiree is declining, from 16 workers per retiree in 1950 to just over three workers per retiree today. This, more than any other burden, is what will drive our federal government into bankruptcy. Three fourths of the 54 trillion dollars in unfunded federal liabilities are unfunded expenses for Social Security

and Medicare, mostly for Medicare, which is in far worse financial condition than Social Security.

Third, we have created a culture of wasteful and often corrupt federal spending, often to benefit special interests rather than the general interest. Congress's approval rating is at historic lows, because Congressional corruption is at historic highs. Members of Congress "earmark" billions of dollars in spending for their cronies and contributors, as well as routinely handing out tens of billions of dollars to powerful special interests. This summer, U.S. senator Ted Stevens was indicted on seven criminal counts for corruption. Several other members of Congress have been criminally charged in recent years, including Duke Cunningham, a champion of military spending who is now serving eight years in federal prison.

Our largest area of wasteful spending is on unnecessary wars and military costs. The accumulated costs of the Iraq War will exceed 600 billion dollars this year, or more than 8,000 dollars per family. The costs to the families of those killed and maimed are incalculable. This is the first major American war fought entirely with borrowed money, to be repaid many times over by our children and grandchildren. Some reading about current defense programs, such as Future Combat Systems, or Reliable Replacement Warheads, will convince you that the Pentagon and our 600 billion dollar annual military budget exist largely to enrich military contractors and not for national defense.

The federal government now spends over three trillion dollars per year, spending 40,000 dollars per family of four, spending money on every conceivable group and interest, yet we, the people, are more dissatisfied with the federal government than ever before. We rightly sense that much of that spending produces little value, that collectively we get much less from government than we pay for it.

The Government Accountability Office, the G.A.O., has provided numbers on how to fix this huge federal budget crisis. If we act immediately, we must reduce all non-interest federal spending by 36% or increase overall tax revenue by 36%. Because major tax increases reduce economic growth and production, tax rates would have to increase even more; my guess is by 50% or more. This is a change in federal spending or revenue of about one trillion dollars per year.

Many will suggest combining tax increases and spending cuts. The federal government already takes more than 30,000 dollars in taxes each year per family, so I am determined to solve this problem entirely with spending cuts. I became seriously interested in this issue about two years ago, after seeing it in the news. I spent months reading the federal budget and many related books and policy papers, and then wrote a book about how to solve our federal budget crisis:

To Save America: How to Prevent Our Coming Federal Bankruptcy. While the book took months to write, I can summarize its key proposals in a few minutes.

End our current wars and cut our remaining military budget in half, saving 319 billion dollars every year. After these cuts we will still spend more on defense than Russia and China combined. Of the top twenty nations other than the U.S, ranked by military spending, 14 are our allies and four are friendly to us, so we and our allies will continue to have all the strength we need.

Stop giving away federal dollars for earmarked pork spending, foreign aid, loans and loan guarantees, medical education subsidies, and corporate welfare. Get the federal government out of the long-term disaster relief and insurance business. Ending all of these giveaways saves us 146 billion dollars each year.

Convert Medicare to a high-deductible health plan that only pays for medical expenses exceeding 10% of annual income, with a subsidy for low-income recipients. This change saves 54 billion dollars each year immediately and produces added long-term savings with a present value of 76 billion dollars per year.

Gradually raise the Social Security normal retirement age from 67 to 75, phased in over the next 55 years, producing long-term savings with a present value of 147 billion dollars per year. This change reflects the huge and welcome increases in U.S. life expectancy we have experienced and continue to experience because of improvements in lifestyles and in medical technology.

Restore federalism, the proper division of responsibilities between the federal government and the states, ending federal funding for activities that are primarily state or local programs. This includes getting the federal government out of K to 12 education, where the cost of complying with federal regulations is roughly equal to all the revenue received from the federal government, saving 48 billion dollars per year. We can convert Medicaid to block grants, freeing states to control their own health care programs for low-income residents, and produce long-term savings with a present value of 86 billion dollars per year. We can eliminate hundreds of miscellaneous grant and subsidy programs for state and local governments, saving 93 billion dollars per year.

Finally, eliminate several programs that are popular but not essential, often functions that can be done by private businesses, including Amtrak, NASA, public broadcasting, and subsidies for scientific research. Ending these programs will save 50 billion dollars per year.

Adopting all of these reforms produces immediate savings of 710 billion dollars each year plus long-term savings valued at 309 billion dollars per year, more than

a trillion dollars each year cut from our federal budget. If we adopt these reforms, we will collect a huge bonus as well, paying down our five trillion dollars in publicly held national debt over about 14 years. Paying down so much debt produces added long-term savings with a present value of 140 billion dollars per year.

If we adopt these or similar reforms, we can balance the budget for decades to come. We should also adopt a balanced budget amendment to the U.S. Constitution, along with other reforms that help restrain spending.

What if our federal government does not change? What if it continues to fund all of these programs as long as possible with debt and deficits? This approach has worked for decades, but will not work much longer. The GAO projects that we will reach unprecedented and unsustainable levels of debt and deficits in 10 to 20 years. Our current economic and energy problems could cause us to reach those levels much sooner, causing us to ask: can the federal government go bankrupt?

It seems unlikely that a superpower, the great victor of World War II, spanning a continent, governing hundreds of millions of diverse people, with an economic and political system emulated by dozens of allied nations, could go bankrupt. This nation reliably paid its debts for decades, so the tripling of foreign debt in a six-year period is not a cause for concern. The foreign war weakening its military and finances is small in proportion to the nation's resources. It *seems* unlikely, but the Soviet Union is the nation I just described. It did go bankrupt and dissolved as a nation and an empire, consigned to the dustbin of history since 1991.

Nations go bankrupt in two main ways, by defaulting outright on their debts or by hyperinflation, paying off debts with worthless, inflated paper currency. Argentina defaulted in 2002; that country's economy crashed, their currency value dropped by three fourths, and unemployment reached 25%. Hyperinflation is happening in Zimbabwe right now, and is not limited to poor countries. Five of the world's 25 largest economies have gone through hyperinflation in the last 20 years, including Brazil, Russia, and Turkey.

So, based on objective facts about our government's finances, we have effectively taken out a 100% mortgage on the entire country. Without major reforms, we face a future of default or hyperinflation; of huge spending cuts, huge tax increases, or both. Because much economic activity relies on rational hope and optimism about the future, these rational expectations of doom and turmoil are a significant factor in the current lack of business and consumer confidence, one of several factors holding back our economy.

The politicians that have gotten us into this mess are the Democrats and Republicans. The Libertarian Party is the only party with a clear vision of a much smaller and sustainable federal government, one true to our Constitution and Bill of Rights. The LP is the only party with the guts to cut back the government programs and regulations that have become such a burden on the American people. I am proud to be a Libertarian and would be honored to have your vote this November in the First Congressional District. Thank you.