So, How Bad Can It Get? *(SB News-Press* – August 21, 2012*)*

The appointment of House Budget Committee Chairman Paul Ryan as GOP vice presidential candidate guarantees that for the next 10 weeks leading up to the election, the chronically weak economy, federal taxes, deficits, debt, and entitlements, will be kept at the forefront of the issues affecting all voters as they go to the polls November 6th. The most critical concerns for all Americans are the runaway pace of federal deficit-spending, plans for more and higher taxes, unimaginable debt levels, and a further weakening of the U.S. economy unless wholesale reform is enacted by the president, the House, and Senate.

The 2005 federal budget spent $2.47 trillion with $2.154 trillion of tax receipts, creating a deficit of $316 billion or 13 cents borrowed of every dollar spent. In President Obama's first year in office (2009), he spent $3.518 trillion and ran a deficit of more than $1.4 trillion. That's over 4 ½ times the 2005 level, and represented **40 cents** borrowed for every federal dollar spent. Obama has run average deficits of $1.3 trillion each of his four years in office – adding total new debt of $5.4 trillion. If he gets another four years you should ask, "*How bad can it get?*" The Congressional Budget Office projects that in 5 years federal spending will hit $4.55 trillion, but the research in my current book shows that lower tax revenues (due to higher tax rates and a continued weak economy) will only be $2.6 trillion, producing a 2017 deficit of $1.93 trillion! And in just 10 years, the current pace of federal spending will hit $5.77 trillion with a deficit of $2.83 trillion – for just ONE YEAR! In 15 years when my four kids are in their mid-30s and early 40s, I project the 2027 deficit at $4 trillion, such that 51 cents of every dollar the federal government spends will be borrowed.

What about the growth in mandatory entitlement spending? Social Security, Medicare, and Medicaid pay out more dollars in benefits than they collect from payroll taxes – and these shortfalls are only going to get larger with every year that passes. Any prior surpluses have all been completely borrowed against with more Treasury debt. At their current paces of: 1) adding more and more beneficiaries to their rolls, 2) the annual cost-of-living-adjustment (COLA) to benefits, and 3) the expansion of benefit types paid, they're currently insolvent and will all go "belly-up" in less than 15 years. Back in 2005, they ate up 40.5 percent of the federal budget. Here in 2012, they'll consume $1.623 trillion, or almost 43 percent of Obama's $3.796 trillion in spending. But if you ask, "*How bad can it get?*" Just 5 years from now, they'll require $2.17 trillion, up over 33 percent from today! Almost 48 percent of the 2017 projected federal spending. Ten years from now in 2022, benefits paid will amount to $3.3 trillion (more than double today) and eat up **57 percent of all federal spending.**

The U.S. will wrap up the 2012 fiscal year with more than $16 trillion in total debt outstanding. One-third of that added in only four years of Obama, and the president's proposals are to expand all levels of federal spending and fully fund every provision of Obamacare starting in 2014 – adding at least another $1 trillion in new debt by 2016. Did you just ask, "*How bad can it get?*" Well these levels of insane annual deficit-spending will accumulate between $22 trillion and $24 trillion of total federal debt just 5 years from now. In 10 years, total debt will hit over $33 trillion, and by 2027, my mid-career kids (I hope they'll have jobs then) will be paying taxes into a government sinkhole with $48.44 trillion in total debt outstanding. The U.S. economy will be further crippled with more uncertainty from higher and more taxes, increased regulations, and continued government spending on jobs and economic stimulus programs that never work, while siphoning off more capital and credit from the private sector to support this ridiculous government largesse. Are you thinking now, *"How bad can the economy get?"* The current pathetic pace of fewer than 2 percent annual growth will result in domestic output of just $17.15 trillion by 2017. Ten years out, GDP would only be at $19.2 trillion, and in just 15 years, GDP will be just $21.6 trillion.

But wait, we just reviewed the sonic pace of increased total debt, and those are all MUCH larger than the economy in 2017, 2022, and 2027. Today, our debt-to-GDP ratio is 106 percent and growing. Go ahead and ask, *"How bad can it get?"* If we stay the course four more years with the president's runaway deficit spending, expanded entitlements, more and higher taxes, and fully implemented national Obamacare, debt-to-GDP could be **141 percent** in 5 years, **189 percent** in 10 years, and **251 percent**, when my kids are at mid-career 15 years from now. Federal debt equal to 2 ½ times the value of the entire U.S. domestic economy? It's unimaginable.

And one last issue: there's interest due on all that accumulating debt. With the Fed's current artificially low rates, interest on the debt is about 7 percent of federal spending. Remember that $48.44 trillion debt by 2027? One last time, *"How bad could it get?"* When interest rates return to true market levels (and they WILL, sooner than you think) and are coupled with more debt, annual interest could top $2.7 trillion in just 15 years – and that would be more than 30 percent of the entire federal budget. Voters should not be stuck asking how *BAD* can it get, but looking ahead with optimism to meaningful entitlement reform, lower taxes and regulations to fuel strong GDP growth, the repeal of Obamacare, and cuts in deficit-spending. The decision on November 6th is easy: either stay the current course and drive the U.S.

into a deeper fiscal crisis, or put the Romney-Ryan team in the White House because they understand exactly *How Bad It Can Get.*