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The Honorable Jodey Arrington
Chair
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Brendan Boyle
Ranking Member
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Arrington, Ranking Member Boyle, and members of the Committee:

Thank you for your decision to hold this week's hearing on "The Congressional Budget Office's Budget and Economic Outlook." My name is Nan Swift and I am a fellow with the R Street Institute's Governance Project where I work to strengthen Congress' power of the purse and build a government worthy of public trust.

As an organization dedicated to limited, effective government, we applaud the House Budget Committee for taking the time to examine the most recent "Budget and Economic Outlook: 2024 to 2034" report from the Congressional Budget Office (CBO). Unfortunately, the report reminds us that our government is not sufficiently limited, and we know that it is all too often ineffective as a result. Indeed, it paints a sobering picture of our dire fiscal state: annual deficits of well over \$2 trillion—or, 6 percent of GDP—by the end of the decade, with the total federal *debt* reaching 116 percent of GDP in that same timeframe. Outlays for interest on that debt are projected to quickly eclipse expected defense spending. The report describes how these mounting debts drag down the economy, slowing the economic growth necessary to keep balls in the air and creditors at bay.ⁱ

This is clearly unsustainable.

Lawmakers have long been aware that the federal trust funds that back Social Security and Medicare are facing insolvency. In the early 2000s, both President George W. Bush and then Barack Obama made modest recommendations early on in their presidencies that would have restrained entitlement spending. Mere discussion of investing even a portion of Social Security earnings in the stock market or a minor change to the cost of living calculation were met with alarmist outcries that drowned out thoughtful deliberation.^{ii iii}

Our fiscal problems have only grown since the failed bipartisan efforts of the Bush and Obama administrations, and the era of small reforms with compounding savings has past. Worse, during the same timeframe, an explosion of emergency spending has further exacerbated our budget outlook.^{iv} Policymakers can no longer point to mandatory spending as the only major driver of our debt.^v Instead, it is now a comprehensive problem spanning the federal budget, and implicating successive congresses that repeatedly chose to ignore the rising red tide of debt.

This comprehensive problem requires a comprehensive solution. The “Fiscal Commission Act of 2024,” which recently passed out of this committee, is just one such solution. The proposed commission would be tasked with making recommendations and reporting out legislation to improve our economic and budgetary outlook, identify and maintain a sustainable debt-to-GDP ratio, and address the solvency crisis of our federal trust funds. Achieving these goals would significantly bolster our economic growth, reduce interest payments on the debt, reduce inflation, and restore confidence in a more prosperous future.

This is not an opportunity to be rejected out of hand due to skepticism, fear of the outcomes, or even well-founded cynicism. Doing nothing to try to right the fiscal ship is the far bleaker outcome.

Thank you again for holding this important hearing and for your consideration of my views. Should you have any questions or wish to have further discussion, please do not hesitate to contact me.

Sincerely,

Nan E. Swift
/s/
Fellow
R Street Institute

ⁱ Congressional Budget Office, “The Budget and Economic Outlook,” United States Congress, Feb. 2024. <https://www.cbo.gov/system/files/2024-02/59710-Outlook-2024.pdf>.

ⁱⁱ Helen Thomas, “Bush Wants to Break Promise of Social Security,” *Hearst Newspapers*, Dec. 25, 2004. <https://www.seattlepi.com/local/opinion/article/bush-wants-to-break-promise-of-social-security-1162741.php>.

ⁱⁱⁱ Reid Epstein and Edward-Isaac Dove, “Obama to Drop Entitlement Cuts,” *Politico*, Feb. 20, 2014. <https://www.politico.com/story/2014/02/obama-2015-budget-chained-cpi-103732>.

^{iv} Romina Boccia and Dominik Lett, “Emergency Spending Is on the Rise: Here’s How Congress Can Stop It,” Cato Institute, Dec. 20, 2022. <https://www.cato.org/blog/emergency-spending-rise-heres-how-congress-can-stop-it>.

^v Jonathan Bydlak, “The Known Unknowns: Planning for the Next Emergency,” R Street Institute, May 2023. https://www.rstreet.org/wp-content/uploads/2023/05/FINAL_r-street-policy-study-no-286-1.pdf.