

FEDERAL DEBT

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PROBLEM: Federal-debt-held-by-the-public/GDP was **34%** in 2004. It is **98%** in 2024. Talk about racing in the wrong direction! While there is no fixed limit, 100% is a level for frank concern.

Federal debt is calculated on a “cash basis”. It does not include unfunded liabilities including commitments to ensure future obligations are met for Social Security and Medicare. In 2022, these unfunded liabilities totaled **\$123 trillion**, an amount that dwarfs the current \$27.6 trillion federal debt held by the public.

A sound economy and fiscal prudence are necessary for future fulfillment of all the responsibilities of our federal government. Without them, the government will not be able to ensure our international security, social safety nets, Social Security, Medicare and other medical programs, global warming mitigation, and everything else. We are deceiving ourselves to assume that these monies will appear out of nowhere! Ultimately, lenders will require exorbitant interest rates causing our spending on interest to crowd out important programs. Or refuse to buy our treasure bonds.

OBJECTIVE: Put the U.S. government’s fiscal programs on a prudent course.

MEANS: Establish a Congressional Commission. Congress has a duty to act. Instead, particularly in recent years, it has shirked its responsibility, choosing to pretend that the federal government can borrow money ad infinitum. One never hears “can we afford this”? This puts political parties and careers ahead of our wonderful country’s future.

There is no doubt that solution(s) will cause citizens the pain of withdrawal. How do we delineate a solution in a way that neither political party receives a disproportionate blame? Answer: Use a **Congressional Commission**.

The Congressional Research Service ...***defines a congressional commission as a multimember independent entity that (1) is established by Congress, (2) exists temporarily, (3) serves in an advisory capacity, (4) is appointed in whole or in part by Members of Congress, and (5) reports to Congress.***”

Throughout American history, Congress has found commissions to be useful entities in the legislative process. By establishing a commission, ***Congress can potentially provide a highly visible forum for important issues and assemble greater expertise than may be readily available within the legislature. Commissions can allow for the examination of complex policy issues over a longer period and in greater depth than may be practical for legislators. Finally, the nonpartisan or bipartisan character of most congressional commissions may make their findings and recommendations more politically acceptable, both in Congress and among the public.***

The Congressional Commission will be created by an act of Congress. Bills existing in the House and Senate now (October 2024) have some features worth consideration; see H.R. 5779, the Fiscal Commission Act of 2023.

The legislation to create the Congressional Commission should include:

1. Staffing by outside experts to mitigate the pressures from political parties and careerism
2. Tackling the debt issue with a clear written set of short, medium, and long-range (decades) goals to stabilize the federal-debt-held-by-the-public/GDP ratio at a prudent level
3. Documenting the logic, reasoning, facts, and data of the Commission’s recommended plan/legislation
4. Creating a plan with an aggressive and fixed schedule beginning as soon as practicable and phasing in changes
5. Mandating prompt Commission access to sources of needed data, information, projections, etc.

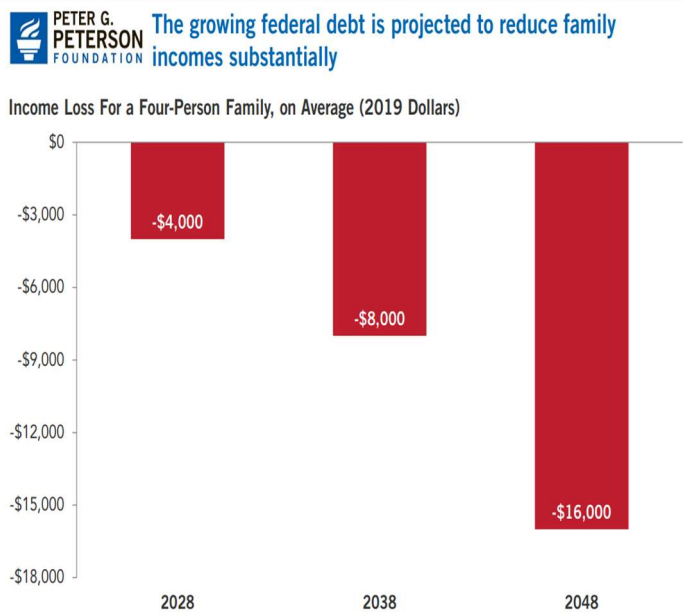
6. Providing language ensuring the organization, funding, staffing, and other necessary administrative needs will be readily available to the Commission
7. Requiring that all income and spending policies be on the table
8. Planning tax and spending policies that will not do serious harm to those unable to suffer big financial burdens
9. Preventing Congress from using procedural votes or other tactics to block or delay a final congressional vote on the proposed legislation
10. Requiring a supermajority vote by the Commission to send its final report to Congress and a supermajority Congressional yes-or-no vote with no amendments on the proposed legislation.

Relevant to this discussion is the work of Brian Riedl, senior fellow of the Manhattan Institute. His report titled **A Comprehensive Federal Budget Plan to Avert a Debt Crisis** is detailed and helpful; it includes examples of some of the thinking that would be expected to be part of the final report of a Congressional Commission. It shows that fiscal analysis is already available, making the task of arriving at solutions less onerous than many think.

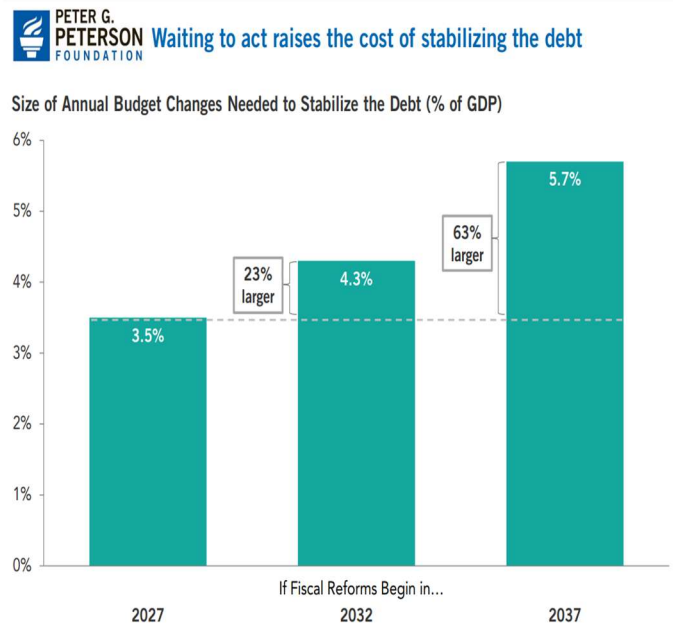
This can happen! Congress acts to establish the Commission – with no real risk to its members. The Commission’s Report is sound and well publicized. The public and members of Congress understand by then that inaction is not a choice. No one person or party is viewed as promoting changes contrary to the wishes of others. The Commission report’s legislation passes Congress and is signed into law, creating the path to fiscal prudence. As a bonus, we will have significantly reduced the sources of interparty friction in Congress.

REFERENCES:

- David M. Walker. *America in 2040: Still a Superpower? A Pathway to Success*, 2024, <https://a.co/d/fLG9zee>
- Brian Riedl. *A Comprehensive Federal Budget Plan to Avert a Debt Crisis*, 2024, [A Comprehensive Federal Budget Plan to Avert a Debt Crisis | Manhattan Institute](#)
- Peter G. Petersen Foundation, [PowerPoint Presentation](#)
- H.R. 5779, the *Fiscal Commission Act of 2023*, [Text - H.R.5779 - 118th Congress \(2023-2024\): Fiscal Commission Act of 2023 | Congress.gov | Library of Congress](#)
- Congressional Research Service, [R40076](#)



SOURCE: Congressional Budget Office, *The Deficit Reductions Necessary to Meet Various Targets for Federal Debt*, August 2018.
 NOTE: The income measures are based on CBO’s projections of real gross national product per person. The income loss is the difference between the income level if debt rises as it does under current law and the income level if debt remains near its current share of gross domestic product.
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SOURCE: Congressional Budget Office, *The 2022 Long-Term Budget Outlook*, July 2022.
 NOTE: Data reflect changes needed to stabilize the debt at 80 percent of gross domestic product by 2052.
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