

PETER JEDICK

Dead Broke—but Still Spending

THE U.S. IS BANKRUPT and not enough of our politicians are doing anything about it. Back in October 2015, Treasury Secretary Jack Lew announced that, on Nov. 3, the Federal government would “exhaust its authority to borrow money to pay for its operations.” In other words, the government would not have the money to pay our bills unless Congress once again raised the debt ceiling, which was about 18 trillion dollars. So, then-House Speaker John Boehner and Pres. Barack Obama drafted a new budget deal that included suspending the nation’s debt limit until 2017. Economists estimate that, by that time the national red ink should be around 20 trillion dollars, which gives Pres. Obama the dubious distinction of doubling the nation’s debt during his presidency; talk about kicking the can down the road.

During the presidential debates, the huge debt barely has been mentioned. That is too bad, because paying interest on the debt is eating up more than half of the economy. We are in danger of becoming another Greece or, even worse, Puerto Rico—and maybe even Detroit.

How did we get ourselves into this predicament? The idea to use “deficit spending” to jump-start the national economy goes back to the Kennedy Administration. In 1962, his economic advisor, Walter Heller, wanted both a tax cut and new government programs to create jobs, kind of like Pres. Franklin D. Roosevelt did during the Great Depression—sans the tax cut. So, he proposed borrowing \$10,000,000,000 to keep the government working during the transition. The idea was that, once the economy heated up and people went back to work, tax revenues would increase and we could pay off the debt. Sounds good on paper, right?

The problem is that the politicians in Washington never concern themselves with paying off our debts. Once they collect our money they like to spend it and move on. So, they just pass the debts on to the next Congress and Administration. We should have addressed this problem the first time the debt limit hit one trillion dollars. The world needs a strong, economically healthy U.S. as a beacon for democracy. Yet, we find ourselves borrowing around \$5,000,000,000 every day just to keep the government functioning. Many politicians and pundits blame the debt on our nation’s many ground wars, but I contend that Pres. Lyndon B Johnson’s “War on Poverty” is the real culprit. His goal was admirable. He wanted to make “taxpayers” out of “tax-eaters,” but he failed miserably.

According to a Heritage Foundation report from Sept. 15, 2014, the government has spent more than 22 trillion dollars on social pro-

grams since 1965, and this does not include Social Security or Medicare. That is three times the cost of all the wars in the nation’s history when adjusted for inflation—and what have we gotten for our investment? The poverty rate today is at 14%, the same as 1965. Back then, seven percent of households had an unwed mom. Today, it is 40%. In 1965, 36% of poor families were headed by a single parent. Today, it is 68%—and it has been proven that single-parent homes are one of the biggest causes of childhood poverty. At the start of LBJ’s second term, 2,878,000 of U.S. families needed food stamps to feed their children. Now, 46,000,000 families—one in five—are receiving food stamps. Nearly one in three Americans receives some kind of Federal or state benefits.

I grew up right next to a public housing project. Some of my best friends lived there, but it only was supposed to be a temporary setup, a little government help geared toward single moms who lost their husbands in World War II. Eventually, they were expected to become self-sufficient. For a while it worked that way. Eventually, though, the welfare system morphed into a subculture addicted to government handouts. The War on Poverty has created a permanent underclass of dependency patrons.

It is time to admit that we have lost the War on Poverty. First, the government gave away a fortune in entitlements like food stamps, public housing, and welfare payments to unwed mothers. It still does. Then, it spent another fortune paying government workers to administer these programs. You

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When our citizens are receiving government aid and housing, instead of working and paying mortgages, they do not pay taxes. In fact, just about 50% of Americans pay zero taxes. That is why cities like Detroit—once one of our largest and most prosperous—are bankrupt. There are more citizens receiving government aid than there are creating the wealth to cover the costs of the programs.

I have watched neighborhood after neighborhood in my hometown of Cleveland, Ohio, change from prosperous, middle-class tax-paying locations into crime-ridden, tax-sucking areas filled with abandoned homes and boarded-up businesses. Our big cities are drying up, neighborhood by neighborhood. Yet, these issues go unaddressed. As our deserted neighborhoods keep expanding, our tax base keeps crumbling and our debt keeps rising. Something has to give—and soon.

Peter Jedick is the author of How Democrats Bankrupted America: Who Did It and How to Fix It, from which this column is adapted.

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