A Balanced Budget? Essay, Research Paper

A Balanced Budget?

This year President Clinton will submit his proposed legislation for the

Federal Budget to Congress. The fact that we have divided government (ex.,

Democratic President, Republican majority in Congress) means the majority of

that legislation won’t make it through the first ten minutes of a Congressional

session. The President in turn will veto legislation presented to him by

Congress. The whole situation is a vicious, never ending circle. Each side is

looking out for their own best interests, and after years, even decades of this

the United States has a huge budget deficit. Is there a solution to all this

madness? Is it feasible to balance the Federal Budget? Every politician on

Capitol Hill claims to have the answer. The Federal Government goes as far to

employ some of the most renowned economist’s in the world to try to solve the

deficit mess, and they still haven’t figured it out.

The budget simulation exercise by The Committee for a Responsible

Federal Budget provided choices Congress has to use as its guide for the

upcoming year. How hard can it be to balance the budget I thought? After doing

the exercised I realized the title of the simulation exercise, “The FY 1997

Budget: An Exercise in Hard Choices,” could not have been more appropriate. It

is possible though to balance the Federal Budget, provided you follow 3 simple

rules. First you must decide what you feel is important, then cut without

consciousness, and if that doesn’t work, alter your baseline.

Important Choices

When deciding on what I thought was important to protect in the budget,

I felt like a politician myself. I protected my own self interests. First up was

Defense. The fact that I am in the Marine Officer Program weighed heavily on my

decision to increase Defense spending by 17.6 billion (all amounts in billions,

unless noted), following the Congressional Budget Resolution. The President’s

plan just didn’t provide enough capital, the Congressional Black

Caucus/Progressive Caucus would basically wipe out my career before it even

starts, and I just can not have that. Next up is Education. Without the direct

student loan program, I would have no way to fund my education other than going

to some bank and going through the demeaning process of begging a loan officer

to lend me money for school. I feel a sense of loyalty to the President on this

issue, because without this program I would still be doing concrete construction

back home in Indiana. As a result, I voted to increase Educational spending

33.4.My other concern or problem area is Administration of Justice. Crime is way

out of control in this country. There has to be an end. I voted to increase

spending 23.6, opting for the President’s budget because it provides enough

capital to temporarily combat the problem. You might be thinking, wow this fool

just increased the deficit by 74.6, but unless are borders are protected, are

children educated, and until we can feel safe in our homes at night, this

country won’t realize it’s potential.

International & Domestic Spending

At this point, the deficit stands at 883.6 (809 billion beginning +

current spending). It is time to cut the waste. First, International Affairs

requires attention. Does the United States really need to fund every country’s

struggle? I don’t think so, so I agree with the Budget Resolution Conference

Agreement (BRCA), and I vote to cut 12.4.

Next on the list, General Science, Space and Technology. I vote to

discontinue the Space Station Program. As the report says, scientists have lost

interest so why keep funding it. Another 11.2 by the wayside.

The Energy issue is a complex one, but nevertheless the DOE has to go.

The DOE is a bureaucracy of waste. The DOE has several institutions doing the

same research. By Eliminating the DOE as a go-between, money and time saved. The

BRCA proposal is more beneficial to my pursuit of a balanced budget, eliminating

4.2.

Natural Resources are a touchy subject, but in order to balance the

budget, everyone has to chip in. By charging the fair market value for natural

resources, 21 billion saved.

Agriculture is essential, but it is not necessary to increase salaries

and expenses of Farm Service Agency employees, which the President’s budget

does.. The BRCA cuts 4.1.

Commerce and Housing Credit, another huge buearucracy, has to go. By

eliminating the Department of Commerce, and by broadening FCC Authority to

Auction Licenses, total saving equals 10.4.

Transportation is another touchy subject, what with all the airline

tragedies and train crashes. This subject is constantly in the news. Terminating

the Federal Transit Administration and leaving the states to be responsible for

funding, 23 billion saved. Also by reducing or eliminating other Transport

Subsidies I save another 6.2.

Community and Regional Development are an issue I have never really

given much consideration to, but with the spending I did earlier, I need to make

cuts. The BRCA cuts the most. I propose to follow their legislation cutting 21.5.

Health was in the news when Clinton was first elected. I liked his

rhetoric then, and although I need to make cuts, I stand by his proposal of 45.3.

even though it is only half of what the BRCA proposes to do this is a very

sensitive area of policy, and cutting to much could mean reelection.

What about Medicare? To play it safe, I went with the BRCA proposal

because it reforms Comprehensive Medicare, just not as much as the President’s

Proposal. The CBO Illustrative Comprehensive Options were a brief and passing

thought, but overall I believe they hurt Medicare more than either of the other

two proposals. Saving equates to 182.6.

As far as Income Security goes, I recommend following the BRCA proposal.

Their proposal cuts 45.4, so for those people on welfare, get out and get a job.

Social Security is a sore topic for many individuals. I would propose

cutting Social Security completely, but that wasn’t an option. Why should I pay

for something I’ll never get anything out of. Forced to choose some kind of cuts,

I suggest first skipping one COLA for One Year, a saving’s of 57.9. By Reducing

the Replacement Rate Within Each Bracket of Social Security I am able to save an

additional 11.8.

Something I failed to realize earlier, Veterans Benefits and Services.

This is something I might one day need based on my career aspirations. I chose

to go with the BRCA because it increases the Presidents budget in categories

such as medical care and medical research. Total saving amounts to 9.4 billion.

With the Federal Compensation and General Government portion of the

budget, I thought it to be a bad idea in cutting pay to government employees. If

I were a Member of Congress, I could consider myself blacklisted. Also I one day

hope to be a government employee via the military. I propose Reducing COLAS to

Middle or High Income Retirees, saving 11 billion. I also would raise Employee

Contributions. By doing so, it only benefits these same employees in the future

when they retire, and it also allows me to trim an additional 12.4 off of the

deficit.

As for means testing, I chose to reduce this area by opting for

Reduction of Benefits to Middle and High Income Families. Families with an

annual income of $40,000 really don’t need help. I chose to not cut anything

else, but I was able to do 303.3 in damage to the deficit.

Revenue

Going into Revenues, I have saved 793.9 billion, but still the budget

remains unbalanced. Here, I decided to tax imported oil, saving 62.5. Next,

taxing Toxic Water Pollutants as well as levying an Excise Tax on Air Pollutants

nets an additional 170.7. Also by increasing tobacco taxes to 48 cents per pack

netted 22.3. As for a running total, 1048.7 billion remains unspent.

Unfortunately there happens to be some programs that need money. First,

I chose to spend 117 billion on giving tax credits for Families/Children, opting

for the President’s budget. I voted to repeal the 4.3 cent motor fuels tax,

spending 2.9. Finally, I spent 15.6 to Provide Tax Incentives for Long – Term

Care Insurance. All this spending on revenues cost me 187.2 billion. My rational

behind my spending, is once again in my own self interest, for if I was a Member

of Congress, with all the cuts I have made, I have to give back a little.

Balanced?

Will the budget balance? Before the exercise began there was an 809

billion deficit. I spent 209.3 billion, on a total of 6 different programs. I

cut 1048.7 billion from 18 different recipients of federal dollars. This amounts

to a balanced budget. Total Deficit Reduction from Policy changes equaled

838.7(all amounts in billions). Interest savings amounted to 83.87. Total

deficit reduction, 992.57. Add in the baseline budget deficit of 809 billion

from the previous year. 113.57 remains. Policy changes totaled at 718.7.

Spending changes as a percentage ended up 85.7%. Finally revenue changes

finished at 14.31%.

Is it feasible to balance the Federal Budget? It is if it is a game or

assignment. Dealing with issues that effect individuals from all walks of life

is almost impossible. I cut all but a few categories under International &

Domestic Spending. It is not realistic in the real world. Cutting funding for

one program not only effects those involved, but inadvertently effects’ others.

An example would be cutting welfare benefits. With no money, no job, and no

future prospects, an individual might result to crime, whether selling narcotics

or robbery, in order to support their family. The decisions that the President

makes in preparing a budget have to be overwhelming. In Congress, individual

decisions are more anonymous. The records are accessible, but who really

remembers how an individual Member of Congress voted. How many taxpayers know

what a baseline is. The President and Congress each uses their own baseline, it

helps them justify spending or cuts. Until the President and Congress can agree

to bal ance the budget, cut waste, and quit talking about it, there will be a

deficit.

Works Cited

Exercise In Hard Choices. Committee for a Responsible Federal Budget. July 1996.