

Solutions Through Education Series: The Debt Crisis

BY DAVE CROCKETT - NEWSLETTER COMMITTEE CHAIR

Following is the first in a series of articles on federal management of our country's finances. The intent is not to lay blame on the political parties responsible for recent historical increases in inflation, deficit spending, and high national debt, but to inform and educate voters as to what is happening, why it happened, and what the outcome is going to be.

We introduce this series with a summary overview of how our government currently makes and spends money.

Summary Overview of Federal Budgetary Process

BY DAVE CROCKETT - NEWSLETTER COMMITTEE CHAIR

To begin, we first dispel the myth that the President controls our country's budget. He does not. Our Constitution gives all power for control of our country's finances to Congress. The President has limited say on how Congress makes and spends money. With that said, let's look at allocation of our federal budget.

The following figure summarizes the total revenue and spending for fiscal year 2020. 2021 is not finished, but current data shows worse than 2020.

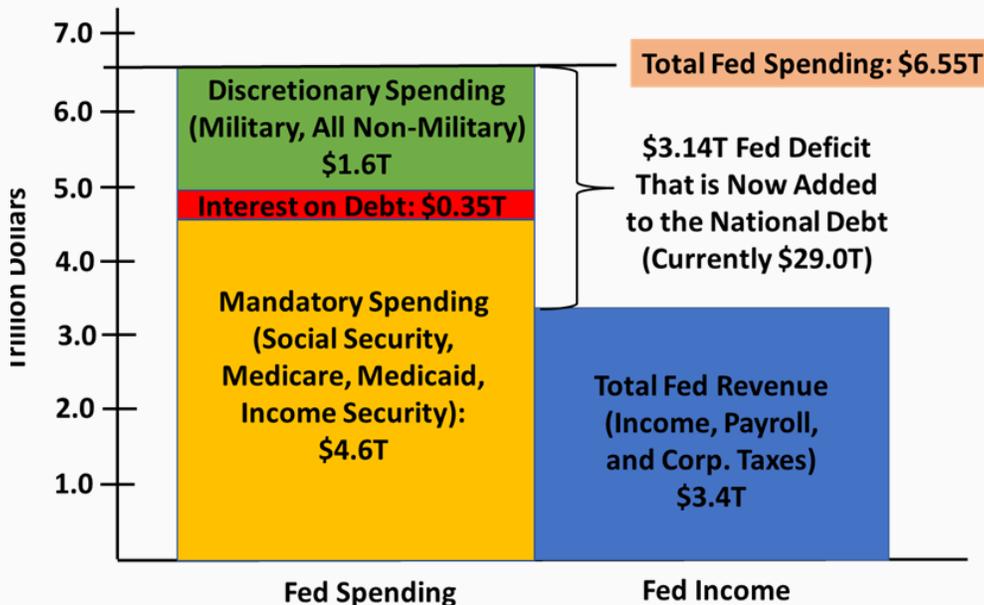


Figure 1. Total Federal Income and Spending for Fiscal Year 2020 in Trillion Dollars (Ref: Congressional Budget Office)

Summary Overview of Federal Budgetary Process (cont...)

As Figure 1 shows, Congress spends money in 3 different areas, and only 3. These are mandatory spending, interest on the national debt, and discretionary spending.

Mandatory spending is for those programs required by law. Laws or programs that Congress passed years ago. These are primarily Social Security, Medicare/Medicaid, and other income security programs such as Payroll Protection Plan. These social programs account for more than 95% of mandatory spending. From the above figure, we spend more on social/welfare programs than what the government makes (revenue).

Our country has a national debt. It is the total of what we have borrowed from the Federal Reserve Bank to cover past deficit spending. And like any debt, periodic interest payments must be made. Our entire fiscal system, value of our currency, and economic wellbeing require interest payment on that debt. This is the second area that Congress must make payment on.

The third or last area Congress allocates money to is discretionary spending.

Basically, this covers everything to keep the country protected and running. It includes defense, transportation, education, government agencies, and more. This is the area of spending that makes the news regarding what the President recommends for next year's budget and what Congress decides and eventually passes.

There is a lot of information in Figure 1 that does not bode well for the future. We see that Congress is spending twice as much money as what it brings in. This has been our country's trend for the past 15 years resulting in historic deficits and growing national debt, currently at \$29 trillion.

We see that government can no longer pay for all of the social programs that are mandated by law with current tax levels. Deficit spending is required to keep the government running AND make interest payments on the growing national debt. This results in more borrowing from the reserve bank with larger future interest payments. Interest payment on the debt for 2021 has grown to where it is now nearly equal to what we spend on our military. Current estimate for 2021 interest payment is \$413 billion, an 18% increase from last year.

At current spending levels, our government is locked into a runaway train scenario heading for an economic wreck. Economists are in debate as to when this will occur. However, all are in agreement that current government spending is not sustainable and drastic changes are required to prevent economic collapse of the country.

In our next article we will discuss why Congress cannot fix this problem by increasing revenue from taxes on the rich, corporations, tariffs, or even increasing taxes on all.

Classical Liberalism, Rhetoric and Discourse

BY JOSHUA JONGEMA - SECRETARY

Libertarians come from a tradition of Classical Liberalism, which was a mix of the English philosophy of the Whigs and the radicals. For about 140 years, America has been a liberal nation. Today liberalism is a term that is misused, but classically, it means limited government, personal and economic liberty, and justice for all. Classical liberal, John Locke, improved upon the field of discourse through his understanding of rhetoric. A study of each of these concepts will lead to a greater appreciation for the truth we all share.

Rhetoric is the observation of persuasion, and developed due to a recognition of uncertainty. It taught three ways to communicate knowledge- sensation, reflection, and demonstration. Its purpose is for common people to defend their own views with arguments, character, and emotion. To use it requires no expertise.

Aristotle believed that people can trust human sense and empirical discourse. Gorgias was skeptical, and felt that language was for performers, that we are always in the process of becoming, and that perhaps communication is not possible. Language philosopher Rudolph Carnap taught that people could communicate best if they adopted the language or syntax of science.

John Locke was most famous for his epic work, *An Essay Concerning Human*

Understanding, which gave his reasoning on the limits of what humans can claim to be true. He wrote on ideas and their origin, perception and retention, discernment, the use of the mind and modes of thinking, and of relation, cause, and effect.

The limit of our claim to truth can be called our confidence level. There are levels of confidence like 'more sure than not', and 'beyond a shadow of a doubt', but these use deductive reasoning and are found in courtrooms and newsrooms, not science labs. Scientists measure things mathematically. To call something 'probable' is an argument that must be found using statistics, inductive reasoning, and a repeatedly tested and unrejected hypothesis. No scientist would claim absolute certainty of anything. Unlike politicians and prosecutors, for example.

The only thing certain is change. So we should be mindful of the limits of our understanding, and respect the plausibility of the beliefs of others. We all hold pieces to the puzzle called life. We are each, physically, a piece of this thing we call truth. Whether we cooperate in assembling pieces, or compete to test them, the flow of human society is dedicated to either the protection or destruction of truth. In these dark times, let us be its protector, granting it both liberty and justice.

Editor's Opinion: Of Kooks and Clowns

BY DAVE CROCKETT - NEWSLETTER COMMITTEE CHAIR

In 2019, the left-wing Democrats released their Green Plan to save the planet from climate change and offer a host of new social programs to provide income equality. Although the plan gained much media attention, few thought it realistic or even partially achievable. But a number of politicians, including Democrats, gave their due diligence to review and then quickly cast it aside. Lacking credibility with no realistic plans to promote their agenda, the left-wing Democrats were found wanting.

Recently, a colleague approached me about my affiliation with the Libertarian party. I revealed what I was doing to promote the party in the UP. Surprisingly he confessed that he supported the Libertarian movement and would like to see it grow.

However, he viewed the party as failing with its promotion of, what he called, "kooks and clowns" to political office. Now my friend is an intelligent person, a retired general counsel for a large tech firm, so I take what he says seriously. In further discussion I realized the problem was Libertarian candidates promoting the unrealistic or ridiculous aspects of either Michigan's or the National party platforms.

When you have a candidate that is pushing to abolish all taxes, has no conceivable idea

on how government, economy, or society would then function, and has no plan in place for any level of transition, it is easy to see, from an outsider's perspective, that this person or party is no more realistic or credible than the left-wing Democrats.

How do we, as a party, respond when someone notes that our Michigan Libertarian platform advocates privatizing all public land (Platform Sec X.3) and in the same platform advocates homeless people being able to sleep and defecate anywhere they want (Platform Sec VIII.2), presumably now being on private property? What sane person would think a candidate (or party for that matter), pushing this agenda, is in full command of their faculties, let alone capable of acting as a leader for community, state, or country.

If the Libertarian party is intending to become a major party, capable of instituting more individual responsibility with less government, then party officials are going to have to get realistic in its platform, have plans in place to achieve the goals of the platform, and pick candidates that show real leadership qualities rather than a minimal rambling of a platform that has no more credibility than the Green Plan.