

Introduction

In addressing the challenges facing Congress in 2015, Jim DeMint, President of The Heritage Foundation, noted that “Americans expect more from their leaders than just tapping the brakes as we drive off a fiscal cliff.” Indeed.

The 114th Congress has an opportunity and obligation to stop Washington’s taxpayer-financed spending spree. Over the past 20 years, spending has grown 63 percent faster than inflation. Unless leaders emerge with the courage to change the nation’s course for the better, the future looks like more of the same as total *annual* spending will grow from \$3.5 trillion in 2014 to \$5.8 trillion in 2024.¹

Congress is financing the profligate spending by increasing taxes and incurring stunning amounts of debt. In 2014, Congress borrowed 14 cents of every dollar it spent, totaling a half a trillion dollars. Even more alarming, the country just surpassed \$18 trillion in cumulative national debt. According to the Congressional Budget Office (CBO), the country is projected to borrow another \$9.6 trillion over the next 10 years.²

The Danger of Inaction

Every generation confronts a defining challenge by which it will be judged, and so does every Congress. To understand why controlling spending and debt is the signature challenge of the 114th, one must understand the consequences of inaction. In its long-term projections, the CBO warns³ that failure to get spending and debt under control include:

- **A Slower Economy.** According to the CBO, inaction on federal spending and taxes means that in 25 years—just when today’s kids and their children are trying to make their way in the world—“gross national product in 2039 would be roughly 3 percent lower.”
- **A National Security Risk.** In addition, the CBO notes that growing debt “could also compromise national security by constraining defense spending in times of international crises.”
- **Limitations in Responding to Unexpected Challenges.** Finally, if Congress does not tackle spending and debt sooner rather than later, the CBO warns that policymakers’ ability “to respond to unexpected challenges, such as economic downturns or financial crises” is far more limited.

Can any Member of Congress, in good conscience, leave a nation under their stewardship with decreased economic vitality and at greater risk for national security or financial crises?

Of course not.

Where to Begin

As the Chinese philosopher Laozi noted, “A journey of a thousand miles begins with a single step.” This compilation of recommendations is about single steps. In fact, it offers the 535 lawmakers holding the purse strings more than 100 ways to cut federal spending and reduce the size and scope of the federal government.

Much more needs to be done to address 2014’s federal spending of \$3.5 trillion.⁴ But the recommendations in this report deal not just with dollars; they also address the size, scope, and character of the federal government.

When Congress actually eliminates wasteful programs or reins in runaway spending, it sends a powerful message. Like the relatively recent congressional ban on earmarks for pet projects like the “bridge to nowhere,” any move to cut federal spending tells Americans that Congress has the discipline to say “no” and act in the best interests of the nation—not just their own self-preservation. It says that individual Members of Congress have the courage to stare down the special interests, the cronyism of the powerful, and a Washington culture that thrives on handing out more federal dollars.

Eliminating or scaling back programs that constitute federal overreach also has far greater—but often unseen and unmeasured—economic benefits than the federal dollars saved. Whenever the federal role is downsized to

return to its constitutional role, new economic opportunities are created for the private sector to innovate and fill needs based on market demand and competition. So many of the programs cited in this *Budget Book* do not just cost money, they actually distort and retard economic growth because they tilt the playing field toward vested interests and engage in tasks in which the federal government has no business. An example is the Export-Import Bank, which provides subsidized export financing primarily for the benefit of multinational corporations, while disadvantaging others.

Entitlements: The Ultimate Challenge

Almost half of all federal spending goes to Social Security, Medicare, and Medicaid. Clearly, any effort to rein in federal spending will absolutely require major reforms to these and other entitlement programs. Toward that end, The Heritage Foundation has written extensively on how to restructure Social Security⁵ and Medicare,⁶ and Medicaid,⁷ as well as the need to repeal Obamacare⁸ and replace it with market-based, patient-centered reforms.⁹

Entitlement reform involves complex and extensive policy changes that require far more explanation than this book's format allows. Readers are encouraged to explore The Heritage Foundation's many resources on these topics.¹⁰

Defense: A National Priority

The Heritage Foundation's recommendations for spending reforms in the Department of Defense come with a unique caveat: Any savings should be reinvested back into strengthening the country's defense capabilities. Despite the overall Washington spending spree of the last 20 years, defense has not been adequately funded.

First, President Barack Obama cut \$400 billion from the nation's defense budget in 2009 and 2010. Then, Congress passed the Budget Control Act (BCA) of 2011, which is scheduled to cut an additional \$1 trillion from defense through 2021.¹¹ In fact, relative to other federal spending, the automatic cuts from the BCA have and will continue to hit defense hardest. Defense discretionary spending is scheduled to bear 49.5 percent of total cuts,¹² despite representing just 16.8 percent of total spending. On the other hand, mandatory spending will bear just 14.4 percent of total cuts despite representing 63.8 percent of total spending.¹³

The underfunding of the Defense Department is further exacerbated by the fact that increases in defense spending after 9/11 were dedicated to the rising cost of maintaining an aging inventory, the growth in compensation and benefits for military personnel and retirees, and to fighting the wars in Iraq and Afghanistan. The combination of too little defense spending and internal cost growth has resulted in declining military capabilities. The Defense Department continues to reduce the size of its forces, investments in weapon systems are continuously delayed, and declining readiness means that the men and women in uniform are ill-prepared for combat.

Defense of the country is a core constitutional function of the federal government. Unlike the ever widening array of social services being assumed by the federal government, defending the country is a true national priority.¹⁴ It should not continue to be weakened by spending cuts or a growing federal debt. As part of its effort to strengthen national security, the Defense Department must limit waste and control unnecessary cost growths, channeling savings into defense areas of need.¹⁵ The Heritage Foundation's recommendations reflect that mission.

Moving Forward

As Members of Congress take up the public policy challenge of their lifetimes—putting government back on a constitutional path—the following recommendations should be part of their action plan. The proposals in this volume offer Members of Congress who pledged to get government spending under control specific recommendations that can make their promises concrete. In this way, they *can* become the “conscience of Congress.” Paired with strong reforms of the major entitlement programs of Medicare and Social Security, and repeal of Obamacare, the 114th Congress can get spending under control.

For greater detail on 2014 federal spending facts and trends, see The Heritage Foundation's “Federal Spending By the Numbers, 2014: Government Spending Trends in Graphics, Tables, and Key Points” <http://www.Heritage.org/research/reports/2014/12/federal-spending-by-the-numbers-2014>.

Endnotes: Introduction

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