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978-0-521-86933-1 - Taxes, Spending, and the U.S. Government's March toward
Bankruptcy

Daniel N. Shaviro

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Taxes, Spending, and the U.S. Government's March Toward Bankruptcy

What's in a word? Plenty, when it's a word such as "taxes," "spending," or "deficits" that pervades Washington political debate despite lacking coherent economic content.

The United States is moving toward a possible catastrophic fiscal collapse. The country may not get there, but the risk is unmistakable and growing. The "fiscal language" of taxes, spending, and deficits has played a huge and underappreciated role in the decisions that have pushed the nation in this dangerous direction.

Part of the problem is that, by focusing only on the current year, deficits permit politicians to ignore what is looming down the road. The bigger problem lies in the belief, shared by people on the left and the right alike, that "tax cuts" and "spending cuts" lead to smaller government, when in fact the characterization of any new policy as a change in "taxes" or in "spending" is purely a matter of labeling.

This book proposes a better fiscal language for U.S. budgetary policy, rooted in economic fundamentals such as wealth distribution and resource allocation in lieu of "taxes" and "spending," and in the use of multiple measures (such as the fiscal gap and generational accounting) to replace misguided reliance on annual budget deficits.

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*For the late David F. Bradford,
a colleague and friend whose untimely
loss I still mourn*

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