Subject: ICYMI: A 'no' vote on the budget deal is a vote to increase spending.

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From: "Senator Perdue" <david@perdue.senate.gov>
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In case you missed it...

A 'no' vote on the budget deal is a vote to increase spending.
By U.S. Senator David Perdue
https://washex.am/2Yh25OZ

When President Trump set out to negotiate a budget deal, he had two primary goals: continue to reduce discretionary spending as a percentage of the economy, and fully fund our military.

Those goals were accomplished last week when the Trump Administration and congressional leaders struck a deal on spending caps and the debt ceiling.

Unfortunately, many of my Senate colleagues are considering voting no on this deal, because they want to reduce spending. So do I.

In this case, however, a no vote actually is a vote to increase spending over time.

The first reason is that this budget deal only applies to discretionary spending. Discretionary spending, at $1.3 trillion in 2019, only accounts for roughly 30% of all government spending. The other $3.3 trillion of what the government spends comes from mandatory spending, like Social Security, Medicare, and net interest payments.

As President Trump intended, under this deal, discretionary spending continues to fall as a percentage of the economy over the next two years. In 2011, discretionary spending was 8.7% of GDP. With this budget deal, it is projected to be less than 6% in 2021.

Under this deal, the discretionary spending level increases $54 billion, or an average of 2% per year, in the next two years. As our economy continues to grow, this means that discretionary spending as a total percentage of our GDP will actually fall over the same period.

In the next two years, mandatory spending, however, will go up by $422 billion. Yet no one is really talking about that.

This deal accomplishes a second major goal of President Trump's: it fully funds our military and gives our men and women in uniform the certainty they need to support readiness, recapitalization and rationalization.

So with that said, my colleagues have three paths ahead to choose from regarding this deal.

They can vote yes, and we will get the important accomplishments I just mentioned. Most importantly, with a yes vote, we can move on to the real task: finishing appropriations and funding the government before the end of the fiscal year on September 30th.

The second path is that they vote no, and we get stuck with another continuing resolution (CR), which means our military funding levels would be left in the same position as last year.

That doesn't sound so bad, but in reality it would have draconian effects on military readiness and modernization. With a CR, our military would not be able to purchase much of the new equipment it needs or launch any new programs.

On top of that, it would actually raise military spending over the long term because it would lock in many inefficiencies currently in defense spending and totally disrupt the supply chain, adding to costs.

The third path ahead of my colleagues is that they vote no, and we get saddled with sequestration, meaning automatic spending cuts across the board.

That may not sound bad either, but it has been proven to lead to dramatic spending increases down the road. That's because, in the future, Congress would attempt to undo the damage done by sequestration, and end up raising spending.

So ironically, those who are voting no on this budget bill are actually voting for significantly more spending down the road!

So how do we solve the debt?

The answer is simple. We have to grow the economy, but we must also address the real driver of the debt: mandatory spending.

As I mentioned earlier, mandatory spending is more than 70% of everything we spend. And that number is growing higher every day.

To cut down on mandatory spending and truly solve our debt crisis, we have to save Social Security and Medicare. Both are on the verge of insolvency, and the underlying costs of healthcare continue to rise.

To fix mandatory spending and solve the debt crisis, we have to face these challenges.

Before we can do that, however, we have to get past this current budget standoff. The deal that President Trump negotiated is reasonable. Discretionary spending continues to fall as a percentage of GDP. It fully funds the military. It contains no liberal policy riders.

Most importantly, it gives us the opportunity to finish the appropriations process before the end of the fiscal year. If we can't accomplish this basic task, then all of this drama was for nothing. This should be our priority.

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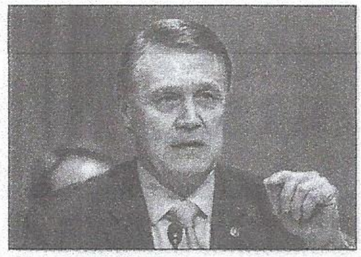

Sen. David Perdue

AJC
8/2/19

Perdue helped persuade fellow Republicans to back budget deal

By Tamar Hallerman
tamar.hallerman@ajc.com

WASHINGTON — A surprising proponent of the two-year budget deal, which the Senate sent to President Donald Trump's desk Thursday, was Georgia U.S. Sen. David Perdue.

The first-term Republican has carefully nurtured his image as a debt hawk since arriving in Washington in 2015. And while he rejected similarly large spending deals in the past due to their red ink, Perdue worked behind the scenes over the past week to get wavering GOP colleagues to back the $320 billion plan, even though it would add significantly to deficits.

In an op-ed in The Washington Examiner, Perdue said the White House-backed agreement was a "reasonable one."

"Discretionary spending continues to fall as a percentage of GDP. It fully funds the military. It contains no liberal policy riders," he wrote.

"Most importantly, it gives us the opportunity to finish the appropriations process before the end of the fiscal year. If we can't accomplish this basic task, then all of this drama was for nothing. This should be our priority."

Perdue has closely tied himself to Trump as he's ramped up his 2020 reelection campaign. He's also emphasized his work on the Senate Armed Services Committee.

Perdue's Georgia colleague, U.S. Sen. Johnny Isakson, still on the mend after fracturing four ribs, did not vote on the budget agreement.

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July 31, 2019

mailed ~ 1:00

U.S. Senator David Perdue
3280 Peachtree Road NE
Suite 2640
Atlanta, GA 30305

Re: A Bill to Push Back the Social Security and Medicare Retirement Ages and Eliminate Tax Subsidies for Health Insurance that is not High Deductible Coverage

Dear Senator Perdue:

I am an attorney/CPA who is very concerned about the growing federal debt. I work primarily in the areas of taxation, employee benefits, estate planning, business law and administrative law. I understand you share my concerns about the growing debt situation.

On our nation's current course, I see a best case scenario of a large shifting of wealth. In a worst case scenario, I see a complete financial collapse. I reach these conclusions after studying the matter and the thoughts of other persons (including federal agencies, etc.) over many years. It's come to the point where a large part of investment analysis involves anticipating the federal government's next fiscal and monetary moves. That's awful.

I write to ask you to consider sponsorship of the enclosed bill relating to The Financial Sanity Act. It gradually pushes back the retirement age for Social Security and Medicare to age 70, and then adjusts the retirement age every ten years thereafter to account for changing life expectancy. The bill would also eliminate tax subsidies for health insurance that is not high deductible health insurance. A "plain English" summary document is also enclosed.

The enclosed bill does not solve all the problems. However, it's a good start.

On June 25th, the Congressional Budget Office (CBO) issued its most recent 30-year budget outlook. Simply put, it spells disaster absent substantial change. A one-page summary of the considerations I feel are most significant is also enclosed. Concerning the budget, for many years, the Government Accountability Office (GAO) has been saying the things said in CBO's 30-year outlook. In this regard, in 2007, when the total national debt was just under $9 trillion, the GAO said: "GAO's current long-term simulations continue to show ever larger deficits resulting in a federal debt burden that ultimately spirals out of control."

Pushing back the normal retirement age for Social Security and Medicare is the reasonable and fair thing to do. In this regard, life expectancy of someone born in the U.S. in 1900 was 47.3 years. By the year 2000, life expectancy had increased to 76.8 years.

Eliminating tax subsidies for health insurance other than high deductible health insurance would encourage purchases of high deductible health insurance, with the resultant that much more high deductible coverage would very likely be purchased than traditional coverage. Consequently, less would be paid in premiums but consumers would more pay out-of-pocket for care, thus producing price shopping efforts that currently largely do not exist. Reducing the significance of the third party in health care would, in turn, induce competition and cause prices to come under control. Medicare beneficiaries would indirectly benefit. This action largely serves the objective of the Cadillac tax, without a tax increase.

As noted in the CBO materials, the CBO does not know if and when a financial crisis will hit. It needs to be headed off in advance. In this regard, the next recession is overdue. Couple a recession with one or more other bad things, like a major earthquake and a currency devaluation (perhaps due to Bitcoin and Libra), and a crisis could occur very soon.

Leadership is needed now, not in the midst of a crisis. Budget bills won't get it done.

Also, in 2017, I had an article published in *Tax Notes* magazine titled "Eliminating the Income Tax . . . While Balancing the Budget." The article examines alternatives to the current (2017) tax system that would produce balanced budgets in non-recession/depression years, and then recommends a much simpler system. Let me know if you'd like to receive a copy.

In large part due to my concerns about the nation's finances, I have three times run for U.S. Senate in Georgia as the Libertarian Party of Georgia's candidate. I first ran in 2004, and received 2.1 percent of the vote. In ran again in 2008, and received 3.4 percent of the vote. The election went to a run-off. My third run was in 2016; I received 4.2 percent of the vote. Many of the people who voted for me did so due to my position on the national debt and taxes. I may run again, including possibly in 2020. If you will sponsor the bill, I'll feel much less need to run. In such event, I may commit not to run, with the reason being your sponsorship.

Please advise if you will sponsor the bill.

Thank you.

Sincerely,

Allen Buckley

Allen Buckley