

Time for a Spending Cap With Teeth

The federal government should be limited to 20% of the national economy every year.

By [JEB HENSARLING AND MIKE PENCE](#)

Fiscal storm clouds are upon us. In five years, federal spending has skyrocketed to 24.7% from 19.9% of our economy. That's the highest level since World War II. Borrowing has ballooned the national debt to \$11.9 trillion from \$7.3 trillion, a five-year increase equal to the accumulation of debt between President George Washington and President Bill Clinton.

Unfortunately, the long-term fiscal picture is worse. As the Baby Boom generation retires and the cost of health care continues to escalate, entitlement programs will cause federal spending to rise to 40% of our economy, double its post-World War II average. This is assuming that spending does not increase even further, an assumption that the trillion-dollar "stimulus" bill and the 84% increase in nondefense discretionary spending President Obama signed into law argues against.

The situation is dire, but don't take our word for it. "U.S. fiscal policy is on an unsustainable path to an extent that cannot be solved by minor tinkering," Congressional Budget Office Director Doug Elmendorf said recently. Former Comptroller General David Walker called the rising costs of government entitlements a "fiscal cancer" that threaten "catastrophic consequences for our country."

Can we tax our way out of this problem? No.

In order to pay for what we are on track to spend under current law, taxes would have to double. This would crush our economy and condemn future generations to a far lower standard of living. That is not an option.

Can we grow our way out? Unfortunately, no. Although pro-growth policies like simplifying the tax code and lowering rates are critical components of any solution, they alone are insufficient. Mr. Walker estimated it would take double-digit economic growth every year for the next 75 years in order to close the fiscal gap.

Can we continue to borrow our way out of the problem? Borrowing of that magnitude would drive up interest rates to unimaginable levels, crowding out borrowing opportunities for families and businesses. As Greece and other European countries like Spain and Portugal face default for their excess spending, and China lectures us on our fiscal irresponsibility, the idea of borrowing at still higher levels seems inconceivable.

Without spending discipline only one option remains: monetizing the debt, also known as inflation. Although Federal Reserve Chairman Ben Bernanke has repeatedly said that this will not happen on his watch, many think it's inevitable. If we do monetize the debt, inflation could be so high we may look back upon the Carter era with nostalgia.

Winston Churchill once said that "Americans can always be trusted to do the right thing, once all other possibilities have been exhausted." We've exhausted the possibilities. Now it's time to do the right thing.

That is why we are proposing a Spending Limit Amendment to the Constitution. This amendment would limit spending to one-fifth of the economy (our historical spending average since World War II). The limit could only be waived by a declaration of war or by a two-thirds congressional vote.

As with other constitutional amendments, Congress would be given the authority to enforce and implement it. But for the first time, the federal government would have a limit on its size and scope. The Spending Limit Amendment does not promise a particular spending plan about what programs to restrain and by how much. Rather, it puts a legal constraint on lawmakers present and future.

Some will say it should not be done now. But if not now, when?

Our spending problems are tantamount to generational theft and fundamentally alter the American ethic. We cannot have both unlimited government and unlimited opportunity.

This amendment is an effort to allow "We the People" the opportunity to fundamentally define the size of our government. Passing it would save future generations from lives of fewer opportunities and less freedom.

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