

Cutting Can Help Offset Spending

On October 1, the Indiana Chamber called on Congress to act to help restore financial markets and consumer confidence. It was not an easy determination as our organization, on behalf of our members, does not typically advocate for government intervention.

As the details of that bailout continue to evolve, the attention as of this writing in the second week of December is on the proposed financial assistance for the auto industry and additional federal spending (possibly in the form of more rebate checks) to generate an economic stimulus.

Valid arguments can be made on both sides of this issue. Opponents, for example, cite the burgeoning federal deficit as a reason to limit the federal outlays. What is almost universally missing in the discussions, however, is the option of reducing existing government spending in other areas of the massive federal bureaucracy.

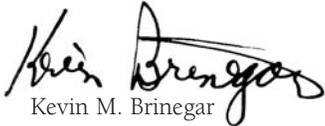
My suggestion: How about a program that says for every dollar spent on a bailout or economic stimulus spending, there will be offsetting, dollar-for-dollar reductions elsewhere in the federal budget? There is an alternative to adding more debt to the backs of our children and grandchildren.

Individuals, families and businesses do this frequently – limit outlays in one area to make up for higher expenditures in another. Higher gasoline prices throughout the summer kept many people closer to home for vacation. Increased raw material costs forced companies to generate savings through other methods.

But in Washington, D.C., tough economic times appear to signal a green light to run up the federal deficit. This one-sided open checkbook approach, though, will only serve to make our country less competitive in the future as we will be paying off debt while others will be investing in infrastructure and human capital.

These are not easy decisions. While we place great trust in our federal government leaders to do the right thing, they owe it to us to incorporate some basic economic principles into their deliberations. Spend, spend, spend – even if necessary in some areas – can and should be offset, at least somewhat, by cut, cut, cut in other areas.

Sincerely,



Kevin M. Brinegar
President



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