

- [OPINION](#)
- [COMMENTARY](#)

How Long Can America Keep Borrowing?

The debt crisis has grown far worse since 1994, when we headed a bipartisan panel.

By Bob Kerrey and John C. Danforth
June 20, 2021 4:26 pm ET

President Clinton asked us in 1994 to chair the Bipartisan Commission on Entitlement and Tax Reform to study the future of Social Security, Medicare and Medicaid and recommend measures to assure their long-term viability. Reforms of these popular programs were so politically fraught that finding consensus on solutions proved impossible during our tenure in the Senate.

But there was near unanimity within the commission on the scale of the problem. Entitlements were on an unsustainable trajectory. They consumed an ever-growing share of federal spending. In 1994 the budget deficit was \$203 billion (2.8% of gross domestic product), and the national debt was \$3.4 trillion (47.8% of GDP).

The crisis we identified 27 years ago seems negligible given where the debt stands today. The nonpartisan Congressional Budget Office estimated in January 2020 that annual budget deficits will exceed \$1 trillion, and that the debt—then hovering at \$17.2 trillion—would more than double as a share of the economy over the next 30 years. These numbers don't take into account \$65 trillion of unfunded liabilities for Social Security and Medicare. The CBO now projects that, under current law, the deficit will reach \$1.9 trillion in 10 years and the debt will skyrocket from 102% to 202% of GDP within 30 years.

The words "current law" are critical as the CBO forecasts only what will happen should government make no changes in spending and tax policies. But President

Biden has already proposed \$5 trillion in additional spending over the next 10 years, much of it for new or expanded entitlements, labeled “infrastructure” and “investment.”

Beyond the numbers, the biggest difference between then and now is that in 1994 both parties worried about deficits and debt. Today, neither Democrats nor Republicans seem to care. Under President Trump, the national debt grew from 76% of GDP to 100%. Under Mr. Biden’s first budget proposal, the debt is expected to reach 117% of GDP by 2031.

While politicians in both parties toss fiscal restraint to the winds, the good news is that a hefty proportion of voters are still concerned about the debt. An Ipsos poll conducted April 23-26 found that 75% of respondents believe too much debt can hurt the economy.

Current figures suggest that the federal government is digging America into a hole. According to CBO’s baseline projections—which don’t account for Mr. Biden’s proposals—interest costs will surpass spending for Social Security by 2045 and will consume nearly half of federal revenue in 2051.

Despite the urgency of the problem, nearly every elected official in Washington is an original co-sponsor of the “do nothing” plan. While today’s hyperpartisan political environment makes it unlikely that our fiscal crisis will be resolved anytime soon, elected officials would do well to take at least some action to address the issue.

One promising approach, the Trust Act, has been proposed by bipartisan co-sponsors in the House and Senate, including Reps. Mike Gallagher and Ed Case and Sens. Mitt Romney and Joe Manchin. The bill aims to create a process for avoiding insolvency of the major federal trust funds, including those covering Medicare hospital insurance, Social Security and highways.

The Trust Act would also establish a “rescue committee” for each fund with six members from each party. These committees would have bipartisan co-chairmen and would be charged with developing legislation to save the trust funds. At least

two committee members of each party would have to agree to advance proposals by a majority vote. Once submitted, the proposals would receive expedited consideration in the House and Senate. This approach would be fair and practical and would focus on the most pressing issues that have identifiable deadlines rather than try to solve all the country's fiscal challenges at once.

It's become all too clear that America can't build a sound economy on a foundation of unsustainable debt. The longer lawmakers wait to act, the more difficult the solutions will be—and the greater the risks for future generations. The Trust Act offers a sensible way to get started.

Mr. Kerrey, a Nebraska Democrat, and Mr. Danforth, a Missouri Republican, are former U.S. senators and co-chairmen of the Concord Coalition.