SS236 Unit 10 Discussion Board Example

The federal budget has continued to grow through the years to the point that debt now surpasses the gross domestic product. Though some still dispute the fact, something needs to be done with the growing deficits. Most do actually agree on that point however. Where the biggest difference comes is how to lower the deficit. Republicans generally think that cutting spending is the best approach while Democrats believe that increased revenue through taxation is a better choice. Those calling for higher taxes also usually call for the increased burden to fall on the top earners. Though it does sound good, that theory is flawed. According to the Tax Foundation, 70% of all the taxes collected come from only 10% of tax payers (Greenberg, 2015). That 10% of tax payers are the highest earners and also pay an exponentially higher tax rate. This type of thinking is not universal.

According to Gallup Poll data, "73 percent of the public attributes the deficit to too much spending, compared with 22 percent who blame insufficient taxes" (O'Connor, Sabato & Yanus, pg. 482, 2015). Those cuts could be realized from many departments and various programs. One method could be an across the board approach that would ask every agency to adjust to a reduced budget. Even if that approach was used, there are still areas that could take larger cuts or be eliminated completely.

The Department of Transportation has a great candidate to be eliminated completely. Amtrak is a rail transportation system that loses money for the government every year. In a single year, eliminating Amtrak would save the government $2.7 billion (Budget of the United States Government, pg. 977, 2016). This could be privatized to remove the burden from the government, as well as let private company modernize the system. It could in-turn earn the government money through a sale and future tax revenues.

Though the Department of Homeland Security is a relatively newer department, many people think cutting it is a bad idea. This department has ballooned since its inception and could benefit from cuts and more focused mission. Privatization offers another great opportunity with this department for the Transportation Security Administration. In typical fashion for the government, nothing runs as smoothly or as efficiently as a similar company in the private sector. The tax payers could save over $7 billion a year by having this security agency become a private company (Budget of the United States Government, pg. 536, 2016). The added benefit would most likely be shorter and quicker lines at the airport.

There is no single solution to the rising deficit. It will take a combined effort of making spending cuts combined with tax reforms. No matter the method, when the deficit exceeds GDP, there is an issue that needs addressed. If nothing is done, the economy will further slow as a result, and the problem will exacerbate itself. Now may not be the most ideal time for spending cuts, but is, however, at the point where cuts are required to be made.

References

O'Connor, K., Sabato, L. J., Yanus, A. B. (May 1, 2015). American Government, 2014 Elections and Updates Edition, 12th Edition. [Kaplan]. Retrieved from https://kaplan.vitalsource.com/#/books/9781323241622/

Greenberg, S. (November 19, 2015). Summary of the Latest Federal Income Tax Data, 2015 Update. Retrieved from: https://taxfoundation.org/summary-latest-federal-income-tax-data-2015-update/

Budget of the United States Government. (February 9, 2016). U.S. Government Publishing Office. Retrieved

from: https://www.gpo.gov/fdsys/browse/collection.action?collectionCode=BUDGET&browsePath=Fiscal+Year+2017&isCollapsed=false&leafLevelBrowse=false&isDocumentResults=true&ycord=0