

# Children of Liberty Fiscal Policy

## Why the COL Fiscal Policy is Best

1. The COL establish a policy firmly committed to capitalist, free market solutions.
2. The COL promote economic growth for both domestic producers and consumers.
3. While recognizing the equity of government intervention, the COL would reduce current regulation and limit future government intervention.
4. The COL would place our government in a strong position to respond to future economic and national defense emergencies by balancing the budget and starting to pay down the national debt.
5. Regulation is not a bad thing. Bad regulation is bad. The COL would limit government regulation to achieving four goals: social health, individual safety, economic equality, and national conservation.
6. The COL would change how government produces regulation, eliminating federal agencies and restoring the separation of powers to our national government.
7. The COL simplify government accounting and reporting allow a broader spectrum of voters to engage on fiscal policy and monitor government actions.
8. The COL reduce the size of the national government.
9. The COL simplify the delivery of national services.
10. By eliminating an unnecessary accounting procedure, the COL could reduce the national debt by \$6.1 trillion dollars!

## Why Fiscal Policy Matters

Fiscal policy is a government's policy regarding economic growth. It is how government raises revenue and spends it, hoping to promote economic growth and stabilize the economy.

What is our national government's fiscal policy?

- Promote maximum employment, business production, and consumer buying power.
- Use debt to fund wars and counter recession, and in strong economic times pay down debt.

Is our government following its own fiscal policy? No! If our current policy is effective, where is the growth? Where is the increased income? Where are the jobs?

A majority of economist would agree with the following statements.

- Increasing government regulation and the growth of government itself since the 1970s have slowed the growth of employment, production, and spending.
- Debt has continued to rise during economic prosperity and non-war years over the past 30 years except during the last three years of the Clinton Administration, leaving us in a position where the government cannot respond effectively to another Great Recession.
- The government has failed to promote the three factors government can promote to achieve growth: education, infrastructure, and scientific discovery.
- Income support reduces the incentive to work, depressing economic output.

## The Big Picture – What Do We Need to Change?

1. Balance the budget, move towards a surplus, and start paying down the debt. We must be in a position to respond to a recession. A recession will come. The question is not “if” but “when” will the economy decline?
2. Modify our fiscal policy. Our fiscal policy should, first and foremost, affirm our commitment to free market capitalism. We MUST accept and adopt the following three economic maxims:
  - a. Free markets always are the most efficient, maximizing consumer and producer satisfaction. Government intervention ALWAYS shrinks the market and raises prices.
  - b. Free markets ONLY fail when either a social cost or benefit is not factored into the market. If a market fails to achieve optimal social equality, then and only then, the government should:
    - i. Work with the affected parties to achieve a private settlement.
    - ii. If that fails, implement a market-based, government-imposed solution.
    - iii. If that fails, enforce a government-imposed solution.
  - c. Government can improve optimal social equity during times of war and economic downturns through debt-financing designed to promote national defense or economic growth. Otherwise, the government must run a budget surplus, paying off debt.
3. Change our tax and spend decisions. On the revenue side, we need to promote economic investment and personal savings so that we can move away from income support programs. On the spending side, we need to significantly reduce income support spending and defense spending and move towards spending that promotes education, infrastructure development, and scientific and technological invention.

## Immediate Change is Required

1. Balance the budget. *See the COL Tax Plan and the COL Spending Plan for details.*
2. Simplify government accounting methods. Eliminate Trust Fund Accounting which would reduce the national debt by 6.1 trillion dollars. Trust fund accounting neither protects money from government spending nor insures that government keeps its promises. Eliminate Off-Budget Accounting. One Congress cannot bind a future Congress.
3. Improve Account Planning. Effective budgeting requires UNDER estimating revenue and OVER estimating expenses. This is how a surplus is produced.
4. Increase budget transparency by producing two views of spending: department and activity. Both views should allow internet, drill-down capabilities to the smallest office level.
5. Reduce the size of government without significantly reducing government service. *See the COL Government Reduction Plan for details.*
6. Solve the growing social security financing crisis. *See the COL Social Security Plan for details.*
7. Solve the growth health care cost crisis. *See the COL Health Care Plan for details.*
8. The Keynesian economic system adopted by the national government should only be applied during short-term economic recession, but the United States needs to express a firm commitment to free-market capitalism and implement government policies, as often as possible, that promote economic growth. It also has value as a guide in monetary policy. *See the COL Monetary Plan for details.*
9. Change how government regulations are produced, reducing the current number and slowing additional regulations. *See the COL Government Regulatory Reform Plan for details.*