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SHARING A VIEW OF THE STATE

Issues and Comments – 33rd Senatorial District

Senator

Chuck Purgason

Government is not reason, it is not eloquence, it is force and force like fire is a dangerous servant and a fearful master.

- George Washington

This week the Appropriations Committee in the Missouri Senate is in its final stages of putting together the Senate version of the FY 2011 budget. As you know, the committee is faced with the task of cutting around \$500,000,000 (million) from the budget in order to attempt to balance it.

The current Governor has been working with the committee and is recommending many areas where he would support reductions in order to help the House and Senate put a balanced budget on his desk. This is quite a different approach to working on the budget than when Governor Holden was in charge.

In those years we were sent a budget balanced on millions of dollars of new taxes that had not even passed yet. That Governor's office refused to work with the General Assembly and those actions started a string of special sessions that took up almost all of the summer creating much gridlock.

Although politics have entered the discussion in the press, most of the time we are doing simply what people expect us to do by working together to create a balanced budget for the State of Missouri. One that best serves its citizens and meets its obligations. In the next few weeks the budget will be debated on the Senate Floor and then move to Conference Committee with the House to settle on a final budget.

In dealing with the questions that linger with the impact of federal funds on state budgets, one can see that it is very hard for states that rely on balanced budgets to continue to try to partner with a federal government that has no constraint on how much money it borrows, prints or creates. Everyday the news reports talk about how states are struggling to balance their budgets.

Across the nation today the states deal with over \$200,000,000,000 (billion) of shortfalls in their budgets. The current debt to our nation is over

\$12,000,000,000,000 (trillion) on our credit card. Our debt is over 80% of our Gross Domestic Product (GDP) and still the policies are in place to continue to deficit spend over \$1,400,000,000,000 (trillion) this year alone as we continue to borrow our way to prosperity.

The following information is totally my opinion. It is not based on any one piece of information or statistic, but is based solely on my experience in government, my opinion, knowledge of basic economics, government policies, and, I think to a large degree, common sense.

My opinion is that the small bump in the economy that has our government saying we are moving out of the recession is not correct.

I believe what has been created is the bailout bubble. As in the past, we have had bubbles before. First, we had the .com bubble that burst in the late 1990's and early 2000. We then had the real estate credit crisis that burst in 2003-2007 and now I believe we have the bailout bubble that will burst in the near future.

Over \$11,000,000,000,000 (trillion) have been lent, spent, or guaranteed to prop up this market since 2009. With this money being dumped in it looks like things are improving. I think it is more like going to the dentist and getting a pain shot without fixing the tooth. The pain goes away temporarily, but the cavity remains and the tooth begins to hurt again because we did not fix the problem.

We have not fixed the problems that created this trouble in the first place. We have only addressed the symptoms. We are still printing money because no one wants to buy our bonds at low interest rates. We are continuing to deficit spend at a rate of \$1.60 for every dollar that comes in from taxpayers. We continue to expand government when we can't pay for the one we have.

As we struggle to balance this year's state budget with over \$500,000,000 (million) in reductions, we continue to keep an eye on next year's deficit of over \$1,000,000,000 (billion). We continue to fear the foot soldier as the horseman cometh.

It is a problem that is real, it will not go away, and we might as well begin planning for it. For myself, I will continue to work for a balanced budget, but on the side you can find me working in my vegetable garden.

As always, I appreciate hearing your comments, opinions and concerns. I can be reached in Jefferson City at (573)751-1882, e-mail to chuck.purgason@senate.mo.gov or by regular mail at 201 West Capitol Avenue, Room 420, Jefferson City, MO 65101.

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