

Should the
government be
required to balance
its budget?



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Re: Discussion Topic 5: Should the government be required to always balance its budget? Why or why not?

by Barbara Harris

No, the government should not be required to always balance the budget

A balanced budget for the Government generally means the difference between government incomes and expenses over an accounting period of one year. The U. S. national debt is close to 14 trillion dollars. Government incomes is generated from taxes, fees, and business revenue. According to last year's Congressional Budget Office, the federal forecasts revenue will reach approximately \$3 trillion and the spending is approximately 3. 78 trillion.

Balancing the government's budget sounds logical, as a matter of fact, that is the task of most Americans. Financial Planners suggest that a family should save 10%, tithes 10% and the other 80% is to purposefully be used for sustaining your life style that you have created. However balancing the government's budget should not always be required nor should that be the goal because there are too many variable. If the existing condition or the environment is not right it could do more harm to a bad situation than help.

The government can generate more revenue via raising taxes or the government can reduce spending by ending subsidies, scaling back with Medicare and social security to balance its budget. Either option would hurt the poor the most during recession. If the government decreased its spending, that also decreases the poor income and consumer's consumption

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indirectly. If the government increased the taxes, that would decrease income.

by Tao Lu - Friday, August 1, 2014, 3: 29 PM

I agree with you. As always, you are giving a very high quality answer. It's good to balance the budget but shouldn't make it required as " always". It depends on the situation. Sometimes, a deficit may benefit its economy in a long run. And forcing to balance the budget may slow its economy to grow (e. g. cut spending on social security, or collect more tax).

by Anand Viswanath - Friday, August 1, 2014, 5: 08 PM

Yes, in the last seventy five years are so, in US we are used to see either a deficit or surplus governments, more so on the deficit side. But yet we did not just survive, but remained a power house of the world. But the borrowing has going up the roof and government deficit is increasing by seconds. Now that the other economies from BRIC nations are posing a threat, it might be a good idea to think about balancing the budget or getting closer to that in order to support our future generations to remain in same dominant state like us now.

by Olutobi Osinowo - Tuesday, August 5, 2014, 10: 06 PM

I agree with this statement totally. This could cause a easy access to debt. If the government does balance its money well, then it could fall in the wrong places. This could cause a domino affect from the stock market crashing to bad market to a recession and later depression. This would cause a financial crisis.

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Re: Discussion Topic 5: Should the government be required to always balance its budget? Why or why not?

by Anand Viswanath - Thursday, July 31, 2014, 10: 46 PM

I may have to approach this from a personal financial view. Working within a balanced monthly family budget has been my priority and personal preference, similarly I believe the government should keep a balanced budget as its top priority. Just like how a family that borrows beyond its means will struggle a lot, so will government deficit spending cause much trouble in the long run and ultimately have the future generation pay for it. We started of this century with a surplus but over the last decade the deficits have gone up and continue to rise. While the intention of the government to create more jobs and stimulate economy by spending more is welcoming on one hand, the government should also consider our future generations and retirees and do a better job at balancing the budget.

On reviewing the statistics from the last great depression period, Though it is evident to me that our government has ran into deficits more than surpluses and yet has remained an economic super power in the world, indicating that balancing the budget may not be essential, I still believe a government that does balance their budget can create a strong economy and better opportunities for their future generation.

by Laura Porter - Saturday, August 2, 2014, 4: 45 PM

I agree with your thoughts on the government balancing their budget. It is known that good credit can get you anything and I believe that it should

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apply to all parties. With the government's lack of properly handling their finances it is not surprising that individuals follow their lead with large amounts of debt. Even if the government has run with a deficit for years, that doesn't mean it will be able to continue that way. The debt will eventually catch up with the country and future generations will have to carry that burden. So, even though a deficit doesn't necessarily hurt the economic power of the country, it would be best to balance the budget for long-term effects.

by Lakita Jones - Tuesday, August 5, 2014, 11: 35 PM

I agree with your post that the government should keep a budget. There are a lot of negative outcomes that could possibly occur due to the government defaulting on any of their loans or not distributing their finances appropriately. Without proper handling, the government's credit score can decrease, which may cause other countries to caution in loaning to the U. S.

Re: Discussion Topic 5: Should the government be required to always balance its budget? Why or why not?

by Tao Lu - Friday, August 1, 2014, 3: 00 PM

Should the government be required to always balance its budget?

This is a tricky question. From a finance view, it's good to balance the budget. You shouldn't spend more than you make. However, for a country is a different issue, sometimes, a lot of spending can't avoid (e. g. social security, unemployment) and the spending may over what you make. As a result, deficit is happening.

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In U. S. there are two ways to balance its budget: collect more or cut the spending. Cut the spending means people will get less benefit, there will be less federal employees to do work. As a result it may not be benefit in a long run. On the other hand, collecting more means more tax. It applies to both personal and business. At the end, it may slows the economy to grow.

It's not easy to balance its budget, but continuously to increase deficit is the worst. Now the U. S. is in debt and most of its payment goes to the interest. The federal government should do it's best to decrease its deficit (e. g. spending less in defense or joining another war).

Back to the question, it's good to balance its' budget but it shouldn't required to " always". Sometimes, deficit may benefit in a long term. Avoid increasing tax to businesses may help them to develop more projects and ending up helping the economy.

by Barbara Harris - Tuesday, August 5, 2014, 6: 57 PM

I agree with you that this is a tricky question. Should the government be required to balance the budget is a good proposition to consider. Most people in the United States are familiar with balancing a budget because they have had to perform that task once in their adult life and it was not easy. And anyone who has accomplished that goal of balancing their budget knows that was hard to accomplishment.

The only way for the government to balance the budget is to increase taxes or and reduce spending. The consequences to anyone of those options are not favorable for the people and or businesses.

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Tiffany Allen - Tuesday, August 5, 2014, 11: 19 PM

Hi Tao,

I agree and disagree with your statement. I too had the same similar views as you did with regard to it being a good idea for the government to have to balance their budget. You made an excellent point about the multiple ways that there are to balance a budget. If a budget is being balanced you would think that an individual would automatically be cautious of their spending however, as you stated that sometimes there are times when you have to spend over your budget in situations such as social security and unemployment. Those benefits have to be paid regardless of the budget availability. So all and all I think it's a good idea based off of your view points and like you said not in an " always" situation should the federal government have to balance their budget.

Re: Discussion Topic 5: Should the government be required to always balance its budget? Why or why not?

by Laura Porter - Saturday, August 2, 2014, 4: 06 PM

I think that the government should always balance its budget. Even though there has been a budget deficit in the United States for years, that doesn't mean that it can go on forever. At some point a future generation will have to carry the burden of higher taxes and interest rates. The government needs to start balancing its budget before the long-term effect becomes impossible to handle. I understand that if the government has to always balance its budget than lowering government spending will be expected.

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Reducing transfer payments can end up hurting the poor whom are the most vulnerable during a recession, but an excessive amount of debt causes the government to spend more on funds on the interest for that debt instead of financing public programs and services. I believe that keeping the budget balanced will help the government to properly allocate funds to different sectors determined by their importance. If they invest more into programs that will help boost the economy it will help to create jobs and lower the unemployment rate; which helps the burden of lowering transfer payments.

by Tracy Vaughn - Tuesday, August 5, 2014, 9: 06 PM

I agree. After all isn't that what government is for? To protect the citizens of our nation and to provide resources so our country can thrive. Managing the budget assures the economic state of our country is intact and prevents a complete failure our government system. All things in life need to be managed at some point to be proven effective. If no budget is in place, overspending and potential bankruptcy is sure to occur. It happens daily in society on a much lower scale. So imagine a nation with no budgeting plan. A path to destruction.

Re: Discussion Topic 5: Should the government be required to always balance its budget? Why or why not?

by Tracy Vaughn - Tuesday, August 5, 2014, 9: 00 PM

The government should definitely always balance its budget. Economics is concerned with production, distribution, and consumption in an economy. Theses entities are main focal points around the world which dictate or

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explain the financial state of society. US government plays a major role in the analysis and reporting of how well or how poorly the country is managing its financial structures. For example; stock markets, GDP, and world trade, etc. Without proper management of the budget, the economy can be greatly impacted and citizens can be effected by this mismanagement in ways such as stock market crash, unemployment, unstable housing market and healthcare, among many other factors. These things can thing lead to other detrimental issues such as high crime, homelessness, crowded jails etc.

Re: Discussion Topic 5: Should the government be required to always balance its budget? Why or why not?

by Olutobi Osinowo - Tuesday, August 5, 2014, 10: 03 PM

I think the government should always be able to balance its budget. If the government is not able to balance its budget, then everything will become a complete failure. And it could also result in a recession, which will lead to a depression. If it the government does not balance its budget, the stock market could crash. If the government does not balance its budget, money will not be distributed properly and the economy could crash. The market would not be right, and companies will not be able to run right. If the government will not be able to balance its money, it might as well become a monarchy or dictatorship and put the power into ones hands. Overall, my opinion is that it is a must that the government balance its budget. If not as you can see from other post it was call a disaster to the government and economy.

Re: Discussion Topic 5: Should the government be required to always balance its budget? Why or why not?

by Tiffany Allen - Tuesday, August 5, 2014, 10: 59 PM

Should the government be required to always balance its budget? Why or why not?

I believe that this question is what I consider to be double sided. I have certain beliefs that say yes and others that say no. The part of my opinion that says yes is based off of my own person budget analysis for my household. I feel that things operate a little more smoothly as long as I keep up with a continued budgeted balance. However, I would automatically think that at first sight the best answer would be yes, the government should always have to keep their budget balanced because then they could keep track of spending more easily and to become more continece of what is actually being spent and what is available to spend. That unfortunately is not the realistic case for America at this time. I don't even think that is actually possible to balance the federal government's budget on a yearly basis. The American government is in debt no doubt and a balanced budget is not going to solve the problem any faster. " At the end of FY 2014 the gross US federal government debt is estimated to be \$17. 9 trillion, according to the FY15 Federal Budget. At the end of FY 2014 the total government debt in the United States, including federal, state, and local, is expected to be \$21. 0 trillion" (<http://www.usgovernmentdebt.us/>). The amount of money that we are indebted to others beyond me, the only way that I can see the US ever coming out of debit is that if they are actually investing some of their

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borrowed money. If so then hopefully it would be enough to produce an excellent return on their investment that could potentially help the nation lower the current debit levels. At this point with the national debit being as high as it is I would have to say a firm no that I do not think that the federal government should have to balance their budget.

Re: Discussion Topic 5: Should the government be required to always balance its budget? Why or why not?

by Lakita Jones - Tuesday, August 5, 2014, 11: 27 PM

It is important for the government to keep a budget. They need to be aware of what and how the money can be spent. Without a budget not only will the reputation of the US government will be affected, but jobs as well. Just like an individual has to balance his or her money, the government has to allocate the money to different areas each year. Last year we were given a clear view of what could happen just over a threat to not meet their responsibility of paying what they owe. Just a threat decreased the credit of the government. As leading country in the world, it is important for the United States government stay on course of keeping their budget and allocating finances appropriately.