



## **Would You Let Congress Run Your Business?**

*Business leaders need to remind Congress of its responsibilities*

By Raymond E. Pinard

Reform of the U.S. Postal Service is back in the news, but one big obstacle lies in the way. Congress. The Postal Service provides a simple example of why business leaders need to be very concerned about what is, or is not, happening in Congress.

The Postal Service forecasts losing \$9.1 billion for the 12 months ending Sept. 30.

Some time ago, Congress instructed the Postal Service to develop a plan to stop the losses. The Postal Service presented such a plan: close up 3,700 post offices, shutter up to 252 mail processing centers, and stop Saturday mail delivery, among other proposed changes.

Members of Congress were soon up in arms about closing “my post office,” or losing jobs at a mail-sorting center in “my district.” The system is bleeding out at the seams, but a parochial mentality of “don’t touch my district” rules Congress. Last week, the Postal Service announced it was moving forward with some cost-reduction efforts with or without Congress. The battle goes on.

### **Runaway debt and unfunded liabilities**

If members of Congress can’t agree on how to solve the Postal Service’s issues, how can they solve other pressing financial issues facing the country? Here is an overview of some alarming statistics:

- The U.S. has \$15.6 trillion in debt on the books as of May 2012, which will reach \$16 billion by the end of the year. Budget deficits are forecasted to remain at over \$1 trillion per year over the next five years.
- The nation has about \$100 trillion in unfunded liabilities as of March 2012. Every year in which programs that create unfunded liabilities are not addressed, the exposure increases by \$12 trillion. Total over the next five years: another \$60 trillion.
- The federal government takes in about \$2.4 trillion annually. The current debt to income ratio for the federal government is 48:1. The average family cannot carry debt that is 48 times their annual income.

### **Explosive entitlement spending**

We cannot dig ourselves out of this fiscal problem without drastic changes to Social Security, Medicare, Medicaid, federal spending, tax reform, and overregulation, to name a few. Consider these unsettling facts:

- In 2013 Social Security and Medicare will outstrip all discretionary spending.



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- By 2016 Social Security will hit a permanent “negative cash flow,” when annual benefit payments exceed annual payroll tax revenue. By 2033 the Social Security “Trust Fund” will be exhausted; benefits will have to be cut about 25 percent.
- The federal government devotes 21.7 percent of its budget to the two major health entitlements, Medicare and Medicaid; this is expected to increase by one-third by 2016.

### **Congress has no guts**

The National Commission on Fiscal Responsibility and Reform (Simpson-Bowles) was created in 2010 by President Barack Obama to identify “...policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run.” The commission’s report released on December 1, 2010 has, for the most part, sat on the shelf. Subsequently, Congress devised the “Super Committee,” a group from both houses charged with developing resolutions to our budget problems. No agreement has led to sequestration, where the federal budget must be reduced by 10 percent by the end of this calendar year.

Do we have people representing us in Washington who understand the seriousness of the problems facing us? Yes. While some members of Congress may find the issues mentally challenging, most do understand that our country’s fiscal policies are unsustainable. They know we are either going over the fiscal cliff or have to start now to pull ourselves back from the edge.

Do these people have the guts to make the changes necessary to put this country on the right fiscal path and preserve our country as we know it? For the most part, no. They are too concerned about their own little piece of the pie and not the country at large. Protecting their own political life is more important to them than doing what is right for the country.

### **Country depends on choosing the right people**

With this in mind, would you let Congress run your business? If someone is more concerned about saving a rural post office than solving the critical issues surrounding Social Security, Medicare, tax reform, etc., are they the right person for the job? In judging a Congressional member’s fitness to serve, you should approach this as you would with any manager in your business. Do they share your vision and mission? Do they understand the tough choices that are expected from them? What metrics will you use to measure their success?

Members of Congress who do not have the best interests of the country in mind need to be voted out of office. And for the good of the country, business leaders have a responsibility to speak up and remind Congress that its members need to collectively focus on the good of the country, not on individual interests. Otherwise, we need to elect a new class of responsible political leaders. The survival of our country depends on it.

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