



July 25, 2019

Support the Maximizing America's Prosperity Act, H.R. 3930 and S. 2245

On behalf of FreedomWorks' activist community, I urge you to contact your representative and senators and ask them to cosponsor the Maximizing America's Prosperity Act, H.R. 3930 and S. 2245. Introduced by Rep. Kevin Brady (R-Texas) and Sen. Mike Braun (R-Ind.), the Maximizing America's Prosperity Act would cap federal noninterest spending as a percentage of potential gross domestic product (GDP).

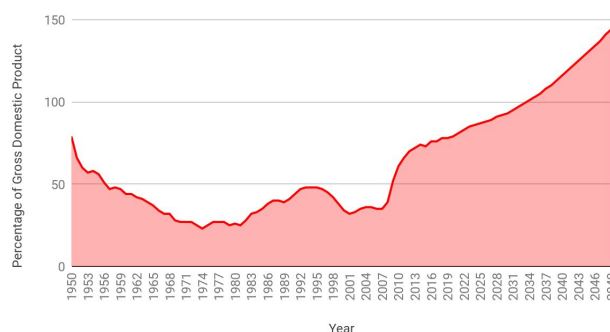
The fiscal situation America faces is dire. Over the next ten years, Congress is projected to run deficits totaling \$11.648 trillion, according to the Congressional Budget Office. The share of the national debt held by the public will rise from \$15.751 trillion, or 77.8 percent of GDP, to \$28.739 trillion, or 92.7 percent of GDP. This ominous picture will only grow worse unless Congress acts to address spending.

The Maximizing America's Prosperity Act has its roots in the debt brake, or "Schuldenbremse," adopted by Swiss voters in 2001. The debt brake, adopted as a constitutional amendment, is

designed to prevent large budget deficits and increased national debt by capping spending to anticipated revenues while also considering economic circumstances. The debt brake has yielded results.

Since the enactment of the debt brake in 2003, Switzerland's central government debt-to-GDP ratio has declined from 29.4 percent to 19.8 percent in 2016.

The National Debt as a Percentage of Gross Domestic Product: 1950 to 2049



Additionally, over the 10 years from 2007 and 2017, Switzerland had a budget surplus average of 0.5 percent of GDP as a direct result of the debt brake.

Seeking to emulate the success of the Swiss model, the Maximizing America's Prosperity Act would cap noninterest spending as a percentage of potential GDP. Although FreedomWorks remains supportive of legislative proposals that cap federal spending as a percentage of GDP, potential GDP, which is the estimate of GDP at full employment, would ensure stability during a time of economic downturns. During times of strong economic growth, this cap on federal spending would prevent Congress from spending at unsustainable levels.

The Maximizing America's Prosperity Act is an answer to this looming fiscal crisis. The bill would cap spending at 18.9 percent of potential GDP in FY 2022 and gradually reduce the cap to 17.5 percent in FY 2031, where it will remain going forward. These spending caps will create sustainability in federal spending, forcing Congress to rely on revenues, rather than taking on new debt, to finance spending.

Another benefit of the Maximizing America's Prosperity Act is that it would force a president and his or her administration to actually prioritize federal spending in practice. This will be a meaningful move toward transparency and accountability.

Congress has to get control over federal spending now to avoid the pain that will come if members continue to kick the can down the road. The adoption of a debt brake is one way to accomplish that goal. Indeed, a debt brake is one idea from Europe that America should in fact adopt. For these reasons, I urge you to contact your representative and senators and ask them to cosponsor the Maximizing America's Prosperity Act, H.R. 3930 and S. 2245.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Brandon', with a stylized flourish at the end.

Adam Brandon
President, FreedomWorks