



Written by [Thomas Sowell](#) on January 18, 2011

Budget Crisis Rhetoric

Government budget crises can be painful, but the political rhetoric accompanying these crises can also be fascinating and revealing. Perhaps the most famous American budget crisis was New York City's, back during the 1970s. When President Gerald Ford was unwilling to bail them out, the famous headline in the New York Daily News read, "Ford to City: Drop Dead."

President Ford caved and bailed them out, after all.

The rhetoric worked. That is why so many other cities and states — not to mention the federal government — have continued on with irresponsible spending, and are now facing new budget crises, with no end in sight.



What would have happened if President Ford had stuck to his guns and not set the dangerous precedent of bailing out local irresponsibility with the taxpayers' money?

New York would have gone bankrupt. But millions of individuals and organizations go bankrupt without dropping dead.

Bankruptcy conveys the plain facts that political rhetoric tries to conceal. It tells people who depended on the bankrupt government that they can no longer depend on that bankrupt government. It tells the voters who elected that bankrupt government, with its big spending promises, that they made a bad mistake that they would be wise to avoid making again in the future.

Legally, bankruptcy wipes out commitments made to public sector unions, whose extravagant pay and pension contracts are bleeding municipal and state governments dry.

Is putting an end to political irresponsibility and legalized union racketeering dropping dead?

Politics being what it is, we are sure to hear all sorts of doomsday rhetoric at the thought of cutbacks in government spending. The poor will be starving in the streets, to hear the politicians and the media tell it.

But the amount of money it would take to keep the poor from starving in the streets is chump change compared to how much it would take to keep on feeding unions, subsidized businesses and other special interests who are robbing the taxpayers blind.

Letting armies of government employees retire in their fifties, to live for decades on pensions larger than they were making when they were working, costs a lot more than keeping the poor from starving in the streets.

Pouring the taxpayers' money down a thousand bottomless pits of public and private boondoggles costs a lot more than keeping the poor from starving in the streets.



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Bankruptcy says: "We just don't have the money." End of discussion. Bailouts say: "Give the taxpayers a little rhetoric, and a little smoke and mirrors with the book-keeping, and we can keep the party rolling."

One of the political games that is played during a budget crisis is to cut back on essential services like police departments and fire departments, in order to blackmail the public into accepting higher tax rates. Often, a lot more money could be saved by getting rid of runaway pension contracts with public sector unions.

Bankruptcy can do that. Bailouts cannot.

What the public needs are current policemen and current firemen, not retired policemen and retired firemen, much less bureaucrats retired on inflated pensions.

The political temptation to create extravagant pensions is always there, not only at state and local levels, or at the federal level, but in countries around the world. Why? Because pensions are benefits that can be promised for the future, without raising the money to pay for them.

Politicians get the votes of those to whom pensions are promised, without losing the votes of taxpayers — and they leave it up to future government officials to figure out what to do when the money is just not there. It is a sure-fire guarantee of political irresponsibility.

All of this works politically only so long as the voting public accepts budget crisis rhetoric at face value, without bothering to stop and think about what it means and implies.

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