



The Exploding Federal Budget

It's hard to believe that the entire federal budget in 1960 was \$76.5 billion, which is a little less (just \$500 million less) than the \$77 billion the Department of Education is currently spending. By 1970, that federal budget had tripled to \$194.9 billion. Why? The liberal Johnson administration passed a whole bunch of Great Society programs, increasing the size and cost of government dramatically. In four short years, LBJ's budget went from \$97.9 billion in 1964 to \$186 billion in 1968.



It seemed that our liberal lawmakers were determined to take as much money out of the pockets of our taxpayers as they could lay their hands on. And, unfortunately, there wasn't much resistance among the taxpayers.

Of course, there was the Vietnam War to pay for, a war created by Democrats and conducted by such great Democrat strategists as Robert McNamara (CFR member), who were not interested in victory. And so, a two-bit, half-starved entity called communist North Vietnam was, with the help of Jane Fonda and campus radicals, able to defeat the greatest military power on earth.

And ten years later, in 1980, the federal budget tripled once more to a whopping \$579 billion. Indeed, three short years later, in 1983, the budget reached a new high of \$757 billion, with a deficit of \$98.6 billion. That was the budget inherited by Ronald Reagan from Jimmy Carter.

Reagan also inherited a burgeoning bureaucracy in Washington, rampant inflation, growing deficits and back-breaking taxes. The federal government had already become much too big, much too involved with anything and everything; and Reagan had won the election on the pledge that he would bring the runaway Washington locomotive under control and slow it down to a reasonable rate of growth.

But George H. W. Bush, who succeeded Reagan in 1989 had a budget of \$1.74 trillion. Reagan had spent a lot of money upgrading our military defenses, which the Russians could not meet. It helped end the Cold War in a massive Russian retreat from Eastern Europe.

Clinton's 1995 budget was \$1.6 trillion. In 2000 it had risen to \$1.9 trillion. George W. Bush's budget rose from \$2.0 trillion in 2001 to \$3.1 trillion in 2008. In other words, neoconservative George W. Bush managed to increase spending by over a trillion dollars in only eight years. Instead of trying to reduce the size of the federal government Republican Bush just let it grow and grow.

And now we have Obama's bloated budget of \$3.6 trillion in 2009. In 2010 it was up to \$3.8 trillion. Of course, the present humungous size of the budget has a lot to do with the declining value of the dollar.

The other day I was looking through a 1903 volume of *Country Life in America* magazines. According to the ads, you could buy an Oldsmobile for \$650, a Cadillac for \$850, a Fordmobile for \$850, and a fancy Pierce for \$2500. You could go from Chicago to California on Union Pacific for \$33. Ivor Johnson shotguns were priced from \$6 to \$8.00. And you could buy a peach orchard in Michigan with a large residence for \$17,000.



Written by [Sam Blumenfeld](#) on June 10, 2011

Why was the dollar worth so much more in those days? Because it wasn't being artificially inflated by the policies of the Federal Reserve System, which did not exist until 1912 under Woodrow Wilson. The dollar was a pretty solid currency until its silver backing was removed and it became a Federal Reserve Note with nothing more than the good faith of a spendthrift government behind it.

As long as wages kept up with the inflated dollar Americans have been willing to put up with the system. Paper money has also made it easy for the economy to be based on consumer spending since the invention of the credit card has made it easy for Americans to buy anything they want. If the dollar were based on silver or gold, Americans would be less likely to squander their money on things they don't need.

But capitalism has created such abundance and so many new needs – access to the Internet, email, air travel, etc. – that it is unlikely that we can return to the way things were 50 or 100 years ago. Capitalism has also made many things cheaper. International communication is cheaper. Computers are cheaper.

By the way, in those early days of automotive development, there were electric cars, steam cars, and gasoline cars. If they could build a steam car back in 1903, why can't they build one today?

The one thing that has become increasingly expensive is the cost of government because the politicians can't stop spending. Do we really need a Department of Education that makes education worse and more expensive? No. Do we really need an Environmental Protection Agency that is making everything related to business and energy more expensive? No. We did very well without an EPA.

In other words, there are dozens of government programs we can very well live without. But closing them down would put a lot of government bureaucrats out of work. It would lower the cost of government and leave more money in the private sector where it could produce more wealth for everybody. But since too many of our Congressmen are socialists and want to regulate capitalism to death, it is going to take more than conservative radio talk shows to turn things around.

We have reached the brink of our evolution from a constitutional republic to a socialist democracy. If the American people don't have the stomach to do without all of these government "services," then we are doomed to see our great nation slide into ever increased poverty and dependence on government aid.

As a collector of antiquarian books, I recently came across several Boston business directories of the mid-19th century with page after page of advertisements for every kind of business imaginable. All of this was done by Americans without any government interference whatsoever. We had real economic freedom in those days with a relatively small federal government. Today, government is in everything, everywhere. And nobody seems to know how to stop it.



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