



Written by [Staff](#) on May 7, 2018

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Correction Please

While Overspending Drives Deficits & Debt, It Isn't Predestined



Item: The New York Times reported on March 23 that President Trump, “hours after threatening to veto a \$1.3 trillion spending bill and throwing the capital into turmoil, signed it into law on Friday, yielding to advisers and Republican leaders who urged him against manufacturing a government shutdown crisis.”

“Even as he signed the bill, the president seethed about being forced to swallow legislation that broadly repudiated an agenda that once foresaw the reshaping of the federal government into his ‘America First’ image.”

“His stated reason [for the belated veto threat] was its lack of funding for his promised border wall, but that was only one disappointment for the president in a measure that blocked the hiring of thousands of new border patrol agents; stopped deep cuts to foreign aid, the diplomatic corps and environmental programs; thwarted a push to fund vouchers for private and parochial schools; and even rescued the National Endowments for the Arts and the Humanities.”

“There are a lot of things that we shouldn’t have had in this bill. But we were, in a sense, forced — if we want to build our military — we were forced to have,” Trump said.

The president warned, “I will never sign another bill like this again — I’m not going to do it again.”

Item: The editors of the liberal establishment’s New York Times for March 28 cheered: “In this time of political division, the broad story line of the omnibus spending bill approved late last week is largely a heartening one.” Congress, said the editors, “repudiated President Trump’s extreme budget cuts in rare bipartisan fashion.”

Correction: When the president vowed that he would never again be stuck in a situation where he felt he had to accept a last-minute bloated budget bill that was replete with unwanted provisions lest the government shut down, he undoubtedly meant it, and his caving in doesn’t mean that the same scenario must go on or — as liberals believe — should go on. Many of his predecessors no doubt thought that in similar situations. When Ronald Reagan faced a bill that he hated in 1987, one that was stuffed with 157 “earmarks” inserted by members of Congress, Reagan said he had never seen so “much lard” since the time he “handed out blue ribbons at the Iowa State Fair.” Reagan’s resultant veto was overridden.

A chief problem then, and even more so these days, is deficit spending — largely to pay for so-called entitlements.

Trump was clearly burned that Representative Nancy Pelosi, the minority leader, was smirking about how her forces had whipped the GOP congressional leadership by passing legislation that, as she put it,



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had so many Democratic “priorities that we’re very proud of in a bill that’s one yard high.” The document did have more than 2,200 pages, most of them containing bad news for conservatives.

The president indicated that the increase for the military was his deciding reason for signing the bill. It was the rest of the bill that had the *New York Times* and the Left in general gloating.

Others were aghast. An examination by the Committee for a Responsible Federal Budget has projected that the United States will run \$2 trillion annual budget deficits by 2027, with the nation burdened with a debt-to-gross domestic product ratio of 105 percent. That is a level unprecedented since the end of the Second World War. “With this deal, we will experience trillion-dollar deficits permanently,” said Andy Roth, vice president of the Club for Growth. “That sort of behavior, the last time I checked, is not in the Republican platform.”

The profligate nature of the \$1.3 trillion omnibus bill — signed by a Republican president with a GOP majority in both houses — offered relatively little to show off to conservative and other burdened taxpayers. The deal that included more military funding cost dearly in other ways, as the *Washington Times* summarized. In return, said the paper, Trump gave

a \$65 billion boost to Democrats’ domestic spending priorities, including \$3 billion more for the National Endowment for the Arts and the National Endowment for the Humanities. Both are causes that Mr. Trump wants to nix.

Democrats also retained funding for the Corporation for Public Broadcasting, a longtime nemesis of the right.

Mr. Trump didn’t get funding for many of his top priorities. The bill failed to remove funds for Planned Parenthood and sanctuary cities, hire as many border and immigration agents as he wants, and allotted just \$1.6 billion for a border wall — far short of the \$25 billion the White House requested.

There’s plenty to hate in the omnibus bill, which was purposely given to legislators too late for them to read it properly prior to voting. The people’s representatives boosted “discretionary spending” of the people’s money by 13 percent in a single year. As Chris Edwards noted in *The Hill* newspaper, that bill also scrapped “the budget caps that were the singular achievement of reformers after the landmark 2010 election.”

Edwards, the editor of www.DownsizingGovernment.org at the Cato Institute, also noted that many observers see Social Security, Medicare, and Medicaid as the true budget-busters, as opposed to “discretionary” programs. That’s true. However, as he commented, the omnibus bill was

so discouraging because cutting low-value discretionary programs should be an easy reform step before the bigger challenge of entitlements.

How are Republicans going to reform entitlements if they won’t even push cuts to wasteful liberal programs that GOP voters don’t care about?

In the omnibus deal, the Democrats took the Republicans to the cleaners. But a more unnerving upshot is that majorities in both parties seem entranced by federal spending. They seem to think that is a free lunch which magically solves society’s problems.

There is little appreciation that government spending sucks resources out of the private economy and undermines freedom and prosperity.



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Yet there are all sorts of programs screaming to be eliminated or reduced. Without breaking a sweat, the Heritage Foundation several months ago identified about \$87 billion in discretionary spending cuts available this year alone.

They are still available — though they are now mocking us.

In March, five economists from the Hoover Institution at Stanford University summarized the coming increases in public debt burden (public debt is a portion of the national debt) because of such spending. And this is not the far future. As noted by the five — Michael J. Boskin, John H. Cochrane, John F. Cogan, George P. Shultz, and John B. Taylor — in a column for the *Washington Post*, that future is on our doorstep. From this point forward, even if economic growth continues uninterrupted, current tax and spending patterns imply that annual deficits will steadily increase, approaching the \$1 trillion mark in two years and steadily rising thereafter as far as the eye can see.

Unless Congress acts to reduce federal budget deficits, the outstanding public debt will reach \$20 trillion a scant five years from now, up from its current level of \$15 trillion. That amounts to almost a quarter of million dollars for a family of four, more than twice the median household wealth.

This string of perpetually rising trillion-dollar-plus deficits is unprecedented in U.S. history.

At the root of the problem are politicians who promise frugality and then spill red ink in every direction — representatives of a country where everything seems to be under government control except the National Debt and the federal budget.

We have forgotten the warning of, among others, Thomas Jefferson, who saw that uncontrolled spending would lead to increasing debt: “To preserve our independence, we must not let our rulers load us with perpetual debt. We must make our election between economy and liberty, or profusion and servitude.”

It would be cruel and unusual punishment if Tom were reincarnated and forced to live in Washington these days when “entitlements” hold sway. We can’t afford all of these expenditures: The government collects about \$2.5 trillion in revenue each year, but it spends around \$4 trillion. If you want to map out a national crisis, try sharing the wealth by adding debt.

John Cogan, one of the Hoover Institution’s economists cited above, is the author of *The High Cost of Good Intentions: A History of U.S. Federal Entitlement Programs*. He warns that what have become known as “entitlements” continue to drive budget deficits and the National Debt. Writing in the *Wall Street Journal* for February 22, Cogan notes:

Since the end of World War II, federal tax revenue has grown 15% faster than national income — while federal spending has grown 50% faster....

All — yes, all — of the increase in federal spending relative to GDP over the past seven decades is attributable to entitlement spending. Since the late 1940s, entitlement claims on the nation’s output of goods and services have risen from less than 4% to 14%.

As he writes, such entitlements include Social Security, Medicare, Medicaid, disability insurance, food stamps, and “a host of other welfare programs.” Senior Hoover fellow Cogan continues:

If you’re seeking the reason for the federal government’s chronic budget deficits and crushing national debt, look no further than entitlement programs.... Entitlement spending accounts for nearly two-thirds



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of federal spending....

What about the future? Social Security and Medicare expenditures are accelerating now that baby boomers have begun to collect their government-financed retirement and health-care benefits. If left unchecked, these programs will push government spending to levels never seen during peacetime.

Financing this spending will require either record levels of taxation or debt.

Unfortunately, the Congress seems more likely to create more entitlements than to fix the unsustainable programs being left for our children and grandchildren to pay. The next one in line seems to be a federal entitlement for paid family leave for the birth or adoption of a child. Welcome, Junior: Here's the bill.

Meanwhile, the angered reaction over the passage of the recent omnibus spending bill, at least in some non-progressive quarters, was so negative that the White House is said to be looking for an escape route. It faces long odds. What is being considered is the use of a provision of the Congressional Budget and Impoundment Control Act of 1974. This could lead to the White House proposing the rescinding of specified funds, with the proviso that Congress approve the cuts within 45 days.

The option was initially raised in print by Kimberley Strassel of the *Wall Street Journal*. The action, as we write, has been mentioned by *Politico* and the Associated Press, among others, though the possibility has been largely flying below the radar of the major television networks. The AP (April 3) pointed out that Republicans had run "into a buzz saw of conservative criticism over a deficit-expanding new budget." As a result, "GOP leaders and the White House are looking for ways to undo the damage by allowing President Donald Trump to rescind some of the spending he signed into law." As the wire service said, such a rollback would be unusual. "But it would also offer Republicans a way to save face amid the backlash over the bill that conservatives, and Trump himself, complain gives too much money for Democratic priorities."

Representative Kevin McCarthy (R-Calif.), the House majority leader, has been working with the Trump administration on the option, according to his office. If the president does make the move, he would have to send lawmakers a specific list of accounts and programs that he believes to be overfunded. Potential fast-track procedures are available in both the House and Senate. Assuming a rescission bill gets discharged, as *Government Executive* has noted, it "would face an expedited vote requiring a simple majority vote in both chambers of Congress."

The prospect is a longshot. Historically, Congress has only been supportive around 39 percent of the time (according to Government Accountability Office testimony in 2009) to presidential requests to reduce funding allocations.

Still, you don't win unless you try. At the very least, this would give members of Congress time to read the language of the massive spending bill that they already imprudently passed.

— William P. Hoar

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