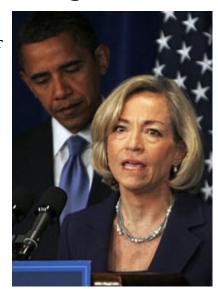




Obama Budget Needs Trimming With an Axe

Barack Obama appointed Nancy Killefer as his "chief performance officer." It will be her job to find government waste to cut. Obama hopes to cut much of an expected \$1.2 trillion federal deficit. (Most of this deficit takes the form of new bailouts and stimulus packages and can be cut anytime — but that's not "waste" in the mindset of the incoming Obama administration, which is pushing for both more bailouts and stimulus.) Killifer's problem, as aptly described by David Greising in the Chicago Tribune: "Name a government function, and there is likely a critic who sees nothing but waste, countered by an advocate who will defend every penny spent."



As an example, Greising points to the Center for Disease Control. It has been lambasted because it built a new \$106 million communication and visitor center, complete with "a 70-foot-wide, 25-foot-high wall of plasma TVs [and] a \$20 million production studio." The CDC also spent money to hire a gay porn star and to sponsor an erotic-writing class at an AIDS-fighting seminar. The funds came from the agency's \$10 billion budget. Senator Tom Coburn (R-Okla.), a doctor, has railed against CDC spending. The CDC has defended every expenditure.

It's not that there aren't sufficient programs to cut; it's that every decision is a political one, and each fight means an expenditure of political capital. Because government units are not wealth-creating entities, cutting is more difficult than in the private sector, where operations that don't make money (or lead to making money) are cut. If Obama starts excising spending a piece at a time from this budget and that, he will use all of his political capital to achieve very little. Even Democratic congressman will become his enemies as they in turn face the wrath of their politically connected and self-interested political contributors.

How do we know this is the case? History.

Ronald Reagan pledged to cut \$424 billion within three years through eliminating waste and fraud. Clinton vowed \$108 billion, and George W. Bush, \$88 billion. Failure, failure, and failure. Under Clinton, Al Gore set up a "National Performance Review." By 1994, it ended up recommending the elimination of 13 small government programs: eliminating support for wool and mohair, eliminating price supports for honey, contracting out low-use air traffic control towers, etc. At the same time, it recommended adding 22 programs.

To cut government spending to any extent, Obama would need to eliminate entire government departments so that his political fights are few and his rewards great. He could start by cutting the Department of Education. (As a former high-school teacher, I can confidently say that I cannot think of any way in which the federal government improves education, and I cannot think of any area in education that wouldn't be better handled by state and local governments.) In 2009, the budget request



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for the Department of Education was \$59.2 billion.

There are many areas where Obama could cut spending that are relatively quick and painless for Americans. Enforcing hiring laws to force illegal immigrants to go home, for instance, would easily create savings of \$50 billion a year or more. Obama could also eliminate the Department of Agriculture — or reduce its costs to a tiny fraction (subsidies that are given to farmers to keep them competitive in a world market could be eliminated without ill effects on farmers by enforcing trade penalties on trading partners that subsidize their agriculture).

To save the American economy and American livelihoods, Obama needs to think "small" — smaller government. Very, very small.

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