



What Budget Cuts?

John Merline begs to differ. Writing for [Investor's Business Daily](#), Merline remarks that "so far, there haven't been any spending cuts at all." "In the first nine months of this year," he explains, "federal spending was \$120 billion higher than in the same period in 2010, the [Treasury] data show. That's an increase of almost 5%. And deficits during this time were \$23.5 billion higher."



How can this be when politicians of both parties are constantly trumpeting their efforts to expunge excessive expenses?

As is frequently the case, the folks inside the Beltway have a different edition of *Webster's* than the rest of us. Whereas to the average American a spending cut means reducing the amount spent from one year to the next, to the average Washingtonian it means reducing the planned increase in year-over-year spending. Thus, if a program's budget was slated to grow by six percent but actually increased by just three percent, it is said to have suffered a 50-percent cut — which is how a five-percent rise in federal outlays translates into "slashing" the budget.

The feds aren't the only ones putting drunken sailors to shame. State governments increased their spending by 10 percent in 2010. "And general fund spending — which makes up about 40% of total state spending — is expected to climb 5.2% in 2011 and 2.6% next year," Merline notes. (Much of this spending growth was driven by federal stimulus spending and is forecast to taper off as those funds dry up, as evidenced by the declining increases in general fund spending.)

Moreover, says Merline, "the claim that state and local government jobs have been severely cut is, at the very least, open to some debate." While Bureau of Labor Statistics (BLS) data show that state and local governments have shed hundreds of thousands of jobs over the past four years, the Census Bureau found that those same governments added 200,000 "full time equivalent" employees between 2007 and 2010. "In any case," Merline observes, "even using BLS data, the number of state and local government jobs has fallen just 2.3% since December 2007. That compares with a decline of 5.4% for private-sector jobs."

In other words, for all the public handwringing over "draconian" budget cuts and falling public-sector employment, government and its employees have suffered very little in comparison to the people they are supposed to be serving.

Politicians of both parties persist in claiming that they are making tough choices to reduce the deficit while they are actually spending ever more funds that they do not have. In April President Barack Obama proposed a budget that "would add \$9.5 trillion to the deficit over 10 years and never fall below a \$500 billion annual deficit despite a series of huge tax increases," [The New American](#) reported at the time. Republicans countered with a supposedly conservative plan by Wisconsin Rep. Paul Ryan that, according to *TNA*, "would officially increase the national debt by some \$5 trillion over the next 10 years



Written by [Michael Tennant](#) on October 18, 2011

and continue \$400 billion annual budget deficits through at least 2021.” In September Obama proposed sinking the government another half-trillion dollars in the hole with his [American Jobs Act](#), then suggested paying for it with hefty tax hikes — and engaged in [accounting trickery](#) to arrive at rather grandiose claims of deficit reduction. Neither party’s leadership has made a serious effort to reduce outlays significantly below their current levels.

Some of those voting for more spending are merely buying votes. Others, however, may sincerely believe that the economy will never pull out of recession without additional government stimulus, in part because the pundits, decrying alleged budget cuts, tell them so. Merline cites some recent examples of such op-ed sophistry:

A July article in *USA Today*, for example, claimed that “Already in 2011, softer government spending has sapped growth.”

Jared Bernstein, former chief economic adviser to Vice President Biden, wrote over the summer that “government spending cutbacks have been a large drag on growth in recent quarters and have led to sharp losses in state and local employment.”

Economist and *New York Times* columnist Paul Krugman argued in September that “the turn toward austerity (is) a major factor in our growth slowdown.”

Of course, as we have seen, there have been no such spending reductions at all; rather, government at all levels has spent significantly more each year despite the economic downturn. Avers Merline: “If government spending is related to growth, as these and others claim, then the economy presumably should be growing faster, not slower, given the current higher rates of federal outlays.”

Instead, the economy is limping along in spite of previous “stimulus” laws, phony spending cuts, and ongoing monetary inflation. Having exhausted all other options without making a dent in the unemployment rate, perhaps it’s time politicians tried the only remaining approach: taking a hatchet to the budget.

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