



Govt Spends Money Like Monopoly Money

Item: Sunlen Miller reported for ABC News on December 21: "Saying that the federal government can no longer spend taxpayers' money like it is 'Monopoly money,' President Obama today touted that the administration is well on its way to his goal of saving \$40 billion by fiscal year 2011."



Item: *The White House released the President's remarks in the Diplomatic Reception Room in a December 21 event for the SAVE Award and "Making Government Efficient and Effective." "As I've said," commented Mr. Obama, "in the long run, we can't continue to spend as if deficits don't have consequences; as if waste doesn't matter; as if the hard-earned tax dollars of the American people can be treated like Monopoly money. That's what we've seen time and time again. Washington has been more concerned about the next election than the next generation."*

Correction: After the administration has tossed money around for a year like an inebriated sailor on shore leave — including the pushing of a \$787 billion "stimulus" package that didn't work as promised and the continuation of the \$700 billion bailout called the Troubled Asset Relief Program, with more pain threatened via a massive healthcare takeover, a cap-and-trade boondoggle, and crushing debt that will be handed down for generations — it's not likely the President is going to become a deficit hawk.

Pigs will become frequent fliers before that happens. For the sake of show, there no doubt will be a well-publicized nip here or there by the alleged deficit hawk. The hope is that the public's memory will blur over the fact that Barack Obama has welcomed budget binges that will double the national debt over 10 years. That's even before ObamaCare infects the body politic.

Just two weeks before his vow not to treat tax dollars as if they were Monopoly money, Obama was still pedal to the metal on the need for more expenditures — effectively maintaining that the country is so broke that we need to keep spending our way to prosperity. As the Associated Press noted, the President "outlined major new government stimulus and jobs proposals on Tuesday, saying the nation must continue to 'spend our way out of this recession.'" That is why this is not a difficult prediction to make: The only substantial trimming likely to take place in the Obama administration will be, not of the budget, but of the taxpayers.

The latest newfound monies to be spent by Obama, as noted in the AP piece, come largely from repayments made of the TARP bailout. That bailout was financed by debt. The President hopes to transfer much of that to his political allies. Critics on Capitol Hill uncharitably pointed out that these new proposed stimulus expenditures would be a violation of the law since the repayments were



Written by [William P. Hoar](#) on January 19, 2010

supposed to be used to reduce the deficit.

Next, driven by mid-term elections and dwindling poll numbers, is apparently the administration's "fiscal discipline" phase, at least rhetorically. To accept this as a true conversion, we must emulate Lewis Carroll's White Queen in "Through the Looking Glass," who could believe "six impossible things before breakfast."

Here's one more: Since the government helped blow up the housing bubble — since burst — by requiring high-risk loans, why not reward those responsible? The previous stimulus spending and government interference in the housing market was followed by double-digit unemployment rates and a spike in foreclosures. Yet, the Obama White House wants to double down its bets with more of the same, not only with more spending but also (just before Christmas when it was bound to be little noticed) by removing the \$400 billion cap to keep afloat the bungling government entities Fannie Mae and Freddie Mac.

If this were a Monopoly game, our little houses on Baltic and Mediterranean Avenues would have been swept aside to fund the hotels for the government's buddies on Park Place and Boardwalk.

But this isn't a game. Private-sector employment is off by at least 7.3 million jobs from the beginning of the recession. It's quite different in the public sector, which overall is just about where it was at the beginning of the recession (down less than 1 percent). Oh yes, the much smaller public sector, with its heavily Democratic employee unions, got about a third of that huge "stimulus" slush funding ... without even having to pass "Go."

The government's budget deficit tripled from about \$450 billion in 2008 to around \$1.4 trillion during 2009, although many of the Republicans bemoaning this conveniently forget their complicity and that of the Bush White House in the spendathon. The money the government spends has to come from somewhere, either through taxes or borrowing. And each dollar spent by the government is a dollar not available for real economic expansion. Government spending orgies prolong recessions, making them worse.

Since the public seems to be catching on, the spenders have come up with a familiar ruse — a bipartisan commission that will supposedly decide on an effective process to balance matters by raising taxes and cutting programs. Inevitably, the former takes place while the serious reductions never seem to materialize. The Republican establishment has bought into this scheme before. As the *Wall Street Journal* has pointed out, "The real goal is to get GOP political cover for tax increases so Democrats aren't run out of town in 2010 and 2012 for blowing up the national balance sheet."

It's an invitation to swim in the same cesspool together. As the *Journal* has -explained:

Democrats are candid, at least in private, about the kind of the deal they have in mind this time around. Democrats would agree to means-test entitlements, which means that middle and upper-middle class (i.e., GOP) voters would get less than they were promised in return for a lifetime of payroll taxes. Democrats would also agree to cut appropriations by two or three percentage points and live under pay-as-you-go budget rules — the same rules Democrats promised to live by in 2006 but have since violated routinely.

In return, Republicans would agree to an increase in the top income tax rate to as high as 49% and in addition to a new energy tax, a stock transaction tax, or value-added tax. The Indians got a better deal for selling Manhattan.



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New taxes will only reduce the pressure to cut future spending. From 2001 to 2008, under President Bush, federal spending on discretionary spending grew by 54%. Mr. Obama's policies have expanded these agency budgets by another 57% over just two years. So an offer to cut these programs by 2% to 3% gives up very little.

To fall for this scheme one has to disregard many things — including the fact that the Obama White House has already put into print its plans for trillion-dollar deficits annually, even if the economy were to recover. If this isn't treating our dollars as Monopoly money, it's a cross between a violation of the game's copyright and a counterfeiting job.

The government's own review of its budget this past fall showed a 22 percent spending increase projected for the year, which represents the largest government expansion since the height of the Korean War in 1952, adjusted for inflation. The federal government, as pointed out in a Heritage Foundation budget analysis, was in line to spend \$30,968 per household, tax \$17,576 per household, and borrow \$13,392 per household during the year. The budget deficit for 2009, observed Brain Riedl of Heritage, is larger than all budget deficits from 2002 through 2007 combined. More than 43 cents of every dollar Washington spent over the year will have been borrowed.

The pieces are in place for matters to get worse. As economic analyst Riedl -summarized:

Since World War II, the public debt has ranged from 23 percent of GDP to 49 percent. Large deficits are estimated to drive the debt ratio to 41 percent in 2008 and 77 percent by 2019 — a peacetime record.

The public national debt — \$5.8 trillion as of 2008 — is projected to double by 2012 and nearly triple by 2019. Thus, America would accumulate more government debt under President Obama than under every President in American history from George Washington to George W. Bush combined.

The White House brags that it will cut the deficit in half by 2013. The President does not mention that the deficit has nearly quadrupled this year. Merely cutting it half from that bloated level would still leave budget deficits twice as high as under President Bush. Furthermore, three upcoming developments — the end of the recession, the troop pullout in Iraq, and the phase-out of the supposedly temporary "stimulus" spending — would, by themselves, cut the budget deficit in half.

The country's finances are approaching the tipping point, with the funds needed to service the debt getting far too close to the nation's production total. Even as the President is telling us that the government has to stop pretending to be using play money, his administration continues to act as if this were make-believe — with the taxpayers paying the price for this malicious game.

The federal government's prodigal behavior means that, in essence, it is borrowing the money needed to pay the interest on its credit-card debt, which was accrued in your name. The IOUs will come due. The result will not be pretty. Our children and grandchildren will not thank us for leaving them a poorer country weighed down by the chains of government debt.

Adding to the injury is the infuriating insult of being subjected to a profligate White House's sermonizing on the virtues of austerity.

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