



Written by [Joe Wolverton, II, J.D.](#) on June 15, 2010

President Obama Urges Congress to Bail Out State Governments

In what some would see as an insidious maneuver against the sovereignty of the states, President Barack Obama has asked Congress to approve a \$50 billion stimulus package for the purpose of blunting "the devastating economic impact of budget cuts" by states and cities around the country. This money, the President asserts, would be used to safeguard the jobs of teachers, police, fire fighters, and other public sector employees whose jobs might otherwise be imperiled by the "mounting economic crisis."

In a letter addressed to congressional leaders from both sides of the aisle, President Obama did not endorse a particular sum for this new stimulus package, but he did encourage congressional leaders to implore their membership to pass an assistance bill that has already died in both houses of the national legislature.

With federal deficits on the rise and a growing grassroots movement to reduce the size of government, there is diminishing support for any additional billion-dollar spending bills, no matter how ostensibly noble the President's plan for the money. Democrats and Republicans are anxious to turn off the stimulus spigot, at least until after the mid-term elections in November. "I think there is spending fatigue," House Majority Leader Steny H. Hoyer (D-Md.) told the *Washington Post*. "It's difficult in both houses to get votes."

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Many legislators within the President's party have sided with him on the big-ticket spending projects only to suffer the slings and arrows of outraged constituents. Supporting ObamaCare, big business bailouts, and stimulus packages has sapped the vitality of even the staunchest Obama acolytes. For their part, the voters are understandably angry and have demonstrated their lack of hesitancy when it comes to pulling the plug on congressional lifers.

President Obama has proposed two different spending packages within the last month or so, both of which have failed to garner sufficient congressional support. First, the President requested \$24 billion in aid for the states in order to offset reductions in state budgets. That provision was stripped from a larger funding bill.

Next, President Obama asked Congress to approve a \$32 billion funding package to pay the salaries of as many as 300,000 public school teachers whose positions were scheduled to be cut by states strapped





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for cash. As with his previous request, neither chamber backed the measure.

The particulars of the spending proposals contained in the President's missive include a "targeted investment" that includes aid to the states in the form of various projects including small business loans. The President all but begs Congress to pass the above cited measure that is still before the Senate. The bill would extend unemployment benefits and provide several stimulus packages for state governments willing to take handouts from the federal government. If enacted, this measure alone would increase the deficit by nearly \$80 billion over the next ten years.

Not to worry, says the President, for he has empaneled a "special commission" to work on a "comprehensive deficit-reduction plan." This group, officially called the National Commission on Fiscal Responsibility and Reform, was created by executive order in February and is tasked with formulating a plan to stabilize the budget deficit by 2015.

Ironically, the chairmen of the committee that President Obama has empowered to find ways to reduce the spending in government, as well as Senate Majority Leader Harry Reid (D-Nev.), has complained to the President that the group doesn't have the "resources necessary to meet their task." According to the White House, the group was provided enough money for four full-time salaries and \$500,000 in operating costs.

It doesn't bode well for our country if the committee assigned the task of balancing the federal budget that is numbered in the trillions of dollars can't trim their own spending enough to balance a budget that is less than one million.

President Obama happily hopped aboard the irony train, as well, in his letter to leaders on Capitol Hill. While pleading for lawmakers to have patience and endure rising deficits just until they can jointly "establish a path to long-term fiscal discipline," he just a line or two later goes on to proclaim that, "it is essential that we continue to explore additional measures to spur job creation and build momentum toward recovery."

Apparently, in defiance of the sound principles of Austrian economic theory, President Obama has found a way to spend our way out of debilitating and enslaving debt. He praises the virtue of parsimony while simultaneously promoting the perpetuation of paralyzing deficits.

With head-shaking lack of self-awareness, White House Chief of Staff, Rahm Emanuel told reporters that while some talk of spending as a solution and others suggest cutting, "the president wants to talk about both cuts and investing."

Of course, as with most of the President's proposed projects, the Republicans have an alternative. Usually, the alternative is just as costly, although in other ways using other metrics.

In this case, GOP leaders have offered an alternative measure that would extend unemployment benefits by shaving funds from other federal programs. The Republican plan would not extend aid to state governments, however.

Unlike the Democratic proposal supported by the President, the plan offered by Republicans manages to trim the deficit by nearly \$55 billion over the next decade (according to numbers released by the Congressional Budget Office).

As is to be expected when our elected representatives begin spending our money, if you give them an inch, they will take a mile (and then charge us for the privilege). In the case of the package of bills being promoted by the Democrats and President Obama, the overall cost is augmented by the inclusion



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of several rider provisions that would increase the final cost of the package to a whopping \$200 billion.

Among the extra provisions included in the bill currently before the Senate there is the so-called "doc fix" that delays the pay cut that was scheduled to be imposed on doctors who treat Medicare patients.

Then, there is a \$32 billion extension of tax breaks that were set to expire.

Also included in the package was \$6 billion in health care insurance subsidies to be paid to the unemployed.

As of today, Senator Harry Reid is coming up short on the 60-vote bloc needed to ensure passage of the bill. In fact, *soi-disant* "moderates" in the Democratic caucus are balking at endorsing a check written on the public treasury. They are sensitive to the anger percolating up from the people and threatening to wash away their petty empires in a wave of "throw the bums out" activism in November.

It is little wonder that President Obama wants to double dip in the well of the wealth of the dwindling middle class. He drew out a bucket full of stimulus and bailouts before and now he's back to do the same, only this time the beneficiaries are his own kind — politicians who can't resist the temptation to spend their way into power.

Whether on the municipal, state, or national level, too many legislators share a similar worldview. They believe that from the moment they take the oath of office they are endowed with extra-sensory perception and can see things more clearly than their constituents. They abuse the power they are granted by the people to finance their own twisted vision of the "true" or "legitimate" or "higher" purpose of government, regardless of the limits placed on them by the constitutions that created their offices.

President Obama's letter predictably tugs at the heart strings of Americans by lamenting the impending fate of teachers, policemen, fire fighters, etc., but the truth behind the emotional rhetoric is that the naked aim of this spending bill is to siphon money from the hard-working men and women of this country and use it to prop up the demoralized members of his own class: politicians and petty plutocrats intent on extending the boundaries of their own dominion.

If state and local lawmakers and executives accept this federal largesse, then they are acting against their own self-interest by reducing themselves to mere suzerainties of the federal empire and surrendering their sovereignty for a few pieces of the master's silver. They would be better off and be better stewards of their citizen's trust if they would eliminate all wasteful, unconstitutional spending and live according to immutable principles of frugality and limited government.

Photo: On Feb. 4, 2010, Senate Budget Committee Chairman Sen. Kent Conrad, (D-N.D.) questioned Treasury Secretary Timothy Geithner on President Barack Obama's fiscal 2011 federal budget during the during the committee's hearing on Capitol Hill: AP Image



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