



The Fact Checker

The Truth Behind The Rhetoric by Glenn Kessler

‘Biggest cuts in U.S. history’? Well, no.

By Glenn Kessler



(J. Scott Applewhite/AP Photo)

“This agreement between Democrats and Republicans, on behalf of all Americans, is on a budget that invests in our future while making the largest annual spending cut in our history. “

— President Obama, April 8, 2011

“This week, Congress is moving toward approval of an agreement on the largest spending cut in history to help begin to create a better environment for private-sector job growth.”

— House Speaker John Boehner (R-Ohio), [USA Today op-ed](#), April 11, 2011

“Biggest Cuts in U.S. History”

—Washington Post front-page headline, April 9, 2011

After a tense few weeks over haggling over the fiscal 2011 budget, the White House and congressional lawmakers [cinched a deal](#) that will result in \$38.5 billion in cuts. As the quotes above indicate, they then quickly claimed credit for another historic achievement. Even the news media got into the act, echoing the claims.

The Fact Checker, however, is wary of raw numbers. Thanks to inflation, dollars (and budgets) get bigger every year. For instance, retail gasoline cost about 25 cents in 1918 and is [estimated to average](#) about \$3.70 this year. That sounds like a huge jump, until you realize that the [inflation-adjusted price](#) of gasoline in 1918 is \$3.61. That's the proper comparison.

So, how “historic” is this achievement?

The Facts

By any measure, \$38.5 billion is a big number, especially when the cuts are squeezed into the rest of the year. But the budget is pretty big too — some \$3.8 trillion. So let's see how these figures stack up against the days when the budget numbers were smaller. Hang on, there are lots of figures.

For instance, during World War II, the federal budget soared from \$9.4 billion in 1940 to nearly \$93 billion in 1945. Talk about an expansion of government! But then in 1946, the budget [was cut](#) to \$55 billion. That's a cut of \$37 billion, technically less than the \$38.5 billion in cuts reached last week. But it's also a cut of 40 percent, which means it is 40 times larger than the deal that is routinely described as historic.

The budget kept falling for a number of years after World War II. It dropped to \$34 billion in 1947, a cut of 38 percent. Then the next year it fell to just under \$30 billion, a cut of 14 percent. (There were also cuts of 66 percent, 20 percent and 35 percent, respectively, in the three years after the end of World War I.)

Raw dollars, of course, don't tell the whole story either. Between 1955 and 1954, government spending fell from \$70.9 billion to \$68.4 billion. That may not sound like much but it's still a decline of 3.5 percent, or three times more than this deal. But when the dollars are [translated to constant dollars](#) (fiscal 2005, the standard used in the White House budget), the cuts swell to \$55 billion, which would be a cut of 9 percent. By either standard, that's much larger than the current agreement.

You can also measure the budget as a percentage of the national economy, known as gross domestic product. The budget deal appears to be a cut of about 0.25 percent of the estimated GDP this year. We count 24 years since 1940 when government spending as a share of the economy fell by that amount or more, though of course this figure depends not only on cutting spending but whether the economy is growing.

There is yet another way to measure these cuts. [As little as \\$15 billion](#) of the cuts are in the domestic nondefense discretionary budget. How do these cuts stack up to the

historical record, when adjusted for inflation (2005 dollars)? From 1981 to 1982, [this part of the budget](#) fell by \$43 billion (this was during President Ronald Reagan's term, so at the same time, the defense budget went up \$30 billion.) This part of the budget also fell about \$15 billion — twice — during the Clinton administration. So, again, the current round of cuts are not the biggest even when looked at through this narrow prism.

The historical tables on the [White House's budget Web site](#) provide all of this information. (Many of the links above take you to these tables.) [David Boaz](#) and [Chris Edwards](#) of the Cato Institute, who encouraged the Fact Checker to look into this issue, have also examined the numbers.

Edwards counts 18 years in the past 110 years as having bigger cuts on a percentage basis. He also notes that overall spending for fiscal 2011 will still increase by about \$100 billion from 2010, even with these cuts, which means the cuts will barely register in future historical tables of the budget.

Now the politicians generally have not claimed these cuts were historic in anything but raw dollar amounts. [The Associated Press](#) and [the New York Times](#), however, both quoted an unnamed official as saying that Boehner privately told his rank-and-file that the deal marked the “largest real-dollar spending cut in American history.”

But Boehner spokesman Brendan Buck said: “I wasn't in the room and at this point I doubt anyone would be able to say for certain whether the word ‘real’ came out of his mouth. And for what it's worth, whoever the aide was, it wasn't someone from our office. So all I can point to are his public comments, which have been consistent with the way The Washington Post has reported it.”

Meg Reilly, a spokeswoman with the White House budget office, said, “This bill makes the largest annual discretionary spending cut in nominal terms, going back as far as data is available,” not counting extraordinary circumstances such as the end of stimulus.

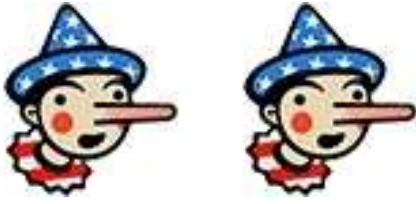
The Pinocchio Test

We're going to give the politicians a pass here. Technically, these appear to be the largest raw-dollar spending cuts in history, and we have not found evidence that either Obama or Boehner has pretended otherwise — at least in public. (Note that Obama and the White House always are clever to insert the word “annual” before the phrase “spending cut.”) At worst, these are one-Pinocchio violations, typical bragging that all of the strum and drang over the budget was worth the effort.

But it is up to the media to provide context to these claims. On that score the media, including (alas) The Washington Post, misled its readers.

Two Pinocchios

(to the media)



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