

The Fog of Numbers

April 4, 2011 By [Alan Caruba](#) [Leave a Comment](#)

By Alan Caruba

There are several reasons why Rep. Paul Ryan and his fellow Republicans in Congress want to cut four trillion dollars from the 2012 budget. Here are just four of them:

- The 1994-1996 Social Security Advisory Council
- The 1995 Bipartisan Commission on Entitlement and Tax Reform.
- The 1999 National Bipartisan Commission on the Future of Medicare
- The December 2010 bipartisan Commission on Fiscal Responsibility and Reform.

Most of us have heard of “the fog of war” in which the participants have difficulty finding the enemy, get disconnected from their own lines, suffer “friendly fire” deaths because of the confusion of the battlefield, and must contend with the awful fear that war embodies.

Lately, I've been thinking about the fog of numbers as Americans struggle to understand just how seriously our entire national economy is threatened. Like some weird kabuki theatre, we watch politicians engage in insane disputes over cutting a few billion from the torrent of spending and borrowing that has got us to this point.

In late March, the Cato Institute published Policy Analysis No. 673, authored by Michael Tanner. The title was “Bankrupt: Entitlements and the Federal Budget.” I grant you this does not have the enticement of an article about Charlie Sheen or Kim Kardashian, but it does have the mordant power of reading one's own obituary in advance.

Tanner begins by noting that the U.S. government “is about to exceed its statutory debt limit of \$14.3 trillion” noting that “if one considers the unfunded liabilities of programs such as Medicare and Social Security, the true national debt could run as high as \$119.5 trillion.

To put this in perspective, the entire annual gross domestic product, GDP, of the United States is about \$14 trillion, so the debt limit means that the government needs every single dollar earned from the sale of all products and services just to meet its current debt limit. Some limit! And Congress will have to increase it in order to avoid having the U.S. default on the trillions it has borrowed.

Starting with the Roosevelt era during the Great Depression Congress looked for “a safety net” that would protect seniors who had worked their entire life. The answer was Social Security, but at the time, most people died well before the payback began at age 65. The government got to keep all the money they were required to pay in. What no one anticipated was that people in 2010 would have a life expectancy of 78 years of age and many lived well into their 80s and 90s.

This was followed by Medicare, an expansion of the Social Security program to provide health insurance coverage to people 65 and over or for those meeting other special criteria. It was signed into law on July 30, 1965 by Lyndon B. Johnson, famed for the failed “War on Poverty” and the failed Vietnam War which he escalated while in office.

Now add to those programs the fact that the Bush43 and Obama presidencies “have been the two most profligate political eras of modern times. Federal government spending has nearly doubled over the last ten years. As a result, we now face budget deficits that are unprecedented in the post-World War II era.”

A deficit is the difference between the revenue the government takes in and what it pays out. “In Fiscal Year 2011, the federal government will spend \$1.65 trillion more than it takes in...this represents the second largest budget deficit in the last 65 years.”

You will hear that the cost of the wars we have been fighting since 9/11 is to blame, but those costs are in actuality “only a small fraction of the deficits.” What you probably have heard is that government workers are actually making more money than those employed in the private sector.

Here, too, the numbers are scary. Those employed producing goods of all kinds peaked in 2000 at 24.6 million. By 2007 the

numbers for government works and private sector workers were about equal at 22.2 million. By March 2010 the private sector workers had decreased to 18.6 million, but the government employees had increased. We are reaching a point where too few people are making things and they are being taxed to pay for government workers who push paper.

These are numbers worth keeping in mind as we begin the early stages of the 2012 election campaigns and we watch the present Congress address an unsustainable situation created by previous congresses going back to the 1930s.

The Republican caucus will announce its budget and it will seek to trim trillions over the next decade. That's all to the good, but it may not be enough if government continues to grow and continues to spend.

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