



Budget Deal Good for Obama and Political Class, Bad for America and Conservatives

By Christian Whiton

Published July 07, 2011 | FoxNews.com

Voters who wanted a smaller federal government are set to lose badly in the budget deal taking shape in Washington. In exchange for tax hikes and overhyped cuts, Republicans would hand the political class a shiny new credit card and President Obama a huge political victory.

Even before a deal is finalized, Senate Republicans announced they had agreed to between \$150 billion to \$200 billion in new "revenue." They say this will come from undefined asset sales, which would be a first if they ever happen. The rest—and presumably the vast majority—will come in the form of new "fees," which like any other tax, move funds from the productive private sector to the unproductive public sector.

Surely Republicans must be set to gain something quite big for signing on to new or higher taxes?

Nope. In exchange for the tax hike—as the White House is plainly and correctly calling it—Republicans believe they have gotten \$2-4 trillion in budget cuts over a decade. But no programs are eliminated and no entitlements are seriously reformed. At present, the most under consideration appears to be an adjustment to inflation calculations that drive cost-of-living increases and tax-bracket levels.

The net result of this will be the promise of a minor decrease to massive increases in federal spending and deficits expected over the coming decade. According to the CATO Institute, what has been advertised as a \$2 trillion cut over a decade is actually a \$1.8 trillion increase in government spending.

Washington will still borrow about 40 cents for each dollar it spends and our cumulative deficit will blow past 100% of our total annual economic output.

Worse, the big spenders who dominate our political class will get a new lease on life. The Obama administration will tout the agreement as a major bipartisan accomplishment. Independent voters may see this as compelling, and view Obama in the White House and Republicans running Congress as a winning combination to cut the deficit. It won't be until after Obama's reelection that the economic impact from this still-expanding government and deficit—inflation from a shrinking dollar, higher interest rates, job-killing taxes, businesses fleeing abroad—becomes apparent.

If Republican leaders were serious about reducing the scope of government, they would scuttle this deal and present a simple trade instead. In exchange for an increase in the debt limit, both houses of Congress would have to vote on a Balanced Budget Amendment.

Writing today in the Wall Street Journal, liberal Republican Olympia Snowe and conservative Republican Jim DeMint agree that only the Amendment would "would permanently end the types of legislative trickery that have now brought our country to the fiscal brink."

The Amendment almost passed in the 1990s. Were it approved today, it would put America on the path of fiscal solvency and restoration.

Were it not approved, the liberals who opposed it—joined by President Obama—would expose themselves as hopelessly addicted to unlimited government, endless deficits, and ultimately a Greek-style collapse for the U.S.

Either a long-standing conservative goal would be achieved or a clear choice would be presented to voters ahead of 2012 election.

The political class doesn't want either of these things. Do Beltway Republicans?

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