

January 27, 2011 01:24 PM UTC by John Stossel

## **Tonight's Show: Stossel Balances the Budget (FBN @ 9pm & Midnight ET)**

Earlier this week, I wondered how the president would “cast himself as more of a fiscal hawk” in Tuesday’s State of the Union Address, as Reuters reported. Well, I got my answer: He proposed to freeze non-defense, discretionary spending for five years, which he claims would “reduce the deficit by more than \$400 billion over the next decade.”

\$400 Billion sounds like a lot...but that’s spread out over ten years, so it’s really more like \$40 Billion per year. The CBO projects the average annual deficit over the next 10 years to be \$768 Billion – that’s nearly 20 times larger than that. “Fiscal hawk”? More like “fiscal chicken”. We’re going to have to cut a lot more than \$40 Billion per year if we’re going to eliminate the deficit.

So, that’s just what I’ll do on tonight’s show (FBN @ 9pm & midnight ET): I’ll make the big spending cuts necessary to eliminate the deficit.

I’ll begin with President Obama’s non-defense discretionary “spending freeze” and add the programs I’m most eager to cut from the discretionary budget:

Privatize Air Traffic control. Canada did it. It works better, The planes arrive on time. Then privatize Amtrak and get rid of all federal subsidies for urban transit. That cuts about \$12 Billion per year.

Let’s end subsidies for public broadcasting, close the Small Business Bureau – small businesses should be borrowing from banks, repeal the Davis-Bacon rules which force the government to pay more for union workers, and cut foreign aid in half. That cuts about \$20 Billion per year, bringing the deficit down to ... \$696 Billion.

Hm. Kind of a slow start. Let’s make some bigger cuts.

End the Department of Education - \$94 Billion

End Agricultural subsidies. Farm subsidies are disgusting. They distort the economy and make food cost more. That saves about \$30 Billion

End the Department of Housing and Urban Development - \$53 Billion

End subsidies to green energy and nuclear power. We don't need them, the free market should determine our energy investments. That saves about \$20 Billion

Ending the War on Drugs saves \$47 Billion on the federal level, and more on the state and local levels. I should add the billions in economic growth we'll get, once we stop throwing productive people in jail ... but I won't include that.

So far, I’ve recommended 8 times as many cuts as the president, but that only brings the deficit down to \$452 Billion. Time to get serious. Let's touch the "untouchable" parts of the budget, starting with social security.

Raising the retirement age and indexing benefits to inflation saves \$93 Billion. I'd like to save more by privatizing social security, but our progressive friends won't like that, so for now, I won't.

The biggest budget busters are Medicare and Medicaid, and other programs run by the Health and Human Services Department. Did you know they have 400 different subsidy programs? It's too complex to go into here, but the Cato Institute suggests \$421 Billion in annual cuts. I'll just accept two-thirds of the Cato Institute's suggested cuts, about \$281 Billion.

That leaves \$78 Billion on the deficit. Time to look at Defense.

Billions go to support troops deployed abroad. And I'm not just talking about Iraq and Afghanistan. We have more than 50,000 soldiers in Germany. 30,000 in Japan, 9,000 in Britain. Why? Those countries should pay for their own defense! Cato's proposed military cuts add up to \$150 Billion.

There. That puts us \$72 Billion in surplus with a total of \$840 Billion in annual cuts. The Cato Institute has still more suggested cuts. And they're not alone: Sen. Rand Paul proposed cuts of \$500 Billion and the Heritage Foundation offered cuts of \$343 Billion to next year's budget; the Republican Study Committee outlined \$250 Billion in annual cuts, and the progressive Center for American Progress offered \$255 Billion.

But you can see from my suggestions that making cuts to non-defense, discretionary spending – even big ones – isn't going to be enough. We're going to have to make deep cuts to Social Security, Medicare, Medicaid and Defense.