

The sequester is a bad idea whose time has come

By: W. James Antle III – February 25, 2013

At this writing, we are days away from across-the-board federal spending cuts known as the sequester. Although both President Barack Obama and House Speaker John Boehner assure us “hope springs eternal,” no deal to avert the cuts appears to be in sight.

The media says you should be very afraid. The Washington Post treated sequestration as the fiscal equivalent of clubbing a baby seal. Homeland Security Secretary Janet Napolitano says we can kiss border security goodbye. The nightly news is filled with talk of furloughs and service disruptions.

All things being equal, the sequester is a dumb way to cut government spending. The numbers are random. By leaving entitlements off the table, it disproportionately targets programs that aren't the long-term drivers of debt. Sequestration is a particularly arbitrary and cavalier way to handle defense spending.

But constantly amassing more debt and imposing more burdens on the private sector that ultimately pays for government is even dumber. Congress and the president have discussed other proposals for putting the nation's fiscal house in order. They have failed repeatedly to come to an agreement.

When Obama and Boehner set up the ill-fated super committee, they promised the sequester would be the sword of Damocles hanging over the two parties to ensure that they came up with more rational spending cuts. They were wrong. If nothing replaces the sequester, Washington will be in effect conceding that this is the least bad of all available options.

Moreover, these are only cuts in the Washington sense of spending less than the bizarre federal budget baselines. Federal spending growth will be slowed by just \$85 billion out of a pre-sequester budget of more than \$3.6 trillion. That's a cut of less than 2.3 percent, to the extent that it's a cut at all.

To put this in perspective, it takes the federal government less than a month to borrow \$85 billion. The Cato Institute estimated that \$85 billion was what the feds were spending on corporate welfare way back in 1995, before Solyndra and bailouts became all the rage. In fact, the 2008 federal AIG bailout cost \$85 billion.

Due to dysfunctional Washington budgeting, only \$44 billion of these reductions in spending growth will actually take place this year. That's a 1.2 percent cut, to the extent that it's a cut at all. That's almost as much as the 2009 Obama stimulus spent on green jobs. It's also in the context of what is projected to be a more than \$3.5 trillion federal budget and \$845 billion deficit.

Out of those vast sums, we are to believe the federal government cannot function if it increases spending by \$44 billion less?

Every year, the federal government will spend more than the year before. In ten years, it will be spending more than \$2 trillion more than today. The entire federal budget didn't pass the \$2 trillion mark until George W. Bush was president.

Was Bill Clinton and every president before him an anarchist?

If the sequester is stopped, federal spending will be — wait for it — \$2.1 trillion higher in ten years.

The amazing multiplier effects that failed to stimulate the economy after the stimulus are so powerful a depression can be triggered by a decimal point? We are talking about 0.03 percent of GDP.