

Debt-Ceiling Deal is Rotten Deal for Taxpayers

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During a caucus meeting with his fellow Republicans on the proposed TARP bailout in September 2008, then-House Minority John Boehner explained the huge expenditure was a “crap sandwich”; but explained he was going to vote for it anyway.

The sort of panic and pressure that came with the vote on TARP often causes members of Congress to make votes they ultimately regret. And earlier this very week, the White House and congressional leaders from both parties cooked up another dish worthy of the label with which Boehner branded TARP.

This bipartisan debt deal is being hailed by supporters as bringing significant spending “cuts” to Washington’s massively bloated budget. Unfortunately for taxpayers, it does not do so. What congressional leaders have given the country is a budgetary sleight-of-hand that might very well land them behind bars if they were in the private sector; however, in Congress this is what passes for serious public policy.

The deal places caps on discretionary outlays and purports to cut spending by \$917 billion over the next 10 years; it also requires a commission composed of members from both chambers and both major political parties to come up with \$1.5 trillion in spending cuts by the end of this year. If the commission fails to come up with spending cuts, a trigger in the deal would require \$1.2 trillion in across the board spending cuts split evenly between domestic programs and defense.

Congress will raise the debt ceiling in two steps – the first now, and the second increase in February 2012 – by \$2.4 trillion through the end of 2012; the largest increase in the national debt in the nation’s history.

Chris Edwards, an economist with the Cato Institute, notes that the deal “will ‘cut’ the 2012 budget of \$3.6 trillion by just \$22 billion, or less than 1 percent.” Those cuts also pale next President Obama’s own projected \$1.65 trillion deficit in his now-scrapped FY 2012 budget.

The cuts are back-loaded; making it unlikely they will ever come to fruition. Moreover the agreement does absolutely nothing to reform entitlements, which represent nearly \$62 trillion in funded liabilities. Other tricks the Congress and presidents of both political parties employ to mask the true size of the budget – such as declaring an expenditure an

“emergency” even though it is nothing of the sort – remain imbedded in this package; further ensuring its heralded “cuts” will not materialize.

All in all, this is simply another day in the life of the federal government; much promised but nothing new delivered.

by Bob Barr — The Barr Code