

[Look, It's Easy to Whittle the Budget Down](#)

By [Donald Lambro](#) | February 16th, 2011 | [4 Comments](#)

The Obama administration seems to have a serious problem with its hearing, not to mention its memory. Last November, the voters said loud and clear that government is too big and spends too much, but three and a half months later, the White House has forgotten that crucial mid-term election message.



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Under President Obama's budget, government spending will rise to nearly \$4 trillion a year, and the budget deficit will jump to a record \$1.6 trillion this year and nearly that much next year.

What stands out in the Obama budget proposals is its estimate of \$1.6 trillion in new tax revenues, largely through higher taxes on the wealthy and businesses, while the high-unemployment economy is still struggling to put people back to work. There's also higher funding for a smorgasbord of dubious Obama programs for energy (the green kind that is years if not decades off, not the kind you put in your car or your oil heating furnace); high-speed, high-subsidy rail lines; a faster Internet; more R&D subsidies; an over-budgeted and waste-ridden Department of Education; and a huge 500 percent increase for Obama's costly health care programs, to name just a few.

The lead story in Tuesday's Washington Post points out in its third paragraph that Obama's proposed spending freeze "would produce minimal savings," and his other budget policies "would do nothing to further reduce next year's deficit."

Heritage Foundation's chief budget analyst Brian Riedl crunched the numbers and found that unless we get serious about controlling government spending, the annual budget deficit will never fall below \$1 trillion for the rest of this decade.

Compare this to the government's fiscal position in 2007, the year before the subprime mortgage-induced recession: Federal spending was running at just 19.6 percent of GDP (the nation's gross domestic product) and the deficit was a tame \$161 billion, a fraction of what it is today.

And this was with the Bush tax cuts in full force and the costs of two wars.

Flash forward to 2011, the third year of Obama's failed Old Deal presidency, where government spending is gobbling up 25 percent of GDP and the budget deficit is at \$1.6 trillion, 10 times larger, feeding a gargantuan \$14 trillion debt.

"The Democrats took control of Congress in 2007 and used the recession as cover to permanently increase spending on federal entitlements, regulatory bureaucracy and silly industrial policies, like high-speed rail and electric cars," writes economist Peter Morici at the University of Maryland's School of Business.

Obama's 2012 budget "won't give much of that back and will ultimately seek dramatically higher taxes to pay for sharply higher spending," Morici says.

Thus, at a time when Americans have been tightening their belts, businesses have been scaling back payrolls (and doing more with less), and state and local government have been slashing budgets, laying off teachers, fire fighters and police, among others, Obama is raising spending for his pet projects and making small cuts in other programs that would still leave their budgets higher than when he came into office.

Thankfully, the Obama budget is going nowhere. His thick budget books were put on a dusty shelf just as soon as Congress received them. Congress controls the government's purses strings, and that's who will write and ultimately enact next year's budget.

It begins in the Republican-controlled House, where the GOP's caucus has pledged to cut \$100 billion or more. We won't see their proposals until the Budget Committee sends its plan to the floor, but the GOP's huge majority ensures it will pass easily and be sent to the Senate, where Democrats rule by a slim majority, though maybe not enough to pass the Democrats' bigger spending alternative. That's where the battle will be fought.

There are lots of places where spending can be cut and billions saved. Among them:

- Federal aid to the states: A study by budget analyst Chris Edwards at the Cato Institute found there are 1,122 aid-to-state programs, or "72 percent more programs than just a decade ago." "For lawmakers looking for places to cut, the \$650 billion federal-aid empire would be a good place to start," he says. Heritage's Riedl also produced a lengthy list of programs totaling \$47 billion that deserve the axe. Here're some examples:

- Community Development Block Grant Program: It was originally set up to help low-income communities, but under its expanded formula, more than 75 percent of U.S. communities are eligible and get money from this program including hundreds of upper-income communities from Palo Alto, Calif., to Greenwich, Conn. Savings: \$2.95 billion.
- Cut the government's travel budget to half of its level. Savings: \$5.8 billion.
- Privatize the money-losing Amtrak passenger railroad. Savings: \$878 million.
- Eliminate the Economic Development Administration. Its grants are supposed to revive depressed communities and create jobs, but numerous studies show it's a failure. Savings: \$287 million.

Reidl's full list is an eye-opener that shows how easy it is to get to \$100 billion. There are hundreds of areas in which to make deep, permanent budget cuts that, with the help of a growing economy, would reduce the deficit faster than most people expect.

As for the much larger entitlements such as Medicare and Social Security, it will take longer to work out a politically viable reform plan — perhaps with the help of a well-balanced, bipartisan commission — that can muster a majority in Congress. It won't be easy, but it can be done.