Cato Institute to Malzberg: Sequestration Won't Devastate Most People

By Bill Hoffmann March 1, 2013_____

Yes, it's serious, but sequestration will not have cataclysmic consequences for the average person as some have feared, according to Michael Tanner, a senior fellow at the Cato Institute.

"If you receive a government paycheck or you're a government contractor … there's going to be a certain amount of pain in the future,'' Tanner told Steve Malzberg on Newsmax TV's "The Steve Malzberg Show.''

"It is not going to be pleasant. But for the average American, I don't think they're going to see anywhere near the type of consequences that we're hearing about.''

Tanner — a domestic policy expert with the Washington-based public policy think-tank — said the amount of the cut in question is far less than everybody thinks.

"We are … talking about, really, a $44 billion cut this year,'' he said.

"They keep talking about $85 billion, but the reality is $41 billion of that is cuts in future years that are attributed budgetarily to this year but don't actually occur.

"If it was $85 billion, it would be 2.3 percent of federal spending this year. If it's $44 billion, which I believe it is, it's 1.2 percent of federal spending, and that's from a budget that's set to increase. It's out of a $3.8 billion budget.''

Tanner said the government will actually will spend more money than it did this year, and more money next year than it did this year.

"So we're not even reducing spending. We're simply slowing the rate of growth,'' he said.

Tanner, likewise, said the ongoing talk about harmful cuts to the nation's defense is somewhat rhetorical.

"Certainly, the rhetoric is not helpful. You don't announce your weakness in advance. And some of this is just PR,'' Tanner said.

"Look, defense does take a hit. It's about a 13 percent cut. They actually are one of the few parts of the budget that takes a cut in real terms. On the other hand is the cutback until 2007 defense levels. Somehow we managed to keep the country safe.''