

THE TEXAS TRIBUNE

"Big Government Conservatism"

by Tom Pauken

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This is the second of three excerpts we'll be publishing from Bringing America Home: How America Lost Her Way and How We Can Find Our Way Back (Chronicles Press, 2010). Pauken is the chairman of the Texas Workforce Commission and was the chairman of the Republican Party of Texas when George W. Bush was governor.



Fred Barnes, the editor of the leading neoconservative magazine *The Weekly Standard*, described the Bush philosophy of “big government conservatism” in a article in the *Wall Street Journal* in the summer of 2003. According to Barnes, the Bush administration believed “in using what would normally be seen as liberal means—activist government—for conservative ends. And they’re willing to spend more and increase the size of government in the process.” In the same article, Barnes noted that “big government conservatives are favorably disposed toward what neoconservative Irving Kristol has called a ‘conservative welfare state.’” Then, in an understatement, Barnes added: “Neocons tend to be big government conservatives.” Barnes has lauded Bush for embracing this new brand of “conservatism.”

A cynic might suggest that what Barnes was really saying was that there is nothing wrong with big government so long as “our guys” are in charge.

As Fred Barnes acknowledged, there was a “surge of federal spending” during Bush’s presidency, resulting in “swollen deficits.” (A Cato Institute

study refers to Bush as “the biggest spending President in 30 years.”) President Bush completely failed to exercise his veto power during his first term in office. The President even teamed up with Teddy Kennedy to ensure the passage of his “No Child Left Behind” legislation, which expanded the federal role in education beyond the wildest dreams of diehard liberals. Moreover, President Bush sought, and received from Congress, the first extension of entitlements (in this case, Medicare entitlements) since the Johnson administration in the 1960’s.

Yet back in 2003 none of these spending excesses seemed to trouble Barnes or his fellow neoconservatives. They were just as supportive of the President’s domestic spending as they were enthusiastic about his decision to go to war with Iraq.

The Economist had a very different take on the President in a cover story around the same time: “Is George Bush a socialist?” The article compared Bush’s reckless spending policies to the “guns and butter” spending excesses of Lyndon B. Johnson’s administration.

For example, the budget of the Department of Education more than doubled during George W. Bush’s tenure. Floyd Norris of the *New York Times* even noted (February 9, 2008) that “George W. Bush had the dubious distinction of being the first president since World War II to preside over an economy in which federal government employment rose more rapidly than employment in the private sector.”

At President Bush’s insistence, Congress narrowly passed a huge new Medicare entitlement for prescription drugs. The Medicare system already was running unsustainable deficits. According to economists Jogadeesh Gokhale and Kent Smetters, Medicare held \$62 trillion in unfunded liabilities as of 2005—8.5 times as much as the unfunded liabilities of Social Security. In an article for the *Wall Street Journal* entitled “Medicare Meltdown” (May 8, 2007), public trustee of the Social Security and Medicare system Thomas R. Saving warned that “within seven years Medicare taxes will fall short of Medicare expenses by more than 45%.”

The situation in 2008 was even worse. According to Congressman Jeb Hensarling, “Medicare trustees say that the unfunded obligations of the system amount to more than \$74 trillion—six times greater than the current size of the American economy.”

This projected shortfall in Medicare funding grows by two trillion dollars each year. At the current rate, the Medicare Part A trust fund will run out of money by 2019.

The Medicare program is heading for bankruptcy, and the President’s chief political advisor Karl Rove sped up the day of reckoning by adding a new entitlement in order to help President Bush win reelection in 2004. Rove pressured Republicans in Congress to go along on the theory that this was the price they had to pay in order to reelect the President.

Sound economic policy was sacrificed on the altar of short-term political gain. This buying of political support with taxpayers’ money brings to mind the words of Alexis de Tocqueville in *Democracy in America*: “The American Republic will endure until the day Congress discovers that it can bribe the public with the public’s money.”

Of course, there was vigorous dissent, led by longtime conservative leader Don Devine, who had been director of the Office of Personnel Management in the Reagan administration. Many conservatives joined Devine, but their efforts were unsuccessful. So, too, were conservative campaigns to block Bush’s costly “No Child Left Behind” education bill, which came loaded with unfunded federal mandates. Nor have conservatives such as Jeb Hensarling in the House and Tom Coburn in the Senate been able to curtail earmarks that bloat federal spending. Generally, any serious attempts to slow the growth in federal spending and keep it within reasonable limits have failed miserably in spite of the fact that Republicans controlled both houses of Congress until 2007. Republicans in Congress did a better job of controlling federal spending when Bill Clinton and the Democrats controlled the White House.

When you start adding up the spending excesses of the George W. Bush administration, the numbers are scary. We are approaching a trillion dollars on the war in Iraq, with little to show for it.

With the President's support, Congress passed in 2006 a \$286.4 billion transportation bill loaded with pork. Our annual budget deficits ran in excess of \$300 billion at a time when our economy was in good shape. With the passage of the Bush economic stimulus package in 2008, the budget deficit was expected to exceed \$500 billion in FY 2009.

Then things got much worse as an economic hurricane—fueled by credit excess, cheap money (the result of artificially low interest rates set by Fed Chairmen Alan Greenspan and Ben Bernanke), and excessive government spending—hit our shores in the fall of 2007. The anticipated \$500 billion deficit turned into a projected \$1.2 trillion one. That does not include the trillions of additional dollars given out to troubled financial institutions by the Bush and Obama administrations. Moreover, that \$1.2 trillion deficit was before the Democratic majority in Congress passed another \$800 billion stimulus package in 2008, raising the projected federal deficit in FY 2010 to \$2 trillion. Where is the money going to come from?

Meanwhile, many of our states suddenly find themselves in a budget shortfall. California is worst off, with a \$42.5 billion budget deficit as of January 2009. Only Texas, of all of the large states in the country, began 2009 with a substantial budget surplus. All together, 44 states were running budget deficits, while only 6 states had a surplus as we headed into 2009.

On top of all of these deficits at the federal and state levels of government, local taxing bodies around the country have run out of money to spend; some are effectively bankrupt. And these budget deficit figures don't take into account our trade deficits, which were running \$700 to \$800 billion annually until the U.S. economy crashed in 2008.