

# *Nevada News Bureau*

## Cato Institute Senior Fellow Says Federal Government Spending Must Be Cut To Sustainable Levels

By [Sean Whaley](#) | 3:18 pm July 26th, 2011

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CARSON CITY – A senior fellow with the [Cato Institute](#) said today the partisan fight over reducing federal spending is really between one class of people who work, produce, save money and pay taxes and a second group that lives off of the first group.

“This whole political clash between the Republicans and Democrats is really a clash in the electorate,” said [Gerald O’Driscoll](#), a senior fellow with the Cato Institute. “And the first group wants to stop paying as much taxes; certainly does not want to pay the taxes that are implied by the debt that has been racked up in order to pay off on promises to the second group that can’t be fulfilled.

“This is reality coming home and that’s ultimately what underlies this great political debate,” he said.

O’Driscoll, who lives in Reno, was interviewed on the [Nevada NewsMakers](#) television program.



Gerald O'Driscoll, senior fellow with the Cato Institute

The demand to cut federal spending has been linked by Republicans to raising the debt ceiling. The deadline for Congress to act on raising the debt ceiling is one week away, with Republicans and Democrats apparently still far away from any kind of agreement on how to cut spending.

O'Driscoll said federal government spending is at unsustainable levels right now.

“As recently as the Clinton Administration, government expenditures were 18.2 percent of total output of goods and services, GDP,” he said. “And they were 20 percent, a little under 20 percent, going into this downturn. Now they are 25 percent. That is more than the economy can pay.”

O'Driscoll said the federal income tax and other associated tax revenues produce about 19 percent of GDP on average, so the government can't afford to spend 25 percent.

“That is unsustainable,” he said. “That is a big cutback that has to occur.”

The Cato Institute is a public policy research organization that describes itself as being “dedicated to the principles of individual liberty, limited government, free markets and peace. Its scholars and analysts conduct independent, nonpartisan research on a wide range of policy issues.”

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*Audio clips:*

Gerald O'Driscoll, a senior fellow with the Cato Institute, says the debate over the debt ceiling and federal spending is really about those who pay taxes and those who consume them:

[072611Odriscoll1 :30 can't be fulfilled.](#)

O'Driscoll says the reality of federal spending levels is pushing the debate:

[072611Odriscoll2 :06 great political debate.](#)

O'Driscoll says current federal spending is unsustainable:

[072611Odriscoll3 :20 economy can pay.](#)