

Do-Little Congress Meets Can't-See-Fat Administration

By Peter H. Michael

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An Underground Railroad program with the props knocked out from under it. A mad scramble to reinstate laid off air traffic controllers. White House tours cancelled. School lunches for poor children withheld. Port of entry processing times for Americans returning home stretching to five hours. Uninspected meats headed to market anyway. Cuts at the Internal Revenue Service emboldening cheats, crimping revenues and deepening the problem. These sequestration debacles and more are already reality.

But why is a federal expense cut of only 2.2 percent of the budget, and less than a half percent of gross domestic product allowed to wreak such havoc?

To put things into closer focus, the sequestration legislation went light on Social Security and Medicare, the two largest government expenditures, leaving all other programs to shoulder about a five percent cut. Still, how is it that the National Park Service, the Federal Aviation Administration, the school lunch program, the Customs and Immigration Service, the Food and Drug Administration and the White House visitors program have not instead looked for five percent of waste, surplus or inefficiency in their expenses and wrung out that much? Why don't presidential administrations of either party see fat?

I've been there. During college summers working as a researcher in an Army laboratory and then during the Viet Nam War working for a defense contractor in several Southeast Asian nations, the Defense Department waste which I saw every day was staggering. Cutting costs five-percent—or ten, or twenty—without reducing program quality would have been no problem had there been anyone minding the store who actually wanted to do it.

With the sole exception of deficit reduction wrought by the Truman administration after World War II, the Obama administration cut the federal budget deficit in a single term more than did any other administration in history. But the deficit is still out of balance to the tune of \$973 billion projected for the current fiscal year {2012-13 at the time of publication} and \$744 billion next year. As a measure of progress, the latter figure represents barely more than half of the all-time record annual deficit of \$1.41 trillion inherited from Bush II by Obama as Obama took office.

Next year's projected deficit represents 4.4 percent of GDP, down from the 10.1 percent handed to Obama when he was inaugurated, but still higher than the 2.5 percent average annual federal budget deficit since the beginning of the twentieth century. But the administration has deficits, in both dollar and percent-of-GDP terms, rapidly headed down toward that benchmark average.

There is plenty of blame to go around for both the annual deficits and the sequestration cuts, but it has become clear that Republicans get most of the blame for the deficits, and the administration for the cuts. It seems quite counterintuitive, but, as in the chart here, it has been literally without exception Republican administrations over the last half century which have increased deficits and Democrat administrations which have reduced deficits.

Looked at another way, the 2013 sequestration boosted Obama in his drive to reduce deficits even if only by that 2.2 percent of the budget, one buck in every fifty. Fine. But how were the decisions made to cut which programs, which elements in a program and by how much? Most

important, why cut useful programs rather than fat? And for fat, start with the Defense Department.

Whether they like it or not, every year all fifty states navigate budgeting and cost exercises successfully, if sometimes painfully, because they are all required by their own state laws to balance their annual budgets. On a household level, most families balance their budgets out of prudent common-sense habit, especially poor families in sheer necessity since they aren't qualified to borrow.

Bankruptcies occur but since 2010 only thirty-three of the nation's 39,054 counties, cities and towns – less than one-tenth of one percent – filed for bankruptcy and some of those were denied. Even through the Great Recession, personal bankruptcy rates were less than one percent of households and individuals, and fewer than one in ten was for reasons other than job loss, medical event or divorce.

So, well more than ninety-nine of every hundred US households, individuals, counties, cities and towns successfully balance their budgets and control spending, but not the federal government because it is not required to.

For a long time the debate has hinged on larger versus smaller government. Large, small. What kind of a choice is it if Americans are asked to choose between large incompetent government or small incompetent government? Is it too much to ask that we have a competent right-sized government in which Congress can regain enough comity to function, have administrations—Democrat and Republican alike—can actually recognize and willingly excise fat, and in which balanced budgets are required?