



Debt Will Grow under ‘Budget Control Act’

You might not think so, judging by the reaction found in some of the editorials and columns to the passage of the [Budget Control Act of 2011](#). The budget deal will mean "massive spending cuts borne by the poor, the sick, the elderly and the middle class," wrote *Politico's* Roger Simon. A *New York Times* editorial called it "a nearly complete capitulation to the hostage-taking demands of Republican extremists." The headline over a Maureen Dowd column in the same paper called the budget agreement "The Washington Chain Saw Massacre." So what really happened?



The law requires Congress to cut appropriations by about \$25 billion for the fiscal year that begins in October. Considering that our federal government will spend \$3.7 trillion in the current year, with a \$1.5 or \$1.6 trillion deficit, \$25 billion is 0.6 percent of current spending — a rather modest "massacre" of the budget by those "hostage-taking" extremists. The following year, appropriations may increase by \$4 billion. For each year after that, spending is to increase at the rate of inflation.

The Congressional Budget Office calculated that even with those modest restrictions on spending, Congress will spend \$917 billion less — including interest on money that won't have to be borrowed — than if spending kept pace with inflation for the entire 10-year period. That, plus the \$1.2 trillion in savings the 12-member congressional panel known as the Joint Select Committee on Deficit Reduction is supposed to come up with by November 23, accounts for the \$2.1 trillion in "deficit reduction" the Congress passed and President Obama signed this week, while they raised the debt ceiling by another \$2.4 trillion. The \$2.1 trillion in "savings," if they actually occur, will be over a 10-year period. At the current rate of deficit spending the \$2.4 trillion in additional borrowing authority will barely get the President and Congress past the next election — an important political consideration, but not one that bodes well for any long-term spending or deficit reductions.

The debt will grow, and grow substantially. The spending caps adopted by Congress apply to discretionary spending and not to long-term obligations like Social Security, Medicare, and interest on the national debt. The bill does nothing to eliminate departments or programs that reach beyond the constitutional authority of the federal government in the areas of education, energy, and agriculture, to cite but a few examples. Congress will continue to pay farmers for crops they don't grow, educators for more regulations to place on local school boards, and energy experts to decide what kind of light bulbs we must buy.

"It does nothing to address the real drivers of our debt," said Senator Tom Coburn, Republican of Oklahoma, one of 26 Senators to vote against the Budget Control Act. "It eliminates no program, consolidates no duplicative programs, cuts no tax earmarks and reforms no entitlement program."

The bill also allows for "adjustments" to the discretionary spending caps for emergency requests and for "Overseas Contingency Operations" in the "Global War on Terrorism." Congress has often proved quite



Written by [Jack Kenny](#) on August 6, 2011

imaginative in designating "emergencies" to justify more spending. And the War on Terrorism is indeed worldwide, with military actions ongoing in Iraq, Afghanistan, Pakistan, Yemen, and Somalia, not to mention our humanitarian bombing in Libya. The names and number of the nations may change, but it seems likely that we'll be waging war in a number of places for quite some time. And it's hard to imagine how there could ever be an end to anything as wide-ranging and vaguely defined, as our "Global War on Terrorism."

The sequestration provision of the bill empowers the Office of Management and Budget to eliminate any spending in excess of the discretionary spending caps within 15 days of when Congress adjourns at the end of a session. That will leave members free to go home and talk about how they have cut spending, when they are in fact abdicating to an office of the executive branch legislative and budgetary responsibility the Constitution assigns to Congress. Sequestration was also a feature of the Balanced Budget and Emergency Deficit Control Act of 1985, better known as the Gramm-Rudman bill. It was passed during the Reagan administration, when deficits exceeding \$200 billion a year were causing nearly as much alarm as our trillion-dollar deficits do now. But Congress voted so many amendments and granted itself so many exceptions to the spending limits that the act had little effect on the piling up of debt, though it remains on the books today. In fact, the bill Congress and President enacted this week is yet another amendment of the Gramm-Rudman Act. The law has yet to stop Congress from overspending or eliminated the frequent demands for raising the debt ceiling.

The new law makes no reductions in current spending levels. All of the "cuts" are in projected increases over the next 10 years, even as the Congressional Budget Office has predicted the government's debt will exceed the nation's annual economic output by 2021.

"This was a huge missed opportunity," Maya MacGuineas, president of the nonpartisan Committee for a Responsible Federal Budget, [told](#) the *New York Times*. "Any sensible solution requires that you need to stabilize the debt so that it's not growing faster than the economy." Instead, Congress has continued on course toward an economic crash.

"The current deal to raise the debt ceiling doesn't stop us from going over the fiscal cliff," said Sen. Rand Paul (R-Ky.), wrote in an open letter explaining his opposition. "At best, it slows us from going over it at 80 m.p.h. to going over it at 60 m.p.h."



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