

Of Deficits and Debt—How do we get out of this pickle?

by Edwin D. Reilly, Jr.
for the Sunday Gazette

“Deficits don’t matter.”

—Dick Cheney to Treasury Secretary Paul O’Neill, December 2002

And one month later, Cheney fired the heretic. But clearly, deficits matter a lot. Each one, the amount by which annual Federal expenditures exceeds income, the net debt of the United States increases by the difference.

The Federal fiscal year runs from October 1 of one year to September 30 of the next, the year for which the fiscal year is named. The Federal debt over the period of Bill Clinton’s last four budgets, with part of the last extending into President George W. Bush’s first year in office, was quite stable, rising by about a tenth of a trillion (100 billion) each year from \$5.5 trillion to \$5.8 trillion.

Over the 8-year period of Bush budgets, which included the Iraq War and the beginning of a recession, the national debt rose from \$6.2 trillion to \$11.9 trillion, almost double. The 2010 fiscal year, the first for which President Obama drafted a budget does not end for six more months, is expected to leave the debt at \$13.8 trillion. And his draft budget for FY2011, because it carries a deficit of almost \$1.3 trillion, will bring the debt to \$15.1 trillion.

To raise former Senator Everett Dirksen’s famous quote a thousand-fold, “A trillion here, a trillion there, and pretty soon it adds up to real money.”

Like most famous quotes, there is no documented evidence, only hearsay, that the Senator ever said exactly that. But his place in the pantheon of American heroes is secure because of his impassioned 1964 speech, which, after a prolonged filibuster, persuaded several of his colleagues to vote to invoke cloture, end debate, and vote for Lyndon Johnson’s Civil Rights bill. Oh how we needed just one Profile in Courage to do so this year.

The projected deficit for FY2011 is \$1.267 trillion, or about \$4,100 for each man, woman, and child in the U.S., and rising, seemingly inexorably. What can we do to extricate us from this pickle? Before I tackle that, we need a lay a bit more groundwork.

One small step toward solvency would be to start with the FY2011 budget, not yet passed, study the details behind that \$1.267 trillion deficit, and chop away at expenditures. That this would be difficult and nigh onto impossible was brought forth by reporter Jackie Calmes in the New York Times of February 7. Ms. Calmes, currently of the Times, is a convert who used to work for the Wall Street Journal, dual experience that marks her as being fair and balanced, not a Foxy Lady.

I wish I could show you the bar chart that accompanied her story, but the best I can do is to advise you to go to

www.nytimes.com/2010/02/07/weekinreview/07calmes.html to see it. (Click on the small image to enlarge it.) For each of 14 components of the budget,

she shows both by the length of a horizontal bar and a stated monetary value the implied percentage of the deficit that could be eliminated if that component were to be abolished. Here goes:

The first gray bar, that corresponding to the budget of the National Endowment for the Arts, a favorite Republican *bête noir*, is invisible. It's not that the NEA has no Federal support; it's just that its gray bar of \$161.3 million is so small compared to the length of its underlying black bar of length \$1.267 trillion that it is invisible; elimination of NEA support still leaves a deficit of \$1.267 trillion stated to four figures.

Should congressional earmarks be eliminated? Sure, but that saves only a billion, leaving a deficit of \$1.257 trillion. Big deal.

How about shutting down the Department of Education? Well, that would slice 7% off the deficit, and since it has no authority under our Federal system to tell the Texas Board of Education not to expunge Thomas Jefferson from its textbooks, why not? But it would still leave a deficit of \$1.173 trillion.

Eliminate all foreign aid and all welfare payments? Together they don't cut the deficit by any more than eliminating the Department of Education.

There are two wars going; let's end them. That would cut the deficit by all of 13%. But there is not a single one of the 14 components of the FY2011 budget whose elimination would reduce the deficit to zero; the best that could be done is a combination of two. Eliminating Medicare and all expenditures for national security would do it. Can you imagine a single Republican or Democrat, voting to do that? Our Constitution is not a suicide pact.

There is a bit of light at the end of the tunnel. The projection for FY2012 is that a combination of rising revenue and the end of at least one war will result in a deficit of "only" \$828 billion, that is, \$0.828 trillion. But at that rate, it will be many years before we could envision a sequence of budgets that produce surpluses that allow the beginning of reduction of the national debt. Before then, it is probable that a third version of the famous debt clock on 42nd Street near Times Square will be needed. (An image of the clock as of last year can be seen at

http://en.wikipedia.org/wiki/National_Debt_Clock. It showed the debt at \$11,785,334,337,811 and each family's share at just short of \$100,000.)

Because I don't think that the present Congress or any conceivable future Congress will ever muster the discipline to get our financial house in order for the long haul, the only solution is a balanced budget amendment to the Constitution.

This would be my version: *Except during a war legislatively declared against a nation state, the Congress may not adopt a budget for the next fiscal year that authorizes expenditures that exceed the amount collected in revenue during the preceding full fiscal year, and any surplus produced thereby must be applied to any outstanding national debt.*

And since 2/3 of both houses of Congress would never initiate such an amendment, that must fall to 2/3 of state legislatures followed by ratification by 3/4 of the 50 states, i.e. 38 of them. A Herculean task, indeed, but one that would be a much more constructive goal for a national movement than the bitterly self-destructive one currently being pursued by an unruly mob unworthy of the name of Tea Party.

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