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Spending Like There Is No Tomorrow

By [Curtis Harris](#) on 12/13/03

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How is this for Congressional logic?

Whereas: There is a federal budget deficit caused by recession and war.

Whereas: There is a time lag between tax cuts and the resulting growth of the economy and tax revenues.

Whereas: The dollar is down against many foreign currencies.

Whereas: Commodity prices are rising.

Whereas: We spent the Social Security trust fund.

Whereas: We just added \$400 billion to future Medicare spending.

Be it resolved: That we continue to spend like there is no tomorrow.

Here are two quotes from an editorial in the November 25 Wall Street Journal:

"The final tallies show that overall spending grew by almost 9% for the 2003 fiscal year ending September 30, and by 21% over the past two years. This is before the \$400 billion (yeah, right) Medicare prescription drug benefit and this year's energy and omnibus spending bills."

"Non-military discretionary spending rose last year by 8.5% -- more than double the 4% caps Mr. Bush vowed to enforce and about quadruple the rate of inflation."

Setting aside rhetoric to the contrary, the Congress has two modes of operation: spend more and spend a lot more. It is an alternative reality where the definition of a budget cut is to reduce the growth rate of spending. In other words, a cut means Congress gets to spend more, but not as much as previously forecast and desired. In the real world, businesses and families make budget cuts by actually spending less on some line items or eliminating them altogether.

Federal spending and tax history since 1980 illustrates the problem. President Reagan took office with the economy wracked by high inflation and no growth. He used his electoral mandate to push significant tax cuts through the Congress. After a short and severe recession, inflation was controlled and the American economy was booming. Tax revenues had never been higher. Reagan increased defense spending to win the cold war. However, in order to get the funding for defense, he had to let the Congress indulge its appetite for continually increasing domestic spending. Beginning in 1984, and especially with the 1986 tax simplification, the prevailing pattern of tax increases to offset spending increases and budget deficits resumed.

The first President Bush, in spite of his "no new taxes" pledge, allowed Congress to raise taxes. Clinton, in spite of his middle-class tax cut promise, raised taxes early in his first term. The Republican take-over of the Congress in 1994 slowed the growth of federal spending and prevented further tax increases. Economic growth accelerated and the federal budget went from deficit to surplus. By the end of Clinton's second term, the late '90s bubble economy burst. The economy went into a recession made worse by the 9/11 terror attacks.

In a reprise of the early 1980s, President George W. Bush took office in a recession, used his political skills to significantly cut taxes, and now we are seeing the resulting economic growth. Unfortunately, the War on Terrorism requires increased military spending. Also unfortunately, the Congress continues to spend like there is no tomorrow. President Bush, like Reagan, allows the spending so he can focus on national

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security.

We can draw two conclusions from this history. First, Congress always increases spending. The amount of the increases is the only variable. Second, Presidential intervention is the only way to achieve tax reductions and relatively lower spending increases. In the case of Presidents Reagan and Bush, they exercised leadership to achieve results on taxes, but were/are not able to restrain the growth of domestic spending. In the case of Clinton, he bumbled his way to losing control of the Congress. Until they grew to know and love the ways of Washington, D.C., the new Republican members of Congress restrained spending and tax increases.

Here are the twelve committees in Congress that have the most power over Federal spending:

Senate

Agriculture, Nutrition, and Forestry
 Appropriations
 Budget
 Finance
 Health, Education, Labor, and Pensions
 Judiciary
 House

Agriculture
 Appropriations
 Budget
 Ways and Means
 Education and Work Force
 Judiciary

I include the Judiciary committees because they have jurisdiction over the Federal judicial system. Activist judges and tort lawyers have much to do with excessive federal spending.

A senior member of the majority political party chairs each committee. A senior member of the minority party, by virtue of committee rules and party politics, is a virtual co-chair. The following information covers these twenty-four committee leaders.

A major reason for the Congress becoming an automatic spending machine is that its members hold office long enough to become a ruling class. The Republican chairs of the above twelve committees each will have, at the end of their current terms, an average of 24 years in office. The Democrat co-chairs each will average 33 years in office. The range is from 12 to 48. After those lengths of time in Washington, D.C., who could remember the folks back home?

The National Taxpayers Union (NTU, www.ntu.org) ranks members of Congress according to their voting records on issues affecting taxpayers. The Council for Citizens Against Government Waste (CCAGW, www.cagw.org) ranks members of Congress according to their voting records on wasteful spending. Both ranks are from 0 (terrible) to 100 (excellent). Taking into account the political philosophy of the two political parties, one would expect Republicans to rank higher in both measures and Democrats to rank lower. In the table below, I used a rank of 70 as a minimum expectation for Republicans and 30 as a maximum expectation for Democrats. The table shows the number of committee chairs and co-chairs that meet my expectations.

Senate	<u>CAGW Rank</u>	<u>NTU Rank</u>
Rep > 70	3	1
Dem < 30	6	5
House	<u>CAGW Rank</u>	<u>NTU Rank</u>
Rep > 70	3	1
Dem < 30	5	6

The table shows that, on spending and taxation issues, the twelve senior and powerful Republicans do not really behave like Republicans. Two of them pass the test on taxes with ranks of 77 and 72. Six of them pass on spending, with ranks of 77 (2), 83 (2), 86 and 94. Representative James Sensenbrenner (R, WI), with 26 years in office, is the only one to pass on both ranks, with a solid 94 on spending and a narrowly acceptable 72 on taxation. Overall, they pass on only 8 of 24 ranks. The trend for the Republicans is to support the government, of which they are a part. The Democrats meet the tax and spend expectation almost perfectly. They pass on 22 of 24 ranks. It is no surprise that congressional spending is out of control. The Republican chairs do not have the philosophical discipline to control themselves, much less to control the tax and spend Democrats.

Presidential leadership is not enough to control government spending. The Congress has more power to spend. It has that power because it is unaccountable to the people of America. The President is accountable every four years and can only hold office for eight years. The 535 members of the Congress enjoy re-election rates of over 90% and can serve unlimited numbers of terms. Their ability to buy votes with the taxpayers' money and gerrymander district boundaries explains much of their longevity in office.

It is clear that the US Congress is a power unto itself with little regard for the long-term economic health of our society. Designed to represent the people in a government of, by and for the people, the Congress now represents government. They are like a royal class – holding permanent positions of power with all of the attendant privileges and rewards.

Even though the Congress spends like there is no tomorrow, in the real world there is a tomorrow. Because our President cannot control the spending now, as the economy gains strength and the 2004 election is past, he will not be able to withstand the congressional pressure to raise tax rates. By the year 2010 we will have won the War on Terror only to face economic and social crisis at home. Tax rates will be back to onerous levels, but there will still be a budget deficit. The Social Security trust fund will remain the fiction it is today, but the baby boom generation will be retiring. Higher taxes on fewer workers will be necessary. The Medicare system, with its prescription drug benefit, will be further out of control, ruining what was once the best health care system in history.

The members of the US Congress are entrenched in power and not in touch with the real world in which the rest of us live. They serve their own interests at the expense of the American people. Only one action by the American people can stop this scenario from becoming true. We must vote them out of office and elect citizen legislators that live in the real world. Then America will return to fiscal sanity.

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