We will go through our federal budget—page by page, line by line—eliminating those programs we don't need.

- PRESIDENT-ELECT BARACK OBAMA, NOVEMBER 2008

With all due respect Mr. President, we're still waiting.

It's been two years since you made that pledge, Mr. President. Since then, you've signed into law an \$800 billion "stimulus" package and a massive new health care entitlement—adding trillions of dollars in unfunded liabilities to our grandchildren's tab.

The American people made it clear on election day this month that they want a smaller, less expensive government. But because of the deficits your administration has piled up, our national debt will be larger than the entire U.S. economy by 2012. Isn't it past time we started eliminating those programs we don't need?

In fairness, both parties got us into this mess. Speaker-to-be John Boehner admitted that when Republicans controlled Congress: "We were spending too much, government was growing too much. Our team failed to live up to our own principles." Indeed, federal spending under the Bush administration nearly doubled in eight years. To this day, GOP calls for less spending have been woefully short on specifics.

Our bipartisan flight from responsibility is a national disgrace—and it's fast becoming a national disaster. Calls to eliminate "waste, fraud, and abuse" won't cut it anymore. Both parties would seem to need help taking the first step in reducing the burden of government.

As a start, they can consult **DownsizingGovernment.org**, where the Cato Institute has begun posting the results of our page by page, line by line review of the federal budget. With the Constitution as our guide, we've identified scores of agencies to eliminate and programs to zero out, putting America on the path toward fiscal sanity.

Education Subsidies

Education is a state, local, and private matter—and that's where the Constitution left it. Federal K-12 education programs have cost American taxpayers \$1.85 trillion since 1965 without noticeably improving outcomes. Eliminating them will save \$40 billion annually.

Farm Subsidies

Far from "saving the family farm," federal agricultural subsidies are environmentally destructive corporate welfare, with more than 70 percent of aid going to the largest 10 percent of agribusinesses. Zeroing out farm welfare will save \$25 billion annually.

Military Overreach

The Constitution envisions a U.S. military that "provide[s] for the common defence" of the United States, not one that serves as the world's policeman and nation-builder. By withdrawing our troops from Iraq and Afghanistan, we could save at least \$125 billion next year. Eliminating other unnecessary overseas missions would allow for a leaner force structure and defense budget, saving at least \$100 billion a year without undermining U.S. security.

Transportation Programs

The federal government has no business funding the state and local projects that make up the bulk of federal transportation spending. Federal involvement results in pork-barrel spending, excess bureaucracy, and costly one-size-fits-all regulations. Moving funding for activities such as highways to the states and air traffic control to the private sector would spur greater innovation while also saving \$85 billion a year.

Housing Subsidies

Federal interference in housing markets has done enormous damage to our cities and the economy at large. HUD subsidies have concentrated poverty and fed urban blight, while Fannie Mae and Freddie Mac stoked the financial crisis by putting millions of people into homes they couldn't afford. Getting the government out of the housing business will save \$45 billion annually.

Federal Worker Pay

Federal workers enjoy far greater job security than their private-sector counterparts—and far better total compensation: an average of \$120,000 a year in wages and benefits. Cut federal compensation by 10 percent to save **\$20 billion annually.**

Energy Subsidies

The 30-year legacy of federal energy subsidies is replete with corporate cronyism and failed "investments." Entrepreneurs with their own capital have incentives to develop viable alternative energy sources. Ending federal energy subsidies would save \$20 billion a year.

Government-run Health Care

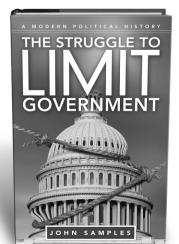
Medicare and Medicaid are driving the explosion in federal debt. The 2010 health care law should never have been passed. The same level of Medicare cost savings could have been realized by moving to a consumer-driven health plan through vouchers, which would protect the elderly from government rationing. Medicaid should be converted to a fixed block grant to save money and encourage state innovation. Total savings would be more than **\$1** trillion over the next decade.

Drug War

Since the start of the federal War on Drugs in 1970, we've spent hundreds of billions on a futile crusade that's done little to curb drug use and much to impair our civil liberties. In fact, a Cato study showed that Portugal's decriminalization of drugs actually lowered drug-related problems. Returning drug policy to the states—where it belongs—would save at least \$15 billion annually.

Social Security

As the Baby Boom generation retires, our largest entitlement program lurches toward crisis. Social Security should be phased out as a mandatory program and an alternative voluntary system of private accounts, providing for ownership and inheritability, should be offered. Current obligations can be reduced by tying annual benefit growth to price inflation rather than wage growth, saving \$50 billion annually by 2020.



Visit DownsizingGovernment.org for a free download of the Cato Institute's acclaimed book *The Struggle to Limit Government*.

