

Cato Institute Policy Analysis No. 173: Crisis? What Crisis? George Bush's Never-Ending Domestic Budget Build-Up

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Executive Summary

Ever since the riots in Los Angeles, critics of the Bush administration have been complaining that it is not spending enough money to solve America's urban problems. According to that assessment, Bush, carrying on the Reagan tradition, is neglecting a wide array of unmet social welfare needs--in education, low-income assistance, job training, housing, and health care. It is not just pro-spending special interest groups that are chastising Bush for his supposed frugality. In March 100 prominent economists, including 5 Nobel laureates, proposed that "to stimulate vigorous economic recovery," the president should launch a "\$50 billion a year program of federal assistance to state and local governments emphasizing public investment in education and infrastructure."^[1]

Unfortunately, if there is one thing the Bush administration does not need to be prodded to do, it is to spend and borrow money. Bush has been increasing real federal domestic expenditures by 8.7 percent per year, a faster rate of growth than under any previous president since John F. Kennedy.^[2] Since 1989 Bush has also run up bigger deficits, both in dollars and as a percentage of GDP, than any other post-World War II president. If massive growth of government and multi-billion-dollar deficits were the solution to America's economic problems, the nation would be basking in unprecedented prosperity, and Bush would be widely acclaimed as an economic miracle worker.

In February 1991 a Cato Institute Policy Analysis first called attention to the rapid build-up of domestic spending during Bush's first two years in office.^[3] This study reveals evidence that there had been virtually no slowdown in Bush's domestic spending spree. In fiscal year 1992 federal outlays will rise to \$1.5 trillion, 8 percent above inflation. Federal spending will consume a post-World War II record 25.2 percent of gross domestic product this year. In other words, the 1990 budget agreement and the \$200 billion tax increase have done nothing to slow the Bush spending binge. If anything, they have accelerated it. Ten damning details of Bush's fiscal policy mismanagement follow.

1. From the time of Bush's inauguration through the end of this year the domestic portion of U.S. government spending, after accounting for inflation, will have risen by \$175 billion. That is a 28 percent real expansion in just three years. Excluding the cost of the savings-and-loan bailout, domestic programs are still up roughly 24 percent in real terms.
3. No president in the last quarter century has increased spending by so much so rapidly. The 8.7 percent rate of annual increase in the real domestic budget under Bush earns him the distinction of being the biggest spender to occupy the Oval Office since John Kennedy. This administration is spending at twice the rate Jimmy Carter's did. (Ironically, vice presidential candidate Bush helped skewer Carter as a liberal big spender in 1980.)

5. Costs of domestic programs are rising almost across the board. Since 1989 appropriations have risen 48 percent for the Departments of Commerce and State, 22.5 percent for the Department of Energy, 36 percent for the Department of Housing and Urban Development, and 32 percent for the Department of Transportation. Appropriations for the Departments of Labor and Health and Human Services have increased by an astronomical 63 percent.
7. The big lie in Washington in the 1990s is that the federal government is underinvesting in infrastructure, education, children's programs, and other war-on-poverty-programs. Since 1989 real spending has risen 8 percent for education, 11 percent for highways, 58 percent for Head Start, 46 percent for food stamps, and 18 percent for child nutrition. In short, Bush has been a generous benefactor of the Great Society.
9. The Bush administration and the 102nd Congress have even increased the budgets for programs that have the lowest priority. The budgets of 30 major programs that the Reagan administration had proposed terminating in the early 1980s--including the Small Business Administration, the Export-Import Bank, the Job Corps, and the Corporation for Public Broadcasting--will have risen by an average of 44 percent through 1993. Bush has requested many of those increases.
11. It is not true that Bush is an innocent victim of a Democratic-controlled Congress. Without question, this is a free-spending Congress; however, Bush has been requesting big budget increases. His latest budget (for FY 1993) requests spending increases of more than 10 percent for the Departments of Education, Housing and Urban Development, Justice, State, and the Treasury. The Bush budget would increase spending for virtually every domestic purpose above the inflation rate; only defense spending would fall.
12. In three years Bush has not vetoed a single spending bill sent to him by the Democratic Congress because it cost too much. Clearly, the spending epidemic in Washington begins in the White House.
14. Federal borrowing continues to skyrocket under Bush, reversing the progress that had been made in deficit reduction from 1986 to 1989. When Bush became president, the Gramm-Rudman-Hollings path was supposed to bring the federal deficit down to \$64 billion in 1991, \$28 billion in 1992, and \$0 in 1993. Instead, the deficit was \$280 billion in 1991, and it will be \$400 billion in 1992 and \$350 billion in 1993.
16. By veering off the Gramm-Rudman-Hollings track and then abandoning that spending control mechanism altogether in 1990, Bush has increased the federal debt by \$1 trillion over what it should have been. As a result, the federal debt will reach \$4 trillion this year.
18. The Democrats' standard line--that large deficits are a result of the Reagan defense build-up and tax cuts--no longer has even a glimmer of truth to substantiate it. Defense spending as a share of GDP is now lower than it was before Reagan became president, and tax revenues as a share of GDP are exactly at their 1979 level of 19 percent. The increase in the deficit in the 1990s has been due to Bush's raising domestic outlays from 13 to 16.5 percent of GDP in three years.

Bush's mishandling of fiscal policy is reflected in the poor performance of the U.S. economy. Under Bush, through the end of 1991, the U.S. economy grew at a paltry 0.3 percent per year. That is the lowest economic growth rate under any president since Franklin D. Roosevelt. It is more than coincidence that, under big-spending Bush, the economy is not doing well.

Clearly, the key to restoring U.S. prosperity is not some scheme to spend more federal money and drive the national debt up further into the stratosphere. Bush has tried that strategy, and it has produced woeful results. The road to prosperity is to aggressively, and rapidly, cut government spending and substantially reduce the tax burden on American businesses and workers. In short, economic revival depends foremost on shifting "Bushonomics" into reverse.

Budget Growth under George Bush

Under Bush, domestic spending, adjusted for inflation, rose by nearly 10 percent through 1991. Even excluding the cost of the savings-and-loan bailout, the real rate of increase in domestic spending under Bush was more than 6 percent. That was a far cry from the 3 percent "flexible freeze" budget strategy he promised in his 1988 campaign.

When first confronted with evidence of profligate spending, the White House offered reassurance that progress on the budget was right around the corner.[4] The administration's optimism was based on two factors. First, the \$150 billion savings-and-loan bailout would end in 1992, and when the Resolution Trust Corporation began to sell off the acquired properties and other assets of the failed thrifts thereafter, the government's balance sheet would further improve. Second, Office of Management and Budget director Richard Darman insisted that the 1990 budget deal's tight spending caps would usher in a new era of budget austerity in Washington.

Table 1			
Growth of Federal Spending under Reagan and Bush			
Year	Total (Billion 1992 Dollars)	Percentage Increase	Percent of GDP
1981	1,046		22.9
1982	1,085	3.7	23.9
1983	1,138	4.9	24.4
1984	1,150	1.1	23.0
1985	1,233	7.2	23.8
1986	1,267	2.8	23.5
1987	1,240	2.1	22.5
1988	1,262	1.8	22.1
1989	1,294	2.5	22.1
1990	1,344	3.9	22.9
1991	1,363	1.4	23.5
1992 (est.)	1,475	8.2	25.2

Source: "Historical Tables," Budget of the United States Government for Fiscal Year 1993: Supplement, Tables 1.1, 1.2, 1.3.

We can now conclude with relative certainty that fiscal progress is not right around the corner. Federal spending continued to accelerate far ahead of predictions in 1991, and it will continue to surge in 1992 and 1993. Table 1 shows that this year total real federal outlays will increase by more than \$100 billion, or 8.2 percent above inflation. Spending as a share of GDP will rise to 25.2 percent--a peacetime record. Figure 1 shows that it took Reagan eight years to reduce federal spending from 24 to 22 percent of GDP, but in three years Bush will have raised spending from 22 to 25 percent of GDP. Clearly, the budget deal is not restraining budget growth.[5]

Figure 1

Total Federal Spending as a Percentage of GDP under Reagan and Bush

Sources: Budget of the United States Government for Fiscal Year 1991; and Budget of the United States Government

for Fiscal Year 1993; Supplement, Table 1.2.

(Graph Omitted)

The overall spending totals, however, camouflage the size of the Bush budget build-up in a number of areas. Domestic spending has been rising much faster than the overall spending totals, because the military budget has been shrinking slowly but steadily since 1987. In 1987 Pentagon spending accounted for 28 percent of the budget; by next year that figure will be down to 19 percent. So far, Bush and the 102nd Congress have shifted the "peace dividend" from defense to domestic programs. Since 1989 real defense spending (in 1987 dollars) has declined by \$30 billion while real domestic outlays have risen by an astounding \$175 billion.

Bush Domestic Spending			Reagan Defense Spending		
Year	Amount	Percentage of GDP	Year	Amount	Percentage of GDP
1989	\$616	13.0	1981		
1990	675	14.0	1982		
1991	718	15.2	1983		
1992	791	16.5	1984		

Source: "Historical Tables," Budget of the United States Government for Fiscal Year 1993: Supplement, Table 6.1.

Note: Dollar amounts are billion 1987 dollars and represent total nondefense spending minus net interest on national debt.

One way to fully comprehend Bush's massive domestic spending build-up is to compare it with Reagan's celebrated defense build-up in the early 1980s. From 1981 to 1984, Reagan's first three years, the Pentagon budget rose in real 1987 dollars from \$200 billion to \$243 billion, a 22 percent increase. From 1989 through 1992 under Bush the domestic budget will have risen, in 1987 dollars, from \$616 billion to \$791 billion, a 28 percent increase. Even more remarkable, after the first three years of the Reagan defense build-up, military spending had climbed by roughly one percentage point of GDP, from 5.3 to 6.3 percent. After the first three years of the Bush domestic spending build-up, civilian programs had grown by an enormous 3.5 percentage points of GDP, from 13.0 to 16.5 percent (Table 2). After 11 years of Republicans in the White House, the United States today devotes a larger share of GDP to domestic spending than ever before.

Bush's Spending in Historical Perspective

Figure 2

Average Annual Real Domestic Spending Increases, by President, 1946-92

Sources: "Historical Tables," Budget of the United States Government for Fiscal Year 1993: Supplement, Table 6.1; and author's calculations.

Note: Domestic spending is total nondefense spending minus interest on the national debt.

(Graph Omitted)

Real domestic outlays under Bush (1989-92) have climbed by 8.7 percent per year. As Figure 2 shows, that makes Bush the largest spender to sit in the White House in the past 30 years. Bush is outspending Lyndon Johnson, the architect of the Great Society and the war on poverty. He is spending at more than double the rate Carter did and at eight times the rate Reagan did. Scott Hodge of the Heritage Foundation finds that Bush will have increased the domestic budget more in 4 years than Carter and Reagan combined did in 12 years, even accounting for inflation.[6] In

1991 dollars, Carter and Reagan increased domestic programs by \$99 billion from 1977 through 1989, whereas Bush will have increased domestic programs by \$179 billion from 1989 through 1993.[7]

In defense of the Bush administration, it should be noted that some of the growth in expenditures during the past three years has been due to the unavoidable expense of the savings-and-loan bailout. Between 1989 and 1991 that rescue cost taxpayers \$106 billion, and in 1992 it will cost another \$40 billion. Even if we exclude the costs of the bailout from the budget analysis, however, Bush is still a big-spending president. Real domestic expenditures minus the savings-and-loan bailout are increasing by 7.3 percent per year under Bush. That still puts Bush in the ranks of the biggest presidential spenders.

Where Has All the Money Gone?

Under Bush domestic spending has been rising virtually across the board. Table 3 shows the changes from 1989 through 1992 in the federal government's 13 major appropriations. Spending has decreased only for defense, military construction, and foreign operations. Every domestic area has had a double-digit percentage increase, and expenditures for all areas but agriculture have grown faster than inflation: spending (in current dollars) is up 48 percent for the Departments of Commerce and State, 36 percent for the Department of Housing and Urban Development and independent agencies, 63 percent for the Departments of Labor and Health and Human Services, and 19 percent for the Department of Education. That build-up of domestic programs paid for by reductions in defense spending is almost a replay of what Carter did with the federal budget in the post-Vietnam War period--though Bush is moving at a faster pace than Carter did.

Entitlement programs in particular have seen their budgets grow. Entitlements provide benefits to specific targeted groups of people--such as veterans, senior citizens, the disabled, and the poor. Figure 3 shows the explosive growth of entitlements since 1989. By the end of fiscal year 1992, real spending will have risen 46 percent for food stamps, 72 percent for unemployment insurance, 85 percent for Medicaid, and 39 percent for Supplemental Security Income. The only entitlement program that has not been greatly expanded under Bush is Social Security.

Table 3			
Growth in Appropriations under Bush			
	1989(a)	1992(a)	Change (%)
Agriculture	\$ 46.6	\$ 52.5	12.7
Commerce/State	14.8	21.9	48.0
Defense	282.0	271.2	-3.8
Education	22.7	27.0	18.9
Energy	17.8	21.8	22.5
Foreign operations	14.3	14.0	-2.1
HUD/independent agencies	59.4	80.9	36.2
Interior	9.9	12.6	27.3
Labor/HHS(b)	117.7	192.0	63.1
Legislative branch	1.8	2.3	27.8
Military construction	8.8	8.6	-2.3
Transportation	10.8	14.3	32.4
Treasury	16.0	19.9	24.4

Sources: "Congress Cranks Out 13 Bills in Last 8 Days of Session," Congressional Quarterly, November 3, 1990, p. 3723; House Committee on Appropriations, "Actions on Appropriations for Fiscal Years 1991 and 1992, 102nd Congress, 1st Session," November 25, 1991.

a Billions of current dollars

b Excludes Social Security spending.

Figure 3

Real Entitlement Spending Increases under Bush, 1989-92

Sources: Budget of the United States for Fiscal Year 1991, Appendix 1, Part 2; Budget of the United States for Fiscal Year 1993, Appendix 1, Part 2.

(Graph Omitted)

Defenders of the Bush administration contend that it has little authority to limit expenditures on entitlements, since their benefit levels and eligibility requirements are established by law. Indeed, it is for that reason that entitlement spending is often wrongly described as "mandatory" and that its rate of growth is falsely labeled "uncontrollable." The truth is that entitlements are skyrocketing under Bush for three reasons. First, the recession--caused in large part by administrative and congressional policies[8]--is increasing the number of people served by those programs as more Americans lose their jobs and see their incomes decline.

Second, entitlements are growing because Bush and Congress have continually changed the laws to expand benefits and eligibility. The prime example is the lengthening of the duration of unemployment insurance benefits from 26 to 52 weeks, or more in some cases. Another example is the gradual expansion of Medicaid achieved by widening eligibility and by increasing the number of services for which the federal government reimburses the states. It is no accident that Medicaid is growing by more than 20 percent per year.

The third, and perhaps most important, reason for the entitlement explosion is that the 1990 budget agreement removed entitlements from the constraints of broad spending caps and made them immune to changes in the economy. Under the Gramm-Rudman-Hollings budget law, entitlements were de facto capped by overall deficit ceilings. In the GRH era, had entitlements grown and expanded as they are doing today, the increases would have forced massive reductions in almost every area of the budget--including defense and discretionary domestic programs--to meet the deficit ceilings. To avoid those painful cuts, Congress and Reagan did not allow entitlements to spiral out of control. In fact, in the GRH era, real entitlement spending grew by less than 1 percent per year, whereas it has been growing at a real rate of almost 8 percent since 1989.[9] That indicates that Congress and the president can control entitlements if they wish. But neither Bush nor the current Congress has any desire to do so.[10]

Reaganomics in Reverse

Bush's failure to restrain real domestic outlays is perhaps best highlighted by examining the budgets of 30 programs that Reagan had proposed terminating or substantially cutting in the early 1980s. Those programs were identified as the most ineffective, wasteful, outdated, and even in some cases counterproductive of the thousands of federal programs in the budget. Reagan failed to terminate any of them, but their budgets did shrink in the 1980s. As Table 4 shows, however, many low-priority programs are actually enjoying healthy budget increases under Bush; average real growth over the four-year period (1989-93) will be 44 percent, according to the Bush administration's January 1992 budget proposal. It is important to emphasize that in many cases Bush has requested the increases. Consider these examples:

* In 1989 the budget for Department of the Interior land acquisition was \$204 million. Bush is asking for \$222 million in 1993. With the federal government already owning close to one-third of the land in the United States, the government should be selling property, not purchasing it.

* Funding for adult and vocational education would rise from \$953 million in 1989 to \$1.18 billion in 1993 under Bush's latest budget proposal.

* Bush requests that \$473 million be spent on energy conservation in 1993, up from \$375 million in 1989, despite rapid

declines in oil prices in the last three years.

* Federal spending on family planning would surge from \$375 million in 1989 to \$483 million in 1993.

* The Corporation for Public Broadcasting will see its budget climb from \$261 million in 1989 to \$309 million next year, if the Bush administration has its way.

* Outlays for the Job Corps would balloon to \$898 million in 1993, up from \$840 million when Bush took office.

Clearly, if Bush cannot or will not cut spending on the most ineffective and indefensible programs, it should come as no surprise that he is incapable of restraining expenditures elsewhere in the budget.

**Table 3
Growth in Appropriations under Bush**

(Table Omitted)

Sources: Budget of the United States Government for Fiscal Year 1991, Appendix 1; Budget of the United States Government for Fiscal Year 1993, Appendix 1.

Note: Outlays in millions of 1992 dollars.

The Myth of Unmet Needs

The pro-spending constituencies in Washington continue to complain that there are high priorities that are not receiving adequate funding under Bush. For instance, in the wake of the Los Angeles rioting, the media have claimed that the war on poverty has been defunded, thus forcing angry urban citizens into the streets. On NBC Nightly News Lisa Myers expressed the notion that the Bush administration has been reluctant to fund vital social programs: "It was often said that Ronald Reagan's big budget cuts declared war on the poor. The most that can be said of George Bush is that he declared a cease-fire." [11] Items that allegedly fall into the category of "investments in the future" include infrastructure, education, children's programs, job training, and research and development. [12]

Table 5 The Myth of Unmet Spending Needs (Millions of 1992 Dollars)			
	1989	1992(est.)	Percentage Increase
AIDS Research	2,577	4,370	70
Airport Grants	1,283	1,560	22
Child Nutrition	5,176	6,110	18
Education	24,529	26,530	8
Environmental Protection Agency	5,573	5,950	7
Food Stamps	15,585	22,720	46
Head Start	1,396	2,200	58
Highways	15,335	16,990	11
National Institutes of Health	7,934	8,510	7
National Science Foundation	1,975	2,320	17
Subsidized Housing	14,200	15,040	6
Women, Infants, and Children Nutrition	2,202	2,620	19

Sources: Budget of the United States Government for Fiscal Year 1991, Appendix 1; Budget of the United States Government for Fiscal Year 1993, Appendix 1.

The truth, unfortunately, is that the Bush administration has enthusiastically supported virtually all the programs at the top of the left's spending wish list. Table 5 shows that the combined budget, after accounting for inflation, for 12 "high-priority" social welfare, health, education, and infrastructure programs is up almost \$20 billion, or 18 percent, under Bush. The figures in Table 5 would seem to contradict the conventional notion that problems with the infrastructure, education, and poverty in America today are the result of spending too little on them.

Who Is to Blame? Congress or Bush?

Apologists for the Bush administration maintain that the president is a victim of a spendthrift Congress, and few would argue that the 102nd Congress has not shown an almost unquenchable appetite for spending. The National Taxpayers Union recently reported that the current members of the 102nd Congress had proposed "\$22 of new spending for every \$1 of spending cuts." [13] Enacting all bills before the House would cost taxpayers \$793 billion.

But Bush has played a large part in the Washington spending epidemic. The U.S. Constitution gives the president an immensely powerful device for checking the congressional budget process: the veto power. [14] The veto is a blunt but effective instrument for blocking unnecessary spending. Many successful presidents have made liberal use of the veto over the years. Yet after three years Bush has not vetoed a single piece of legislation because he disagreed with the total spending required. [15] That would seem to be unimpeachable evidence that if Congress is spendthrift, so is George Bush.

Big spending increases for drug enforcement, space exploration, education, and transportation have been at Bush's insistence, not over his objections. Even after the huge across-the-board spending increases from 1989 to 1992, and despite the restraint supposedly required by the 1990 budget deal, Bush is still requesting 1993 spending increase of 15 percent for education, 16 percent for HUD, and 8 percent for HHS (see Table 6). That is the amount of money the Bush administration wants to spend, not the amount Congress is forcing it to spend.

Table 6			
Bush's Spending Requests for 1992 and 1993 (Billions of Current-Year Dollars)			
Agency	1992	1993(a)	Percentage Change
Defense	294.7	277.9	-5.7
Education	26.5	30.4	14.7
Health and Human Services	544.1	585.2	7.6
Housing and Urban Development	24.2	28.1	16.1
Justice	9.4	10.4	10.6
State	4.5	5.2	15.6
Treasury	11.6	12.9	11.2
Environmental Protection Agency	5.9	6.2	5.1

Source: Daniel Mitchell, "A Damning Record on Budgets," Wall Street Journal, February 10, 1992.

(a)Proposed.

Although the problem begins in the White House and at OMB, the hundreds of Bush political appointees running the bureaucracy are anything but frugal. Almost none of Bush's people are committed budget cutters. For example, a recent Washington Post editorial hailed Bush's appointments to the board of the Legal Services Corporation because "all have proved committed to the program and a majority support a [50 percent] funding increase." [16] Indeed, the Bush board members lobby actively for more LSC funding. Bush's agency heads throughout the government do the same. Bush's political appointees routinely ask the spending committees of Congress to provide their agencies with more money. Congress virtually always gladly complies.

The Bush Legacy: \$4 Trillion in Debt

When Bush approved the \$200 billion tax increase of 1990 he said he was doing so because the deficit and the national debt had become a cancer eating away at America's economic future. The irony is that no president in the last 40 years has run up debt at the pace Bush has. As Figure 4 shows, the national debt as a share of GDP will average 5.3 percent under Bush, far more red ink than under any president since Franklin D. Roosevelt.

Figure 4

Average Annual Budget Deficit by President

Source: "Historical Tables," Budget of the United States Government for Fiscal Year 1993: Supplement, Table 1.2.

(Graph Omitted)

Figure 5

Reemergence of Large Budget Deficits under Bush

Sources: CBO, "The 1990 Budget Agreement: An Interim Assessment," December 1990; and "Historical Tables," Budget of the United States Government for Fiscal Year 1993: Supplement, Table 1.2.

(Graph Omitted)

Contrary to conventional mythology, the massive build-up in deficits was both unexpected and avoidable. During Reagan's last four years the deficit was steadily declining. From 1983 through 1989 it fell from \$220 billion to \$150 billion. As a share of GDP, the decline was even more dramatic: from 6 to 3 percent (see Figure 5). No one expected or predicted a rise in the deficit. At the time of Bush's inauguration, January 1989, the CBO, rarely an economic optimist, predicted that the deficit would fall to \$135 billion, or about 2 percent of GDP, by 1992. Instead, the 1992 deficit will be \$400 billion and will approach 7 percent of GDP.

If Bush had not abandoned the Gramm-Rudman-Hollings deficit reduction act, the huge increase in debt would have been avoided. Figure 6 shows the folly of Bush's abandonment of that act. Instead of \$100 billion, the 1990 deficit was \$220 billion. Instead of \$64 billion, the 1991 deficit was \$270 billion. And instead of \$28 billion, the 1992 deficit will be \$400 billion.

Figure 6

Bush Budget Deficits Compared with Gramm-Rudman-Hollings Requirements

Sources: CBO, "The 1990 Budget Agreement: An Interim Assessment," December 1990; and "Historical Tables," Budget of the United States Government for Fiscal Year 1993: Supplement, Table 1.1.

(Graph Omitted)

Bush's veering off the Gramm-Rudman-Hollings deficit reduction track has resulted in a lot of red ink. The four-year difference between the Gramm-Rudman-Hollings deficit targets and the Bush deficits is \$1.04 trillion of additional federal debt.

Conclusion

The common complaint about George Bush is that he does not seem to believe in anything. That is untrue. If his record tells us anything, it is that he believes in spending money--and unfortunately he is very good at it.

Bush continues to perpetuate the fraud and fiction that his administration is serious about reducing the deficit and the size of government. Yet just six months ago he gleefully signed a \$160 billion budget-busting highway bill and proclaimed that it would create 4 million new jobs.[17] In January he announced that, as part of his Keynesian anti-

recession package, he was ordering the Small Business Administration and other domestic agencies to start spending and loaning money faster--as if they needed encouragement.

This is a president who attempts to justify tens of billions of dollars of increases in public works projects and welfare spending as pro-growth "investments in the future." This is a president who just last month unveiled a multibillion-dollar aid program for the former Soviet republics and a new education reform package that would offer Americans a \$25,000 line of credit with the federal government to finance college tuition and job training. Those are the proposals of a true believer in the efficacy of big government.

The facts are clear: unless, or until, George Bush's spending build-up is ended and then reversed, America will remain in great economic peril.

Notes

[1] John M. Berry, "Economists Urge Investing Stimulus," Washington Post, March 31, 1992, p. A-4.

[2] Unless otherwise noted, all of the budget numbers in this study come from Budget of the United States Government for Fiscal Year 1993 (Washington: U.S. Government Printing Office, 1992); and Budget of the United States Government for Fiscal Year 1993: Supplement (Washington: U.S. Government Printing Office, February 1992).

[3] Stephen Moore, "The Profligate President: A Midterm Report on Bush's Fiscal Policy," Cato Institute Policy Analysis no. 147, February 4, 1991.

[4] See, for example, "Director's Introduction (and Overview Tables)," Budget of the United States Government for Fiscal Year 1993.

[5] See Stephen Moore, "All Pain, No Gain," National Review, September 9, 1991, pp. 33-34.

[6] Scott Hodge, "What George Bush Is Not Being Told about Federal Spending," Heritage Foundation Backgrounder no. 886, March 4, 1992.

[7] These numbers exclude the cost of the savings-and-loan bailout.

[8] See, for example, William Dunkelberg and John Skorburg, "How Rising Tax Burdens Can Produce Recession," Cato Institute Policy Analysis no. 148, February 21, 1991; and Jonathan Rauch, "The Regulatory President," National Journal, November 30, 1991, pp. 2902-5.

[9] Daniel Mitchell, "Dick Darman's Spending Ways," New York Times, March 29, 1992, p. 13.

[10] This point was underscored in April 1992 when two-thirds of the Senate voted down an overall cap on entitlements for the next five years. The cap would have simply limited the total annual entitlement growth rate, excluding Social Security, to the rate of inflation, plus caseload growth, plus a two-percentage-point margin for error. Even if the amendment had passed, entitlements would still have been projected to grow by \$150 billion over the next five years. See Eric Pianin, "Senate Sidetracks Curb on Entitlement Funds," Washington Post, April 11, 1992, p. A11.

[11] Lisa Myers, NBC Nightly News, May 7, 1992; quoted in Notable Quotables, Media Research Center, May 25, 1992.

[12] Robert Reich, "A Budget Cure-All," New Republic, March 2, 1992, pp. 20-22.

[13] National Taxpayers Union, "The Congressional Budget Tracking System," Washington, 1992.

[14] For a review of president's use of the veto, see James Gattuso and Stephen Moore, "Reagan's Trump Card: The Veto," Heritage Foundation Backgrounder no. 198, March 1985.

[15] A review of Bush's veto record can be found in "Bush's Veto Record," Washington Post, January 21, 1992, p.

A21.

[16] "Help for Legal Services," Editorial, Washington Post, April 26, 1992, p. C-6.

[17] Bush's belief that government spending creates jobs was recently harpooned by Washington Post satirist Dave Barry, who wrote:

The transportation bill had more than \$5 billion worth of special local projects and favors attached to it by various congresspersons. But this is good, because these projects will CREATE JOBS. See, when the GOVERNMENT spends money, it creates jobs; when the money is left in the hands of TAXPAYERS, God only knows what they do with it. Bake it into pies, probably. Anything to avoid creating jobs.

Dave Barry, Washington Post Magazine, February 23, 1992, p. 36.