

Policy Analysis

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Routing

The Grand Old Spending Party How Republicans Became Big Spenders

by Stephen Slivinski

Executive Summary

President Bush has presided over the largest overall increase in inflation-adjusted federal spending since Lyndon B. Johnson. Even after excluding spending on defense and homeland security, Bush is still the biggest-spending president in 30 years. His 2006 budget doesn't cut enough spending to change his place in history, either.

Total government spending grew by 33 percent during Bush's first term. The federal budget as a share of the economy grew from 18.5 percent of GDP on Clinton's last day in office to 20.3 percent by the end of Bush's first term.

The Republican Congress has enthusiastically assisted the budget bloat. Inflation-adjusted spending on the combined budgets of the 101 largest programs they vowed to eliminate in 1995 has grown by 27 percent.

The GOP was once effective at controlling nondefense spending. The final nondefense budgets under Clinton were a combined \$57 billion smaller than what he proposed from 1996 to 2001. Under Bush, Congress passed budgets that spent a total of \$91 billion more than the president requested for domestic programs. Bush signed every one of those bills during his first term. Even if Congress passes Bush's new budget exactly as proposed, not a single cabinet-level agency will be smaller than when Bush assumed office.

Republicans could reform the budget rules that stack the deck in favor of more spending. Unfortunately, senior House Republicans are fighting the changes. The GOP establishment in Washington today has become a defender of big government.

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The Republicans in Congress and the White House have become defenders of big government.

Introduction

Once upon a time, the Republican Party frequently made the case for smaller government and occasionally backed up the rhetoric with action. Republicans won a historic electoral victory in 1994 partly by trumpeting their opposition to the big-spending congressional leadership and offering the alternative of balancing the budget by cutting spending. The first budget proposed by the GOP majority in 1995 eliminated three cabinet agencies and more than 200 federal programs.

Ten years later, the Republicans in Congress and the White House have become defenders of big government. They have presided over the largest increase in spending since the Great Society. As a reporter for the *Los Angeles Times* put it: “No longer are Republicans arguing with Democrats about whether government should be big or small. Instead they are at odds over what kind of big government the U.S. should have.”¹ A *Washington Post* headline read: “Blueprint Calls for Bigger, More Powerful Government.”² Former speaker of the House

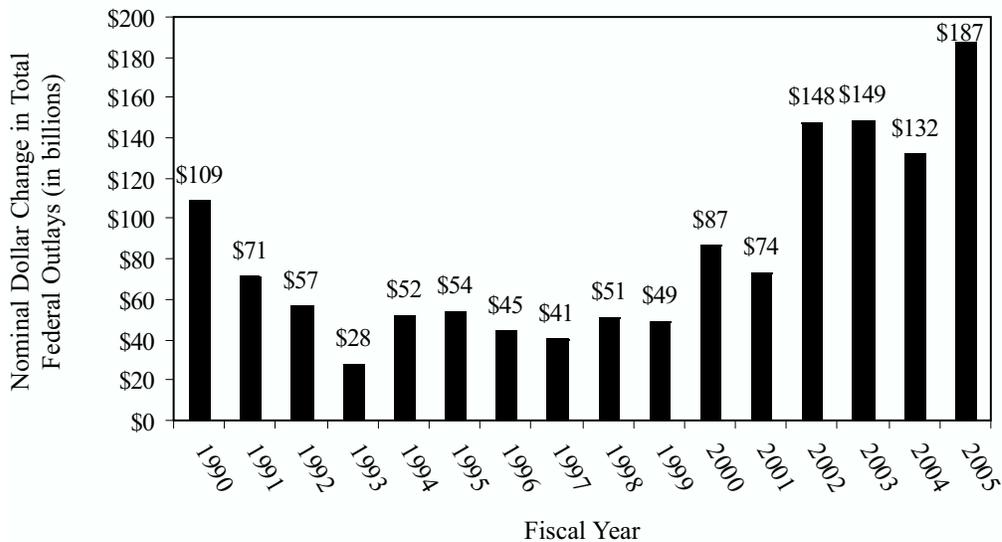
Newt Gingrich laments what has happened in the past 10 years: “Republicans have lost their way,” he says.³ Most of that reversal occurred during the first term of President George W. Bush.

Government spending has grown from \$1.86 trillion to \$2.48 trillion—up 33 percent since 2001. As shown in Figure 1, the total dollar increases in the federal budget have grown dramatically since Bush assumed office. Total growth in the federal budget in his first term equaled \$616.4 billion.

Some of that increased expenditure was a result of the wars in Iraq and Afghanistan as well as homeland security measures. But nondefense spending has gone up dramatically as well: since Bush took office, domestic spending has shot up by 36 percent.⁴

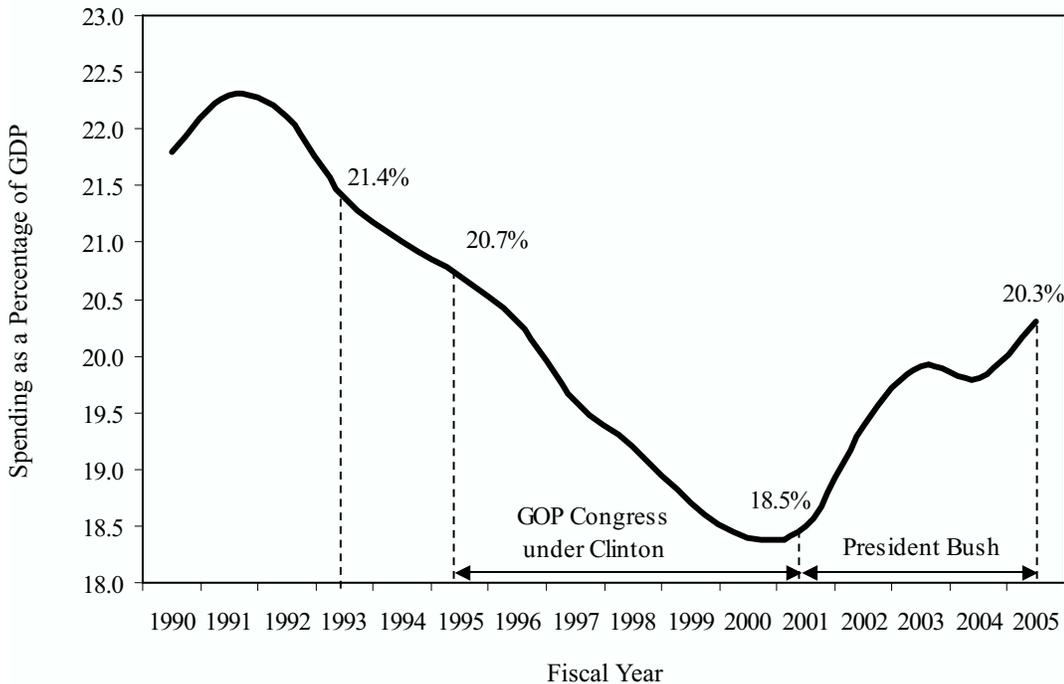
Figure 2 shows how big the federal budget has grown in relation to the economy (measured by gross domestic product). By the end of the Clinton administration, federal outlays equaled 18.5 percent of GDP. That was down from 21.4 percent when Clinton was inaugurated. The strong reversal of the downward

Figure 1
The Growth of Federal Government, 1990–2005



Source: Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2006*, Table 8.1, p. 125.

Figure 2
The Federal Budget as a Percentage of GDP



Source: Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2006*, Table 8.4, p. 128.

trend began when President Bush took office. Bush and the Republican Congress managed to expand government spending to 20.3 percent of GDP.

The story of the growth of government under GOP control is still being written. However, the actions of President Bush and Republican congressional leaders do not reflect a political party that is at all serious about making government smaller.

Ranking the Presidents

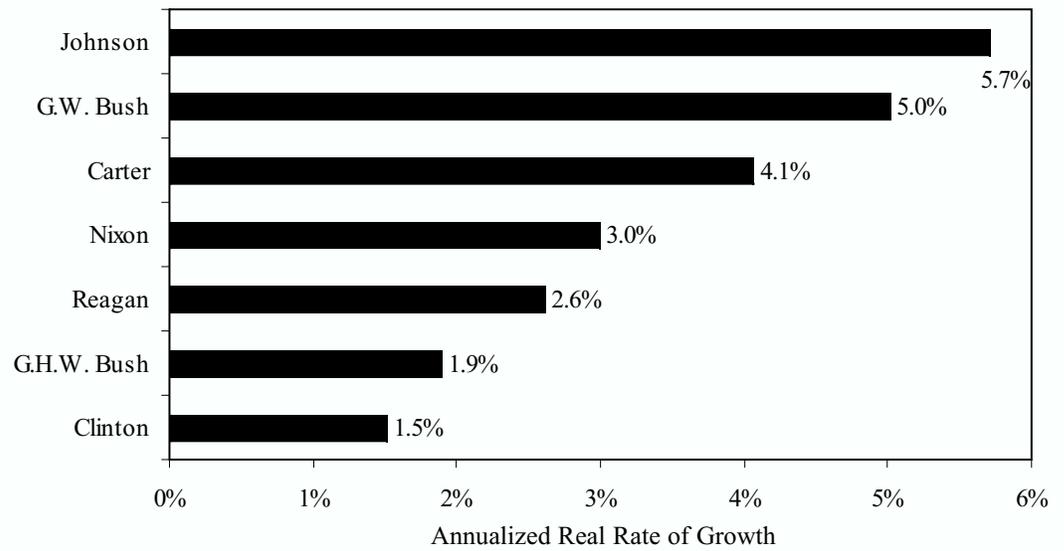
When discussing how fast the federal government has grown during the presidency of George W. Bush, it's important to put things in historical context. Figure 3 ranks the presidents over the past 40 years in terms of annualized growth in inflation-adjusted total federal outlays. By that standard, George W. Bush is the biggest-spending pres-

ident since Lyndon B. Johnson.⁵

That ranking is interesting for at least two reasons. First, the calculation includes spending on Medicare, one of the most expensive entitlement programs in American history. Figure 3 charts budget growth only during each year of Bush's first term in office (i.e., through fiscal year 2005), so it does not include the full impact of increased spending that will start in fiscal 2006 as a result of the president's prescription drug benefit, the largest expansion of Medicare since its inception. The drug benefit is expected to cost more than \$720 billion over 10 years and far more in subsequent years.⁶ In fact, spending on Medicare jumps by 17 percent for fiscal 2006 in Bush's new budget, one of the largest spending increases in the program since 1982.⁷ The Congressional Budget Office estimates that net spending on the drug benefit will rise from \$2 billion in 2005 to \$32.8 billion in 2006.⁸

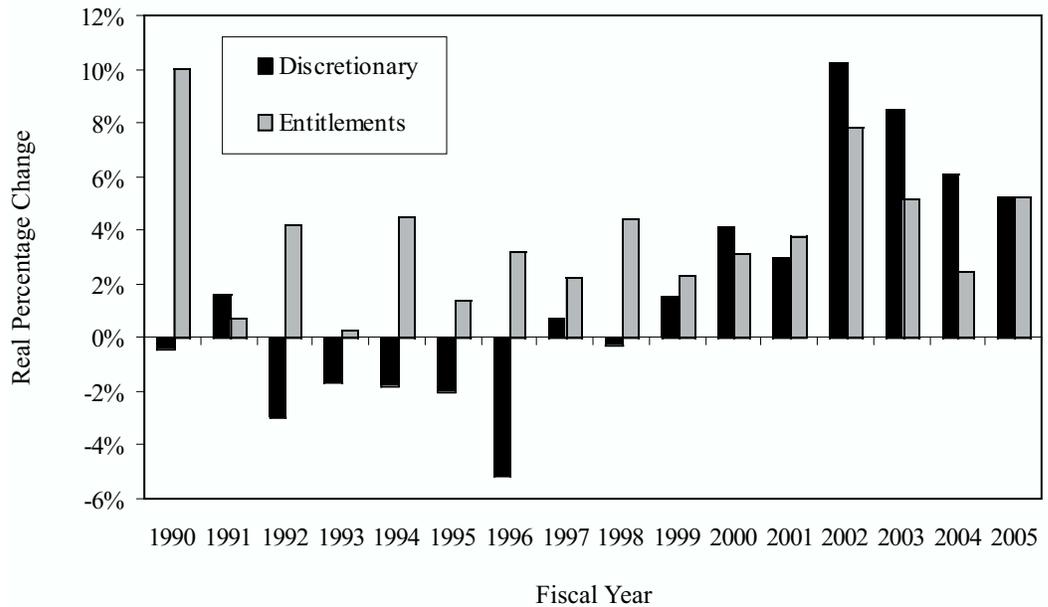
George W. Bush is the biggest-spending president since Lyndon B. Johnson.

Figure 3
Real Annual Growth Rate of Total Government Outlays by President



Source: Author's calculations based on data from Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2006*, Table 1.3, p. 25.

Figure 4
Real Annual Growth in Discretionary and Entitlement Spending



Source: Author's calculations based on data from Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2006*, Table 8.2, p. 126.

Second, Bush has signed into law only four budgets so far, whereas Lyndon Johnson signed five into law during his presidency. In other words, Bush and a Republican Congress have expanded the federal government almost as fast as did Johnson and a Democratic Congress—and in less time.

Bush's new budget does not do much to help his average ranking, either. As will be discussed later, Bush's 2006 budget still expands overall government spending by 3.5 percent. Although that is a slower rate of spending growth than the rates of his previous budgets, it comes on top of a 33 percent increase over four years. At best—assuming Congress rubber-stamps his budget, which is hardly a foregone conclusion—Bush's annualized rate of real government growth will shrink only to 4.3 percent, which still ranks him second only to LBJ.

Has Entitlement Spending Driven the Budget Growth?

Discretionary spending—on the programs that Congress and the president haggle over every year, such as education, energy, hous-

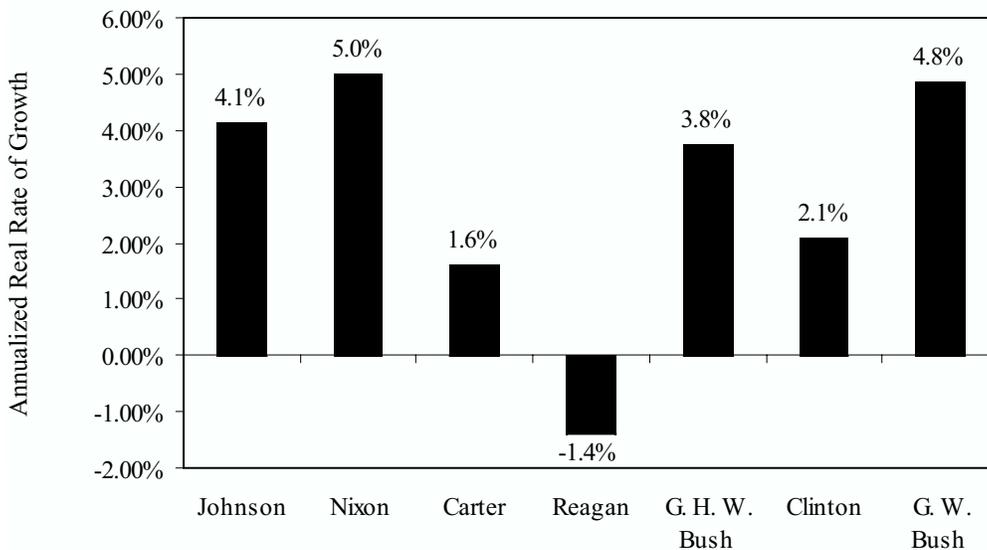
ing, commerce, and defense programs—has been growing the fastest under Bush. This category excludes spending on programs called “entitlements,” such as Social Security and Medicare, as well as food stamps, most welfare programs, and interest payments on the national debt.

The trend of years past when entitlement spending was the driver of budget growth has been reversed under Bush. As seen in Figure 4, growth of discretionary spending (which includes defense spending) has outstripped growth of entitlement spending in three of the past four years.

Some analysts have argued that overall federal spending should be expected to rise during an economic recession. As the Center for Budget and Policy Priorities has suggested, “More people lose their jobs and qualify for [federal] assistance.”⁹ Some of that assistance comes through entitlement programs, and, as seen in Figure 4, that spending has clearly grown substantially more slowly during the past few years than has discretionary spending. That was not the case during the last recession of the early 1990s.

When all spending on defense, homeland security, and entitlement programs is stripped away, Bush actually outspends Johnson.

Figure 5
Real Annual Growth Rate of Nondefense and Non-Homeland-Security Outlays by President



Source: Author's calculations based on data from Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2006*, Table 8.1, p. 125, and Table 4.1, pp. 71–76.

**Defense and
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Even the 2005 growth rate of 5 percent is higher than that of any other year since 1985. The first two years of Bush's first term produced the biggest increases in discretionary spending since Lyndon Johnson.

Is Defense Spending the Main Culprit?

Members of President Bush's staff argue that much of the growth in discretionary spending is essential to defending the United States against the threat of terrorism here and abroad. For instance, Joshua Bolten, head of the White House Office of Management and Budget, wrote in the *Wall Street Journal*, "Most critics of the president's fiscal record begin by saying they support the additional spending that has been necessary to respond to 9/11 and the global war on terror, but they then proceed to complain about spending levels that are largely made up of those costs."¹⁰

Critics of the White House make that claim, too. The Center for Budget and Policy Priorities suggests that "the spending growth to date that has resulted from actions policymakers have taken in the past few years has been concentrated primarily in the defense, homeland security, and international affairs areas."¹¹ It is true that the terrorist attacks of September 11, 2001, made anti-terror spending a budget priority over the past four years. But dissecting the numbers further shows that Bush doesn't fare any better when defense and homeland security are taken out of the equation.

Figure 5 shows the annual growth rate for each president for only real domestic discretionary spending—that is, when all spending on defense, homeland security, and entitlement programs is stripped away and the remainder is adjusted for inflation. This calculation uses the White House's own estimation of how much each president spent on what is broadly defined as "homeland security."¹² This calculation also includes the supplemental request the White House sent to Congress in February 2005 but excludes the foreign aid spending requested for nations hit by the Indian Ocean tsunami.¹³ By this standard, Bush actually outspends Johnson

and ranks second only to Richard Nixon.

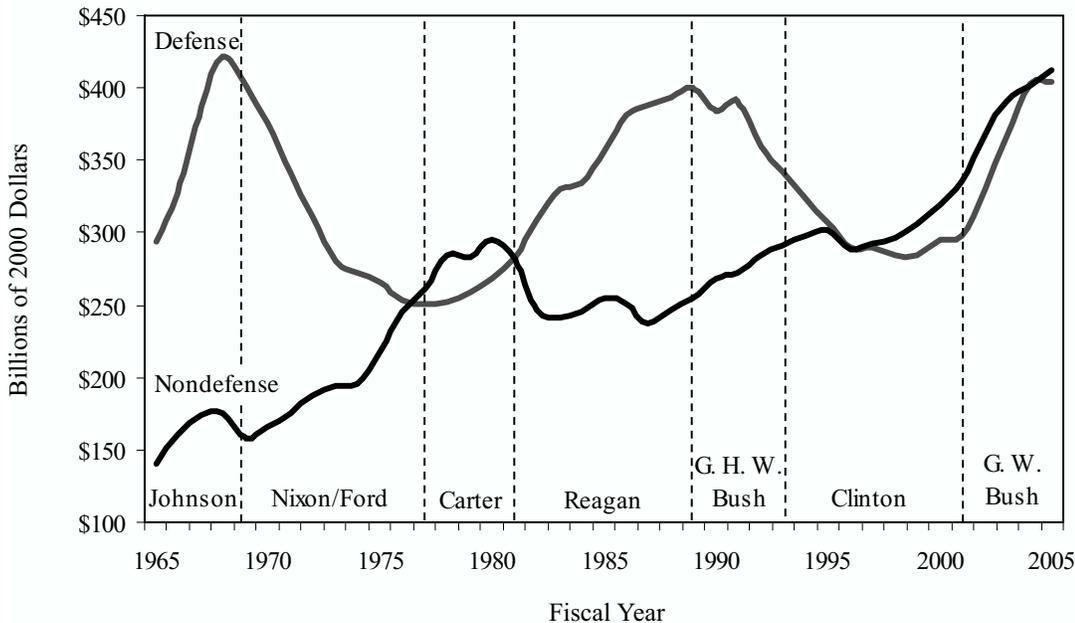
Johnson's annualized rate of growth is smaller here than in Figure 3 mainly because he managed to cut inflation-adjusted nondefense spending in his final year in office. Nixon's rate of growth rises because nondefense spending (fueled primarily by the scaling back in military spending after the U.S. withdrawal from Vietnam) grew as a share of the budget during his presidency. When defense and homeland security spending are excluded, George W. Bush's annualized rate of budget growth falls, but only by 0.2 percentage points. Simply put, defense and homeland security spending is not driving the overall Bush budget bloat.

What Happens When Unemployment Compensation Is Excluded?

Let's return to the Center for Budget and Policy Priorities analysis that suggested that the increase in domestic spending is being spurred by benefits that should be expected to increase during economic downturns. The CBPP analysts note: "[T]he portrayal of domestic spending as experiencing mushrooming growth is misleading, because it is presented without explanation that recessions virtually always trigger a temporary increase in the rate of spending growth. . . . Domestic spending rises during economic downturns because expenditures for unemployment insurance and other benefit programs increase, as people lose their jobs and employer-based health insurance and become eligible for various benefit programs."¹⁴

Comparing growth rates of jobless benefits in the early 1990s and in the last recession shows that such programs cannot explain the growth in the domestic budget. Unemployment benefits grew at about the same annual rate during the last recession (3.5 percent) as they did during the recession of the early 1990s (3.6 percent) even after including the federally funded 13-week extension of benefits President Bush signed into law in March 2002.¹⁵ In fact, the budget for jobless benefits began to decline in George W. Bush's second year in office. Stripping away that spending

Figure 6
Guns versus Butter



Source: Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2006*, Table 8.2, p. 126.

from the nondefense, non-homeland-security baseline in Figure 5 reveals that George W. Bush is spending money on domestic programs at a faster clip (a 5 percent annual rate) than did George H. W. Bush (a 1.64 percent annual rate).¹⁶ Actually, much of George H. W. Bush's spending increases can be accounted for by increases in jobless benefits, but the same cannot be said for George W. Bush.

Bush's Guns-and-Butter Years

Throughout the past 40 years, most presidents have cut or restrained lower-priority spending to make room for higher-priority spending. What is driving George W. Bush's budget bloat is a reversal of that trend.

Once entitlement spending is taken off the table, presidents have two choices about where to allocate money in the budget. As budget watchers used to say, the federal gov-

ernment can either buy guns (by funding defense programs) or butter (by funding nondefense programs). The budget trends for defense and nondefense programs under each president can be seen in Figure 6. George W. Bush has promised spending on guns and butter simultaneously, reversing a trend that has been the norm for most presidents over the past four decades.

During the Cold War, presidents such as Ronald Reagan who wanted to increase spending on defense made room for it by cutting nondefense spending (or at least by spending money on nondefense at a rate lower than inflation). Presidents who were in office after the end of a war decreased defense spending in response to military demobilization and increased nondefense spending, as did Richard Nixon after the Vietnam War. Only two Cold War presidents after 1964, Johnson and Carter, presided over real increases in both the defense and the nondefense budgets.

After the end of the Cold War, presidents

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Inflation-adjusted nondefense spending has grown by a total of 23 percent between fiscal 2001 and 2005. That's faster than the growth over Clinton's entire presidency.

found savings in the defense budget as a result of military demobilization after the collapse of the Soviet Union. That "peace dividend" fueled increases in nondefense programs. That trend is evident under George W. H. Bush. Although defense spending did begin to grow during the latter half of the Clinton administration (primarily due to pressure from the Republican majority in Congress), the defense budget was still smaller in real terms at the end of the Clinton presidency than at the beginning.¹⁷ It was nondefense spending that grew substantially—by a total of 15 percent during his presidency.

George W. Bush's tenure, however, is a return to the Johnson and Carter philosophy of budgeting: across-the-board increases in defense as well as nondefense spending, and at astonishing rates. Inflation-adjusted defense spending is higher today (\$402.6 billion) than it was at the high point of Reagan's defense buildup (\$399.6 billion) and rivals Johnson's largest Vietnam War defense budget (\$421.3 billion). If the supplemental request for 2005 is included, the real defense budget will equal \$433 billion, dwarfing Johnson's largest Vietnam War budget in 1968.

Budgets for domestic programs have ballooned under Bush as well. Inflation-adjusted nondefense spending has grown by a total of 23 percent between fiscal 2001 and 2005. That's faster than the growth over Clinton's entire presidency.

Supporters of President Bush might argue that these defense increases are needed to address a threat that no previous president has faced. However, the threat to U.S. security posed by terrorism does not mean lower-priority spending in nondefense programs cannot be cut to make room for increases in defense-related programs.

In addition, saying that the United States needs to fight a war on terrorism does not justify large net increases in the overall defense budget. The Congressional Budget Office estimates that the cost of fighting the "war on terrorism" (which includes money spent on the invasion, occupation, and rebuilding of Iraq) has been \$197.4 billion over the past four fis-

cal years (2001–04).¹⁸ Even if one assumes that the cost of the invasion of Iraq should be included in a definition of spending for the war on terrorism, and even after including the White House's recent supplemental spending request (which earmarks \$35 billion for fiscal 05), spending on the war on terrorism broadly defined amounts to an average of \$46.5 billion each year.¹⁹ As a percentage of the overall defense budget, spending on the war on terrorism as calculated by the CBO amounts to only 16 percent of combined defense spending for those years.²⁰

There are very likely plenty of savings in the remaining 84 percent of the defense budget to offset increases in spending justified by the war on terrorism. For instance, \$12 billion can be saved immediately by simply getting rid of unneeded weapons systems such as the F-22 Raptor, the F/A-18 E/F Super Hornet, the V-22 Osprey, and the Virginia-class attack submarine.²¹ The cumulative future savings from getting rid of those programs permanently would amount to \$170 billion.²²

The Republicans Reverse the Revolution

President Bush has not been alone in the spending binge. The Republican-controlled Congress has been fully complicit and indeed bears much of the blame since it controls the purse strings. In fact, the budget discipline that was the hallmark of the early years of the Republican majority in Congress was overturned before Bush was even elected. Instead of trying to reverse that trend during his first term, Bush presided over further budget bloat.

On May 18, 1995, the House passed a budget plan that called for the elimination of more than 200 government programs, including the abolition of three entire cabinet agencies: the Departments of Commerce, Education, and Energy.²³ Most of the programs on the GOP hit list were small and fiscally inconsequential, but there were scores of programs with budgets of more than \$10 million targeted for termination. The list included programs ranging from

the Low Income Home Energy Assistance program—a relic of the 1970s’ energy crisis—to transit subsidies, the National Endowment for the Arts, the Corporation for Public Broadcasting, and bilingual education. Some federal operations were to be privatized (Amtrak and the Power Marketing Administrations, for example), and others were to be devolved entirely to states and localities.

Within the first few years, the Republican majority made impressive progress in downsizing the federal government. Almost 200 programs were eliminated between fiscal 1995 and fiscal 1997.²⁴ Real nondefense spending declined for the first time since Ronald Reagan was in office, from \$302 billion in fiscal 1995 to \$288.5 in fiscal 1996.²⁵ But in fiscal 1997 nondefense spending began to creep up again, and two years later the inflation-adjusted budget for nondefense programs (\$306 billion) was above what it had been when the Republicans gained the majority.²⁶

Unfortunately, the Republican Revolution failed to keep those government programs from rising from the dead. Table 1 shows the inflation-adjusted budget trends from 1995 to 2005 of 101 of the largest domestic programs that Republicans originally slated for elimination. Nineteen of those programs have been zeroed out altogether. Some programs have been reduced. A majority of those programs, however, are thriving, and the increases overwhelmed the cuts and terminations. Aggregate real expenditures for all 101 programs grew 11 percent by the time Clinton left office.

What’s even more remarkable is that overall inflation-adjusted spending for those programs grew by another 14 percent during President Bush’s first term. In fact, it took less time for President Bush and a Republican Congress to expand the aggregate budget for those programs by 14 percent (four years) than it did for a Republican Congress and President Clinton to expand them by 11 percent (five years). The overall growth in those programs is a grand total of 27 percent between 1995 and 2005. It seems that being targeted for elimination by the Republicans turns out to be a pretty good guarantee of eternal life.

Some programs that were the darlings of President Clinton have survived and even prospered. Other programs that have long been the target of budget cutters have received generous increases under the Republicans. For example:

- The inflation-adjusted budget for the Corporation for National and Community Service, which includes funding for the Clinton pet project Americorps, grew by 76 percent between 1995 and 2005.
- The Commerce Department’s Manufacturing Extension Partnership—which uses taxpayer money to provide grants to dozens of “extension centers” to assist manufacturing firms in making use of modern manufacturing technology, and is often considered a “corporate welfare” program—has more than doubled in size over the same period.
- The Clean Coal Technology program, another corporate welfare program the roots of which go back to the misguided Carter-era energy policies, subsidizes energy companies to research cleaner-burning coal.²⁷ No new projects were authorized after the Republicans took over Congress, and the program was in the process of being phased out when President Bush resurrected it in 2001. Now the program is more than twice as big in real terms as it was in 1995.
- The Trade Adjustment Assistance program, which pays for job training for those who are “displaced” as a result of free trade, has almost quadrupled in size.

The best example of how far the Republican budget revolution has strayed is the Department of Education budget. As Major Garrett of Fox News writes in his book on the history of the Republican Revolution:

The story of the education revolution is a three-part story: the utter failure of grand proclamations about destroying the federal education bureaucracy;

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Table 1
The Fate of the Republican Revolution Budget Cuts (outlays in millions of 2000 dollars)

	1995	2001	2005	% Change, 1995–2001	% Change, 2001–2005	Total % Change
Agencies, Boards, Commissions, and Authorities (10 programs)						
Aid to East Europe and Baltic States (A.I.D.)	364	385	364	6%	-5%	0%
Appalachian Regional Commission	207	92	67	-56%	-27%	-68%
Corporation for National and Community Service	467	742	824	59%	11%	76%
Corporation for Public Broadcasting	314	352	416	12%	18%	33%
East-West Center	27	16	17	-43%	8%	-38%
Federal Maritime Commission	21	16	17	-25%	8%	-19%
Interstate Commerce Commission	16	0	0	-100%	-100%	-100%
Legal Services Corporation	470	312	295	-34%	-5%	-37%
National Endowment for the Arts	193	103	108	-47%	5%	-44%
National Endowment for the Humanities	197	118	119	-40%	0%	-40%
Subtotal	2,277	2,134	2,226	-6%	4%	-2%
Department of Commerce (7 programs)						
Advanced Technology Program	408	173	129	-58%	-26%	-68%
Economic Development Administration	388	350	350	-10%	0%	-10%
Information Infrastructure Grants	12	18	23	46%	32%	92%
International Trade Administration	302	320	330	6%	3%	9%
Manufacturing Extension Partnership	44	104	104	136%	1%	138%
Minority Business Development Agency	48	23	21	-51%	-12%	-57%
U.S. Travel and Tourism Administration	15	0	0	-100%	-100%	-100%
Subtotal	1,217	988	957	-19%	-3%	-21%
Department of Education (34 programs)						
21st Century Community Learning Centers	1	826	894	75276%	8%	>80,000%
Adult Education—State Grants	276	526	537	90%	2%	94%
Aid for Institutional Development—Strengthening Institutions	88	71	72	-19%	1%	-18%
Arts in Education	12	27	32	127%	17%	166%
Bilingual & Immigrant Education/English Language Acquisition	247	401	576	62%	44%	133%
Byrd Scholarships	32	40	37	26%	-9%	15%
Charter Schools Grants	7	186	194	2721%	4%	2843%
Douglas Teachers Scholarship	16	0	0	-100%	-100%	-100%
Dropout Prevention Programs	31	0	4	-100%	-100%	-85%
Education for Native Hawaiians	10	27	30	177%	11%	207%
Education for the Disadvantaged Grants	7,434	8,452	13,349	14%	58%	80%
Education for Homeless Children and Youth	31	34	54	11%	57%	74%
Education Infrastructure	110	0	0	-100%	-100%	-100%
Eisenhower Professional Development National Program	23	44	0	91%	-100%	-100%
Eisenhower Regional Consortium	16	15	0	-11%	-100%	-100%
Federal Perkins Loans	205	157	150	-23%	-5%	-27%
Federal TRIO Programs	508	713	747	40%	5%	47%
Goals 2000	253	45	0	-82%	-100%	-100%
Harris Scholarships	22	0	0	-100%	-100%	-100%
Howard University Academic Program	172	194	189	13%	-3%	10%
Howard University Hospital	32	29	27	-8%	-9%	-16%
Impact Aid Payments for Federal Property	18	40	55	128%	38%	215%
Inexpensive Book Distribution	11	22	22	105%	-1%	103%

	1995	2001	2005	% Change, 1995–2001	% Change, 2001–2005	Total % Change
Library Literacy Programs	9	0	36	-100%	-100%	307%
Law School Clinical Experience	16	0	0	-100%	-100%	-100%
National Writing Project	3	14	18	316%	30%	443%
Ready to Learn Television	8	16	21	104%	31%	167%
Safe & Drug Free Schools—National Programs	27	200	209	631%	4%	662%
School-to-Work Opportunities Programs	69	29	0	-58%	-100%	-100%
Special Education—Parent Training/Information Centers	15	25	23	65%	-9%	51%
Special Education—Personnel Development/Preparation	100	80	81	-20%	1%	-19%
Star Schools	27	58	19	110%	-67%	-32%
Training and Advisory Services	23	7	6	-70%	-9%	-73%
Vocational Education—State Programs	1,073	1,102	1,067	3%	-3%	-1%
Subtotal	10,925	13,381	18,449	22%	38%	69%
Department of Energy (6 programs)						
Clean Coal Technology	316	95	712	-70%	651%	126%
In-House Energy Management Program	36	0	0	-100%	-100%	-100%
Gas Turbine Modular Helium Reactor	23	0	0	-100%	-100%	-100%
Power Marketing Administration subsidies:						
Southeastern PMA	25	6	4	-77%	-24%	-82%
Southwestern PMA	38	28	26	-26%	-9%	-33%
Western PMA	313	104	156	-67%	51%	-50%
Subtotal	751	233	899	-69%	286%	20%
Department of Health and Human Services (8 programs)						
Abandoned Infant Assistance	15	12	11	-24%	-9%	-30%
Adoption Assistance	476	1,123	1,520	136%	35%	219%
Adoption Opportunities Program	14	26	24	85%	-9%	69%
Agency for Health Care Policy & Research	146	89	62	-39%	-31%	-58%
Community Based Resource Centers	34	32	38	-5%	19%	13%
Foster Care Payments to States	3,179	4,198	4,129	32%	-2%	30%
Independent Living	77	137	125	78%	-9%	63%
Low Income Home Energy Assistance	1,556	2,111	1,887	36%	-11%	21%
Subtotal	5,497	7,728	7,796	41%	1%	42%
Department of Housing and Urban Development (14 programs)						
Community Development Block Grants	4,751	4,825	4,795	2%	-1%	1%
Enterprise Zone Homes	55	0	0	-100%	-100%	-100%
HOME Investment Partnerships	1,293	1,391	1,472	8%	6%	14%
Homeless Assistance Grants*	274	943	1,165	244%	24%	325%
HOPE Grants	27	21	0	-25%	-100%	-100%
Housing Opportunities for People with AIDS	204	235	254	15%	8%	25%
Housing for the Elderly and Disabled	1,460	756	980	-48%	30%	-33%
Lead Paint Abatement	174	83	101	-52%	21%	-42%
National Homeownership Trust Demonstration	55	0	0	-100%	-100%	-100%
Subtotal	8,293	8,254	8,768	0%	6%	6%

continued

Table 1 *continued*

	1995	2001	2005	% Change, 1995–2001	% Change, 2001–2005	Total % Change
Department of the Interior (3 programs)						
Bureau of Mines	33	0	0	-100%	-100%	-100%
Helium Fund	19	0	0	-100%	-100%	-100%
Land Acquisitions	213	260	125	22%	-52%	-41%
Subtotal	264	260	125	-2%	-52%	-53%
Department of Labor (9 programs)						
Community Service Employment for Older Americans	451	433	389	-4%	-10%	-14%
Employment Services (State Grants)	914	766	698	-16%	-9%	-24%
One-stop Career Centers	111	147	89	32%	-39%	-19%
Job Training Partnership Act/Workforce Investment Act						
Adult Employment and Training	1,093	930	795	-15%	-15%	-27%
Dislocated Worker Assistance	1,320	1,577	1,338	19%	-15%	1%
Youth Programs/Summer Jobs Programs	2,185	2,702	2,386	24%	-12%	9%
Native American Employment and Training	55	59	47	7%	-19%	-14%
Migrant and Seasonal Farm Workers	71	40	68	-44%	69%	-5%
Trade Adjustment Assistance	248	391	785	58%	101%	217%
Subtotal	6,448	7,044	6,596	9%	-6%	2%
Department of Transportation (9 programs)						
Amtrak (subsidies)	806	540	1,124	-33%	108%	39%
FAA Traffic Management System	16	0	0	-100%	-100%	-100%
Essential Air Services	30	48	66	62%	38%	123%
Federal Transit Administration	4,864	6,861	7,150	41%	4%	47%
Highway Demonstration Projects	1,192	156	99	-87%	-37%	-92%
Intelligent Transportation System	157	168	207	7%	23%	32%
Local Rail Freight Assistance	18	0	0	-100%	-100%	-100%
Maritime Administration	490	273	367	-44%	35%	-25%
Next Generation High Speed Rail	3	20	20	494%	0%	497%
Subtotal	7,575	8,066	9,032	6%	12%	19%
Department of the Treasury (1 program)						
Community Development Financial Institutions	137	105	51	-24%	-51%	-63%
Total	43,386	48,191	54,897	11%	14%	27%

Sources: Author's calculations based on list of proposed program terminations from the House Budget Committee as printed in the *Wall Street Journal*, June 15, 1995, p. A14; Office of Management and Budget, *Budget of the United States Government, Fiscal Year 1997* (Washington: Government Printing Office, 1996); Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2003* (Washington: Government Printing Office, 2002); and Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2006* (Washington: Government Printing Office, 2005).

* Includes six programs: Emergency Shelter Grants, Supportive Housing, Supplemental Assistance to Facilities to Assist the Homeless, Shelter Plus Care, Section 8 Moderate Rehabilitation Single Room Occupancy, and Innovative Homeless Initiatives Demonstration.

capitulation to Clinton stand-patism (Clinton brought few policy initiatives to education); and finally, a reluctant embrace of an intrusive federal mandate [the No Child Left Behind Act] tied to the largest increases in federal education spending in history. There is no part of domestic policy on which congressional Republicans have ended up farther away from where they started. None.²⁸

Table 1 shows major increases in particular education programs. The two largest increases between 1995 and 2005 occurred in programs that were created during the Clinton administration:

- the 21st Century Learning Center program, which provides funding for after-school programs that emphasize reading and math instruction as well as recreational activities, received more than an 800-fold increase; and
- charter schools grants, which help fund the creation of charter schools in the states, grew by 27 times the amount originally budgeted.

Most of the increases in the overall budgets of all of the education programs that were originally on the Republican chopping block occurred on President Bush's watch. The growth in the total inflation-adjusted budgets of those programs was 22 percent between 1995 and 2001, but it shot up by 38 percent between 2001 and 2005. Overall, those programs grew by 69 percent during 10 years of Republican rule in Congress.

The Price of United Government

Spending growth picked up steam much more quickly once Republicans gained control of the White House as well as Congress. One explanation of why that happened boils down to this: divided government—that is,

when at least one house of Congress is controlled by a party other than the party of the president—tends to keep spending under control. As economist William Niskanen has pointed out, “The rate of growth in real (inflation-adjusted) federal spending is usually lower with divided government.”²⁹ He goes on to note, “The only two long periods of fiscal restraint [in the post-World War II period] were the Eisenhower administration and the Clinton administration, during both of which the opposition party controlled Congress.”³⁰

When a Republican-controlled Congress was facing the big-spending tendencies of a Democratic White House, they were more apt to fight to keep spending under control. When Republicans took control of both ends of Pennsylvania Avenue, however, the story changed. As journalist Jonathan Rauch writes: “For Republicans, governing now meant working as a team against the Democrats. Congressional Republicans and the White House egged each other on instead of reining each other in.”³¹

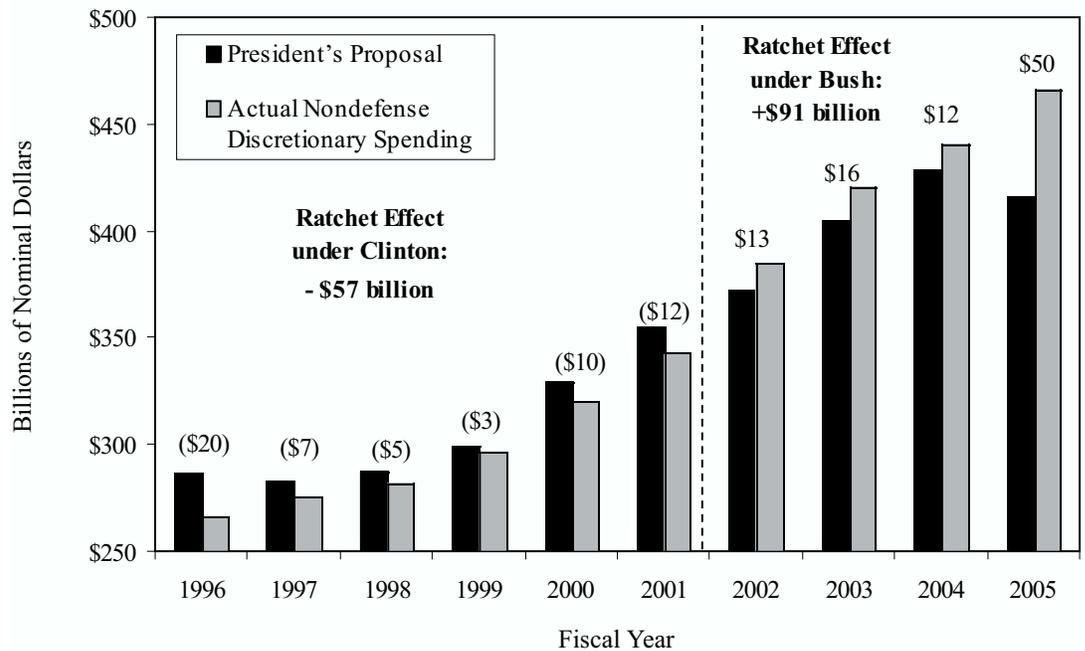
That trend has been exacerbated by President Bush's refusal to veto a single bill during his first term. Once the president proposes a budget, Congress often adds more money to the spending request and treats the proposed spending limits as a floor, not a ceiling. The main check the president has on such behavior is his veto power. However, President Bush has chosen not to exercise that power. As a result, government has grown far faster than even he recommended in his already-extravagant budgets of years past.

That ratchet effect can be measured by how much more expensive the final budgets actually are in relation to what they would have cost if Congress had simply rubber-stamped the president's budget. The results of that analysis are shown in Figure 7. The difference between the president's nondefense budget proposal and the final nondefense budget outlay is noted above each set of bars in the figure.

During the years of divided government under Clinton, the ratchet effect was down-

Spending growth picked up steam much more quickly once Republicans gained control of the White House as well as Congress.

Figure 7
The Costs of United Government



Source: Author's calculations based on data from Office of Management and Budget, *Budget of the United States Government*, various years.

United government under Republicans has ratcheted up the budget for domestic programs considerably.

ward: the Republican Congress was able to keep Clinton's domestic spending on a relatively short leash. Although spending on defense programs did grow during this time—primarily as a result of the GOP leadership trading off more nondefense spending for approval from the president of more defense spending—nondefense programs did not grow by as much as Clinton wanted.³² In total, the difference between President Clinton's nondefense budget requests and the final outcome for fiscal years 1996 to 2001 was -\$57 billion.

Contrast that with the outcomes under President Bush. United government under Republicans has ratcheted up the budget for domestic programs considerably. Between fiscal years 2002 and 2005 Congress passed, and Bush signed into law, nondefense budgets that were a total of \$91 billion more than the president proposed. Even if you subtract

the budgets for fiscal 2002 and 2003—passed when Democrats had control of the Senate as a result of Sen. Jim Jeffords of Vermont leaving the Republican Party in May 2001—united Republican government still cost taxpayers a total of \$62 billion more during fiscal years 2004 and 2005.

Bush's 2006 Budget: Too Little, Too Late

When President Bush released his 2006 budget in February 2005, the media were replete with stories about the supposedly austere spending plan. The front-page story of the *Washington Post* the day after the budget was released proclaimed that the budget found savings by "squeezing government programs at home" and that it contained "the deepest domestic reductions proposed

Table 2
Real Annual Growth in Selected Agencies by President

Agency/Function	Johnson	Nixon	Carter	Reagan	G. H. W. Bush	Clinton	G. W. Bush (through '05)	G. W. Bush (through '06)
Agriculture	-0.80%	4.23%	6.68%	-1.80%	3.73%	-0.88%	6.65%	4.80%
Commerce	-5.73%	3.62%	-4.57%	-2.25%	-0.90%	5.60%	3.81%	3.35%
Education	28.70%	4.23%	9.04%	-0.75%	5.59%	0.30%	16.48%	10.34%
Energy	-5.44%	-0.99%	14.03%	-4.01%	7.15%	-2.26%	5.90%	4.09%
HHS	23.55%	7.32%	5.99%	4.35%	10.18%	4.76%	6.23%	6.54%
HUD	53.10%	39.44%	16.79%	-0.20%	3.20%	1.91%	3.86%	1.48%
Interior	4.12%	6.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Justice	5.78%	21.86%	-5.50%	6.14%	12.36%	6.87%	1.22%	2.60%
Labor	0.74%	20.85%	-0.85%	-6.90%	14.50%	-3.45%	3.92%	3.41%
State	3.61%	2.92%	4.14%	4.77%	5.56%	0.03%	10.40%	11.49%
Transportation	0.80%	1.83%	6.12%	-2.05%	3.59%	4.06%	2.29%	2.25%
Veterans Administration	3.13%	7.09%	-1.98%	-0.30%	1.16%	1.15%	8.77%	6.62%
EPA	17.40%	34.15%	-3.37%	-4.42%	1.74%	0.92%	-0.36%	0.17%
International Assistance	-5.64%	-1.52%	13.02%	-11.02%	24.22%	-1.55%	3.80%	5.61%

Source: Author's calculations based on Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2006*, Table 4.1, pp. 73–76.

Notes: OMB estimates government-wide spending on education and energy for the years in which those programs were not administered by an exclusive cabinet-level department. Numbers in **bold italics** are decreases.

since the Reagan era.”³³ A *Wall Street Journal* headline referred to it as a “lean budget.”³⁴

But does the budget actually live up to the hype? It all depends on how “lean” is defined. The centerpiece of the budget was a proposal to eliminate or reduce 154 programs.³⁵ Those cuts are estimated to save \$8 billion in 2006.³⁶

Many of the program terminations and cuts are a step in the right direction. The most notable program terminations and cuts and the amount of budget authority savings are

- elimination of the Advanced Technology Program (\$146 million),
- phase-down of Amtrak subsidies (\$847 million),
- cuts to farm subsidies (\$2.5 billion),
- cuts to the Manufacturing Extension Partnership program (\$61 million), and
- elimination of vocational education state grants (\$1.2 billion).

All the program cuts, however, are too

small to make much difference. Overall government still grows in the president's 2006 budget: proposed total government outlays grow by 3.5 percent, to \$2.6 trillion. That's 1.5 percent in inflation-adjusted terms. Besides, the cuts and terminations amount to a minuscule fraction of total federal spending; they equal only 0.3 percent of the overall budget.

Although the White House can be commended for finally trying to find offsets to defense spending increases with cuts in the domestic budget, it fails to fully adjust the federal government's priorities or reverse the growth of government. Even more unfortunate, perhaps, is that congressional Republicans have kept alive for all these years the programs that the White House proposes to terminate. Bush is simply proposing something that Republicans claimed they would do if elected but have yet to do. In fact, 59 of the 99 programs slated for elimination in the 2006 budget proposal were put on the chopping block by the White House in previous budgets, and many of them appeared on

If Congress passes Bush's 2006 budget as is, not a single domestic cabinet-level agency will be smaller than when Bush assumed office.

the list of terminations in the 1995 Republican budget. Yet, if history is any guide, most, if not all, of those programs will survive the budget battles this year, too.

For any of those cuts to survive the budget process, Bush needs to threaten a veto. In response to criticism that the White House has yet to veto a single bill, Bolten retorts: The president "hasn't needed to [veto a bill]." ³⁷ To put it another way, the president hasn't needed to veto a single bill that spends more than even he proposed. That does not bode well for the president's credibility when he claims he wants to restrain government spending.

Agency Growth in the 2006 Budget

A good way to see how the cuts fail to restrain federal spending is to look at the budget of the major nondefense cabinet-level agencies. Table 2 shows the results of such an analysis. The last column shows how much the agency will have grown under the assumption that Bush's 2006 budget is passed as is.

With the exception of the Environmental Protection Agency, the inflation-adjusted budget of every major domestic agency was bigger at the end of President Bush's first term than when he took office. That is unique in the history of the past 40 years. As seen in the table, with the exception of George H. W. Bush, every president after Johnson presided over cuts in total inflation-adjusted agency budgets of two or more cabinet-level departments. If Congress passes Bush's 2006 budget as is, not a single domestic cabinet-level agency will be smaller than when Bush assumed office.

It's still possible that taxpayers will see net cuts in agency budgets during the second term of Bush's presidency. But the president will have to go further than the proposals he makes in his new budget to accomplish that. In the final analysis, Bush's 2006 budget—although it aims at the margin to cut some spending programs—in fact cuts far too little and does not do much to reverse his first four years of budget bloat.

The Route to Recovery

The Republican spending binge has been assisted by a budget-writing process on Capitol Hill that stacks the deck in favor of ever-growing government. Changing how the budget process works in Congress could reverse the adverse incentives of the appropriations process and give more power to those who want to restrain government spending.

Some good ideas on budget reform appear in the unexplored corners of one of the companion volumes to the Bush budget. ³⁸ Other good ideas have come over the past two years from fiscal conservatives in the House and the Republican Study Committee, currently led by Rep. Mike Pence (R-IN). Unfortunately, the main impediment to reforming the budget process is the Republican leadership in Congress and, in some cases, the White House. Some of the best ideas follow.

Zero-Based Budgeting

This would end the current practice of baseline budgeting. With baseline budgeting, most programs exist on autopilot, since budgets are written to assume an expected growth rate in all government programs. The current system reinforces the ridiculous notion, for instance, that a 2 percent increase in spending can be called a "cut" if the expected baseline budget increase was 3 percent. Zero-based budgeting would assume that every government program starts the year with zero taxpayer money and must justify its budget request from the bottom up. It would also make it difficult for politicians hostile to spending cuts to use budget rules as a way to demonize publicly those who want to tame the federal budget.

Giving the Budget Resolution the Force of Law

Currently, the budget resolution that outlines the spending "blueprint"—including the spending levels that both houses of Congress agree to at the beginning of each budget

cycle—is mostly symbolic. Because the budget resolution does not have the force of law, the Rules Committee in the House can routinely exempt particular bills from the spending caps: the committee simply forbids actions that can be used to keep spending under the caps during the debate on the bill.

A concurrent budget resolution is feckless when it comes to controlling spending and has the same legal status as the “sense of the Congress” bills used to make a political statement or the legislation passed to authorize the Greater Washington Soap Box Derby. A joint budget resolution, on the other hand, would require the signature of the president and would give the budget blueprint the force of law. Overturning the provisions in the budget blueprint, such as spending caps, would be harder as a result since a single committee cannot exempt a budget bill from the spending caps without a vote of the full chamber.

Requiring a Two-Thirds Majority to Waive Spending Caps

Currently, spending caps can be waived by a three-fifths majority. Although a two-thirds majority would not always keep a tight lid on spending, it would certainly make it harder for big spenders to ignore the fiscal restraint required by the budget resolution.

One of the ways spending caps are waived is by declaring spending necessary to respond to an “emergency.” That designation, originally created to allow spending in response to unanticipated events such as natural disasters, has been abused over the last few years. Between 1999 and 2002, the Congressional Budget Office estimates that Congress spent \$154 billion on so-called emergencies. Only a fraction of that can honestly be worthy of the distinction.³⁹ As the White House notes in its new budget, “Initially, this safety valve was used judiciously, but in later years its application was expanded to circumvent the discretionary caps by declaring spending for ongoing programs as ‘emergencies.’”⁴⁰ Requiring a two-thirds vote to pass emergency legislation could help keep the use of that escape hatch to

a minimum; it would be used only when absolutely necessary.

Although President Bush recommends changes to budget rules to combat the abuse of the emergency provision, his administration has been one of the prime abusers of that loophole. According to estimates by the CBO, over 70 percent of the money used to fund the war in Iraq and Afghanistan was passed in an emergency spending bill.⁴¹ The fact that those are military operations does not mean they should be funded outside the budget caps. Indeed, keeping them under the caps would spur further debate about whether the expenditures are absolutely necessary because they would be competing against other programs for taxpayer money. Instead, the White House pretends they are unforeseen expenses and encourages Congress to make a special exception for that spending. The administration’s actions are hardly a case of leading by example.

Creating a Sunset Commission

Every year Congress gives a pass to almost all government programs. In fact, unlike tax cut provisions, there are no expiration dates on government programs. As a result, those programs live on, usually in perpetuity and often far beyond their usefulness.

To remedy that problem, all spending programs should be given a lifespan of no more than 5 to 10 years at a time. A commission would then be created for the purpose of determining whether each program should be given a new lease on life on the taxpayer dime. A system of this sort would put the burden of proof on those who advocate keeping the program.

The ideas noted above have appeared in some form or another in various bills sponsored by some members of Congress, most notably Reps. Jeb Hensarling (R-TX), Paul Ryan (R-WI), and Chris Chocola (R-IN). However, movement on those bills has been blocked by a Republican who used to be one of the most outspoken defenders of limited government, House Majority Leader Tom DeLay.⁴²

The main impediment to reforming the budget process is the Republican leadership in Congress and, in some cases, the White House.

If Republicans don't cut spending, it won't be because they can't. It will be because they don't want to.

Conclusion

When the new Bush budget was released, some of the loudest squawking came from Republicans in Congress. Sen. Pete Domenici of New Mexico called some of the cuts “politically untenable,” and Sen. Conrad Burns of Montana brushed off the proposed cuts to farm subsidies by telling reporters, “I don’t think the agriculture budget will change much.”⁴³ Sen. Thad Cochran of Mississippi, chairman of the Senate Appropriations Committee, also immediately dismissed the farm subsidy cuts.⁴⁴

As a reporter for the *New York Times* recently noted, the revolutionaries of the Republican class of 1994 “have lowered their battle cry to a whimper; instead of demanding that federal agencies be put out of business, they are fighting among themselves over small-bore questions of what to cut and what to keep.”⁴⁵ Thirty of the 73 Republicans who won election to the House in 1994 are still serving. All but 6 of those 30 sponsored bills in their first term that would have had the net effect of cutting spending. Today, only 2, Reps. Sue Myrick of New York and Steve Chabot of Ohio, have sponsored bills that would have resulted in spending cuts on net.⁴⁶

Most Republicans in Washington today have shown that they are more interested in expanding government than in scaling it back. With a firmer grip on Congress and a reelected and confident president in the White House, Republicans have a golden opportunity to finally get government under control. If they don’t cut spending, it won’t be because they can’t. It will be because they don’t want to.

Notes

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