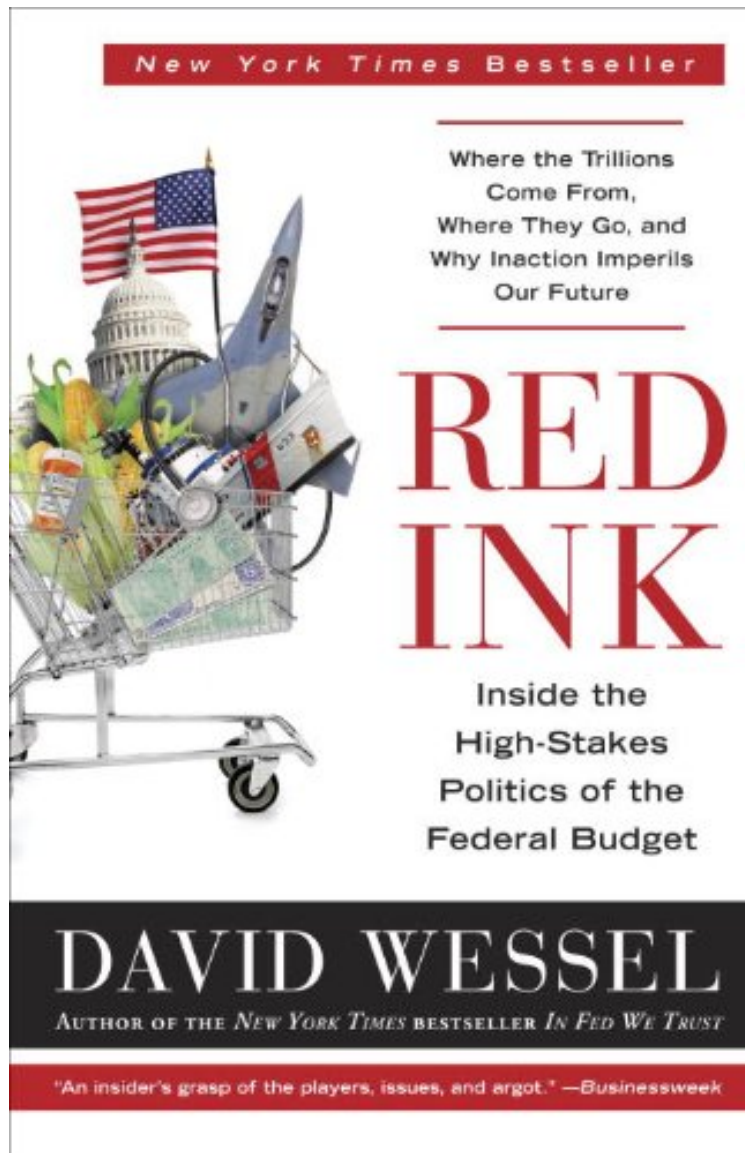


[Free and download] Red Ink: Inside the High-Stakes Politics of the Federal Budget

## Red Ink: Inside the High-Stakes Politics of the Federal Budget

David Wessel

DOC | \*audiobook | ebooks | Download PDF | ePub



[Download](#)

[Read Online](#)

#454530 in eBooks 2012-07-31 2012-07-31 File Name: B0076PGLDC | File size: 42.Mb

**David Wessel : Red Ink: Inside the High-Stakes Politics of the Federal Budget** before purchasing it in order to gage whether or not it would be worth my time, and all praised Red Ink: Inside the High-Stakes Politics of the Federal Budget:

0 of 0 people found the following review helpful. Great summary for all Citizens to readBy PuraVidaSuccinct and bi-partisan accounting of a complex and politically charged topic. Every american who votes should be required to read this or have it explained to them.0 of 0 people found the following review helpful. A must readBy JazzyjaneVery enlightening! More of our leaders need to read!1 of 2 people found the following review helpful. Balanced

overviewBy AirfrereThe author does a good job of making sense of the federal debt and deficit in America in a balance, non-partisan way. Especially helpful was his explanation of why cutting the deficit, which almost everyone agrees needs to be done, is in reality no easy task. Indeed, the author himself offers no solutions to the problem, which I found a little disappointing, but not surprising. All things considered, however, this is a book worth reading. I wish I had bought the print version rather than the Kindle edition so that the next time someone tells me that solving the federal deficit "is a matter of basic math" I could hand him or her my copy of this book.

The Pulitzer-Prize-winning reporter, columnist, and bestselling author of *In Fed We Trust*, dissects the federal budget in this New York Times bestseller. In a sweeping narrative about the people and the politics behind the budget--a topic that is fiercely debated today in the halls of Congress and the media, and yet is often misunderstood by the American public--Wessel looks at the 2011 fiscal year (which ended September 30) to see where all the money was actually spent, and why the budget process has grown wildly out of control. Through the eyes of key people, including Jacob Lew, White House director of the Office of Management and Budget; Douglas Elmendorf, director of the Congressional Budget Office; Blackstone founder and former Commerce Secretary Pete Peterson; and more, Wessel gives readers an inside look at the making of our unsustainable budget.

"Accessible overview of America's contentious deficit politics by the Wall Street Journal's economics editor." --- Kirkus  
About the Author David Wessel is the economics editor of the Wall Street Journal and the author of the New York Times bestseller *In Fed We Trust*. Lloyd James has been narrating since 1996, has recorded over six hundred books in almost every genre, has earned six AudioFile Earphones Awards, and is a two-time nominee for the prestigious Audie Award. Excerpt. copy; Reprinted by permission. All rights reserved. Chapter 1 Spending \$400 Million an Hour  
In the cold predawn darkness of Monday, February 13, 2012, Robert Friedlander walked into a Starbucks three blocks from the White House. As they had been instructed by e-mail the night before, a half dozen reporters were waiting for him; one each from Dow Jones, Bloomberg, Reuters, Associated Press, Politico, and the Washington Post. With no ceremony and not much conversation, the young White House budget office aide slipped each of them a CD in a plain, square white envelope. The contents: President Barack Obama's budget for the coming fiscal year. "It's embargoed until 11:15," he said. Friedlander's inside-the-Beltway shorthand meant the reporters had about five hours to scour the documents before publishing stories on newswires and Web sites. At 11:15 a.m., the president was to begin speaking about the budget at a northern Virginia community college. Every president since Warren Harding has been required by law to send an annual budget to Congress. It's the only time that the chief executive of the United States has to make his promises add up. The modern version comes in three formats: free online, \$27 for the CD, or \$218 for the printed four-volume paperback set. The budget is one part rhetoric by the party in power that highlights--depending on the times--the government's largesse or its tightfistedness. A second part details how the president would, if Congress went along, spend a sum equal to the value of all the goods and services produced by the 82 million people of Germany, the world's fourth-largest economy. And in its modern form, a third part is dire prediction, a collection of uncomfortable, indisputable facts showing the unsustainable fiscal course the U.S. government is on. The budget doesn't record what might have been. The document Obama released in February did not, for instance, acknowledge intense summertime talks the president had with Republican House Speaker John Boehner that failed to end a stalemate over spending and taxes. And for all its excruciating detail, the president's budget doesn't ultimately settle anything; the Constitution gives Congress the power to tax and spend. But neither is it--as it's known to insiders on congressional committees that decide how to spend taxpayers' money--irrelevant. The budget is the starting point for an annual round of maneuvering that ranges from high-minded debate about national priorities and "hard choices" to big-money lobbying and small favors for home-state constituents. The details buried in it--which programs should live and which should die, which should get more and which should get less--often become law. Ultimately, the federal government's power comes in three forms: its physical force, both foreign and domestic; its ability to make and enforce rules that govern our lives; and its power to tax and spend. The budget--and this book--is about the third form. With far more precision than thirty-second sound bites or campaign stump speeches, the president's budget and alternatives crafted by the opposition in Congress reflect contrasting visions for the size of government in America and the role it plays in the economy. How strong and generous a safety net should government provide to the poor? How much should taxpayers invest in medical research? How hard should government lean against market forces that are widening the gap between winners and losers in the economy? How much should spending be cut to rein in the deficit, and how much should taxes be raised if at all? Anyone in Washington who is serious about trying to steer the government to the right or to the left understands the power and import of decisions on taxes and spending embodied in the budget. Among them are Jack Lew and Paul Ryan, both steeped in fiscal details big and small. The two illustrate the competing visions for government and the use of the budget as an important, perhaps the only important, way to achieve them. As director of the White House Office of Management and Budget, Lew, fifty-six, put the finishing touches on Obama's

February plan just as the president named him White House chief of staff. Ryan, forty-two, a Republican congressman from Wisconsin and the chairman of the House Budget Committee, promptly criticized the Obama budget—broken promises, failed leadership and a diminished future; he said—and set to work on an alternative. Jack Lew got his start in politics in 1968, at age twelve, as a volunteer for anti-Vietnam War presidential candidate Eugene McCarthy. Lew has never run for office, but he has been at the elbow of influential Democrats from the late House Speaker Tip O'Neill and New York congresswoman Bella Abzug to Secretary of State Hillary Clinton and President Obama. An Orthodox Jew who avoids working on Friday nights and Saturdays except when duty calls, Lew is truly convinced of the government's power to do good. When he took over the budget office, he replaced the portrait of Alexander Hamilton that had been hung by his predecessor, Peter Orszag, with paintings of his native New York City done by artists working for the government's Works Progress Administration in the 1930s. Lew is tall and lanky, his thick black hair just beginning to gray and his oval wire-rim glasses exactly what one would expect of a budget wonk. But Lew, who also was budget director for Bill Clinton, is the sort of wonk who can say sincerely: "I have a soft spot for Medicaid—the government health insurance program for the poor funded jointly by state and federal governments—because it's the thing that's easy for the political system to mischaracterize." For the most part, it's a lot of people who don't have insurance, who are poor. Slashing it would mean we'd be in a world where the most vulnerable were getting sicker and sicker and ultimately showing up in the hospital. Jack Lew believes in government. The budget is a means to that end. "The purpose of power is to get things done," he once said. "Budgets aren't books of numbers. They're a tapestry, the fabric, of what we believe. The numbers tell a story, a self-portrait of what we are as a country." Paul Ryan is wiry, intense, energetic, and just as sincere as Lew—in the opposite direction. His quest: to limit the size of government, including spending less on Medicaid and almost everything else. His weapon of choice: the budget. In 2007, he vaulted over more senior congressmen to become the ranking Republican on the House Budget Committee, which is charged with crafting an annual budget blueprint for Congress. He became chairman in 2011 when Republicans took control of the House. Like Jack Lew, Ryan came to politics young, as a college intern with the foreign policy adviser to Senator Robert Kasten from his home state of Wisconsin. Later he worked for a think tank organized by influential conservative Republicans Jack Kemp and Bill Bennett and for Sam Brownback, then a Republican senator from Kansas. Eleven days after turning twenty-eight, Ryan announced he was running for Congress from southeastern Wisconsin—and ended up with a stunning 57.2 percent of the vote in 1998, a stunning margin in a district that, as Ryan notes frequently, went for Democrats Bill Clinton, Al Gore, and Barack Obama. He has won even bigger majorities ever since. With conviction and clarity that have conservatives salivating over him as a future presidential candidate, Ryan says, "I do believe government has a role in making sure we have a safety net to help people who cannot help themselves or are temporarily down on their luck, but I want to see government turn that safety net into a hammock." Unlike Jack Lew, Paul Ryan doesn't wear glasses. He had Lasik surgery in 2000. The surgery isn't generally covered by insurance; the patient pays cash. Ryan has built that into his stump speech on why free markets can cure the health care cost of disease. "It cost me \$2,000 an eye. Since then, it's been revolutionized three times and now costs \$800 an eye," he says. "This sector isn't immune from free-market principles." Ryan stands out among conservative Republicans in Congress: he puts numbers behind his vision of a smaller government, spend less on almost everything and turn federal health and other benefit programs into vouchers. "We've defined ourselves by putting our cards on the table with our budget. And we added more specificity than most budgets have had in the past because I think the time demands it and the numbers require it," he says. That's made him as big a target for the left as he is a hero to the right. One liberal group in 2011 ran an ad showing him pushing an old lady in a wheelchair off a cliff. Ryan has had personal experience with the safety net. At age sixteen, he collected Social Security survivor benefits after his dad died. Critics charge that makes him a hypocrite for pushing to scale back Social Security. He answers that, without change, the program is headed for certain collapse. Off and on for the past thirty years, the federal budget and the budget deficit—the difference between what the government takes in and what it spends—have pushed their way onto newspaper front pages and widely read blogs, into presidential debates and congressional hearings, into AARP ads and Business Roundtable press releases, into calculations of traders on Wall Street and strategies of the secretive managers of China's foreign-exchange hoard estimated at a staggering \$3 trillion. Occasionally, talk about spending and taxes and deficits and debt even pops up in the kitchen-table and bar-stool conversations of ordinary Americans—the ones who pay the taxes, count on Social Security and Medicare, and elect the members of Congress who have, so far, been unable to fix what ails the national government's finances. The Washington jargon of budgeteers like Lew and Ryan excludes rather than informs the citizenry. It is peppered with words like baseline, authorization, appropriation, entitlement, and tax expenditure, and phrases like "Byrd droppings" and "changes in mandatory program spending," or CHIMPS. The scale of the budget is overwhelming, the numbers so huge they are impossible to comprehend. As humor columnist Dave Barry once wrote, the dimensions of the federal budget are hard to grasp because millions, billions, and trillions sound so

much alike. One has to think about golf balls, watermelons, and hot-air balloons to get an idea of the magnitudes. In fiscal year 2011—from October 1, 2010, to September 30, 2011—the federal government spent \$3.6 trillion, \$400 million an hour, more than \$30,000 per American household. By any measure, that's a lot of money. In chapter 3, I'll look more closely at where the money goes. But for now, a few observations: Nearly two-thirds of annual federal spending is on autopilot and doesn't require an annual vote by Congress. Congress does have to pass legislation every year to keep the government operating. When it delays until the federal fiscal year begins on October 1, as it has lately, scares percolate about a government shutdown in which workers deemed "nonessential" would be told to stay home, national parks would be closed, and bureaucrats' phones would go unanswered. But much of the money the government spends—nearly 63 percent in 2011—goes out the door every year without any affirmative vote of Congress. Social Security benefits get deposited. Health care bills for Medicare for the elderly and disabled and Medicaid for the poor are paid. Food stamps are issued. Farm subsidy checks are written. Interest payments are dutifully made to holders of Treasury bonds. Congress can alter these programs, but if it does nothing, the money is spent. As Eugene Steuerle, a Treasury economist in the Reagan years who is now at the Urban Institute think tank in Washington, puts it: "In 2009, for the first time in the nation's history, every dollar of revenues had been committed before Congress walked in the door." The government's total take was only enough to pay for promises that had been made in the past—interest, Social Security, Medicare, Medicaid, and so on. For everything else, the government had to borrow. The U.S. defense budget is greater than the combined defense budgets of the next seventeen largest spenders. The United States spends about \$700 billion a year on its military. That's more than the combined military budgets of China, the United Kingdom, France, Russia, Japan, Saudi Arabia, Germany, India, Italy, Brazil, South Korea, Australia, Canada, Turkey, the United Arab Emirates, Spain, and Israel. Generals and admirals counter that the United States asks its military to do more than the forces of all those countries combined as well—to keep sea lanes open for international trade, for instance, and to be prepared to deploy almost anywhere. In all, \$1 of every \$5 the federal government spent in 2011 went to defense, and about 20 cents of that \$1 was spent on the wars in Iraq and Afghanistan. For every dollar the United States spends on the military, it spends another nickel on foreign aid, international development aid, and humanitarian assistance. Yet in a CNN poll in March 2011, the typical respondent estimated about 10 percent of the entire federal budget goes for "aid to foreign countries for international development and humanitarian assistance." The reality: about 1 percent. That's another problem with budgeting: the public makes woefully wrong assumptions about virtually every aspect of it. Firing every federal government employee wouldn't save enough to even cut the deficit in half. Wages and benefits for everyone from the president to air force pilots to postal service clerks cost \$435 billion in 2011. In all, the federal government employs 4.4 million workers, measured as full-time equivalents. About 35 percent are uniformed military personnel and another 29 percent are civilians working for the departments of Defense, Veterans Affairs, and Homeland Security. Wages and benefits account for \$1 of every \$8 the government spends, not an insignificant sum. But eliminating the federal workforce entirely would have pared the federal budget deficit in 2011 by only one-third. Where does the rest of the money go? A lot of what government does is siphon money from some and give it to others, or occasionally to the same people. About \$2.3 trillion, two-thirds of all federal spending last year, went to benefits of some sort for individuals: Social Security, Medicare, Medicaid, food stamps. Another \$220 billion went for grants to state and local governments for everything from schools in poor neighborhoods to sewage-treatment plants. "It's the things that people want that are causing the problem," Jack Lew says. "People have this feeling that others are getting the benefit, but when you look at what's driving the deficit, it's Social Security that people very much want. It's Medicare that people very much want. It's Medicaid, which is the long-term care program that means that people don't have their eighty-year-old mothers and fathers living in the guest room when they need round-the-clock care." About \$1 of every \$4 the federal government spends goes to health care today, and that share is rising inexorably.