

Freeze That Waste And Fraud

Mr. Wonderful, also known as Obama, will purportedly announce a three-year spending freeze in his State of the Union Address. The freeze will only apply to *discretionary non-defense spending*—which represents only about 17 percent of the federal budget.

Remaining unrestricted will be Social Security, Medicare, Medicaid, the Defense Department, the Department of Homeland Security, the wars in Iraq and Afghanistan, Veterans affairs spending, foreign aid, the estimated \$512 billion still unspent from the February 2009 stimulus legislation, any funds still to be approved in a *second* stimulus bill, and any TARP funds repaid by financial institutions. In other words, Obama and Congress will still have hundreds of billions to spend.

If the Republicans in the House and the Senate have any brains, they may want to ask why Medicare is going to be spared the axe. After all, Obamacare was going to be partly funded by eliminating an approximate \$500 billion in Medicare waste and fraud. Even if the election of Republican Scott Brown in Massachusetts results in the death of ObamaCare, do not Obama and the Democrats still want to eliminate that waste and fraud? Or were they lying about there being that much waste and fraud?

The Obama administration says the spending freeze could save an estimated \$250 billion over 10 years... which will barely be noticed in federal budgets that are expected to run deficits of at least \$1 trillion per year for those same 10 years. True deficit reduction requires not freezing budgets but the drastic cutting of expenses, and not just in “non-discretionary” categories—something few Washington politicians are willing to do.

It is worth noting that Obama’s fiscal year 2010 budget increased discretionary non-defense spending by a almost 28 percent over the 2009 budget. Even if there is no additional increase in that spending, that initial boost, spread over the four years of the Obama administration, is far beyond the inflation rate. It is also worth noting that the federal government spends less on “non-military discretionary spending” than it spends on interest on the national debt.

And why is the Department of Homeland Security exempted from a review? At AtlasShrugs.com, Pamela Geller points out one way the government can save money: stop paying federal retirees pensions *and* salaries when they are re-hired. Notes Geller, “The latest scam going on, and it is rampant especially within the Department of Homeland Security, as well as the Immigration & Customs Enforcement, is the hiring of retired employees.” Retired federal employees “...get anywhere between 70-90% percent of their salary, plus availability pay. ...former employees retire...” and then “...walk into the same job the next day, bringing in over \$200K—all under the pretext of a loss of experienced employees... They receive NO salary offset.”

In other words, the federal government is hiring back retirees and allowing them to continue to collect their monthly pension benefits—at the same time they are collecting their new paychecks.

Will these points be addressed by Obama? Of course not. His spending freeze is a gimmick meant to recoup some of the political ground he lost in Massachusetts. If he were serious about reducing the budget deficit he would demand cost cutting, not a freeze, and he would put more than 17 percent of the budget on the table.

Don Fredrick

January 26, 2009

Copyright 2009 Don Fredrick