

The Apocalypse Plan:

A Federal Budget
Alternative

by

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Highlights

Spending

- Reduction in federal spending by 28.4%;
- Elimination of one department and significant (>75%) reductions in 8 more;
- Large reductions(and eliminations) in programs that operate in place of state sovereignty.

Revenue

- Elimination of business income taxes;
- Reduction of capital gains taxes;
- Elimination of social security and medicare taxes;
- Flat income tax on earnings with first \$10,295 exempt for each earner.
- Budget SURPLUS in the first year;
- Two TRILLION dollar fiscal stimulus in the initial year direct to taxpayers; \$500 billion fiscal stimulus in the initial year direct to businesses.

Policy

- Return significant federal lands back to state control;
- Reducing military deployments;
- One page income tax returns;
- Hospitalization Program to replace Obamacare, Medicare and most health insurance programs.
- Ends government bailouts of corporations, banks and government as lender of first, second and last option.

Preface

You have plans, right? Plans for your future, for your kid's future. Some of you may even have plans if things go terribly wrong with the World, or the economy or even the political system. Do you have those plans in writing? Having them in your head is at least a start but when everything is happening, at breakneck speed, you may not be thinking as clearly as needed to recall, let alone implement those plans. Having them in writing gives you something to follow, at least a starting point when faced with rapidly changing events. That is the purpose of this Plan. To have a starting point, a plan to at least begin the process of dealing with whatever has finally broken the impasse to deal with our economic and federal spending issues.

The 2012 Republican Budget Resolution deals with departmental budgets and limitations and process/performance changes that will save money but it does not address individual programs. It states that:

Ultimately, the committees will be responsible for determining how to meet their reconciliation instructions. But savings could be achieved in the areas of making pensions for federal workers more like those for workers in the private sector, repealing recent expansions of the federal role in financial services, saving money in health care, means testing entitlements, and reforming the medical liability system.

Yes, leave it up to the committees that authorized the current mess to figure out what programs to cut, in the future but by 'capping' the spending, the Republicans are doing something meaningful about spending. What a plan.

Introduction

It is said: that which can not go on, will not go on. Today, the Federal Government is borrowing about 43 cents for every dollar it spends. (The GOP is gleeful they are going to get it down to 20 cents **over the next 20 years**). If that doesn't bother you, maybe nothing will. Gross Domestic Product (GDP) is the numerical (in dollars) representation of all the goods and services produced in a country in a given year. Most people know the GDP as a measure of something about the economy but not a whole lot about what goes into it. One component of GDP is government spending:

Historical Spending as % of GDP (000,000s)

Year	GDP	Fed Spending	%
1988	5,482,000	1,278,658	23.32%
1994	7,839,000	1,768,130	22.56%
2002	10,642,000	2,482,207	23.32%
2005	12,623,000	3,055,421	24.21%
2006	13,377,000	3,322,443	24.84%
2007	14,029,000	3,479,703	24.80%
2008	14,369,000	3,765,009	26.20%
2009	13,939,000	4,397,024	31.54%
2010	14,527,000	4,595,911	31.64%
2011	15,094,000	4,752,185	31.48%

I thought the number was around 20-22% and that under Obama it had climbed to 24-25%. But when Barack Obama became President, government spending was already out of control, his actions have only accelerated the process. In 2011 the President's proposed budget was defeated in the Senate by 97-0. No one gave it serious consideration. Now in 2012, the Senate is ignoring the President's budget proposal, not even bothering with a vote.

Things are about to get much worse. The President's Budget expects GDP to grow much faster over the next 5 years than it has over the last 5 years: 23.46% vs 6.63%. If his spending projections over the next 5 years remain and the GDP only grows as fast as it has, then his future spending will hit 34.69%.

Future Spending as Percentage of GDP (000,000s)

Year	GDP	Fed Spending	%
2012	15,426,068	4,934,431	31.99%
2013	16,335,000	4,918,150	30.11%
2014	17,156,000	4,997,673	29.13%
2015	18,178,000	5,209,954	28.66%
2016	19,261,000	5,533,231	28.73%
GDP Growth	23.46%		
@ 6.63% in '16	15,950,000	5,533,231	34.69%

Over a third of the economy will be the federal government. And every penny of that spending will have to come from the production of the American people.

One of the main reasons the Tea Party movement has grown has been a strong anti-government spending sentiment. It provoked people into demanding that government spending, the Federal Government in particular, needs to be seriously addressed and cut. A lot of suggestions have been tossed into the arena, but they tend to be a blanket “get rid of Education [department, not activity!], Energy and the EPA” type of positions. But can we just ‘get rid’ of those departments? What if faced with an economic catastrophe, the Federal Government HAD to cut all non-essential programs and spending, what exactly would be left?

I am sure there is a plan. Someone has a plan. Right? The government always has a plan, but for it’s own significant demise? There were taxes still on the books and being collected to offset costs of the Great War..before there was a World War II, as late as the 90s. I would modify the old saying: the only things certain in life are death and taxes, to note government programs seem to defy the ‘death’ part. If there is such a plan, it is hidden deep in a vault, probably somewhere in a deep desert where only one or two people know it exists.

I was one of the voices back in 2008 that argued against the Troubled Asset Relief Program (TARP) and it was one of the reasons I did not vote for John McCain (no, I did not vote for Obama either). For the last four years I have voiced my opinion on many things political and have been active in many of them, but on this topic - the federal government budget - I had been just one more voice in the masses calling for the same ‘blanket eliminations’. I decided I needed to have more than just some slogans in the event we needed some real changes to the Federal Government, we needed a plan.

My criteria for keeping or getting rid of a program centers on the concept of a constitutionally limited federal government that is designed to address the

needs of the states, not the individual citizens. I was not absolute in my application of these criteria because we have made certain promises that can't be broken but some can and laws can be changed to reflect the changes proposed.

I realize this plan would have almost no support in government to actually be implemented even in the face of 'what can't go on, won't go on'. It had to be a plan that would be turned to in the event of an apocalypse that people DEMANDED change and no one remembered that plan in the vault in the desert.

Important notes:

1. Most of the tables included were created by the author. Those that represent listings (federal funds, military deployments) are from US government sources available on the web. They include the GAO, Bureau of Economic Analysis, Census Bureau, Department of the Treasury, Department of Defense and the White House.

2. The Obama Budget details are from the Budget issued by the White House and posted on their website. While I assumed the figures were accurate, a review of actual spending in 2011 and budget appropriations (Department of Agriculture) showed some significant discrepancies. Not having a budget signed into law has given the government a greater latitude to spend than they should be allowed.

3. The program descriptions are directly from the department or program websites. In some cases, like Funds, the descriptions were from the 2011 Budget Justification documents available via the web.

4. Most of the table figures are in thousands (000s). Those that are not obvious are noted.

5. While portions of the spreadsheets used are included within, the complete files with all the calculations and figures are available from the author for a small fee.

The Process

There are two issues with regard to Federal Government spending: how and how much the government collects in revenue and how it spends that revenue. Both parts are important. A primary goal should be to determine what must the government do as a minimum and how to raise the revenue to support those activities. If sufficient revenue cannot be raised to accomplish even the minimum activities, either how revenue is raised has to be changed or even 'minimum' activities have to be cut further. If there are revenues above those necessary for minimum activities, then we can look at addition spending (or preferably, debt reduction).

Let me say that there are ALWAYS ways to raise revenue, even to the point of confiscating every spare dime spent on 'luxuries' like cell phones and cable TV. Places like Cuba and North Korea live on the productivity of their people. Of course, my opponents will comment that places like Norway or France provide much more government service than we do without becoming a Cuba or North Korea and they are correct. The only problem is they can't go on any more than we can and the Euro crisis they are facing is evidence of it.

My first step was to take the 2012 Federal Budget proposed by the President and get it into a form I could work with. Most of the verbiage of the Budget Proposal is useless drivel (the Republican Ryan Plan is the same type: policy but no detail). The President has as much understanding of how the budget and government work as the janitor cleaning up the Press Room after a daily press briefing (probably less). He may set the agenda but the accountants and bureaucrats work out the actual dollars and regulations that make it happen. That doesn't let him off the hook however.

Imagine my surprise when I started looking at some of the details and I noticed that the Proposed Budget didn't include any compensation for the President and actually decreased the spending for actual Senators and Representatives in Congress.

White House Historical Budget Comparison

		2008	2012 Budget
The White House	Compensation of the President	0	0
	Compensation of the President and the White House Office	0	0

Such austerity, such fiscal prudence, such bullshit. Now I know why his previous proposal was voted down 97-0. Worse, there were huge areas where no dollars were allocated despite clear and absolute evidence that such activities were not only continuing but would continue for the foreseeable, even apocalyptic, future (such as the CIA) and many historical figures were

missing too. I could only assume that funding for those activities had been aggregated into allocations for the departments overseeing them. I am sure the President will be paid out of the general White House operating accounts.

Breaking the budget into legislative, judicial and executive branches allowed a more detailed look at each. Obviously, the Executive Branch, with the responsibility to actually run the government was the largest spender, followed by the Judicial and then Legislative Branches. I further separated the Executive Branch into two parts.

Authorities: Those departments and activities specifically authorized by the Constitution (or consistent with it such as the Air Force operating under the Department of Defense although no such force would have been contemplated in 1787), and;

Discretionary: Those that have become part of the expected activities of the government but not considered as such by the Founders.

2012 Budget Gross vs Net Spending

	Obama 2012 Net Spending Budget	Obama 2012 Gross Spending Budget
Total Legislative Branch	5,198,000	5,198,000
Total Judicial Branch	7,581,000	7,740,000
Total Executive Branch	4,114,347,000	4,780,439,000
Total Budget	4,127,126,000	4,793,377,000
Authorities	1,803,081,000	1,830,042,000
Discretionary	2,311,266,000	2,950,397,000

I will note that some activities under the Discretionary portion of the Budget would be and are necessary. Some examples: Corps of Engineers, District of Columbia agencies, and CDC. The Discretionary portion does not mean we can just get rid of it all, but that its presence must be justified on more than 'it's a required duty of government' that Constitutional authorities can argue.

I also took the position that if spending has risen dramatically, in some cases well over 100% in just three years (see Table below), spending could be returned to 2008 levels with a small increase for inflation, 6%, about what the government has given social security recipients.