



# Unravelling the New World Order

*An Exposé of How Government, Religious, and Financial Insiders  
Are Deciding Your Future*

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## Entitlement Reform: Will It Happen?

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Not long ago, when the issue of raising the debt ceiling monopolized the news, the nation was warned that failure to raise the ceiling would bring economic calamity. However, numerous polls indicated that Americans—by a large majority—were more concerned with the need for significant cuts in federal spending.

Responding to those demands by the public, many in Washington concluded that the federal government's dire financial outlook is due almost entirely to runaway entitlement spending. Some Republican leaders warned that unless we make hefty cuts in entitlement programs, there is no way to get spending under control.

But is entitlement spending the cause of massive deficits *now*?

Here is a novel idea: It is not entitlements, but *excessive, over-the-top spending* that has created our huge deficit.

That opinion was offered by Byron York in *The Examiner* ("Spending, Not Entitlements, Created Huge Deficit," August 22, 2011).

In recent years, federal spending has exploded. York points out that in fiscal 2007—the last year before things went off the rails—the government took in \$2.568 trillion in revenues and spent \$2.728 trillion, creating a deficit of \$160 billion. In 2011, according to Congressional Budget Office estimates, the government will take in \$2.230 trillion and spend \$3.629 trillion, for a deficit of \$1.399 trillion. That's an increase of \$901 billion in spending and a decrease of \$338 billion in revenue in a very short period of time. We went from a \$160 billion deficit to a \$1.399 trillion deficit in just four years!

Obviously, everyone did not suddenly turn 65 and begin collecting Social Security and Medicare benefits. *So what happened?*

### **The Downturn and the Deficit**

Much of the increased spending was the result of the economic downturn. Billions in increase went to "income security"—a category that includes unemployment compensation, food stamps, and other programs that aid the unemployed. In 2007 the government spent \$365 billion on income security; but in 2011, estimates indicate it will spend \$622 billion. That's an increase of \$257 billion.

Medicaid expenditures were also affected by the downturn. As jobs were lost and incomes fell for many Americans, federal expenditures on Medicaid (the healthcare program for lower-income individuals) increased. Federal spending for Medicaid increased from \$190 billion in 2007 to an estimated \$276 billion for 2011. That's an increase of \$86 billion. When you add that figure to the \$257 billion for income security, you have an increase of \$343 billion.

And when you add \$343 billion to \$338 billion in decreased revenues you get \$681 billion—which means that almost half of the current deficit can be attributed to the downturn. [Spending data from York article. - Ed.]

“That’s a deficit increase that would have happened in an economic crisis whether Republicans or Democrats controlled Washington,” York wrote, “But it was the specific spending excesses of President Obama and the Democrats that shot the deficit into the stratosphere.”

Obama’s colossal \$814 billion stimulus rocketed the deficit to unprecedented levels, increasing spending in virtually every sector of the federal government and spreading to all areas of his domestic agenda—“green” jobs, infrastructure, health information technology, aid to states, and on and on.

Of course, spending for Social Security and Medicare did go up during this period (\$162 billion and \$119 billion, respectively), but increases were by predictable amounts. According to former CBO chief, Douglas Holtz-Eakin, the deficit would be a lot smaller than it is if Social Security and Medicare were the sole source of the current deficit problems.

### **Campaign Issues**

Entitlement reform is not an issue the GOP will pursue at this point, given the approach of the 2012 election. With the changes necessary to save these programs and improve our economy, it is frustrating to see reform set aside, even for a time.

Entitlements will become a major budget problem as baby boomers age. Republicans favor reforming Social Security and Medicare in order to save them; but at this point as we head towards an election, Republicans know that even a discussion of entitlement reform would give Democrats a chance to cast them once again as the party that plans to destroy Social Security and Medicare.

Our current deficit crisis didn’t suddenly occur as a result of Social Security and Medicare spending. Simply put, it was created by over-the-top, out-of-control government spending resulting from a Keynesian mindset (prevalent among many in Congress and with policy makers in the Obama administration) that *debt doesn’t matter*.

A mountain of crushing debt and growth-stifling taxation and regulations, plus the uncertainty that results from rampant incompetence and corruption in government—these are the issues that need full, unrelenting exposure in order to defeat Obama.

If Obama and the Democrats win another four years in power, there will be neither spending cuts nor entitlement reform--nor anything else, for that matter, that will stand in the way of our complete economic destruction.