

Real World Graduation: Question 26

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Question 26

Some political operatives stated during 2008 that there was a \$5 trillion surplus at the end of the Clinton administration (20 Jan 2001). The total national debt as of 30 Sep 2008 is \$10.024 trillion, per the official U. S. treasury records [1]. The table below shows the budget deficits for each year of the G. W. Bush administration. Keep in mind that a trillion is 1000 billion. The total of all the deficits during the G. W. Bush administration is 4.35 trillion as shown at the bottom of the table. A surplus of \$5 trillion when Bush came into office, and a total debt of \$ 10.024 as of 30 Sep 08 represents an increase in the debt of 15.024 trillion. Where did all the money go?

- a) George W. Bush, Richard V. Cheney, and all their crooked friends on Wall Street stole it.
- b) It was spent on the war in Iraq.
- c) It was spent on the war in Afghanistan
- d) The rich people got tax cuts
- e) Some combination of b), c), and d); and the jury is out on the possibility of answer a).

[1] www.treasurydirect.gov/NP/BPDlogin?application=np

Year Ending	Deficit (\$ T)
30 Sep 2001	0.133
30 Sep 2002	0.421
30 Sep 2003	0.555
30 Sep 2004	0.596
30 Sep 2005	0.553
30 Sep 2006	0.574
30 Sep 2007	0.501
30 Sep 2008	1.017
Total	4.35

Answer to Question 26

This is a trick question. All the answers are false.

Regarding answer a), there is no evidence to date that the President, Vice President, or anyone on Wall Street actually stole any taxpayer money. (Congress may have given them money in the bank bailouts, but they did not steal it, and those transactions do not explain the issue here.) There are some dimwitted political activists who would have you believe that a President actually stole \$15 trillion, because they have no rational arguments to make.

Answers b) and c) are also false because the money spent for the two wars is already included in the totals in the U. S. Treasury accounting system, and are thus reflected in the deficit figures.

Answer d) is also false because any shortfall of revenue (or gain in revenue) from tax increases or tax cuts are already reflected in the budget figures. (Generally, a tax cut results in more revenue to the federal government, as it frees up capital for investment, which in turn causes the economy to expand, with the resulting larger tax base).

The figures in the table are accurate. So where did the \$5 trillion surplus that existed at the end of the Clinton administration go? Surprise: there never was a \$5 trillion surplus; there has never been a surplus approaching that magnitude in any administration. The operatives who make this statement are either fools who cannot read numbers, or do not understand the difference between an asset and a liability, or do not understand the distinction between a plus sign and a minus sign. On the other hand, they may be lying because they think you are dumb enough to believe them. In reality, the national debt on 20 Jan 2001, the day Clinton left office, was 5.727 trillion. Notice: a debt, not a surplus.

It is not just the Democratic Party apologists for Bill "Perjurer in Chief" Clinton who adhere to this lie. It is repeated occasionally by those who were Republican members of Congress at the time [1]. This shows that both parties are content to lie about the true financial status of the nation.

The table shows a deficit for the year ending 30 Sep 2001; which is the last year of the Congressional budget passed while Clinton was president. Consider for example, what would happen if such a \$5 trillion surplus did exist. It could only exist if the government had overtaxed the people by \$5 trillion, because that is where all the money ultimately comes from. If the government had \$5 trillion extra, don't you think there would have been a massive demand to have that money returned to the taxpayers? In the early 2000's, the total budget was about \$2 trillion; so a \$5 trillion surplus would represent a two and a half year period when no taxation would have been necessary, or conversely, a period of the same length in which the government would have sent large rebate checks equaling the amount that would normally be paid in income taxes. Do you recall anyone talking about a complete cessation of federal taxation in the early 2000's? Do you recall checks being mailed to taxpayers in the amount of their last two years of income taxes? Of course not: because there was never any surplus to be doled out.

The operatives who maintain this fraud do so because at the end of 2000, it was "projected" that a \$5 trillion surplus *could* exist by 2020 *if* the Congress continued the policies of the late 1990's, *and if* the economy did not suffer any downturns (such as terrorist attacks, or the bursting of economic bubbles such as the dotcom and mortgage fiascos). In other words, it required economic assumptions that have never occurred and can never occur, as well as continuing good faith of politicians toward taxpayers. Enough said.

No government can hold on to a surplus of this magnitude, or of any real surplus. If they did, those funds would have to sit idle in some vault somewhere, of no benefit to the economy. In order for this \$5 trillion surplus to exist, the nation would have to run upwards of twenty years of annual surpluses to accumulate it. What group of politicians could resist spending those surpluses on some useless crap, so long as they reaped some sort of benefit?

[1] Governor John Kasich of Ohio (R), a former member of Congress, stated this patent falsehood on *Fox New Sunday with Chris Wallace*, 15 Jan 2015.