

# Viewpoint

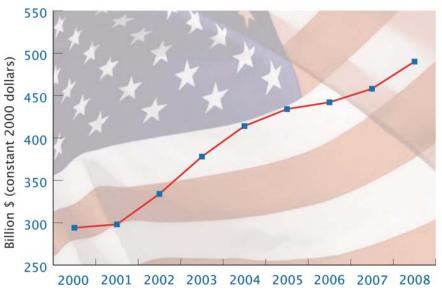
### on the surge in federal government spending by the United States

by Michel Kelly-Gagnon, president of the MEI | March 2009

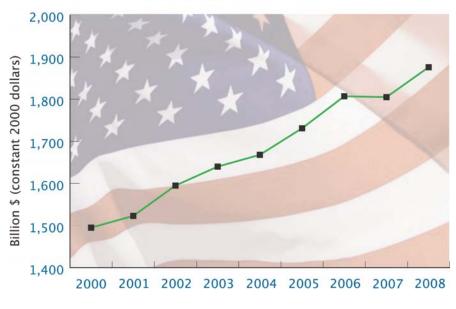
We often hear that the Republican presidency of George W. Bush was characterized by a reduction in the size of government and that this is a classic example of the failure of laissez-faire economics. However, a simple examination of spending by the United States Government during the eight years of the Bush administration (see the Figures and Table) shows clearly that this is a huge myth, far removed from reality.

It can be seen that military spending rose enormously during this period, especially in the years following the attacks of September 11, 2001. But a less well known fact is that non-military spending also rose at a pace well above inflation (with a real increase of more than 25% from 2000 to 2008).

#### United States federal government military spending (2001-2008)









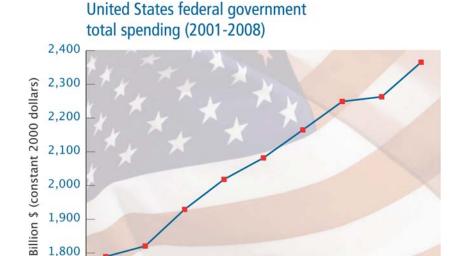


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The giant budget deficit left by the Bush administration was thus not in any way caused solely by tax cuts. It can also be stated that, long before its reaction to the current financial crisis, the government of George W. Bush was highly interventionist.

**Source for the data:** Budget of the United States Government (Historical Tables). **Note:** The data for 2008 are estimates



2000 2001 2002 2003 2004 2005 2006 2007 2008

### United States federal government spending (2001-2008) in billions of dollars (constant 2000 dollars)

1,700

| Fiscal<br>Year | Total<br>spending | Growth of<br>total<br>spending | Non military<br>spending | Growth of<br>non military<br>spending | Military<br>spending | Growth of<br>military<br>spending |
|----------------|-------------------|--------------------------------|--------------------------|---------------------------------------|----------------------|-----------------------------------|
| 2000           | 1,789             | 15.4                           | 1,495                    |                                       | 294                  |                                   |
| 2001           | 1,821             | 1,8%                           | 1,523                    | 1,8%                                  | 298                  | 1,3%                              |
| 2002           | 1,929             | 6,0%                           | 1,595                    | 4,7%                                  | 334                  | 12,3%                             |
| 2003           | 2,018             | 4,6%                           | 1,640                    | 2,8%                                  | 378                  | 13,1%                             |
| 2004           | 2,082             | 3,2%                           | 1,668                    | 1,7%                                  | 414                  | 9,4%                              |
| 2005           | 2,165             | 4,0%                           | 1,731                    | 3,8%                                  | 434                  | 4,8%                              |
| 2006           | 2,249             | 3,9%                           | 1,807                    | 4,4%                                  | 442                  | 1,9%                              |
| 2007           | 2,263             | 0,6%                           | 1,805                    | -0,1%                                 | 458                  | 3,6%                              |
| 2008           | 2,366             | 4,5%                           | 1,876                    | 3,9%                                  | 490                  | 7,0%                              |

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