

## Bush Beats Johnson: Comparing the Presidents

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Revised data released during the summer by the Congressional Budget Office (CBO) provide analysts the ability to make side-by-side comparisons of the spending habits of each president during the last 40 years.<sup>1</sup> All presidents presided over net increases in spending overall, though some were bigger spenders than others. As it turns out, George W. Bush is one of the biggest spenders of them all. In fact, he is an even *bigger* spender than Lyndon B. Johnson in terms of discretionary spending.

### Comparing the Presidents

The increase in discretionary spending—that is, all nonentitlement programs—in Bush's first term was 48.5 percent in nominal terms. That's more than twice as large as the increase in discretionary spending during Clinton's entire two terms (21.6 percent), and just higher than Lyndon Johnson's entire discretionary spending spree (48.3 percent).

A more accurate comparison accounts for how long each president served in office and adjusts for inflation. To adjust for the varying tenures of each president, growth rates in average annual terms should be used for ranking purposes.

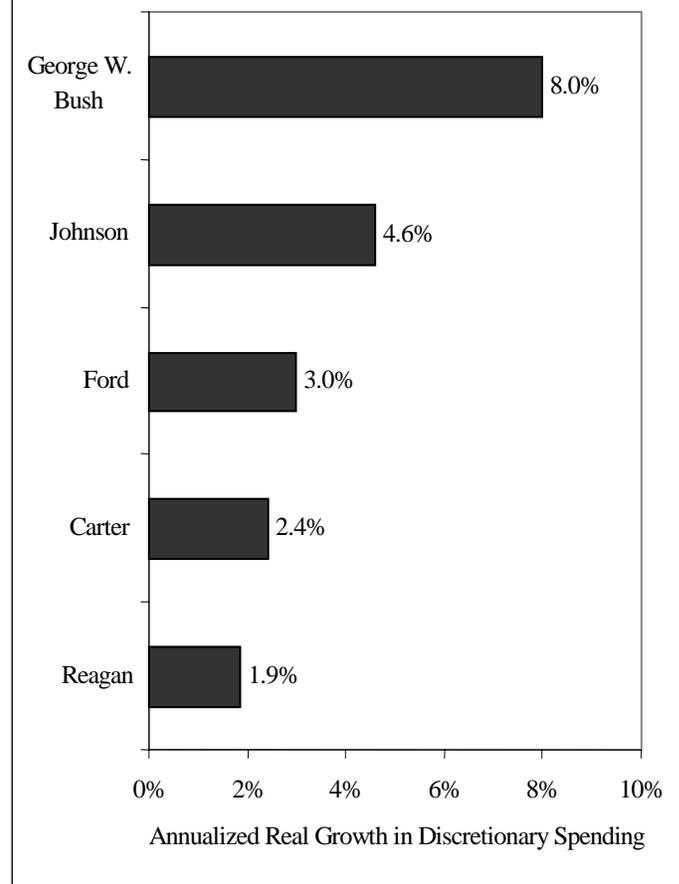
The results of adjusting the budget trends for inflation and the length of time in office are shown in the figure to the right. It compares the top five biggest spending presidents in terms of nonentitlement spending.

Bush's record looks even worse by this standard. His spending rate is much higher than Lyndon Johnson's. In other words, Bush has expanded federal nonentitlement programs in his first term almost twice as fast each year as Lyndon Johnson did during his entire presidency.

### Explaining the Growth

Johnson's discretionary spending spree was mainly a result of increased military spending during the war in Vietnam. However, Johnson also increased spending on nondefense programs substantially.

Figure 1. Top Five Biggest Spending Presidents, 1964 – 2005



Source: Author's calculations based on CBO data.

Ford presided over real declines in defense spending resulting from the end of the war in Vietnam. But this decline was overwhelmed by large increases in nondefense spending.

Carter's budget growth occurred mostly on the domestic side, although his budget increases included defense spending hikes, too.

Reagan’s discretionary spending increase is mainly a result of his defense buildup. However, he paid for that defense buildup in part with offsetting cuts in the nondefense budget. During the first year of Reagan’s presidency, nondefense spending went down by \$10 billion in nominal terms.

By the end of Reagan’s tenure, nondefense spending was up in nominal terms but down considerably once you adjust for inflation. All told, Reagan presided over a real nondefense discretionary spending *cut* of 9.5 percent.

Contrast that with Bush’s presidency so far. He has presided over massive increases in almost every category. This is a dramatic change of pace from most previous presidents, when increases in defense spending were offset by cuts in nondefense spending (or at least by spending money on other programs at a rate slower than inflation). George W. Bush’s tenure has so far been a return to the Johnson and Carter philosophy of budgeting that gives increases to all categories of spending.

### Budget Growth by Category

Bush’s big-spending tendencies can be seen most dramatically when the growth rates of the major categories of the federal budget are compared with his predecessors (See Table 1). The numbers in this table are adjusted for length of time each president served and are in real dollars—in other words, these are annualized real rates of growth. The largest growth rate in each category appears in bold.

As the table shows, Lyndon Johnson is the biggest spending president of the past 40 years as measured by total government outlays. But just barely—Johnson edges out Bush by only 0.1 percentage points. Johnson’s numbers are driven by massive growth in entitlement programs, many of which he created.

George W. Bush is the biggest spending president of the past 40 years in both the defense and domestic discretionary spending categories by a long shot. Indeed, he beats Johnson by almost four percentage points in defense spending growth and more than three percentage points in domestic discretionary spending growth.

What’s also remarkable is that Nixon, not Johnson or Bush, presided over the largest increase in inflation-adjusted annualized entitlement spending. Yet, George W. Bush, along with his father, follows Johnson in terms of spending in this category.

### Iraq and the War on Terror’s Effect on the Budget

Members of President Bush’s staff argue that much of the growth in discretionary spending is essential to defending the United States against the threat of terrorism

|             | Total       | Defense     | Domestic    | Entitlement  |
|-------------|-------------|-------------|-------------|--------------|
| Johnson     | <b>5.7%</b> | 4.9%        | 3.9%        | 8.9%         |
| Nixon       | 3.0%        | -6.6%       | 5.5%        | <b>12.5%</b> |
| Ford        | 2.9%        | -2.8%       | 6.3%        | 2.4%         |
| Carter      | 4.1%        | 3.0%        | 1.8%        | 4.1%         |
| Reagan      | 2.6%        | 4.4%        | -1.2%       | 2.0%         |
| G.H.W. Bush | 1.9%        | -3.8%       | 3.3%        | 4.8%         |
| Clinton     | 1.5%        | -1.7%       | 1.8%        | 3.3%         |
| G.W. Bush*  | 5.6%        | <b>8.8%</b> | <b>7.1%</b> | 4.7%         |

\* - First term only

Source: Author’s calculations based on CBO data.

here and abroad. However, increased spending on fighting terrorism and for the operations in Iraq and Afghanistan does not explain the increases in the overall defense budget.

The Congressional Budget Office estimated in 2005 the cost to-date of fighting the “war on terrorism,” broadly defined. It also calculated the costs of the invasion, occupation, and rebuilding of Iraq. In all, this spending only amounts to 16 percent of the combined defense spending for the past four fiscal years.<sup>2</sup> Thus, these spending categories cannot explain most of the Bush budget bloat. Yet, as seen in the table, Bush spent real defense dollars faster each year of his first term than Johnson did during his Vietnam War defense buildup.

### Conclusion

The expenses related to cleanup and rebuilding of the Gulf Coast region as a result of Hurricane Katrina’s destruction have not been fully tallied. In fact, some budget experts suspect federal spending related to hurricane relief will reach a total of \$200 billion over the next few years. Congress has already appropriated \$62 billion, and much of that money will be spent in fiscal 2006.<sup>3</sup> If these budget increases are not offset by cuts in other areas of the budget, Bush’s spending record will look even worse next year.

<sup>1</sup> Congressional Budget Office, *The Budget and Economic Outlook: An Update* (Washington: CBO, August 2005).

<sup>2</sup> Stephen Slivinski, “The Grand Old Spending Party: How Republicans Became Big Spenders,” Cato Institute Policy Analysis 543, May 3, 2005, p. 8.

<sup>3</sup> Congressional Budget Office, “The Macroeconomic and Budgetary Effects of Hurricane Katrina and Rita: An Update,” September 29, 2005.