

Sequester This

We need some sanity when it comes to what cuts will be made.

During the depths of the recession, many real estate brokerage companies cut budgets and cut them severely. Some of these cuts ranged from 25 percent to



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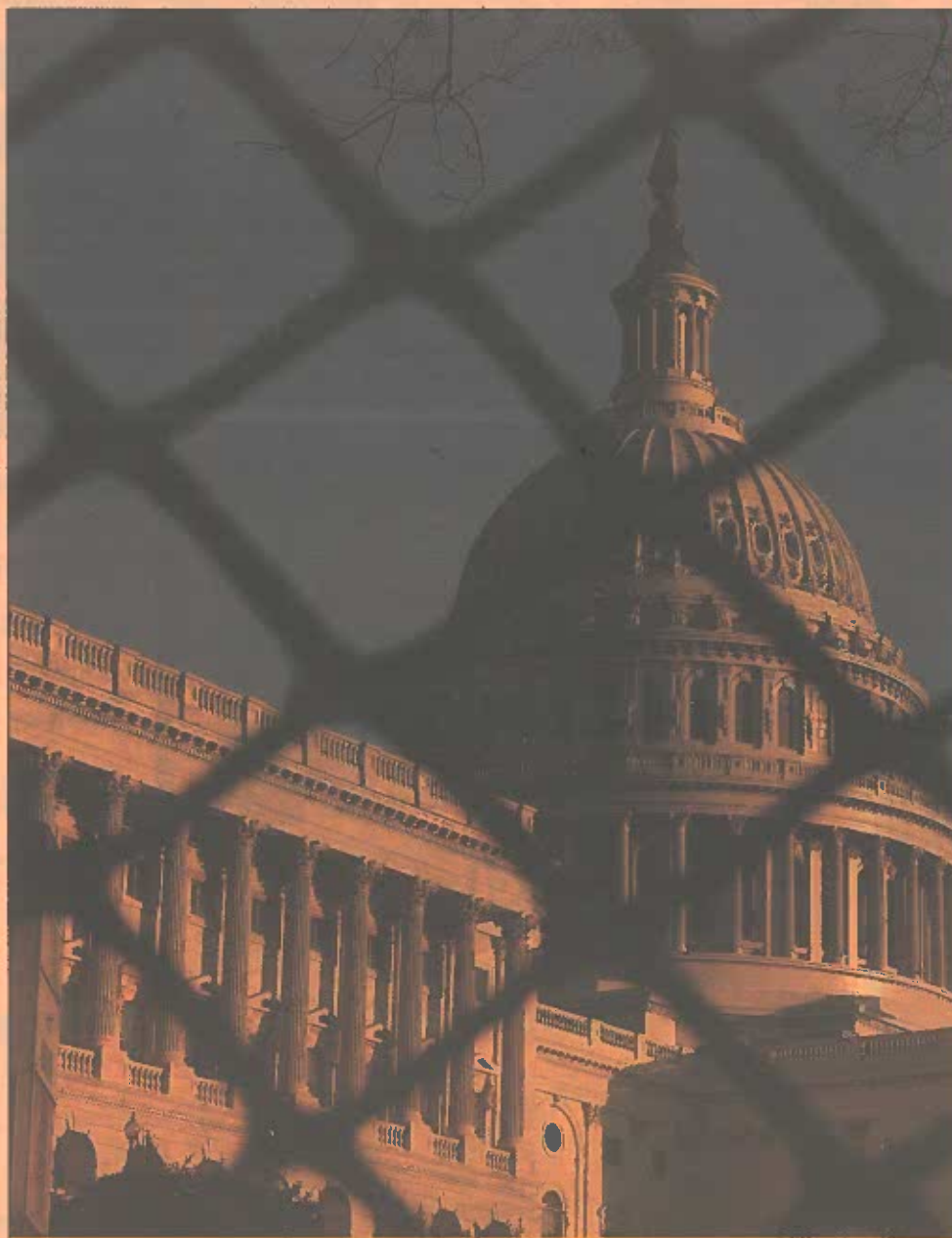
as much as 50 percent. For other companies, the cuts were a more modest 10 to 20 percent. In almost all cases, these cuts allowed companies to weather the storm and come back as the market recovered. Most made cuts of items that were non-essential. These were things that might have been nice to have, or in some cases

somewhat important, but were not crucial for the ongoing performance of the company's operation.

Imagine if these firms were asked to simply cut 2.23 percent of their budget. Surely that would be a cakewalk. Decision makers may not have wanted to make those cuts, but the fact is that it would have been relatively easy. This is why the current catastrophic ramifications that some in Washington are portraying in connection with the automatic budget cuts which kicked in last Friday—known as the sequestration—are so hard to understand.

Even with the sequestration, this year's budget would still allow Congress to spend about \$15 billion more this fiscal year than last. Last week, speeches from the president (who came up with the idea), cabinet members and members of Congress would have us believe that economic Armageddon would kick in if these cuts were allowed to take place: lines would be hours long at airports; control towers would be undermanned, causing flight delays and dangerous skies; federal prosecutors would stop cases, with felons being released to run free in the streets; maintenance and construction on new aircraft carriers would stop; terrorist attacks would become "awfully tough" to stop, and the economic recovery would come to a grinding halt.

The scare tactics reached a crescendo when Representative Maxine Waters of



California claimed that sequestration could cause the loss of over 170 million jobs. Someone should tell her that there aren't even that many jobs in the United

States.

We need some sanity when it comes to what cuts will be made. Within each area designated for spending reductions,

those who run these departments should be given the autonomy to decide what is cut and what's not. The things that were mentioned last week are the equivalent of an individual who needs to cut a few dollars from their weekly budget deciding to pull the plug on their refrigerator to save on the electric bill, or deciding not to pay for medication that will keep them in good health. Clearly, they would figure out something less impactful to cut. (With an average salary of \$55,000, on an after-tax basis, the average U.S. citizen has about \$793 per week of disposable income. If this average Joe were subject to sequestration, he would have to cut about \$18 per week.)

The federal budget draft (we haven't had a passed budget in four years) contains 3,709 pages, nearly three times the length of Tolstoy's *War and Peace*. The budget appendix is where you find out what's really going on. It's part of the budget proposal materials sent to Congress every year. News reports focus on the budget's top lines; the appendix shows you what's beneath. It notes the line-item spending for virtually everything the U.S. government does. Some of those things include spending money on determining whether tweets can be trusted, \$40,000 toilets in an Alaskan park, payments of benefits to deceased federal employees, and studying monkey poop. Not exactly the kinds of things to bring the economy to its knees.

Here's a thought: maybe Congress should read the budget appendix out loud, in session. They did it with the Constitution. Why not the budget? They could go through it and debate the value of every line item. I know that is unrealistic, but it would make a great reality show.

It appears the world will not end with sequestration. However, exactly what to cut in each area should be thoughtfully debated by the folks we elected to do just that.

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