



Obama's Disastrous Deficits

But the Obama administration continues to profess unswerving faith in the president's budgetary agenda, which includes imposing massive new regulatory controls on healthcare and "cap-and-trade" rules in response to the global-warming hysteria. "What we will not cut are investments that will lead to real growth and prosperity over the long term," President Obama said on Friday. "That's why our budget makes a historic commitment to comprehensive health care reform. That's why it enhances America's competitiveness by reducing our dependence on foreign oil and building a clean energy economy."



Nevertheless, some within the Obama administration seem to be tumbling to the enormity of the crisis that Obama-era deficits and debts will inflict. While breezily denying to reporters the accuracy of the CBO's projections, White House Budget Chief Peter Orzag admitted that, should the CBO's forecast prove accurate, "deficits in the, let's say, 5 percent of GDP range would lead to rising debt-to-GDP ratios that would ultimately not be sustainable."

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Unfortunately for American taxpayers, President Obama and his congressional accomplices seem determined to do precisely the opposite of what is needed to resolve the economic crisis. Rather than drastically reduce the size and cost of government, cut taxes, and allow free-market forces to correct the massive distortions of capital allocation that have brought about the Great Recession, the president intends to enlarge the federal government and enormously expand the reach of federal regulatory controls.

Oh, and those promised tax cuts? According to Andrew Taylor of the Associated Press, "The dismal deficit figures, if they prove to be accurate, inevitably raise the prospect that Obama and his allies controlling Congress would have to consider raising taxes after the recession ends or else pare back his agenda."

Besides enormous tax increases, which cannot possibly pay for such astronomical sums, President Obama or his successors will have to resort to the printing presses to pay the federal government's obligations — which is precisely what large foreign creditors like China are worried about. Printing more dollars will only destroy the fiat dollar's already tenuous value, much as happened in Germany — also struggling to service impossibly high debts — after World War I.

But American taxpayers have a great deal more to fear than do international financiers worried about devaluation of the dollar. What all of Obama's "change" will bring about is nothing less than national bankruptcy. Not, we hasten to add, that the current crisis can be laid at the feet of our current president. But President Obama's solutions will prove wrong, disastrously wrong, in the not-terribly-long run, which is why Americans should vigorously oppose them before the damage is done.



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