



Written by [Thomas R. Eddlem](#) on July 23, 2009

Obama Sells \$1 Trillion Health Care Spending Increase as Deficit Control

President Obama has decided to sell a government-directed healthcare system as a deficit control measure. "If we do not control these costs" of healthcare, Obama told reporters in a nationally televised press conference July 22, "we will not be able to control our deficit." Obama stressed "the biggest driving force behind our federal deficit is the skyrocketing cost of Medicare and Medicaid."



But Obama's statements not only conflicted with the number-crunching of the non-partisan Congressional Budget Office, Obama at times contradicted himself on how healthcare would impact the deficit. The Senate version of the healthcare legislation "would result in a net increase in federal deficits of about \$1.0 trillion for fiscal years 2010 through 2019," [according to the Congressional Budget Office](#). The House version would increase the deficit less, in part because of a massive \$583 billion tax increase built into the measure, the [CBO said](#):

H.R. 3200 would result in a net increase in the federal budget deficit of \$239 billion over the 2010-2019 period. That estimate reflects a projected 10-year cost of the bill's insurance coverage provisions of \$1,042 billion, partly offset by net spending changes that CBO estimates would save \$219 billion over the same period, and by revenue provisions that JCT estimates would increase federal revenues by about \$583 billion over those 10 years.

If we're already in budgetary trouble, then these bills would clearly only make it much worse. Obama [stressed](#) during the press conference that the United States budget was about to be "broken" by healthcare costs under the present trend line. "We also know that with health care inflation on the curve that it's on," Obama said, "we are guaranteed to see Medicare and Medicaid basically break the federal budget."

Note that Obama hasn't pledged to make the deficit go away with his healthcare plan; he only [promised](#) that "I have also pledged that health insurance reform will not add to our deficit over the next decade — and I mean it." Even if Obama's healthcare plan to cover an additional 47 million Americans somehow becomes deficit neutral, however unlikely that is, then his program is still a prescription to "basically break the federal budget." Obama himself said so, because "deficit neutral" is the same as the status quo he claims to be a destructive course of endless deficits.



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Obama also has an [argument](#) against constitutionalists who “suggest that this is just one more government program.... First of all, let’s understand that when I came in, we had a \$1.3 trillion deficit, annual deficit, that we had already inherited.... And our budget had a ten-year projection, and I just want everybody to be clear about this, if we had done nothing, if you had the same old budget as opposed to the changes we put in our budget, you’d have a \$9.3 trillion deficit over the next 10 years. Because of the changes we’ve made, it’s going to be \$7.1 trillion. Now, that’s not good. But it’s \$2.2 trillion less than it would have been if we had the same policies in place when we came in.”

About the only true part of that statement was “that’s not good.” Obama’s figures are dishonestly optimistic in his [economic assumptions on the deficit](#). He assumes boom-time economic growth averaging four percent over the next four years (something that [even the optimistic Federal Reserve disputes](#)) and interest rates on the national debt at unmatched lows over any 10-year period in history. [According to the Congressional Budget Office](#), Obama’s actual 10-year deficit would be \$12.6 trillion if interest rates parallel those of the 1980s. That represents an increase of \$3.3 trillion over the fiscally irresponsible Bush-era policies.

Obama stressed to reporters, and by extension, voters, “I am very worried about federal spending, and the steps that we have taken so far have reduced federal spending over the next 10 years by \$2.2 trillion. It’s not enough.... Health care reform is not going to add to that deficit, it’s designed to lower it.” Actually, no, it’s not designed to lower the deficit. Obama’s soothing, well-coached sound-byte contrasts starkly with the reality that the current health care packages going through Congress being pushed by Obama would make the deficit worse. The view that adding as many as 47 million Americans to the federal government’s healthcare rolls, simply doesn’t make any sense. With an initial subsidy average of \$5,000 per enrollee (as [the CBO estimates](#)), to claim that this would cut the deficit requires serious cognitive dissonance.

Yet there Obama was on national television, telling Americans that “in order for us to do more, we are not only going to have to eliminate waste in the system ... we are also going to have to change health care. Otherwise we can’t close that \$7.1 trillion gap in the way that the American people want it to change.”

Obama wanted to counter “everybody who’s out there has been ginned up about how the Obama administration wants to spend and spend and spend.” But all he did was confirm that his critics were right, and that Obama is either not being honest with the American people or he has a serious learning disability when it comes to numbers and common sense. Obama’s statements in the press conference really call into question his credibility, and may hurt him politically in the long term.

The president ended his [opening remarks at the press conference](#) saying, “Let me be clear: This isn’t about me. I have great health insurance, and so does every Member of Congress. This debate is about the letters I read when I sit in the Oval Office every day, and the stories I hear at town hall meetings.... This debate is not a game for these Americans, and they cannot afford to wait for reform any longer.”

But if voter calls going into the Whitehouse and Congress start running against Obama-care, and polling numbers increasingly run against Obama on healthcare (as [they already are](#)), maybe it really is all about Obama. Most Americans already oppose a tax increase to pay for healthcare “reform,” according to a [recent poll](#), as the House proposes in a vain attempt to make the measure deficit neutral.

House Speaker Nancy Pelosi now says she has the votes to pass health care legislation, but another House Democratic member [told The Hill](#) that “they’re 100 votes away on a good day.” The fate of the



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legislation appears to be up to American citizen activism.

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