



Obama Proposes Budget “Cuts” (i.e., Spending Increases and Tax Increases)

Until his April 13 budget plan, Obama’s budget had proposed some \$9.47 trillion in deficit spending over the next 10 years [according to the non-partisan Congressional Budget Office](#). Obama’s revised budget proposal cuts \$4 trillion from the estimated \$9.47 trillion in additional red ink when reflected over an extended 12-year timeline. Obama’s [proposal](#) would include approximately \$2 trillion less in spending increases, \$1 trillion less in interest on the national debt, and \$1 trillion in new taxes over the same 12-year period ending in fiscal 2023. Though precise details on the proposal have yet to be released, nearly all of the proposed "deficit reduction" would take place after the 2012 elections (i.e., after the end of Obama’s first term).



Outside of the Washington, D.C., beltway, some might find it fanciful to contemplate Obama cutting federal spending levels 12 years from now in 2023, some six years after he would no longer be eligible to serve as President (assuming he wins a second term). But in Washington it has long been commonplace to pretend to be fiscally responsible in terms of spending projections years in the future in order to justify fiscal irresponsibility in the present. And extending the timeline for the "cuts" helps politicians make the proposed cuts seem larger than they really are to unsuspecting voters.

Moreover, it’s also commonplace for politicians in Washington from both parties to tout deficit or spending increases as "cuts," via the sleight-of-hand of comparing their new budget projections to other budget projections. For example, while Obama was touting his most recent proposal, he [said](#) the following:

Today, I’m proposing a more balanced approach to achieve \$4 trillion in deficit reduction over 12 years. It’s an approach that borrows from the recommendations of the bipartisan Fiscal Commission that I appointed last year, and it builds on the roughly \$1 trillion in deficit reduction I already proposed in my 2012 budget.

Of course, although the President [brags](#) about \$1 trillion in "deficit reduction I already proposed in my 2012 budget," the CBO [estimated](#) that the President’s 2012 budget proposal would increase the deficit over 10 years from \$6.74 trillion (if Congress simply funded existing law) to \$9.47 trillion under the President’s proposal. How does that amount to deficit "cuts"? Washington, apparently, has its own vocabulary of what amounts to a "cut." In Obama’s case, he’s "cutting" from his earlier fiscal 2012 budget proposal. Only in that sense can he brag that "already, the reforms we passed in the health care law will reduce our deficit by \$1 trillion" in a year that his own Office of Management and Budget predicts the federal government will post a record [\\$1.58 trillion deficit](#). To calculate his "cuts," Obama



Written by [Thomas R. Eddlem](#) on April 14, 2011

is not even comparing his new budget proposals to current law, let alone comparing the 2012 budget proposal to 2011 and 2011 to 2010.

The Obama administration makes no pretense to bringing the budget quickly into balance. A White House ["fact sheet"](#) on the new proposal notes that "the President is setting a goal of reducing our deficit by \$4 trillion in 12 years or less. This deficit reduction would be phased in over time to protect and strengthen our economic recovery and the recovering labor market."

Obama's personal summary was more nuanced with euphemism. He [said](#) April 13:

So this is my approach to reduce the deficit by \$4 trillion over the next 12 years. It's an approach that achieves about \$2 trillion in spending cuts across the budget. It will lower our interest payments on the debt by \$1 trillion. It calls for tax reform to cut about \$1 trillion in tax expenditures — spending in the tax code.

That last sentence, translated into the language of most Americans, means a \$1 trillion tax increase. But Obama instead chose to label it "\$1 trillion in tax expenditures — spending in the tax code." Obama [termed](#) higher taxes "tax reform":

- "a reform that would reduce the deficit by \$320 billion over 10 years"
- "three dollars of spending cuts and interest savings for every one dollar from tax reform that contributes to deficit reduction"

New Deal architect Harry Hopkins allegedly once summarized the welfare state strategy thusly: "Tax and tax, spend and spend, elect and elect." Although Hopkins [denied](#) ever saying such a thing, this does appear to be the Obama strategy — even if they want to call tax increases "tax reform."

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