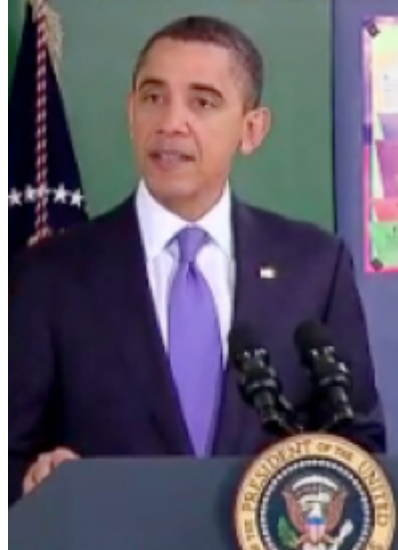




Written by [Thomas R. Eddlem](#) on February 15, 2011

# Obama's 2012 Budget: A "Down Payment" with No Money Down

The *New York Times* [noted](#) February 14: "For the current fiscal year, which ends Sept. 30, the Obama budget projects a deficit of more than \$1.6 trillion, the equivalent of nearly 11 percent of the gross domestic product; in those terms it would be the largest shortfall since World War II ended." President Obama has promised a falling deficit in the future, however. "If the projections are correct," the *New York Times* [explained](#), "2012 will be the fourth and final year with a deficit over \$1 trillion." But that's a big "if." Obama's first budget proposal called for a \$912 billion deficit this year, compared with the \$1.6 trillion he now projects, and a \$581 billion deficit in 2012, compared with a \$1.1 trillion currently projected.



Much of the "cuts" in the deficit within Obama's budget are based upon a huge tax increase, the expiration of the Bush-era tax cuts. The *New York Times* [explained](#): "The deficit for the next fiscal year, 2012, is expected to be smaller by more than \$500 billion, largely because of the expiration of those tax cuts and the two-year stimulus package that Mr. Obama signed into law soon after taking office." It's clearly not spending cuts that would trim the deficit. Obama's [2010 budget proposal](#) planned for \$3.662 trillion in spending in fiscal 2012, [last years' budget proposal](#) called for \$3.755 trillion in fiscal 2012 spending, and [this year's budget](#) calls for \$3.729 trillion in fiscal 2012 spending. In other words, the projected spending increases have remained largely static over two years, despite all the talk of "cuts."

Only in Washington is a "cut" not a cut. Only in Washington could a sentence like this one — taken from Obama's [Budget Message for the 2012 budget](#) — be written without irony:

At the Department of Defense, for instance, we are reducing its funding by \$78 billion over the next 5 years on a course for zero real growth in funding.

Is zero real growth "reducing"? Only if you live in Washington. "This document is built around the simple idea that we have to live within our means so we can invest in the future," Jack Lew, Director of the Office of Management and Budget, [said](#) of Obama's budget proposal. Of course, the Obama budget makes no attempt whatsoever — for any future fiscal year, no matter how distant — to balance the budget.

The budget would never balance despite assuming several unrealistic hypotheticals — that the Bush-era tax cuts "for the rich" (those making \$250,000 or more per year) will end, and that economic growth will jump to more than four percent annually 2012-14.

This can be contrasted with the modest words and genuine cuts in the recent budget cut



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[proposals](#) ([summary](#)) by freshman Kentucky Senator Rand Paul, who submitted proposals to cut \$500 billion in the current fiscal year (2011). Although President Obama's 10-year budget pledges more than \$1 trillion in deficit reduction, which appears to be twice as large as the cuts proposed by Senator Paul, it is actually only one-fifth as large because it is spread out over 10 years. Moreover, most of Obama's deficit "reduction" would be in the form of tax increases, and most of the "savings" would supposedly take place many years in the future — when President Obama would no longer be President. By way of contrast, Dr. Paul's proposals would take effect immediately.

And while President Obama and his appointees use grand and flowery language to describe their non-existent deficit reduction efforts, Dr. Paul [describes](#) his package this way: "It is a modest proposal when measured against the size of our mounting debt. It would keep 85% of our government funding in place and not touch Social Security or Medicare. " But Senator Paul, a Tea Party favorite, noted that it would only cover a third of the deficit. What federal spending programs does Rand Paul propose to scale back or eliminate in the current fiscal year? "Cuts to the Departments of Agriculture and Transportation would create over \$42 billion in savings each, while cuts to the Departments of Energy and Housing and Urban Development would save about \$50 billion each. Removing education from the federal government's jurisdiction would create almost \$80 billion in savings alone. Add to that my proposed reductions in international aid, the Departments of Health and Human Services, Homeland Security and other federal agencies, and we arrive at over \$500 billion."

Senator Paul's "modest proposal" is a down payment, but Obama's budget is a plan for deficit spending forever. It is a "no money down" spending and borrowing bill.

Of course, even the *New York Times* makes an online survey ["You fix the budget"](#) where viewers can balance the budget by themselves (and in which it's possible to balance the budget without raising taxes). Perhaps Obama could give that a try before submitting his next budget proposal.



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