



Obama's Budget: Building Record Deficits Higher

President Obama didn't even get past the title of his budget before starting the lies. "A New Era of Responsibility," President Obama's fiscal 2011 budget proposal, would increase the current year deficit to a new record \$1.56 trillion. That's an increase in the size of the deficit of \$300 billion since his fiscal 2010 budget last spring. The new budget proposal would also increase the fiscal 2011 deficit to \$1.267 trillion, an increase by the same \$300 billion figure over his proposal last year, and more than double the national debt from its current \$12 trillion to more than \$25 trillion over 10 years.



Of course, it's possible Obama and his budget officials weren't lying in the title of their budget but were instead shooting for irony. If that was the case, they certainly succeeded. But it's not funny.

President Obama [announced](#) his new budget with a series of political platitudes: "But the bottom line is this: We simply cannot continue to spend as if deficits don't have consequences; as if waste doesn't matter; as if the hard-earned tax dollars of the American people can be treated like Monopoly money; as if we can ignore this challenge for another generation. We can't."

And yet that's precisely what he's doing with this budget. Tackling the deficit would be left to another generation with Obama's budget, just as Congress had done following the wildly irresponsible lead of the Bush administration.

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"We won't be able to bring down this deficit overnight," President Obama [said in his press conference](#) releasing the budget. What he didn't say in the press conference is that he won't bring down the deficit later either. Even the "out years" of his budget reflect higher deficits. Last year's [fiscal 2010 budget](#) promised a \$513 billion deficit by the time he ends his first term in 2013. His [new proposal](#) would increase the 2013 deficit by more than \$200 billion to a total of \$727 billion, and increase the budget deficit back up to \$1 trillion by the year 2020.

One difference between Obama's deficits and presidents before him is that past presidents used to at least pretend to be fiscally responsible by "balancing" the budget at some time in the distant future. This future balanced budget — what is called the "out years" in Washington: after the president's term has ended and the president and current Congress are out of office — was always fiction. No president or Congress can bind a future president or Congress's spending; the only real balanced budget is one that balances the budget within the current two-year term in which congressmen have been elected. But President Obama has given up even this political fiction of balancing the budget in the out years; his deficits would remain at the \$700 billion-plus level even ten years from now.

The \$3.8 trillion budget proposal would increase spending by three percent over the "stimulus" level



Written by [Thomas R. Eddlem](#) on February 2, 2010

funding. His much-touted spending “freeze” would limit none of the biggest programs in the federal government: the military, Social Security, and Medicare. Each of these would continue to increase. But the so-called “discretionary” programs would be frozen in at elevated stimulus-level funding.

President Obama went through the motions of claiming he was searching for waste. “We have gone through every department’s spending line by line, item by item, looking for inefficiency, duplication, and programs that have outlived their usefulness,” Obama said at his [February 1 press conference](#). “That’s how we freeze discretionary spending. Last year, we found \$17 billion in cuts. This year, we’ve already found \$20 billion.” But finding a few wasteful programs in a \$3.8 trillion budget — especially when the President is proposing a dozen or more spending increases that would each equal the amount of the waste saved (such as \$30 billion for small businesses in [his State of the Union address](#)) — is not a recipe for fiscal sanity. Individually, they involve significant funds. But compared with the whole of the budget, they are droplets in the ocean.

That’s why spending would increase by more than \$100 billion next year alone under Obama’s budget; Obama has proposed none of the politically painful cuts that are necessary to balance the budget — or even to bring the deficit down to earth.

On the other hand, President Obama has proposed a [six percent increase in federal educational assistance](#) to states, and what the *Washington Post* [describes](#) as an “additional \$282 billion to ‘temporary recovery measures’ over the next three years, on top of the huge economic stimulus package congressional Democrats pushed through during his first days in office.”

Sadly, even these stratospheric deficit figures Obama has put into his budget drastically understate the deficits being proposed, as the budget proposal assumes an average of four percent annual Gross Domestic Product growth through 2014. It’s based upon that and a series of income tax rate hikes that he expects to extract 20 percent increases in income tax revenue over the next couple of years from taxpayers. But four percent economic growth for four years in a row is a really vigorous economy and a protracted expansion for an economic plan built on borrowing, consumer spending, and government “stimulus” spending. Sound familiar? President Obama [noted](#) that “over the course of the past 10 years, the previous administration and previous Congresses created an expensive new drug program, passed massive tax cuts for the wealthy, and funded two wars without paying for any of it — all of which was compounded by recession and by rising health care costs. As a result, when I first walked through the door, the deficit stood at \$1.3 trillion, with projected deficits of \$8 trillion over the next decade.”

That’s a pretty fair assessment of the Bush plan. In that sense, Obama’s economic strategy mirrors the economic strategy pursued by the Bush administration that created the current “Great Recession.” President Bush’s economic plan was to spend more on social programs (especially healthcare), give out tax cuts designed to create economic growth, encourage more consumer spending and run up record deficits. This is also Obama’s plan. Now, a year after he “walked in the door,” the deficit stands at \$1.55 trillion and the Obama administration plans to add \$13 trillion to the national debt over the next decade. The budget is even more out of balance than a year ago, and Obama’s own budget says it will only get worse despite predicting record economic growth.

President Obama concluded his [remarks](#) announcing the budget by saying that “It’s time to save what we can, spend what we must, and live within our means once again.”

But his budget never did say when that time will be.

Photo of Treasury Secretary Timothy Geithner with President Obama: AP Images



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