



The Sequester Begins: Even Obama Has Begun Downplaying the Effects

Despite the dawning of the latest “fiscal cliff” — the sequester — the world appears not to have fallen apart, notwithstanding the dire predictions by the Obama White House. Even the president has now [admitted](#) it’s not that bad, in a February 28 speech to businessmen, noting,



I should point out and I’m sure you’ve heard from a number of experts and economists that this is not a cliff, but it is a tumble downward. It’s conceivable that in the first week, the first two weeks, the first three weeks, the first month — that unless your business is directly related to the Defense Department, unless you live in a town that is directly impacted by a military installation, unless you’re a family that now is trying to figure out where to keep your kids during the day because you just lost a Head Start slot — a lot of people may not notice the full impact of the sequester.

Obama also [claimed](#) in the same speech, however, that “this is going to be a big hit on the economy.” But the president is factually wrong about this “fiscal cliff” being even a “tumble downward” in overall federal spending. It’s more of a slight incline upward, as the sequester “cuts” will not be sufficient to stop federal spending from increasing. The impact of the sequester would be to cut \$110 billion per year from projected discretionary spending annually over the next 10 years (though only \$85 billion in fiscal 2013). Overall federal spending would continue to trend upward even with the “cuts” of the sequester, and the federal government will continue to run deficits close to \$1 trillion annually.

Sequestration was put into the lawbooks by the Budget Control Act of 2011, which was passed during the debt-limit debate of the summer of 2011. The [sequester](#) could be avoided if Congress passed \$1.2 trillion in cuts from the projected deficits of more than \$7 trillion that would be added to the deficit over the same 10-year time period. But after a year and a half, Congress and the White House have not agreed to a penny more in spending cuts (though they have increased payroll and income taxes by some \$600 billion over the same time period).

In other words, the sequester would have been avoided if Congress had passed spending bills in the past 18 months that would have created another \$5.5 trillion in deficits over 10 years, instead of the [\\$7 trillion they planned](#) on creating. None of those cuts were enacted.



Written by [Thomas R. Eddlem](#) on March 1, 2013

But the two parties have continued to “blame” each other for even this modest level of fiscal restraint. Republican House Speaker John Boehner [claimed](#) in a February 28 address that “Republicans have voted twice to replace the president’s sequester with smarter spending cuts and reforms. But the president and Democrat leaders have failed to pass a solution of their own. It’s time that they do. My message at the White House will be the same as what I’m telling you today: It’s time for them to do their job and to pass a bill.” Of course, the House Republicans could solve the budget crisis all by themselves — and balance the budget altogether — by simply shutting off the deficit spending spigot. Because all spending bills must begin in the House, if Republicans insisted on a balanced budget, there would be nothing the White House and the Senate could constitutionally do to stop them. The U.S. Constitution actually gives the House an absolute check on spending, with no need for “compromise.”

But while the Senate Democrats have openly dithered on spending cuts and budgeting, doing absolutely nothing, the White House [website at least claimed to offer a plan](#) that “reduces our deficit by over \$4 trillion dollars in a balanced way — by cutting spending, finding savings in entitlement programs and asking the wealthiest to pay their fair share.” There’s little to the plan, however, and no specifics on how to replace the sequester cuts with anything different. And the president’s plan relies mostly on new taxes. In fact, Obama claims in the White House [explanation](#) of his plan: “We can’t just cut our way to prosperity.”

Even a cursory look at the details reveals that the White House claim to have a plan that “reduces our deficit by over \$4 trillion dollars” is patently false. The White House counts “more than \$2,500” billion from “deficit reduction to date” in its \$4 trillion figure. In other words, even taking White House “cuts” at face value, more than half of them were already enacted by Congress and accounted for in the plan to add another \$7 trillion to the national debt over the next 10 years. And Obama has no plan to replace the sequester cuts. He counts on \$100 billion in cuts in military spending from the wind-down of the Iraq and Afghanistan wars, which had also been planned for years. In other words, the White House is using the same kind of phony math that Bill Clinton [criticized](#) Mitt Romney’s team for using during the presidential election campaign.

The only real cuts [suggested](#) by Obama are \$30 billion in savings from eliminating some agricultural subsidies. The rest of his “cuts” are elimination of waste that needs to be done, and probably would be done, anyway. Moreover, the president counts \$200 billion in lowered interest payments on the national debt because of those cuts. Keep in mind that the level of interest the federal government will pay on the national debt will continue to increase under Obama’s plan; the White House is adding that \$200 billion by counting as savings interest payments on the debt that hasn’t been borrowed yet, and won’t be borrowed if cuts in fraud and waste are made.

But Obama’s plan does include [another \\$680-billion tax increase](#) on the “rich” by eliminating deductions.

The lack of a budget deal has largely been a result of White House and Senate Democrats’ demands that any deficit reduction be largely based on tax increases — something that House Republicans have pledged not to allow (especially since taxes were already increased for all working Americans at the beginning of the year). Even longtime leftists have taken notice of the one-sided nature of the budget debate, where the White House wants to lower the deficit almost exclusively out of tax increases. *Washington Post* reporter and columnist Bob Woodward noted in a February 22 [column](#) that “when the president asks that a substitute for the sequester include not just spending cuts but also new revenue, he is moving the goal posts.”



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Woodward's [column](#) received some blowback from White House operatives, including a half-hour screaming match in the White House and a petulant e-mail message, according to Woodward in interviews after the column was published. "I think you will regret staking out that claim," a White House operative told Woodward (later [revealed by Politico](#) to be Director of the White House's National Economic Council Gene Sperling) in an e-mail over the sequester debate, referring specifically to his comment that Obama had moved the goalposts in the negotiations on avoiding the sequester by demanding tax increases. Sperling argued in that [e-mail](#): "The idea that the sequester was to force both sides to go back to try at a big or grand bargain with a mix of entitlements and revenues (even if there were serious disagreements on composition) was part of the DNA of the thing from the start. It was an accepted part of the understanding — from the start. Really."

Woodward — once a darling of the Left for his Watergate investigations — has taken to calling the Obama White House's apocalyptic prognostications "madness" on national television. He [observed](#) on the MSNBC television show *Morning Joe*,

To take one example here, where President Obama came out and acknowledged that we are not sending the aircraft carrier *Truman* to the Persian Gulf because of this budget agreement. Now, Joe, this will resonate with you, I think. Can you imagine Ronald Reagan sitting there and saying "Oh, by the way, I can't do this because of some budget document?" Or George W. Bush saying, "You know, I'm not going to invade Iraq because I can't get the aircraft carriers I need," or even Bill Clinton saying, "You know, I'm not going to attack Saddam Hussein's intelligence headquarters," as he did when Clinton was president because of some budget document?

Since the United States spends [almost as much on its military as the rest of the world combined](#), if the aircraft were truly needed for national security to deter attacks on this country or its forces, the White House should certainly be able to find the money to sail a boat over the ocean even with the sequester in its \$700 billion annual budget. But apocalyptic and absurd claims over the sequester have become commonplace with the Obama White House — which has even [blamed](#) the sequester for its failure to submit a budget proposal to Congress by the first Monday in February deadline, as stipulated by law.



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