

## Obama's Broken Pledge to Cut Wasteful Spending

Posted By [Hans Bader](#) On September 16, 2010 @ 5:55 pm In [Bailout Watch](#), [Deregulate to Stimulate Economy](#), [Politics as Usual](#), [Sanctimony](#), [Zeitgeist](#) | [No Comments](#)

When Obama was elected, he [claimed](#) <sup>[1]</sup> he would "go through our federal budget— page by page, line by line—eliminating those programs we don't need." But as president, he seems to have forgotten about this pledge. The Cato Institute reminds him of it in a full-page [advertisement](#) <sup>[1]</sup> in today's *Washington Post* and other newspapers, identifying \$525 billion he could cut annually from the federal budget by eliminating unnecessary or harmful programs.

For example, it notes that "Federal interference in housing markets has done enormous damage to our cities and the economy at large. HUD subsidies have concentrated poverty and fed urban blight, while Fannie Mae and Freddie Mac stoked the financial crisis by putting millions of people into homes they couldn't afford. Getting the government out of the housing business will save \$45 billion annually." It also notes that "Federal workers enjoy far greater job security than their private sector counterparts—and far better total compensation: an average of \$120,000 a year in wages and benefits. Cut federal compensation by 10 percent to save \$20 billion annually."

In 2008, Obama pledged to implement a "[net spending cut](#) <sup>[2]</sup>," but he has instead [exploded](#) <sup>[3]</sup> government spending. Federal domestic spending [increased by a record](#) <sup>[3]</sup> 16 percent in 2010. In 2010, the Congressional Budget Office [concluded that](#) <sup>[4]</sup> "President Obama's policies would add more than \$9.7 trillion to the national debt over the next decade."

The Obama administration's housing spending is particularly wasteful. It is now using regulations and billions in tax dollars to [promote more of the risky lending](#) <sup>[5]</sup> that led to the financial crisis. It is [ratcheting up](#) <sup>[5]</sup> affordable-housing mandates that created markets for junk sub-prime mortgages (thus spawning the mortgage meltdown, as even the liberal Village Voice [has conceded](#) <sup>[6]</sup>), and it is increasing regulatory pressure [on banks](#) <sup>[7]</sup> to make risky loans. A \$75 billion federal mortgage bailout program [harmed](#) <sup>[8]</sup> the very real estate markets it was supposed to help.

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URLs in this post:

[1] claimed: <http://www.cato.org/files/DownsizingAd.pdf>

[2] net spending cut: <http://www.openmarket.org/2009/03/23/blind-to-obamas-broken-promises/>

[3] exploded: <http://www.openmarket.org/2009/03/20/obama-budget-explodes-debt-taxes-cbo-admits/>

[4] concluded that: <http://www.openmarket.org/2010/03/06/obamas-policies-will-increase-national-debt-by-97-trillion-says-congressional-budget-office/>

[5] promote more of the risky lending: <http://www.openmarket.org/2010/09/10/obama-administration-mandates-more-of-the-risky-loans-that-spawned-the-mortgage-crisis/>

[6] has conceded: <http://www.openmarket.org/2008/09/16/clinton-pressure-to-promote-affordable-housing-led-to-mortgage-meltdown/>

[7] on banks: <http://www.openmarket.org/2009/06/17/obama-seeks-to-mandate-more-risky-low-income-loans-by-banks/>

[8] harmed: <http://www.openmarket.org/2010/01/04/obamas-recent-75-billion-mortgage-bailout-fails-harmful-to-economy-housing-and-construction-say-economists-and-real-estate-experts/>

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