

www.chicagotribune.com/news/politics/obama/ct-edit-obama0128-20100127,0,7154811.story

chicagotribune.com

Ambition and reality

January 27, 2010

The State of the Union address is the time for a president to establish his ambition, and Barack Obama has had plenty of that in his first year as president. On Wednesday night, he delivered ideas on taxes, jobs, health care, nuclear energy, national security and much more, designed to please all of the people at least some of the time.

But there was one area where his ambition fell short: making the government live within its means.

"Let's invest in our people without leaving them a mountain of debt," Obama said. It's a little late for that sentiment.



The Congressional Budget Office issued some scary numbers Tuesday. The country is on track to run up a \$1.3 trillion deficit this year. That's on the heels of a \$1.4 trillion deficit last year, which brought sobering comparisons to the nation's struggles over the debt taken on during World War II.

CBO chief Douglas Elmendorf says "the outlook for the federal budget is bleak."

Obama didn't cite those chilling figures, though he acknowledged the problem. His solution: A three-year freeze on federal discretionary spending. But such spending is just a sliver of the entire federal budget. It doesn't include the roman candles of entitlement spending: Medicare, Medicaid and Social Security.

Obama's proposed freeze would save an estimated \$250 billion over a decade. That's less than 3 percent of the roughly \$9 trillion in debt the CBO says the government will run up in that time.

It's less than one-third of the \$787 billion stimulus package that Obama signed last year.

So Obama has planted his flag atop the local landfill and told everyone he has scaled Mount Everest.

The Cato Institute calculates that discretionary spending grew by 60 percent in eight years, from \$262 billion in 2000 to \$420 billion in 2008. Yes, you can attribute that to the Bush administration and Republican and Democratic leaders of Congress. Runaway spending has bipartisan roots.

It demands more than a freeze. But we don't have much faith that House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid will embrace even that idea.

The president should seek out Republican ideas to cut discretionary spending. He said he will meet this week with House Republicans—there's the time to start.

He should put the brakes on stimulus spending, which hasn't had a great impact on the U.S. economy. He should press his demand that Congress restore pay-as-you-go rules.

There were encouraging signs in the president's address. We took heart in his recognition that the nation's short and long-term economic health depends on jobs that will be created and sustained by private companies.

Obama's first proposals in his speech were to give small employers a tax credit for new hires, eliminate capital gains taxes on small-business investment, and create tax incentives for investment in plants and equipment. Lo and behold, he got bipartisan applause.

Government stimulus spending is a short-term, stopgap measure. It's not a prescription for sustained economic growth. It's a prescription for leaving our people with ... a mountain of debt.

The economy will come back when companies gain the confidence to hire again. Right now, employers don't know how much more they'll have to pay in taxes. They don't know how much more they're going to have to pay for their employees' health care. Those factors add to their general caution about hiring in a weak economy.

Obama can't force businesses to hire. He can't shame or bully them into it. He can show them that the federal government is doing everything it can to help them stage the nation's economic recovery. And that he and Congress can restrain their impulse to spend beyond the nation's means.

Now those would be fine ambitions.

Copyright © 2010, [Chicago Tribune](#)