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Is Obama's PAYGO Plan Too Little Too Late?

By [David Spurr](#) on June 10, 2009 | [More Posts By David Spurr](#) | [Author's Website](#)

This is an [article](#) for anyone who invests in the US equity markets needs to read. It discusses the budget deficit and Obama/Bush policies - even Clinton policies, which resulted in our current predicament. The article suggests that the only way to extricate ourselves from the current fiscal mess is to either raise taxes or cut services. We all know this. The times suggests that Obama's proposed "PAYGO" plan is too little too late. We are building a huge debt bubble. Eliminating that bubble will be one of the greatest challenges for this nation as we move forward.

The suggestion is that the situation is bound to get worse before it gets better. It will end in US financing crisis, unless the Administration acts decisively.

"The G.O.P. is not serious about cutting down spending," the conservative Cato Institute concluded.

What, then, will happen?

"Things will get worse gradually," Mr. Auerbach predicts, "unless they get worse quickly." Either a solution will be put off, or foreign lenders, spooked by the rising debt, will send interest rates higher and create a crisis.

The solution, though, is no mystery. It will involve some combination of tax increases and spending cuts. And it won't be limited to

pay-as-you-go rules, tax increases on somebody else, or a crackdown on waste, fraud and abuse. Your taxes will probably go up, and some government programs you favor will become less generous.

That is the legacy of our trillion-dollar deficits. Erasing them will be one of the great political issues of the coming decade.....
(NYTimes)

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