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## Budget policy talk in the dark

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President Barack Obama says he wants an “adult conversation” about the budget. He also wrote that the “administration is committed to creating an unprecedented level of openness in government.” This commitment was in his first official action as president: a memorandum on “transparency and open government.”

Yet the White House’s Office of Management and Budget is keeping secret the detailed and long-term budget projections and parameters that it uses to forecast the deficit in future years, unlike the previous administration — which divulged this information yearly.

To acquire the information necessary for an “adult conversation” on the budget, we formally requested that OMB Director Jack Lew release the projections. The response was a letter stating that the information was “not available to the general public.”

One excuse was that OMB’s long-term projections were not fully “vetted.” Another was that the information “could lead to unintended misrepresentations of the administration’s proposals.”

But the Obama administration, like previous ones, fails to present the full picture of the government’s fiscal health, and releasing this information is necessary for outside researchers to complete the picture.

Budget information is couched exclusively in terms of cash going out and coming in each year under current law. The annual “deficit” consists of the difference between the two. But this cash flow accounting became woefully inadequate after the 1990s, when Social Security and Medicare became a large share of the federal budget.

With these social insurance programs, the cash from an individual in one year creates government obligations to pay pension and health benefits far into the future. Cash flow accounting fails to reflect future obligations that today’s taxes create — resulting in potentially imprudent fiscal policies.

While the administration’s summary budget tables reveal cash income and outgo over the next 10 years, they fail to answer two questions pivotal to mature judgment on budget policy.

First, to what extent is the government over-promising to provide public services — including social insurance, defense, welfare, homeland security, judicial and so on — given the economic climate and its effect on the government’s ability to raise revenues under current policies?

Second, how would continuing current fiscal policies force future generations to pay for the public goods and services we enjoy today?

OMB’s budget analysis largely skirts these questions. What it does say is buried deep in the document and could be erroneous. It puts the fiscal gap at 1.8 percent of gross domestic product over the next 75 years, a figure that does not appear credible. The budget document for fiscal 2011 reported a gap of 8 percent

for fiscal 2011 reported a gap of 0 percent.

This discrepancy suggests the need for an independent check of the calculations — a check that OMB's secrecy prevents.

We have developed analytical tools to answer these two questions. However, the calculations depend on the availability of the detailed long-term budget projections — which OMB staffers calculate annually but can release only with the permission of their political bosses.

It would be in the public's interest to use these analytical tools to illustrate the extent to which proposed budget reforms could reduce the fiscal imbalance and whether they would be fair to future generations. We also need to know the cost of delaying action.

The White House says, in essence, that the public can't be trusted to decide what to make of this budget information. So it censors the flow and tells us what to think. This is talking down to the public. It precludes the "adult conversation" that the president says we need to deal maturely with the problem.

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