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## Debunker: Obama Says Deficit Cut by \$2.5 Trillion. Really?

By: Mark LaRochelle – February 25, 2013

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In his weekly radio address on Feb. 9, President Obama said, “Over the last few years, Democrats and Republicans have come together and cut our deficit by more than \$2.5 trillion through a balanced mix of spending cuts and higher tax rates for the wealthiest Americans.” The next day, House Speaker Nancy Pelosi (D-Calif.) chimed in: “The fact is, we have had plenty of spending cuts, \$1.6 trillion in the Budget Control Act.”

### BUNK

In 2009, the year Obama was first inaugurated, the deficit was a whopping \$1.4 trillion. If it had been cut by \$2.5 trillion since then, the federal government would have run a surplus of more than a trillion dollars in 2012. Instead, it ran a deficit of more than \$1.3 trillion. By 2012, the record 2009 deficit had decreased not by \$2.5 trillion, as Obama claims, but by just \$86 billion. In reality, this deficit reduction was about 3 percent of the president’s claim. Meanwhile, the national debt increased by more than one-quarter.

Moreover, this deficit reduction was not due to any “spending cuts,” as Obama claims, but entirely to increased revenues:

From 2009 to 2012, revenues increased by more than 17 percent. Nor were these increased revenues due to “higher tax rates,” as the president claims, but to lower tax rates: This revenue growth occurred during the era of the much-maligned Bush tax cuts.

### THE DEBUNKER

If this 17 percent revenue growth had been matched in a “balanced mix” including “spending cuts,” as Obama claims, spending during this period would have decreased by roughly 17 percent as well. Instead, spending increased nearly 8 percent. Far from “spending cuts,” as the president claims, this was a spending increase.

If there had actually been a “balanced mix” in which the increased revenues were matched by “spending cuts” (rather than a spending hike), as Obama claims, the deficit would have been reduced by more than 30 percent – 10 times the actual decrease.

The president added, “I believe we can finish the job the same way we’ve started it – with a balanced mix of more spending cuts and more tax reform.” In reality, Obama has already gotten substantial new taxes and tax hikes with no spending cut – with a net spending hike, in fact. Proceeding “the same way we’ve started” would mean even more tax hikes, while spending continues to climb.

We can either proceed “the same way we’ve started,” or we can pursue a “balanced mix.” – but not both. Since the president’s already gotten tax hikes, to pursue a “balanced mix,” Congress must now proceed with spending cuts. To avoid sequestration, it must come up with \$85 billion in cuts – about 2 percent of Obama’s budget this year.

That’s not difficult. As we have observed before, a 2011 GAO report identified waste, fraud and abuse totaling \$135 billion in the Department of Defense, \$125 billion in Social Security, Medicare and Medicaid, \$85 billion in the Department of Transportation, etc. In addition, a Cato Institute report last year found that corporate welfare costs \$100 billion per year. Cutting these might be painful to politicians and their special-interest donors, but would be beneficial to the American public.

Obama and Pelosi talk the talk about spending cuts, but they refuse to walk the walk.

President Obama is right: We should pursue a “balanced mix.” That means real spending cuts, now.