

Matt Yglesias

Today at 12:58 pm

That's How Budgeting Works

One of the most memorable parts of the State of the Union was when the President had to remind certain jeering members of congress that taking budgetary steps this fiscal year that don't take effect until next fiscal year is "how budgeting works." It looks to me like Ed Lazaer [could use a tutorial in this point](#):

Since 2008, the ratio of federal spending-to-GDP has risen by about 14%. From 2008 to 2009 we saw the greatest annual increase in spending in the last 30 years. In the name of stimulating job growth, the share of federal spending is now 24% of the economy, up from 21% in the last year of the Bush administration.

As Peter Orszag [observes](#), the Obama administration wasn't in power when most of the relevant decisions were made:

On January 7, 2009, the Congressional Budget Office issued its Economic and Budget Outlook for Fiscal Years 2009-2019. In that document, CBO projected that government spending would rise from 20.9 percent of GDP in fiscal year 2008 to 24.9 percent of GDP in fiscal year 2009. (Just for the record, that CBO projection was issued 2 weeks before the current Administration took office.)

This week, CBO issued its updated Economic and Budget Outlook for Fiscal Years 2010-2020. **That document shows that government spending in fiscal year 2009 turned out to be 24.7 percent—roughly the same as what CBO had initially projected.**

That's how budgeting works! But what's particularly weird is that Ed Lazaer was chairman of the Council of Economic Advisors from 2006 up until Barack Obama's inauguration in 2009. He knows perfectly well that the [Fiscal Year 2009 Budget Proposal](#) was written by the Bush administration. You can even download the 2009 Economic Report of the President ([PDF](#)) and see that it has Lazaer's signature on it and everything. It's right there on page 11.

The Cato Institute's Daniel Mitchell [did a good piece on this](#) flim-flam back in December. You have to ask yourself what it says about the tea party crowd that they didn't seem even slightly bothered by federal spending or large deficits until Obama took office.

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4 Responses to "That's How Budgeting Works"

1. *Leo* Says:

[January 29th, 2010 at 1:12 pm](#)

The dude's last name is pronounced "lazier," and he goes by "Dick."

2. *Al* Says:

[January 29th, 2010 at 1:19 pm](#)

Matthew is lying, of course.

The bill for Fiscal 2009 appropriations was [passed in 2009](#), after Obama was inaugurated. It was signed into law by Prident Obama.

Fiscal 2009 appropriations are on Obama's watch, not Bush's.

Matthew writes: *He knows perfectly well that the Fiscal Year 2009 Budget Proposal was written by the Bush administration.*

If Matthew had taken any time to actually read this document, he would notice that the Bush 2009 Budget Proposal projected 2009 spending as [20.7% of GDP](#). As we know, after Obama and the Democrats got through with fiscal 2009 spending, it came in at 24.7% of GDP.

3. *Thomas* Says:

[January 29th, 2010 at 1:23 pm](#)

Yeah, go read the CBO document. Get back to me on whether the budget numbers disclosed for last year actually put Fannie and Freddie on budget (the CBO outlook assumed they would) and whether the TARP outlays are accounted for in the same way (they aren't).

And of course lots of expensive policies were adopted after Obama came to office, including the stimulus bill, which CBO estimated would increase the deficit by nearly \$200 billion.

The WH position on this is incoherent: Obama saved the economy, which took big and decisive and expensive action, and he deserves credit for that, but of course all the really big and expensive stuff was done by Bush.

4. *mpowell* Says:

[January 29th, 2010 at 1:36 pm](#)

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