

Editorial: Phony Obama Cuts Mask Massive Gov't Growth

Posted 07:00 PM ET

Budget: Just days after the GOP unveiled a realistic plan to slash \$4 trillion from our nation's deficits over 10 years, President Obama counters with his own "plan." That's in quotation marks, because he has no specifics.

Calling a presidential wish-list for getting to \$4 trillion in deficit cuts over 12 years a "plan" isn't exactly accurate.

Unlike Rep. Paul Ryan's detailed plan to cut \$4.2 trillion over a decade — not 12 years — no real, comprehensive budget numbers emerged from the president's speech on Wednesday. But the handful of things he did mention are more than enough to raise alarms.

While asking for Americans to share the sacrifice, the president called on the so-called rich — people he repeatedly termed "millionaires and billionaires" — to pay higher taxes while he and the Democrats who support him spend trillions more.

As 19th-century economist Frederic Bastiat put it: "Government is that fiction whereby everybody believes he can live at the expense of somebody else."

That bit of wisdom, in a nutshell, is the essence of the Obama plan. Sure, he pledges a "balanced approach," including both cuts and tax hikes. But he also vows to protect "the middle class, our promise to seniors and our investments in the future." You can't have it both ways.

Those "promises," by the way, pretty much take real entitlement reform off the table. Though entitlements now make up nearly 60% of our budget and are growing daily, Obama pushes spurious, nonspecific cuts in Medicare and none at all in Social Security.

So where do his "cuts" come from? Fully one-quarter from raising taxes on the "rich" — a sop to the far left. But again, far from falling just on "millionaires and billionaires," Obama would raise taxes — or, as he calls them, "spending reductions in the tax code" — on the 2% of families that make \$250,000 or more.


That group includes our most successful entrepreneurs and investors. Where will new jobs come from if they have to pay even more in taxes? And contrary to Obama's claim, these "rich" have not seen their taxes cut. The 40% of the income-tax load they now shoulder (while earning just 30% of income) is the largest ever.

Obama then calls for closing tax loopholes — again for "the rich." We don't oppose closing loopholes, but if they're so bad, why not close them for everyone?

In addition to \$2 trillion in nonspecific spending cuts and \$1 trillion in tax hikes, Obama's \$4 trillion in deficit cuts hinge on a \$1 trillion decline in interest payments on the debt — highly unlikely if official interest rates rise from zero percent, the current level.

Of greater concern is the continued growth, entirely unaddressed by Obama, in the size of government. The president "would allow government to continue to grow more or less on the same trajectory that it is now on, rising from 25% of GDP today to 42% of GDP by 2050," says

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04/13/2011 09:00:25 PM ET

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