

Obama, now in campaign mode, glosses over deficits

My colleague Bob Robb observed not long ago that people of the political left seem to presume that a given level of business activity - and the tax revenue that flows as a result of it - just sort of happens. And will always happen.

I thought about that on Wednesday as President Barack [Obama](#) delivered his speech about the country's precarious finances.

The president is not ignorant of the challenges that \$1.65 trillion in deficits present. From the very start of his presidency, he has made it clear that "we cannot simply spend as we please." He has presided over bipartisan congressional forums on the deficit; he empaneled a bipartisan commission; he made clear his concerns about deficits in his past [State of the Union](#) speech; and, now, he has responded to Republican ideas for deficit reduction with thoughts of his own in an oration that rocked poor Vice President Joe Biden into unconsciousness.

And after each declaration of grave concern, including his speech last week, Obama just sort of went ahead with plans to spend as he pleased. It was as though he knows there are untapped bins of bullion out there underneath the mansions of the rich that will pay the country's bills, like thousands of Scrooge McDucks. As though tapping them, which is his primary answer to sealing the deficits, won't have any adverse consequences at all.

We are at the closing of the circle that started in the 2008 campaign with that conversation with "Joe the Plumber" about spreading the wealth around, and traversed the candidate's observation that enacting higher taxes on the rich is the right thing to do even if *lowering* capital-gains taxes spikes tax revenue. It is, he told ABC-TV's Charlie Gibson, the right thing to do, regardless, "for purposes of fairness."

Wednesday's address, a response to Rep. Paul Ryan's Republican outline for controlling spending, was a campaign speech, not a serious budget address. In six separate occasions, he complained about the tax cuts going "to every millionaire and billionaire in the country" and about not paying one's fair share. That is not a plan for resolving anything but an election outcome. Even his supporters, who would be happy to see higher taxes, were disappointed. Wrote Clive Crook of the *Atlantic* the day of the speech: "My instant unguarded reaction, in fact, was to find it not just weak but pitiful. I honestly wondered why he bothered."

You don't need James Carville to plot Obama's 2012 attack plan: Vilify the tax-dodging rich, cast the Republicans as their abettors and cast yourself as the defender of the entitlements your opponents wish to dismantle. It is a campaign strategy that has worked consistently for demagogues on both sides of the aisle down through the decades. And, considering a third of Republicans polled are saying entitlements should remain as currently constituted, it may work political magic for Obama yet again.

But it doesn't resolve either the deficit issue short term or the long-term madhouse shortfalls in entitlements, which approach an estimated *\$100 trillion*.

The budget Obama presented earlier this year - the one that completely ignored the concept of historic deficits being problematic - would have pushed federal debt to almost \$21 trillion by 2021, according to the Congressional [Budget Office](#), representing 87 percent of gross domestic product. Achtung! Achtung! You now are approaching the Greek-Portuguese-Spanish frontier, with all its end-of-welfare-state landmines.

Worse, it is unlikely that the U.S. economy even will get that far if Washington, D.C., doesn't seriously address deficit spending. The [International Monetary Fund](#) says the U.S. may be just a few years away from a bond market that sees its IOUs as risky. If that happens, the implications for the world economy become very dark indeed.

Just how important to the president is it to stick it to the rich, you wonder? The CBO looked at the deficits locked into the 2008 budget and concluded that to soak up that red ink, both the corporate-tax rate and the top individual rate would have to go up from the current 35 percent to 88 percent; the 25 percent rate for middle-class taxpayers



ld have to see a 10 percent tax hike to 25 percent. And, as before the additional costs of "Obamacare" were factored

the obsession is their own sense of "fairness."

ple, somehow, will pay for the entitlements the president 't affect business and jobs much at all. The economy will

at some sort of "revenue enhancements" should be part of pending crisis.

thammer thinks kindly about tax reform that leaves \$100 ng mind all the Baby Boomer oldsters, you understand.

resident on Wednesday. What we heard (and, alas, what iversity was the beginning of the 2012 campaign. And, resident so dearly wishes to defend.

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