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## Obama's 'Age of Austerity' Lie

*The president's new budget will bid farewell to fiscal discipline he never knew.*

By Michael Tanner

The single most important thing that we could do to improve the American economy might be to give the president a dictionary.

Over the past few weeks, the Obama administration has been telling reporters that the 2015 budget proposal that the president will submit next week will “call for an end to the era of austerity.”

Austerity? Really?

During his first five years in office, the president has run up more than \$5.7 trillion in debt. Of course, some might point out that at least some of the spending during the president's first year in office can be attributed to President Bush.

That's a fair point — if you count only that portion of the 2009 budget that is directly attributable to President Obama (roughly \$203 billion), the accumulated deficits total a mere \$4.5 trillion. (And if you don't include TARP repayments, the real Obama debt increase has been more than \$4.7 trillion.)

When President Obama took office, debt held by the public equaled 39 percent of GDP. Today, it exceeds 73 percent. That's its largest share of the economy since 1950, when we were still paying down the World War II debt. If one includes intragovernmental debt (such as the bonds in the Social Security and Medicare trust funds), our national debt exceeds 103 percent of GDP, bigger than our entire economy. Of course, the unfunded liabilities of Social Security and Medicare have continued to grow as well. Throw those in and, even using optimistic assumptions, our real debt runs as high as \$83.9 trillion, roughly five times larger than our economy. (By [some calculations](#), it's even higher.)

Austerity? Not so much.

It's true that deficits have fallen to their lowest level since 2008: They're projected to be just \$514 billion this year, and as little as \$478 billion next year. For one, that still means that we are borrowing almost 15 cents out of every dollar we spend. Still, tax revenues are up, at their highest levels as a percentage of GDP since 2007, and spending, in part thanks to the much-reviled sequester, has fallen to its lowest level, as a percentage of GDP, since 2008.

But even without the president's eagerness to ramp spending up again, this is just a temporary phenomenon. According to the Congressional Budget Office's most recent report, issued earlier

this month, deficits will start rising as soon as 2016, and by 2024 will exceed \$1 trillion per year. CBO also estimates that we will add another \$10.5 trillion to the debt through 2024, at which point gross federal debt will be more than \$27 trillion.

President Obama's answer to these trends is to "abandon the era of austerity"?

Already the president and congressional Republicans have contrived to undo part of the sequester, adding \$63 billion in additional spending relative to sequestration levels, mostly in the next two years, in exchange for vague promises to cut spending in the future.

On top of that, the president is about to propose a budget that would abandon any pretense of fiscal restraint. According to leaked details, his budget will call for large increases in federal spending for everything from early-childhood education to job-training programs, college loans, and green energy. Those initiatives are expected to cost at least \$56 billion more over the next ten years than we'd planned in the "age of austerity."

At the same time the president has dropped his proposal for reining in the growth in Social Security benefits. The president's call for using "chained CPI" to determine the growth of federal benefits programs was as much a tax increase as a spending cut, and at any rate, far from an adequate response to Social Security's \$23 trillion in unfunded liabilities.

But it was something. Now the president won't even support this tiny step. His sole nod to entitlement reform appears to be the hope that recent moderation in the rate of increase for health-care costs will continue indefinitely. But given that Medicare's unfunded liabilities top at least \$42 trillion, hope is a risky strategy.

It's not like Obama has to worry about Republicans trying to drag him back to "austerity": As noted above, they have already contrived to weaken the sequester. They've also joined Democrats in passing a massive new farm bill that will cost taxpayers nearly \$1 trillion over the next 10 years. Their chief complaint about the president's forthcoming budget appears to be that it doesn't spend enough on defense. Yet despite the highly publicized reductions in defense manpower announced yesterday, Hagel's five-year Department of Defense plan would still spend \$100 billion or so more than sequestration levels.

Alas, austerity, we hardly knew ye.

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