

Top Ten Obama Budget Failures

So many to choose from . . .

Looking for a good joke? Did you hear the one about how President Obama is making painful spending cuts in order to reduce the budget deficit?

There is so much to dislike in this budget that it's hard to narrow it down to the worst ideas. But here are my top ten:

- 1. RED INK AS FAR AS THE EYE CAN SEE.** At no point over the next ten years does the president propose that the government actually balance its budget. In fact, the budget deficit never drops below \$600 billion. By 2020, the deficits are over \$700 billion again and rising.
- 2. GREEK-STYLE DEBT.** Overall, the president's budget adds roughly \$13 trillion to the national debt over the next decade. By 2020, our gross debt reaches \$26 trillion.
- 3. MORE SPENDING.** Unprecedented budget deficits, unsustainable debt — and what does the president propose? Spending \$53 billion over ten years on high-speed rail. Nothing better symbolizes the triumph of narrow special interests over the national interest. In total, the president's budget includes \$8.7 trillion in new spending over the next ten years on everything from education to “green jobs.”
- 4. LOCKING IN PAST SPENDING INCREASES.** After increasing domestic discretionary spending by 21.4 percent over his first two years in office, the president now proposes to freeze spending, thereby locking his previous increases in place. It is important to remember that Obama's increases came on top of huge increases during the Bush administration. Thus, for example, under Obama's budget federal spending on education will have increased by more than 100 percent since 2001. The Department of Energy's budget is up 134 percent. Even the Department of Agriculture will spend 112 percent more than it did before George W. Bush became president.
- 5. BIGGER GOVERNMENT.** Under the president's proposed budget, the size of government would actually increase from the current 23.8 percent of GDP — the second-highest ratio of government spending to GDP since World War II — to 24.8 percent.

6. HIGHER TAXES. The president's budget imposes \$1.6 trillion in new taxes on families and businesses over the next decade. This includes more than \$900 billion in higher income taxes and \$435 billion in unspecified transportation taxes.

7. NO ENTITLEMENT REFORM. Last month, the Congressional Budget Office reported that Social Security had begun running permanent budget deficits. Medicare is facing future budget shortfalls larger than the entire budgets of most countries. In fact, if the unfunded liabilities of entitlement programs were to be included in our national-debt figures, our total future indebtedness could top \$127.5 trillion. The president's response to this looming crisis was to do . . . nothing.

8. FAUX DEFENSE CUTS. The president's budget includes \$78 billion in defense cuts recommended by Secretary Gates over the next five years. If implemented, those cuts would amount to barely 2 percent of Pentagon spending over that period. But, as with much of the administration's budgeting, the cuts turn out to be the usual Washington game of calling a reduction in projected increases a "cut." In reality, the military's base budget (excluding the costs of the wars in Iraq and Afghanistan) will increase from \$549 billion to \$553 billion. Some conservatives may be pleased that Pentagon spending will be at the highest level in history, but it is impossible to make any serious effort at deficit reduction without addressing defense.

9. PHONY ASSUMPTIONS. "Rosy scenario" is back. The president's budget numbers are based on the assumption that the economy will grow, in real terms, 3.6 percent in 2012 and 4.4 percent in 2013. That's much faster than CBO or private economists forecast, and nearly a quarter point faster than the economy has grown coming out of the last five recessions. The president also projects a dramatic decline in unemployment, with the jobless rate dropping to 6.3 percent in 2014 and then falling to just 5.3 percent in 2017 and beyond. Maybe, but not likely, especially given the impact of the administration's proposed tax increases and the looming implementation of Obamacare. And speaking of Obamacare, the administration continues to insist that the new health-care law will reduce the deficit by nearly \$200 billion, when an accurate accounting suggests that it will actually increase the deficit by as much as \$823 billion.

10. MORE MONEY FOR OBAMACARE. The budget includes \$465 million next year to implement the Patient Protection and Affordable Care Act. The Centers for Medicare and Medicaid Services (CMS), the agency charged with implementing most of the law's

major provisions, such as Medicare changes, Medicaid expansion, insurance reforms, and the exchanges, will hire an additional 650 bureaucrats. Moreover, CMS director Donald Berwick told reporters that additional Obamacare [funding](#) is scattered throughout the budget.

Are you laughing yet?

— *Michael Tanner is a senior fellow at the Cato Institute and author of [Leviathan on the Right: How Big-Government Conservatism Brought Down the Republican Revolution](#).*