



# Obama acknowledges 'spending problem,' but won't push debt-reduction proposals

By: Brian Hughes – February 11, 2013

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Breaking with fellow Democrats, President Obama does in fact believe Washington has a "spending problem," his aides insisted Monday. But Obama won't outline any major proposals during his State of the Union address to bring down a soaring \$16.5 trillion national debt, they said.

On the eve of the key speech, administration officials pointed to previous spending reductions, trying to press forward with calls for new government investments that the president contends will spur job creation.

White House press secretary Jay Carney on Monday conceded that health care spending was the biggest driver of annual deficits. Yet when asked if Obama would support raising the Medicare eligibility age, Carney said the president wouldn't even consider such a proposal.

Even as the tide of red ink rises, administration officials claim the president has ushered in a new era of fiscal discipline at the White House. But Obama's omission of the national debt from Tuesday's address undercuts that assertion, some analysts said.

"Obama is trying to hammer a square peg into a round hole; they're just talking about domestic discretionary spending," said Michael Tanner, a senior fellow at the Cato Institute who focuses on entitlement programs. "But then entitlements kick in, and everything falls apart. He uses all this tough language on spending cuts but hasn't made any of them."

Obama previously recommended \$4 trillion in cuts over 10 years as the benchmark for stabilizing federal deficits. Pointing to \$2.5 trillion in savings already identified, Obama insists he is more than halfway to that goal -- and argues that any deal surrounding the so-called federal sequester would bring the U.S. closer to hitting that figure.

However, that is a rosy projection of the nation's fiscal standing, even some Democrats said. Former Sen. Kent Conrad, D-N.D., told reporters Monday that officials would need to find \$5 trillion worth of solutions just to "get this debt going down as a share of the economy."

And if serious about debt reduction, some said Obama should push for long-term fixes instead of stopgap measures.

"I think he should make clear his commitment to faster economic growth this year, which means avoiding the sequester and getting both parties back to the table to craft a bipartisan bargain that stabilizes the debt," said Alice Rivlin, budget director for

President Clinton. "He has to get across that he is very serious and willing to talk about long-run entitlement changes as well as more revenues from tax reform."

Though he opposes raising the Medicare eligibility age, Carney said Obama would consider adjusting how inflation is calculated for entitlement programs.

The specter of spending cuts received more attention when House Minority Leader Nancy Pelosi, D-Calif., suggested on Sunday, "It is almost a false argument to say that we have a spending problem." And Obama, who once declared it "unpatriotic" to ignore a runaway national debt, has seen the red ink increase by 60 percent since taking office.