

## Obama finds stimulus, deficit line hard to straddle

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President Obama heads to Michigan to tout stimulus spending amid rising concern among voters and lawmakers about the deficit.

A new Bloomberg National Poll illustrates the difficult line Obama is trying to walk -- with Americans ranking the deficit as second only to unemployment among their top economic concerns.

The White House is touting "Recovery Summer" as a success story of the \$787 billion stimulus program. But proof the sales job is working is hard to come by.

"We're mindful that we've got significant work to do when it comes to reforming our government and reducing our deficit," Obama said earlier this week.

Difficult choices on how to reduce the deficit have been put off until after the November elections. Obama recently appointed a commission to study the deficit and its dark companion, the federal debt.

The nation's total federal debt next year is expected to exceed \$14 trillion. The deficit is expected to reach \$1.3 trillion.

The record high numbers combined with voter anxieties about the economy are pushing federal budget issues out of the realm of abstraction and into real political concerns.

"Deficits are important this year just like they were in 1992 when Ross Perot made them a big issue," said Chris Edwards, a tax policy expert at the libertarian Cato Institute.

The problem for Republicans, Edwards said, is they don't have any good ideas for solving deficits, either.

Social Security, Medicare and Medicaid are placing some of the biggest strains on the budget, and present the greatest headaches for politicians unwilling to tinker with popular entitlements.

The Bloomberg poll found the public willing to consider removing the cap on earnings covered by the Social Security tax, and allowing tax cuts for the wealthiest Americans to expire.

Less popular were cutbacks in benefits, although a slight majority said they could live with raising the eligibility for Medicare coverage from 65 to 67.

How to prioritize spending and deficit reduction presents a significant challenge for the Obama administration, which also has two costly wars to finance.

The fallback position of blaming the Bush administration for squandering surpluses and increasing the deficit is getting harder to maintain, amid public doubts about the effectiveness of the stimulus program.

"When we walked through the doors of the White House, we not only faced the worst economic crisis since the Great Depression, we also faced a \$1.3 trillion deficit," Obama said, "caused both by the recession and nearly a decade of not paying for key policies and programs."

But with unemployment hovering at just under 10 percent, the job creation promises used in part to sell the stimulus have never materialized -- a fact not lost on Republicans.

"No amount of Washington spin or fuzzy math can change the fact that the trillion-dollar 'stimulus' is failing by the Obama administration's own standards," said House Minority Leader John Boehner of Ohio. "The writing is on the wall for the president's 'stimulus' policies and everyone - - taxpayers, economists, and the rest of the world -- sees it but him."

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