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### **The Big Question: Is Obama's spending freeze a good idea?**

By Sydelle Moore - 01/26/10 11:08 AM ET

Some of the nation's top political commentators, legislators and intellectuals offer their insight into the biggest question burning up the blogosphere today.

Today's question:

**President Barack Obama plans to unveil a three-year freeze on all non-military discretionary spending. Is this good public policy? Will Obama be able to convince appropriators to hold the line?**

For background read [this story](#).

**Michelle Bernard**, President of the [Independent Women's Forum](#), said:

#### Freezing Discretionary Spending Would Be A Start

Our nation's spending binge can't continue indefinitely. Congress plans to raise the debt limit by another \$1.9 trillion so that our total debt can climb to [\\$14.9 trillion](#). How much higher do we really want our debt to go?

A three-year freeze on non-military discretionary spending is a nice start: following the old adage that when you are in a hole the first thing to do is to stop digging. Of course, freezing just discretionary spending just means we will be digging more slowly, since the nation's entitlement programs—the main drivers of future debt—will continue on pace.

Critics of the President appropriately point out that a freeze is hardly a huge step toward fiscal responsibility. As Reason's Nick Gillespie writes: “Another point to note on Obama's three-year freeze on discretionary non-defense, non-homeland-security spending: The part of the budget that Obama is chilling is responsible for a whopping one-eighth of annual federal spending. By the prez's own accounting, the action (which I guarantee won't hold up anyway) would save at max a whopping \$15 billion in fiscal year 2011.” Yet certainly this small step is better than just continuing to drive up all [government spending](#).

Both as a matter of policy and politics, these spending cuts should be a winner for the President. A poll of Massachusetts voters, released by the Independent Women's Voice today, reveals that more voters believe that additional government spending would worsen our economic situation than believe that spending would [improve it](#).

The President may have a challenge in dealing with Appropriators. But he is the President. He can and should be prepared to use the veto pen if he wants Americans to believe his promises can be trusted

**Daniel J. Mitchell**, senior fellow at [The Cato Institute](#), said:

At best, the administration's spending-freeze proposal is akin to going on a month-long binge in Vegas and then sleeping off the hangover.

Non-defense discretionary spending is more than \$700 billion, according to the Office of Management and Budget -- more than twice as high as it was when Bush took office and almost \$100 billion higher than it was last year. The president's three-year freeze would apply to \$447 billion of that amount, which is grossly unsatisfactory since this spending category can and should be slashed by hundreds of billions of dollars.

But the worst part is that it appears the freeze applies to "budget authority" rather than actual outlays, which means that the President's proposal is little more than a budget gimmick. To use a recent real-world example, folks from the Bush administration tried to defend the President's big-spending record by bragging about the restraint imposed during the budget authority process -- and yet, under Bush, non-defense discretionary spending rose more than 70 percent.

If the Obama White House wants to stop repeating the mistakes of its predecessor, the President should endorse sweeping spending cuts. And real ones, not fake ones. Both [theory](#) and [evidence](#) show that a smaller burden of government is best for growth.

**Justin Raimondo**, editorial director of [Antiwar.com](#), said:

To begin with, the Democratic congressional majority will never agree to it.

Secondly -- you'll not this only includes "non-military" spending. Funny how America's imperial adventures abroad are exempt from the budget-cutter's knife. As Ron Paul constantly points out: we could have universal health care, we could fix every road in America, we could pay down the mortgages of millions of foreclosed American citizens, if we would only stop funding America's overseas empire. We're building schools, hospitals, and infrastructure in Iraq and Afghanistan, when our own infrastructure is falling to pieces -- and America is going bankrupt because of it.

Why is the Pentagon exempt? If we just freeze military spending, that would still mean that we have a bigger "defense" budget than all other major nations in the world combined.

**Ryan Alexander**, president of Taxpayers for Common Sense, said:

Excluding defense, veterans, homeland security, international and entitlement spending from the proposed spending freeze leaves President Obama fighting the deficit with both arms tied behind

his back. While we are supportive of efforts to address the problems with our looming deficit, even in this time of recession, this freeze leaves five-sixths of total spending completely thawed. Cuts in the unlucky few areas of the budget will likely be overtaken by spending increases everywhere else.

The good news is that the president's three-year budget freeze will be done in a "smart" fashion. All programs are not created equal; in fact some are pretty wasteful. So rather than a straight across-the-board freeze, which penalizes the critical and the cruddy the same, the administration is proposing that some programs see increases while others see decreases, all under one cap. The cloud that surrounds that small silver lining is that Congress ultimately holds the cards in this game; they can choose (as they have in the past) to take the increases and ignore the cuts, leaving us in a worse budgetary shape than if we did nothing.

We have been here before. In fact, in the FY 2009 budget President Bush proposed a freeze. Congress refused to go along increasing spending on a litany of programs they felt had been underfunded during the Bush presidency. The result was a stalemate where only defense, homeland security and veterans funding went through. The rest of the budget – virtually all that would be subjected to the recently proposed freeze - was passed in an omnibus bill right after President Obama took office.

The president is also proposing several new tax cuts that would benefit the middle class. These will have an impact on the revenue side of the ledger and counter balance cuts from the spending freeze. And even outside the budget, all spending is not frozen. Congress has been considering another stimulus bill, dubbed the jobs bill. This will likely be in the neighborhood of \$100 billion of off-budget spending.

While it is easy to view the proposed spending freeze cynically, it is becoming increasingly clear that we have to take many small measures in addition to bold strokes to get our budgetary house in order. While we prefer a bolder stroke that looks for cuts budget-wide, we take this as a small step that at least starts us moving in the right direction.

**Brad DeLong**, professor of Economics at U.C. Berkeley, said:

No, it is not good public policy. Deficit hawks want entitlement spending caps and standby tax increases starting in the late 2010s. Those worried about demand want more spending in the next two years while unemployment is near double digits.

This pleases no policy faction.

Then again, it is not clear what this is - or indeed whether this is anything at all.

It seems that it is not a freeze in non-security discretionary outlays, but rather an overall cap on non-security discretionary - which is a different animal. And it seems that it is not an overall cap on non-security discretionary outlays, but instead an overall cap on non-security discretionary authority - which is a different animal. And it seems that it is not a binding cap on overall non-security discretionary; ARRA extensions and other job-boosting deficit-spending measures, plus other "emergencies," are exempt.

Which raises the question of why the administration is characterizing this as a "spending freeze," given that (a) spending is not frozen, and (b) there are lots of juicy video clips of Obama denouncing spending freezes out there.

Can't anybody play this game?

**Peter Navarro**, professor of Economics and Public Policy at U.C. Irvine, said:

Obama strategy: Slam on the accelerator with a poorly designed stimulus. Slam on the brakes to appeal to his populist critics. Lurch to the 2010 elections with the economy circling around the drain. Fiscal policy as an ironic Shakespearean tragedy.

**Dean Baker**, co-director of the [Center for Economic and Policy Research](#), said:

The major problem facing the country right now is 10 percent unemployment. The large deficits the country is seeing right now is due to the high unemployment, not to excess spending. Reducing spending right now means higher unemployment.

That bears repeating since politicians in Congress seem to have a hard time understanding it. If the government lays off workers, that increases unemployment just the same as if private employers lay off workers. If the government reduces benefit payments of any type, that reduces the money that people have to spend in the same way as if it increased taxes. Normal people understand this. If only we could get our politicians in Congress to understand it.

So, the question is how to boost employment. That is the real problem - not the budget deficit that the demagogues are whining about. This can be addressed by increased deficits, which is apparently not politically viable. It can also be addressed by more expansionary monetary policy, such as a 3.0 percent inflation target from the fed. Apparently this is also not politically viable at the moment. And, it can be addressed by lowering the value of the dollar which will boost net exports. But this is apparently also not politically viable since politicians like to yap about a "strong dollar."

Since all the ways to boost employment are off the table the political demagoguing about the deficit is allowed to dominate the debate at a time when 15 million workers are out of a job. The public has good reason to have contempt for politicians.

**John F. McManus**, president of the John Birch Society, said:

Let's put Mr. Obama's headline-grabbing spending proposal in perspective. The deficit for the year that just ended - his first since taking office - was \$1.4 trillion. The so-called freeze will amount to \$15 billion for the fiscal year in which we currently find ourselves. A mere cut of \$15 billion to address the largest single-year deficit in our nation's history amounts to a shooing a gnat away from a bull elephant's hide. It is a minuscule and essentially inconsequential response to an extremely serious problem. You would think the president and his team of "experts" would be embarrassed to come up with such a glaring non-solution.

Is this good public policy? Absolutely not. Will those who appropriate funds in Congress go along? That depends on whether a hoped-for public revulsion about the mortgaging of the nation's future will continue to grow. America had better awaken soon or there won't be any future for this nation. Note that there will be no cuts in foreign aid, one of an array of completely unconstitutional programs driving this nation toward bankruptcy.

Source:

<http://thehill.com/blogs/congress-blog/economy-a-budget/78023-the-big-question-is-a-spending-freeze-the-right-move>

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