

Marketplace

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Obama budget adds up to a big problem

President Obama has ordered his cabinet to root out \$100 million in unnecessary spending over the next 90 days. But commentator Will Wilkinson says this amounts to very little when you look at the bigger picture of Obama's budget.

TEXT OF COMMENTARY

STEVE CHIOTAKIS: Big problems, like fixing the economy, require big spending. That's the thinking behind President Obama's budget. But it's come under fire in recent weeks, and now he's looking to trim. But even though he's looking to cut millions of dollars with, commentator Will Wilkinson says Obama's numbers still add up to a big problem.



Commentator Will Wilkinson (The Cato Institute)

WILL WILKINSON: President Obama has ordered his cabinet to root out \$100 million in unnecessary spending over the next 90 days. That sounds like a lot of money, but \$100 million comes to three-thousandths of a percent of Obama's upcoming \$3.5 trillion budget.

Some commentators are mocking the feebleness of this effort. But I think, more than anything, the fact that so much can amount to so little points to a bigger problem for our democracy. It drives home the fact that \$3.5 trillion is a number so mindbogglingly vast that voters have little hope of really grasping how much our government is spending.

One trillion is one with 12 zeros, if that helps. A billion is a thousand million, and a trillion is a thousand billion. Three and a half thousand billion. That's our budget. Yeah, I still can't picture it either.

George W. Bush was a bigger spender than big-spending Lyndon Johnson. Obama makes them both look like like Scrooge. The president's budget, titled "A New Era of Responsibility," will push up public debt as a share of GDP to levels not seen since WWII. His goal to halve the deficit by 2013 still leaves us with deficits twice as large as Bush's.

If we're responsible, we're going to have to pay for all of this, sooner or later. But how? One hundred million spending cuts every 90 days for four years just won't make a dent. So unless Obama summons the will to make truly deep spending cuts, his only other options to move us back toward the black are big middle-class tax increases, inflation, or some combination of both.

But any of these paths could lead to political suicide and damage our already sputtering economy. So I predict that the New Era of Responsibility will involve more laughable \$100 million budget hawk pantomime. Which is to say, Obama's going to kick the can down the road and hope for a miracle.

CHIOTAKIS: Will Wilkinson is a research fellow at the Cato Institute in Washington.

COMMENTS

By John H
From TX, 04/22/2009

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Regardless of party affiliation, every time I hear the budget, deficit and/or debt numbers a chill goes down my spine.

I'm certain there must be *some* upper limit to how much our government can borrow / owe (admittedly, my estimate of this number would be something far lower than where it currently stands!). What happens as we approach that limit?

I know we have the best intentions when spending all of this money... but where is our safety net? If this recession lasts just a little too long, and tax revenues are just a little too low... what then?

I know we have great theories about consumption driven economics and innovation picking up the nation's GDP... but is everyone so certain our theories and models are correct that there's this little regard for playing it safe and showing some restraint on going this far into debt? Remind you of any large financial companies just a few years ago who were just as confident in their models?

I, for one, would like to see a little more pragmatism and a little less certainty that we can spend our way to more money in the future.

By Mark Pachankis
From Vivian, LA, 04/22/2009

Osterday, Wilkinson is a Libertarian, not a republican. He is sharply critical of the war in Iraq and government spending under Bush and the GOP in the past.

Wilkinson is correct. The payment for this debt will be HUGE!

By Mike Griffith
From Woodbridge, VA, 04/22/2009

Steve Osterday is a classic example of what happens when people wear partisan blinders and refuse to consider information that disrupts their ideology.

In point of fact, Wilkinson is correct. After bashing Bush for big deficits and running up the national debt, Obama and his fellow Democrats are making Bush look frugal by comparison.

Even when you adjust for inflation, Obama's spending is gigantic and reckless by any rational measurement. By his own budget's admission, under his plan we're soon going to be paying more than double what we're now paying just to service the national debt.

By Tim Shates
From CA, 04/22/2009

Your big numbers do not arouse the concern you think they do. Can't you put them in perspective? When President Eisenhower was busily building the interstate highway system, how big was the budget then? More importantly, what was the minimum wage and how much were middle class taxpayers earning on average back then? I remember my father buying a 3-bedroom, 2-bath house on a half-acre of land in the suburbs of Washington, D.C. in the mid-1960s for about \$30,000--the cost of a mid-size car these days. I suggest that cost-cutting is not the issue; believe it or not, my solution is even deeper tax cuts for the lower and middle class taxpayer! The key to economic recovery is to use Keynesian economics. That's right...good old-fashioned, demand-driven growth. If taxes were reduced to 10%, every \$1 in government spending could potentially yield \$10 in economic growth (i.e. income), and \$1 in income tax revenue. The deficit is not all Obama's doing, but I believe he's on the right course to fix it.

By Steve Osterday
From CA, 04/22/2009

If I wanted to listen to the Faux entertainment system, I'd tune for Fox. This guy is NOT a commentator, he's a Republican, pushing the republican agenda, and this is nothing more than republican propaganda! Then there is the issue of his being a 'research associate' - my wife is a well published researcher, WW wouldn't know 'research' if it bit him on the butt. There is NO useful information, NO thoughtful insight, just plain, unadulterated republican propaganda. I'd like to know how much the republican party is paying NPR for this advertisement? Every time I wake up to this jerk, I remind my wife to Not send any more money to NPR.

By Steven Chapman
From Spartanburg, SC, 04/22/2009

I agree with most of what Mr. Wilkinson is saying regarding the Obama Budget. I disagree with the comment that America is a democracy. A research fellow should know the difference. The United States of America is a Republic. If this changed at some time in the past will someone please tell me when this change took place and when and where it was announced?

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