

Observations from a visit with a smart budget expert, 3/20/09

The Congressional Budget Office (CBO) today released its analysis of the Obama budget, which increases spending, taxes, deficits, and debt even more than previously thought. I've visited with a knowledgeable budget expert with Hill and White House experience who makes these points.

SPENDING

Federal spending, which has never exceeded \$3 trillion in our nation's history, would top \$4 trillion in 2009 under President Obama's plan.

Government spending would constitute 28.5% of the economy, a level exceeded only at the height of World War II.

Government spending would slow somewhat for 3 years, but grow faster than the economy for the next seven years and beyond.

According to CBO's numbers, Mr. Obama's budget increases spending by \$3.1 trillion from 2009-19, including \$911 billion resulting from legislation signed his first two months in office. This figure doesn't include more than a trillion dollars for the higher interest costs on the national debt caused by Mr. Obama's spending splurge.

TAXES

Compared to what they pay now, Obama's budget will burden Americans with a \$1.9 trillion tax increase over the next ten years.

These tax increases will not just affect the "rich" as claimed. The cap and trade tax alone will hit everyone in America who consumes energy, and taxes on higher income individuals will result in lost jobs and wages for those who work for small business, and a reduction in charitable giving.

Despite claims that these taxes are necessary for deficit reduction, Obama's spending increases are half again as large as his tax increases.

DEFICITS AND DEBT

The President and his lieutenants have famously declared that his budget will cut the deficit in half in four years, to a level that is sustainable and keeps the debt from growing as a share of the economy. Leaving aside how modest this goal is, CBO says while the deficit would fall from its record level for 3 years (though never below \$658 billion), it would rise for the next seven years and beyond.

CBO's numbers also show the Obama budget would have deficits \$2.3 trillion higher than claimed by the Administration, the national debt would double in less than 6 years

and keep climbing, and the debt as a share of the economy would reach 82.4% in 2019 - a level not seen since 1947, when the country was beginning a steady 30 year reduction in the debt incurred during World War II.

Even the President's own budget director conceded today that these levels of deficits and debt are unsustainable. But they do not deter the Administration from pursuing its very expensive agenda. Unlike earlier generations who paid off the massive debt incurred during World War II, President Obama seeks to use the current economic crisis as an excuse to launch a massive, permanent expansion of government financed by ever more borrowing and ever-higher taxes.

The full CBO report is at <http://www.cbo.gov/ftpdocs/100xx/doc10014/03-20-PresidentBudget.pdf>)