

VIEWPOINT

Obama Can't Double-Talk Us Out Of This

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To those who believe that Barack Obama is a different kind of politician — more honest, more courageous — please don't examine his administration's budget.

If you do, you may sadly conclude that he resembles presidents stretching back to John Kennedy in one crucial respect. He won't tax voters for all the government services they want.

That's the main reason we've run budget deficits in 43 of the past 48 years.

Obama is a great pretender. He repeatedly says he's doing things that he isn't, trusting his powerful rhetoric to obscure the difference. He has made "responsibility" a personal theme; the budget's cover line is "A New Era of Responsibility." He says the budget begins "making the tough choices necessary to restore fiscal discipline." It doesn't.

With today's depressed economy, big deficits are unavoidable for some years. But let's assume that Obama wins re-election. By his last year, 2016, the economy presumably will have long recovered. What does his final budget look like?

Well, it runs a \$637 billion deficit, equal to 3.2% of GDP, projects Obama's Office of Management and Budget. That would match Ronald Reagan's last deficit, 3.1% of GDP in 1988, so fiercely criticized by Democrats.

As a society, we should pay in taxes what it costs government to provide desired services. If benefits don't seem equal to burdens, then the spending isn't worth having (exceptions: deficits in wartime and economic slumps).

If Obama were "responsible," he would conduct a candid conversation about the role of government. Who deserves support

and why? How big can government grow before higher taxes and deficits harm economic growth?

Although Obama claims to be doing this, he hasn't confronted entitlement psychology — the belief that government benefits once conferred should never be revoked.

Is it in the public interest for the well-off elderly (say, a couple with \$125,000 of income) to be subsidized, through Social Security and Medicare, by poorer young and middle-aged workers? Are any farm subsidies justified when they aren't essential for food production? We wouldn't starve without them.

Given an aging America, government faces huge conflicts between spending on the elderly and spending on everything else. But even before most baby boomers retire (in 2016, only a quarter will have reached 65), Obama's government would have grown.

In 2016, federal spending is projected to be 22.4% of GDP, up from 21% in 2008; federal taxes will be 19.2% of GDP, up from 17.7%.

It would also be "responsible" for Obama to acknowledge the big gamble in his budget. National security has long been government's first job. In his budget, defense spending drops from 20% of the total in 2008 to 14% in 2016, the smallest share since the 1930s. The decline presumes a much safer world. If the world doesn't cooperate, deficits would grow.

The gap between Obama rhetoric and Obama reality transcends the budget, as do the consequences. In 2009, the stock market has declined 23.78% (through March 5), says Wilshire Associates. The Wall Street Journal's editorial page blames Obama's policies for all the fall. That's unfair; the economy's deterioration was a big cause. Still, Obama isn't blameless.

Confidence (too little) and uncertainty (too much) define this crisis. Obama's dou-

ble talk reduces the first and raises the second.

He says he's focused on reviving the economy, but he's also using the crisis to advance an ambitious long-term agenda. The two sometimes collide. The \$787 billion "stimulus" is weaker than necessary, because almost \$200 billion for extended projects (high-speed rail, computerized medical records) take effect after 2010.

When Congress debates Obama's sweeping health care and energy proposals, industries, regions and governmental philosophies will clash. Will this improve confidence? Reduce uncertainty?

A prudent president would have made a "tough choice" — concentrating on the economy and deferring his more contentious agenda.

Similarly, Obama claims to seek bipartisanship but, in reality, doesn't. His bipartisanship consists of including a few Republicans in his Cabinet and inviting some Republican congressmen to the White House for the Super Bowl.

It does not consist of fashioning proposals that would attract bipartisan support on their merits. Instead, he clings to dubious, partisan policies (mortgage cram-down, union checkoff) that arouse fierce opposition.

Obama thinks he can ignore these blatant inconsistencies. Like many smart people, he believes he can talk his way around problems. Maybe. He's helped by much of the media, who seem so enthralled with him that they don't see glaring contradictions.

During the campaign, Obama said he would change Washington's petty partisanship; he also advocated a highly partisan agenda. Both claims could not be true. The media barely noticed; the same obliviousness persists. But Obama still runs a risk: that his overworked rhetoric loses its power and boomerangs on him.