



Written by [Steven J. DuBord](#) on August 24, 2009

Obama's 10-year Deficit at \$9 Trillion

The Obama administration is expected to release a report soon estimating that the 10-year budget deficit for the United States will be roughly \$9 trillion, up approximately \$2 trillion from the previous projection of \$7.108 trillion, Reuters reported on August 21.



"The new forecasts are based on new data that reflect how severe the economic downturn was in the late fall of last year and the winter of this year," a senior administration official familiar with the plans told Reuters. "Our budget projections are now in line with the spring and summer projections that the Congressional Budget Office put out."

Since the CBO said in June that deficits from 2010 through 2019 would total \$9.1 trillion, the administration is conceding that their own previous figure of \$7.108 trillion was a serious underestimation. On the other hand, the White House budget office is expected to decrease its forecast for the current fiscal year deficit to \$1.58 trillion, a drop of about \$260 billion from its previous \$1.84 trillion projection. The reduction includes \$250 billion set aside for bank bailouts that went unused.

The nonpartisan CBO will also soon release its mid-session review. The CBO pegged the yearly deficit at \$1.825 trillion in June; it remains to be seen if the CBO's new figures will decrease to match the administration's.

"Whether it's \$1.6 trillion or \$1.8 trillion, it's pretty bad," declared Robert Bixby, executive director of the bipartisan fiscal watchdog The Concord Coalition, [Fox News](#) reported on August 21. "I hope no one tries to spin that as good news."

Reuters pointed out that "the record-breaking deficits have raised concerns about U.S. ability to finance that debt and whether the United States can maintain its top-tier AAA credit rating." The United States depends on foreign buyers, most notably China, to finance its debt. China, among others, may raise interest rates if the U.S. deficit appears to be out of control.

Fox News also noted that "the nation's debt now stands at \$11.7 trillion. In the scheme of things, that's more important than talking about the deficit, which only looks at a one-year slice of bookkeeping and ignores previous debt that is still outstanding."

Speaking of looking at the big picture, the Obama administration earlier this year justified its huge economic stimulus package by claiming that the expense would keep unemployment from rising above eight percent. "Congress did pass a \$787 billion two-year stimulus measure, yet unemployment soared to 9.4 percent in July and appears headed for double digits," Fox News said.

So the Obama administration's deficit projections were off by \$2 trillion, almost a third of the original \$7 trillion figure. Its unemployment estimate of eight percent is likely to be off by at least two percent if



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unemployment rises only a little bit further, a miscalculation equal to one-fourth of its guess. In light of this administration's inability to correctly predict deficits or the effect of federal spending on the marketplace regarding unemployment, serious doubt is cast on its ability to project the cost of healthcare reform proposals.

As Congressman Ron Paul (R-Texas) said in a July 16 [interview](#) with Yahoo! Finance's Tech Ticker when he was addressing government's fiscal irresponsibility: "They've never been right on projects of medical programs; whether it was Medicare or Medicaid or prescription drugs, they're always off by 100%, 200%. It always costs a lot more."

When President Obama claims that his healthcare reform proposals will not increase the deficit, or Congress members say they have found ways to finance their reform legislation, why would Americans ever believe what they are hearing? Even if the president and Congress are sincere, the fact that they are sincerely wrong doesn't lessen the impact of their mistakes.

The only answer is to return government to its proper constitutional boundaries, making it smaller and less powerful. Only then will taxpayers keep their own money in the first place, and government wouldn't be allowed to interfere with the free market. This is the real reform America needs to improve healthcare, decrease unemployment, and restore liberty.



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