




Obama's Charm Offensive for Big Deficits

"We're not going to be able to do it next year  or the year after or three years from now," he told CBS' Chip Reid. All the deficit reduction will come later, he assured the ordinarily compliant Washington White House press corps. "This is a big ocean liner. It's not a speedboat. It doesn't turn around immediately. But we're in a better — better place because of the decisions that we made." He knows he's got a deficit now, but what matters is "what happens in a whole bunch of out years."

The problem is that even the timid Washington press corps is starting to ask questions. ABC's Jake Tapper followed up: If you're turning it around, "why does it [the deficit] continue to go up in the out years?" Indeed, Obama's own [unrealistically optimistic budget proposal](#) noted that the annual budget deficit would never fall below half a trillion dollars per year.

All the smooth-talking Obama could say was: "Well, look. It is going to take a whole host of adjustments, and we couldn't reflect all of those adjustments in this budget." He sure didn't. The summation of Obama's press conference is: he can't balance a budget in the short term, and he can't cut it in the "out years" either.

Obama explained to the nation that although he doesn't have a plan to balance the budget, he does have a plan to get a plan: "Now, have — am I completely satisfied with all the work that needs to be done on deficits? No. That's why I convened a fiscal responsibility summit, started in this room, to start looking at entitlements and to start looking at the big drivers of costs over the long term." All right, maybe that's not a plan to get a plan, because it includes neither deadlines nor benchmarks. But he's thinking about it, he wants us to know.

Maybe he should have given some thought to the budget before he became president.

But he's a smart person and he's always thinking about the important things, the so-called "big picture." One thing the president has given a lot of thought to is Orwellian [newspeak](#). He's called for "a budget that leads to broad economic growth by moving from an era of borrow-and-spend to one where we save and invest." Savings? Where is government "saving"? It isn't. Nor is it "investing," unless by investing you mean more "government spending."

Obama's sales line is that we need to "invest" (i.e., spend by government) more in order to grow. "Here's what I do know: If we don't tackle energy, if we don't improve our education system, if we don't drive down the costs of health care, if we're not making serious investments in science and technology and our infrastructure, then we won't grow 2.6 percent; we won't grow 2.2 percent. We won't grow."

Of course, if spending money on education were the true path to genuine growth rather than a path to "narrow prosperity and massive debt," then the nation would already be rolling in the dough. Education spending increased 80 percent under the Bush administration. You don't need to look at the index of leading economic indicators to understand that it's a myth that Washington's education spending can



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spur economic growth.

Obama plans for taxpayers to bail out toxic assets by calling toxic assets “legacy assets” and place the program within the veneer of the private sector. [Treasury Secretary Geithner’s plan](#) promises a 50-50 split of investment between the government and the private sector “with the private sector investors standing to lose their entire investment in a downside scenario and the taxpayer sharing in profitable returns.” But when you read the plan further, you find that it’s reversed. “If the seller accepts the purchase price, the buyer [private investor] would receive financing by issuing debt guaranteed by the FDIC.” In other words, profits would be privatized, but losses would be socialized and borne by the taxpayer under the Treasury Department scheme.

Is it any wonder that financial stocks led the 500-point one-day stock rally on the day that this “welfare for big bankers” scheme was announced?

Obama may speak of “legacy assets,” but his legacy is fast becoming the re-ordering of the English language along the lines of Orwell’s “newspeak.” Obama said in his press conference that his budget was based upon “the most conservative estimates out there” and next explained that it was more optimistic than both the CBO and the “Blue Chip” average of private investors by several trillion dollars. It wasn’t more conservative than anything, unless by “conservative” you mean “better” by Obama’s standard. The one truth Obama told during the press conference was that “the best way to bring our deficit down in the long run is not with a budget that continues the very same policies that have led us to a narrow prosperity and massive debt.”

It’s not just the Washington press corps that’s waking up to the fact that Obama’s budget proposal continues “the very same policies that have led us to a narrow prosperity and massive debt.”

Obama’s one-time Commerce Secretary nominee Judd Gregg (R-N.H.) likened Obama’s budget to one found in a “banana republic.” “We can’t afford this,” [Gregg said](#). But one wonders why it took Gregg so long to realize it. The budget has been out for nearly a month.

“Stimulus” bill supporter and liberal Republican Senator Susan Collins of Maine has also abandoned Obama’s budget. Here’s [her simple assessment](#) of the president’s budget on ABC’s *This Week*:

Stephanopoulos: Senator Collins, you supported President Obama’s stimulus package.

Collins: Yes.

Stephanopoulos: Can you support his budget?

Collins: No.

Even Obama’s own party isn’t feeling the love for endless deficit spending. “We have got to get back to a more sustainable fiscal circumstance,” Senate Finance Committee Chairman Kent Conrad (D-ND) [told George Stephanopoulos on This Week](#). “We cannot have debt pile on top of debt. We cannot run budget deficits in the out-years of over \$1 trillion a year.”

Conrad cheered on behalf of huge deficits in the present, though. After all, he is a Democrat. “If we did not take these extraordinary steps, we’d be back to Hoover economics. I mean, the prescription that he [Republican Senator Judd Gregg] just provided is exactly what Hoover economics represented at the time of the Great Depression.” Actually, Hoover inherited a surplus and left office with the greatest peacetime deficit in American history until that time. Deficit spending helped extend the Great Depression by sucking recovery financing out of the private sector in order to fund debt. But nothing dies a harder death than a myth. Democrats are entitled to their own opinions, but they seem to think they are entitled to their own facts as well.



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When Obama's charm-offensive doesn't even woo his own party, you can count on Obama to marshal his huge Internet army to lobby both the general public and public servants. If they don't see the light, Obama-nation will make them feel the heat. [White House officials claimed](#) that volunteers knocked on an estimated one million doors over the past two weeks. But Democratic congressmen were nonplussed by the lobbying effort. "How many of these folks have read the budget?" wondered Rep. Stephen Lynch, (D-Mass.), a House Financial Services Committee member who voted against the last bailout bill. The answer is, probably about as many as the number of congressmen who have read Obama's budget: a handful.

But Obama's army seems to be fighting without ammunition. McClatchy newspapers [headlined](#) a story on Obama's grass-roots effort this way: "Congress isn't feeling much heat from Obama's 'army.'" With all the buzz in the press about a "populist revolt" across the nation, you would have thought they'd be afraid — unless the populist revolt was about balancing the budget and stopping bailouts that amount to welfare for big bankers.



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