



Joint Economic Committee

Republicans

Representative Kevin Brady
Vice Chairman Designate

DED SPECIAL EDITION: THE PRESIDENT'S BUDGET FISCAL YEAR 2012

News

[CBO: Obama's budget doesn't reach primary balance](#)

Congress' chief scorekeeper says President Obama's budget never achieves primary balance; the key measure the White House said would show the country is living within its means.

[Obama's Budget Proposal Resurrects Idea of Taxing Carried Interest](#)

Specifically, the budget calls for taxing "carried [profits] interests as ordinary income" in order to increase Treasury receipts by \$14.8 billion over 10 years.

[Social Security reform looms with or without Obama](#)

...there was a conspicuous omission from his 2012 budget blueprint that many say would go a long way toward easing the nation's financial woes: Social Security reform.

[Obama's wackiest budget cuts](#)

...it offers a bewildering tour of government projects that don't work, are hopelessly outdated or downright wacky.

[Deficit Plan Details Emerge](#)

Bipartisan Senate Group Mulls Spending Caps That Could Trigger Tax Increases.

[Debt deal: 'History will condemn us' if U.S. punts](#)

...the president's budget would do nothing to bring gross debt down below 100% of GDP, above which it will be for the next decade.

[Deficit is biggest as share of economy since 1945](#)

That would be just under 11 percent of the \$14 trillion economy - the largest proportion since 1945, when wartime spending swelled the deficit to 21.5 percent of U.S. gross domestic product.

[Geithner Quietly Tells Obama Debt-to-GDP Cost Poised to Increase to Record](#)

Net interest expense will triple to an all-time high of \$554 billion in 2015 from \$185 billion in 2010, according to the Obama administration's adjusted 2011 budget.

[Obama's 2012 Budget Proposal: How \\$3.7 Trillion Is Spent](#)

...every nook and cranny of President Obama's budget proposal.

[Obama spending plan criticized for avoiding deficit commission's major proposals](#)

...calls for raising the Social Security retirement age, charging wealthy seniors more for Medicare and limiting popular tax breaks such as the mortgage interest deduction.

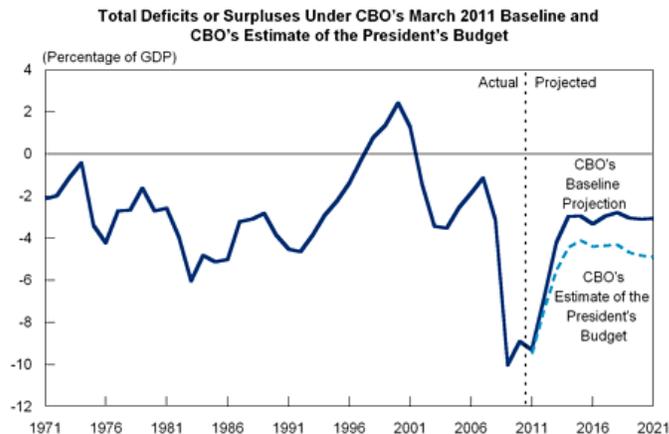
Quote of the Day

"The primary real burden of a public debt is borne by members of the current generation only insofar as they correctly anticipate their own or their heirs' roles as future taxpayers, and take action to discount future tax payments into reductions of present capital values... The primary real burden of the debt, in the only sense in which this concept can be meaningful, must rest with future generations at least in large part. These are the individuals who suffer the consequences of wasteful government expenditure and who reap the benefits of useful government expenditure."

—James M. Buchanan,

[Public Principles of Public Debt: A Defense and Restatement](#), (1962)

Graphic of the Day



[CBO: Preliminary Analysis of the President's Budget for 2012](#)

Research, Reports & Studies

[Obama's 2012 Budget Offers More Gimmicks, Not Reform](#)

So while there is some legitimate deficit reduction, \$1.7 trillion of the \$2.2 trillion in claimed savings are pure gimmicks & magic asterisks.

[President Obama's 2012 Budget Builds on Failures of the Past](#)

Under the President's budget, the deficit in 2011 will hit a new record of \$1.645 trillion, and the national debt held by the public over the next 10 years would nearly double, rising by \$7.2 trillion.

[Additional \\$47 Billion in Spending Cuts for the Continuing Resolution](#)

...Reduce non-security spending by \$84 billion relative to President Obama's request and by \$69 billion compared to the 2010 level... lawmakers could add the following \$47 billion in 2011 reductions...

[THE PRESIDENT'S BUDGET FOR FISCAL YEAR 2012: MORE SPENDING, TAXES, AND DEBT](#)

...spends too much, taxes too much, and borrows too much – stifling job growth today & leaving a diminished future for next generation.

[Fiscal Year 2012 of the U.S. Budget](#)

[I]nformation on the President's priorities, budget overviews organized by agency, and summary tables.

[The Obama 2012 Budget: A Summary and Analysis](#)

Using the figures in the President's 2012 budget document, the budget does nothing to change the unsustainable growth of debt held by the public as proposed in his budget nearly a year ago.

"Did You Know"

["The federal budget: it all started with the Budget and Accounting Act of 1921, which established the framework used by Congress to formulate the budget. More than 50 years later, Congress passed the Congressional Budget and Impoundment Control Act of 1974, which basically laid out Congress' role in the budget process. Before this time—if you can believe it—Congress had no formal process for establishing a coherent budget."](#)

Economists' Comments & Opinions

[EDITORIAL: Obama's red ink grows by \\$2.7 trillion](#)

In concrete terms, that means today's public debt of \$14.2 trillion will balloon to \$23.7 trillion by the year 2021. For each American who pays taxes, that represents a \$260,000 liability.

[Fiscal Sanity Requires Courage](#)

Measured by the Christie standard, President Obama's \$3.7 billion budget request for fiscal year 2012, which will begin October 1, fails.

[Opinion: This Is No Way to Win the Future](#)

Obama's original estimates were way off for the same reason his current scenario can't be trusted: He grounds most deficit reduction in the fantasy world of increased revenues.

[Spending cuts aren't enough. It's time to fix the budget](#)

President Obama's budget was such a tremendous letdown and a massive punt, I have to wonder if part of the White House's calculation was: "Don't worry, people will forget about the budget in no time."

[Top Ten Obama Budget Failures](#)

The president's budget numbers are based on the assumption that the economy will grow, in real terms, 3.6 percent in 2012 and 4.4 percent in 2013. That's much faster than CBO or private economists forecast, and nearly a quarter point faster than the economy has grown coming out of the last five recessions.

[Serious Debt Reduction Will Require Courage](#)

Barely 12 cents on every federal dollar spent is in the nonsecurity discretionary budget... the overfocus on the 12 cents could leave the U.S. hollowed out, damaging education, infrastructure, science, health and basic research.

[EDITORIAL: Obama's budget blarney](#)

The Fiscal Year 2010 budget projected a deficit of \$581 billion in FY 2012. The FY 2011 budget projected \$829 billion of red ink in 2012. And now the FY 2012 budget itself projects \$1.1 trillion...

[After Obama's Budget, Republicans Need a New Strategy](#)

The big spenders are setting the GOP up for another phony debt ceiling debate. The party should unify around a proposal to put a ceiling on debt as a share of the economy.

[Small Budget Cuts Add Up](#)

Why has Congress spent \$720 million on a think tank over the past 25 years?

[Why Pentagon budget cuts might not be as impressive as they sound](#)

At \$553 billion, the Pentagon budget is \$13 billion less than expected. But it is still up from last year, and many of the biggest planned cuts are in the uncertain future.

[Examiner Editorial: Obama adds \\$8.8 trillion in new debt in next decade](#)

...Obama's budget also raises taxes by \$1.5 trillion on corporations and high-income earners, imposing higher marginal rates and new limits on charitable and mortgage deductions.

[Budget Battle Lines Drawn](#)

Obama Plan Offers Tax Increases and Spending Cuts, but Avoids Big Fiscal Issues.

[The 19 Percent Solution](#)

How to balance the budget without increasing taxes.

[Sessions, Ryan: President failed on budget](#)

Under his plan, the federal government would spend \$46 trillion over the next 10 years, doubling the national debt by the end of his term and tripling it by the end of the decade.

[The Cee Lo Green Budget](#)

The cynical and unrealistic White House budget.

[Obama's sea of red](#)

Include the benefits that we've promised under those programs in excess of projected revenues, and our total future indebtedness could run as high as \$127.5 trillion.

[What cuts? Obama's budget only boosts spending](#)

President Obama has two choices to avoid a major fiscal debt crisis for the U.S.: Fix it or ignore it.

Blogs

[The Federal Fiscal Issue in One Chart](#)

Spending on interest, Medicare and Medicaid and Social Security go up – a lot. Spending on nearly everything else goes down.

[A Budget No One Believes In](#)

The reality is that President Obama's budget calls for a 49% rise in total spending over the next ten years. Driven by this spending explosion the President's budget will cause the publicly held debt to rise from \$9.5 trillion this year to \$16.7 trillion in 2021.

[A Budget Paradox](#)

...Federal outlays went up 108 percent from 2000 to 2010, while the Consumer Price Index only went up 26 percent.

[Obama's Plainly Unserious Budget](#)

Starting with the bottom line, according to the administration's own numbers, the 2012 budget would push debt (held by the public, not government trust funds) up to nearly \$12 trillion at the end of 2012. That's up from \$5.8 trillion at the end of 2008.

[Spending Projections and Spending Reality](#)

Two years ago, they were promising that the spending increase would be "timely, targeted, and temporary." As such, they projected that in 2011, spending as a share of the economy would already have fallen to 23.4 percent.

[Obama's Budget Means the Burden of Government Spending will be \\$2 Trillion Higher in Ten Years](#)

The most important number in Obama's budget is that he is proposing \$5.7 trillion of spending in 2021, about \$2 trillion more than is being spent this year, according to table S-1 of the budget.

[Time to Get Serious About the Deficit](#)

Conservatives will be very unhappy that the budget permanently ratchets spending up to 23% of GDP. But liberals shouldn't be too happy either--the president still hasn't found a way to get tax revenues above 20% of GDP.

[Dealing With Higher Pension Costs](#)

Buried deep within President Barack Obama's budget proposal is a plan to stick traditional pension plans with a bill for an additional \$16 billion dollars over the next ten years.

[The Budget Does Nothing to Assuage Fears over the Debt](#)

A shocking side note is that not only will interest payments explode over the next 10 years, but they will account for an increasing portion of the total federal deficit (which is scheduled to remain at about 3% of GDP indefinitely). For instance, by 2021, interest payments will account for 83 percent of the entire federal deficit.

[First Thoughts on the Budget](#)

First, there's the \$1.6 trillion deficit. That figure is the same as the entire budget of the United States in FY1998 (FY1986 in real terms, which is interesting considering the tendency to compare Obama with Reagan).

[To Fix the Budget, Bring Back Reagan...or Even Clinton](#)

The good news is that there's no major initiative such as the so-called stimulus scheme or the government-run healthcare proposal. The bad news, though, is that government is far too big and Obama's budget does nothing to address this problem.

[Deconstructing the Spending Side of Obama's Proposed FY2012 Budget](#)

The budget needs to be dramatically downsized, yet the President has proposed that we tread water.

[Obama the Born-again Budget Cutter!?](#)

... it certainly does not seem like there are any plans to reverse direction and shrink the burden of government.

[Budget puzzle](#)

So what would be so hard about going back to the level of nominal spending in 2007 of \$2.7 trillion?

[30 years of spending priorities](#)

INFOGRAPHIC: A look at how President Obama's federal spending compares to his recent predecessors, and how presidential priorities have shifted over time.