

“Even by the standards of this town, that’s
A Load of You-Know-What”

- BARACK OBAMA, 2/28/12

Independent Analysts Agree

Obama’s \$4 Trillion Deficit Plan Is As Gimmicky As His Campaign Shtick And As Underwhelming As His DNC Acceptance Speech

The Washington Post’s Glenn Kessler: “The Repeated Claim That Obama’s Budget Reduces The Deficit By \$4 Trillion Is Simply Not Accurate. ... Virtually No Serious Budget Analyst Agreed With This Accounting.” (Glenn Kessler, “Fact Checking Bill Clinton’s Speech And Other Democrats At The Convention In Charlotte,” *The Washington Post’s* [“The Fact Checker,”](#) 9/6/12)

ANALYSTS THAT HAVE LOOKED AT OBAMA’S PLAN FOUND ACCOUNTING GIMMICKS, PHANTOM SAVINGS AND NO PLAN TO ADDRESS OUR LONG-TERM FISCAL CRISIS

Yesterday, At A Campaign Event In Florida, President Obama Claimed That “Independent Analysis” Showed His Deficit Plan Cuts \$4 Trillion. OBAMA: “Now, independent analysis says that my plan for reducing our deficits would lower them by \$4 trillion. That’s with a ‘T’ -- \$4 trillion. And I’ve worked with Republicans in Congress already to cut a trillion dollars in spending, and I’m willing to do more.” (President Barack Obama, Remarks By The President At A Campaign Event, Melbourne, FL, 9/9/12)

- **Obama Rolled Out The Bogus Claim In His Acceptance Speech At The Democrat National Convention: “Independent Analysis Shows That My Plan Would Cut Our Deficits By \$4 Trillion.”** (President Barack Obama, Remarks At The Democratic National Convention, Charlotte, NC, 9/6/12)

The Co-Chairs Of Obama’s Fiscal Commission Say Obama’s Plan Falls Short Of \$4 Trillion

THE FACTS: Co-Chairs Of Obama’s Fiscal Commission Erskine Bowles And Alan Simpson On Obama’s \$4 Trillion Target: “Unfortunately, His Proposal Falls Short Of This Goal ...” “We are encouraged that President Obama has embraced the goal of stabilizing the debt and the target of achieving at least \$4 trillion in deficit reduction. Unfortunately, his proposal falls short of this goal by counting war savings that were already planned; and while it does (barely) stabilize the debt, it does so at a dangerously high level and with no margin for error. We are disappointed, too, that the president did not address the long-term solvency of Social Security.” (Alan Simpson And Erskine Bowles, Op-Ed, “Go Big, Be Bold, Be Smart,” [The Washington Post](#), 10/2/11)

- **If You Remove The Gimmicks From Obama’s Plan “Somewhere Between \$1.5-\$2 Trillion Worth Of Deficit Reduction Evaporates.”** “It’s also not really designed to particularly reduce the budget deficit--as Lori Montgomery’s piece in the Washington Post makes clear, most of the deficit reduction comes from gimmicky changes in the baseline: assuming that war spending will continue at last year’s high levels, and assuming that the Bush tax cuts for the affluent would have

been extended indefinitely. If you take away those two assumptions, somewhere between \$1.5-\$2 trillion worth of deficit reduction evaporates.” (Megan McArdle, “Obama’s Deficit Reduction: A Campaign Document, Not A Policy Plan,” [The Atlantic](#), 9/20/11)

- **“Obama’s New \$4 Trillion Target Over 10 Years Resets The Goalposts With Some Fancy Budget Footwork.”** “Obama’s new \$4 trillion target over 10 years resets the goalposts with some fancy budget footwork. For one thing, it includes \$1 trillion in cuts already signed into law. And it assumes that Congress will pass the administration’s plan to raise the capital gains tax, boost taxes on households earning over \$250,000 a year and impose a minimum 30 percent tax on incomes above \$1 million. It also assumes a reduction in the amount of interest the government must pay on its debt.” (Calvin Woodward and Tom Raum, “FACT CHECK: Obama And The Phantom Peace Dividend,” [The Associated Press](#), 9/7/12)
- ***The Economist*: “Much Of His Purported Spending Reduction Is Accounting Legerdemain.”** “Much of his purported spending reduction is accounting legerdemain: he claims to save more than \$800 billion from drawing down operations in Iraq and Afghanistan, but most of that was never going to be spent anyway. His cuts to Medicare and Medicaid consist almost entirely of squeezing health-care providers; benefits and beneficiaries are spared.” (“Barack Obama’s Budget: The Phony War,” [The Economist](#), 2/13/12)
- **“In Effect, Most Of Obama’s Claimed Deficit Reduction Comes From His Proposed Tax Increases.”** “There are a number of other games being played, so fake money is being used to pay for real spending projects. In effect, most of Obama’s claimed deficit reduction comes from his proposed tax increases.” (Glenn Kessler, “Fact Checking Bill Clinton’s Speech And Other Democrats At The Convention In Charlotte,” *The Washington Post*’s [The Fact Checker](#), 9/6/12)

Independent Analysts Have Panned Obama’s Deficit Plan

THE FACTS: Independent Budget Experts Say Obama’s Debt Plan Falls Short Of Its Claimed \$4 Trillion In Savings. “President Obama projects that his new plan for reducing the federal debt will save more than \$3 trillion over the next decade by raising taxes on the wealthy and slashing spending on a host of government programs, from farm subsidies to federal worker pensions. But independent budget experts said the blueprint that Obama unveiled Monday — which White House officials say would save more than \$4 trillion when added to earlier budget deals this year — appears to fall short of his target.” (Lori Montgomery And Jia Lynn Yang, “Budget Analysts Say Obama Deficit Plan Is Likely To Miss Its Targets,” [The Washington Post](#), 9/19/11)

- **“Obama Exaggerated... Actually, One Independent Analysis Criticized A Central Part Of The President’s Plan As A ‘Gimmick.’”** “Obama exaggerated when he claimed ‘independent experts’ say his deficit-reduction plan would reduce the federal deficit by \$4 trillion over 10 years. Actually, one independent analysis criticized a central part of the president’s plan as a ‘gimmick.’” (“FactChecking Obama And Biden,” [FactCheck.org](#), 9/7/12)
- **Maya MacGuinness, President Of The Bipartisan Committee For A Responsible Federal Budget Said That Obama’s Plan “Doesn’t Produce Any More In Realistic Savings Than The Plan They Offered In April [2011].”** “The latest Obama plan ‘doesn’t produce any more in realistic savings than the plan they offered in April ... They’ve filled in details, repackaged it and replaced one gimmick with another. They don’t even stabilize the debt. This is just not enough.” (Lori Montgomery And Jia Lynn Yang, “Budget Analysts Say Obama Deficit Plan Is Likely To Miss Its Targets,” [The Washington Post](#), 9/19/11)
- **Robert Bixby, Executive Director Of The Bipartisan Concord Coalition: “Almost \$2 Trillion Of The \$3 Trillion [Savings] Total Is Obtained By Choosing The Most Convenient Baseline Assumption ...”** “Almost \$2 trillion of the \$3 trillion [savings] total is obtained by choosing the

most convenient baseline assumption,” said Robert Bixby, executive director of the bipartisan Concord Coalition. “There are, of course, some legitimate proposals here, but not the kind of structural changes that are needed in entitlement programs and tax expenditures to put the budget on a sustainable path.” (Lori Montgomery And Jia Lynn Yang, “Budget Analysts Say Obama Deficit Plan Is Likely To Miss Its Targets,” [The Washington Post](#), 9/19/11)

A LARGE PART OF OBAMA’S CUTS COME FROM A “PEACE DIVIDEND” FROM MONEY THAT WAS NEVER GOING TO BE SPENT

Obama Says He Would “Use The Money We’re No Longer Spending On War To Pay Down Our Debt.” OBAMA: “I’ll use the money we’re no longer spending on war to pay down our debt and put more people back to work — rebuilding roads and bridges, schools and runways. After two wars that have cost us thousands of lives and over a trillion dollars, it’s time to do some nation-building right here at home.” (President Barack Obama , Remarks At The Democratic National Convention, Charlotte, N.C., 9/6/12)

THE FACTS: “The Idea Of Taking War Savings To Pay For Other Programs Is A Budgetary Sleight Of Hand” And Is Just As “Misleading” Now As It Was In His State Of The Union Speech Last January. “The idea of taking war savings to pay for other programs is budgetary sleight of hand, given that the wars were paid for with increased debt. Obama can essentially ‘pay down our debt,’ as he said, by borrowing less now that war is ending. But he still must borrow to do the extra ‘nation-building’ he envisions.” (Calvin Woodward and Tom Raum, “FACT CHECK: Obama And The Phantom Peace Dividend,” [The Associated Press](#), 9/7/12)

- **Obama Used A “Major Budget Gimmick” By Which “The Administration Is Able To Claim Credit For Saving Money It Never Intended To Spend.”** “In other words, by projecting war spending far in the future, the administration is able to claim credit for saving money it never intended to spend. (Imagine taking credit for saving money on buying a new car every year, even though you intended to keep your car for ten years.) Rather than good arithmetic, independent budget analysts called the maneuver ‘a major budget gimmick.’” (Glenn Kessler, “Fact Checking Bill Clinton’s Speech And Other Democrats At The Convention In Charlotte,” [The Washington Post’s “The Fact Checker,”](#) 9/6/12)
- **“Obama Laid Claim To A Peace Dividend That Doesn’t Exist.”** “President Barack Obama laid claim to a peace dividend that doesn’t exist when he told the nation he wants to use money saved by ending wars to build highways, schools and bridges.” (Calvin Woodward and Tom Raum, “FACT CHECK: Obama And The Phantom Peace Dividend,” [The Associated Press](#), 9/7/12)
- **President Of The Committee For A Responsible Federal Budget, Maya MacGuineas: “Drawing Down Spending On Wars That Were Already Set To Wind Down And That Were Deficit Financed In The First Place Should Not Be Considered Savings.”** “At the same time, budget experts are not offering high-fives to the administration for claiming \$848 billion in war savings from the winding down of the wars in Iraq and Afghanistan. It’s a move they consider to be pure hokum. ‘Drawing down spending on wars that were already set to wind down and that were deficit financed in the first place should not be considered savings. When you finish college, you don’t suddenly have thousands of dollars a year to spend elsewhere -- in fact, you have to find a way to pay back your loans,’ MacGuineas noted.” (Jeanne Sahadi, “Obama Budget Fails To Tackle Entitlements,” [CNN Money](#), 2/14/12)

OBAMA’S PLAN FAILS TO ADDRESS THE LONG-TERM ENTITLEMENT CRISIS AND IS UNLIKELY TO RESTORE OUR CREDIT RATING

THE FACTS: Obama's Plan Barely Touches Entitlement Reform Which Standard And Poor's Said Were "Key To Long-Term Fiscal Sustainability." "An aging population will strain public finances further in coming years, consuming more healthcare and pension benefits offered by the federal government. In its downgrade, S&P said funding those future outlays was 'key to long-term fiscal sustainability.' But less than a tenth of the savings in Obama's plan to cut budget deficits by \$3.6 trillion would come from health spending. Reforms to the Social Security pension program were left out altogether." (Jason Lange, "Analysis: Obama Deficit Plan Unlikely To Impress Ratings Firms," [Reuters](#), 9/20/11)

- **Obama's Reliance On War Savings Over Entitlement Reforms Will Not "Impress Wall Street Credit Rating Agencies."** "President Barack Obama's plan to tame U.S. budget deficits probably relies too much on ending wars and too little on tackling health care spending to impress Wall Street credit rating agencies." (Jason Lange, "Analysis: Obama Deficit Plan Unlikely To Impress Ratings Firms," [Reuters](#), 9/20/11)

Former Clinton Budget Director Alice Rivlin And Former Senator Pete Domenici: In Ten Years, "Entitlement Costs Spiral Out Of Control And Revenues Are Inadequate To Deal With A Wave Of Retiring Baby Boomers." "While his budget stabilizes debt over the next decade, the real problem arrives thereafter, as entitlement costs spiral out of control and revenues are inadequate to deal with a wave of retiring baby boomers,' former White House budget office director Alice Rivlin and former Senate Budget chairman Pete Domenici said in a statement." (Jeanne Sahadi, "Obama Budget Fails To Tackle Entitlements," [CNN Money](#), 2/14/12)

- **Former U.S. Comptroller David Walker: "In The Year 2022 More Than 78 Percent Of Total Outlays (Spending) Will Be On Autopilot - Which Is Both Irresponsible And Unsustainable."** "Former Comptroller General David Walker, appointed by President Bill Clinton as the nation's chief auditor, sharply criticized Obama's budget. 'The proposed budget would greatly increase the portion of government spending that is on 'autopilot.' While the president's budget cuts discretionary spending programs by 1 percent over a 10-year period, mandatory spending programs and interest on debt grow by more than 96 percent over the same decade,' Walker said. 'The result is that in the year 2022 more than 78 percent of total outlays (spending) will be on autopilot - which is both irresponsible and unsustainable.'" (Kevin Hall, "Obama's Budget Would Shrink Annual Deficits, But National Debt Still Explodes," [McClatchy Newspapers](#), 2/13/12)