



# Obama's Debt Dodge

*As Obama Plans Yet Another Debt Ceiling Increase, A Look At One Looming Debt Problem He Still Hasn't Fixed*

## FOR YEARS, OBAMA HAS SPOKEN ABOUT THE NECESSITY OF FIXING ENTITLEMENTS IN ORDER TO FIX THE BUDGET

**Just Last Week, Obama Admitted That There Is A "Long-Term Problem" With Medicaid And Medicare.** PRESIDENT OBAMA: "So we don't have a problem in terms of spending on education. We don't have a problem when it comes to spending on research and development. We do have a long-term problem that has to do with our health care programs, Medicare and Medicaid." (President Obama, [Remarks at Town Hall](#), Binghamton University, Binghamton, NY, 8/23/13)

- **Obama: "We'll Still Have To Make Some Modifications When It Comes To Our Long-Term Entitlement Program So That They're There For Young People Here When They Are Ready For Retirement."** (President Obama, [Remarks at Town Hall](#), Binghamton University, Binghamton, NY, 8/23/13)

**Obama Said "If We Want To Get Serious About Fiscal Discipline ... We Will Also Have To Get Serious About Entitlement Reform."** OBAMA: "Along with defense and interest on the national debt, the biggest cost drivers in our budget are entitlement programs like Medicare, Medicaid, and Social Security -- all of which get more and more expensive every year. So if we want to get serious about fiscal discipline, and I do, then we're going to not only have to trim waste out of our discretionary budget -- which we've already begun -- we will also have to get serious about entitlement reform." (President Barack Obama, [Remarks at Georgetown University](#), Washington, D.C., 4/14/09)

**In 2009, Obama Said We Are Going To Have To Craft A "Grand Bargain" On Entitlements Because "Kicked This Can Down The Road, We're Now At The End Of The Road, And We Are Not In A Position To Kick It Any Further."** OBAMA: "The real problem with our long-term deficit actually has to do with our entitlement obligations and the fact that historically if our revenues range between 18 and 20 percent of GDP, they're now at 16, it's just not sustainable. So, we're going to have to craft, what George Stephanopoulos called a 'grand bargain,' and I try not to use the word 'grand' in anything I say, but we're going to have to shape a bargain. This by the way is where there is going to be some very difficult choices, and issues of sacrifice and responsibility and duty are gonna come in because what we have done is kicked this can down the road, we're now at the end of the road, and we are not in a position to kick it any further." (President Barack Obama, [Remarks Before The Washington Post Editorial Board](#), Washington D.C., 1/15/09)

**Candidate Obama, In 2008: "We're Going To Have To Take On Entitlements And I Think We've Got To Do It Quickly ... I'd Like To Do In My First Term As President."** NBC's TOM BROKAW: "Would you

give Congress a date certain to reform Social Security and Medicare within two years after you take office? Because in a bipartisan way, everyone agrees, that's a big ticking time bomb that will eat us up maybe even more than the mortgage crisis." OBAMA: "Well, Tom, we're going to have to take on entitlements and I think we've got to do it quickly. We're going to have a lot of work to do, so I can't guarantee that we're going to do it in the next two years, but I'd like to do in my first term as president." (Sen. Barack Obama, Presidential Candidates [Debate](#), 10/7/08)

## **INSTEAD OF GETTING SERIOUS, OBAMA'S ENTITLEMENT REFORMS HAVE EITHER BEEN TOKEN OR TAKEN OFF THE TABLE ENTIRELY**

**In A Speech In April 2011, Obama Outlined A Plan That "Included Spending Cuts, Medicare And Medicaid Reforms, Changes To The Tax Code, And Limits On Itemized Deductions For The Wealthiest Taxpayers."** "They had to act decisively. There would be no partial credit from the bond market for 'a Band-Aid' solution. It had to be comprehensive. Lew walked through the proposal the president had made at George Washington University three weeks earlier. This was the plan Biden had opened with \$4 trillion in deficit reduction over 12 years, rather than the usual 10 years. It included spending cuts, Medicare and Medicaid reforms, changes to the tax code, and limits on itemized deductions for the wealthiest taxpayers." (Bob Woodward, *The Price Of Politics*, 2012, pp. 114-115)

- **In 2011, The White House's Starting Point For Entitlement Reform Was Raising The Medicare Eligibility Age From 65 To 67.** "At the White House, Nabors, Lew and Sperling began putting a formal offer on paper to submit confidentially to Boehner. The speaker's framework wasn't specific. They knew any deal was going to be about two things – Medicare and revenue. They went to work on Medicare. It was, in some respects, the prize. Paul Ryan's budget had gone after it. Sperling's sense was that the Republicans were looking for something iconic – a clear, understandable, structural entitlement change that they wanted, but didn't want to do without political cover from the Democrats. And not incidentally, Sperling noted, it was a change that would cause Democrats the maximum amount of political pain. The starting point was raising the Medicare eligibility age from 65 to 67. It was a seemingly small change, but tampering with Medicare—Lyndon Johnson's Great Society contribution to the well-being of the elderly—was almost forbidden among Democrats. The AARP, which had spent more than \$20 million on lobbyists in 2010 alone, would rise in protest." (Bob Woodward, *The Price Of Politics*, 2012, pp. 155-156)

**WHAT HAPPENED: Obama's Chief Of Staff Denis McDonough Said That Obama Does Not Support Raising The Medicare Eligibility Age.** NBC's DAVID GREGORY: "The retirement age – should it be raised? Does it have to be on the table?" OBAMA CHIEF OF STAFF DENIS MCDONOUGH: "The question with the retirement age is - that's not a cost-reducer. That's a cost-shifter. What it does is it takes these exploding health care costs - it does not reduce them - but shifts them to our seniors. We're not going to do that. But what we are going to do is the kinds of common sense reforms the president laid out. Reducing these kinds of subsidies to prescription drug companies, making sure that wealthier seniors do more for their part." (NBC's [Meet The Press](#), 2/17/13)

**In January, Gene Sperling Told A Conference That The Administration Was No Longer Willing To Even Accept Medicaid Cuts They Previously Supported.** "Sperling said the White House is no longer willing to make even the Medicaid cuts it had previously supported, but acknowledged that puts more pressure on Medicare. 'We are not willing to accept even the Medicaid savings that we had once put on the table ... Medicaid savings, Medicaid cuts, for this administration, are not on the table,' Sperling said at

a conference organized by the advocacy group Families USA.” (Sam Baker, “White House Adviser: Obama Willing To Cut Medicare But Not Medicaid,” [The Hill's Healthwatch](#), 1/13/13)

- **Sperling Said “It Is Not The Time To Make Even Those Savings.”** “‘We have come to believe that it is not the time to make even those savings,’ Sperling said, referring to the cuts the White House had proposed. ‘Not when this is the critical moment in implementing the Affordable Care Act.’ The White House’s upcoming budget proposal will reflect those priorities, Sperling said.” (Sam Baker, “White House Adviser: Obama Willing To Cut Medicare But Not Medicaid,” [The Hill's Healthwatch](#), 1/13/13)

**Obama’s Much-Vaunted “Compromise” On Entitlement Reform In The Form Of Chained CPI Would Save A Mere \$230 Billion Over A Decade, “A Relatively Small Amount Of Savings” Compared To “Tens Of Trillions Of Dollars” In Overall Spending.** “Over a decade, the president’s proposal to change the way the government calculates inflation — and therefore makes annual adjustments in benefits and income tax brackets — would produce savings estimated at \$230 billion. That’s a relatively small amount of savings in a decade, when overall spending will be counted in the tens of trillions of dollars.” (David Espo, “Obama’s Budget Straddle,” [The Associated Press](#), 4/10/13)

## **AFTER YEARS OF EMPTY RHETORIC, OBAMA’S SERIOUSNESS ON ENTITLEMENT REFORM IS IN SERIOUS DOUBT**

***The Washington Post* Editorial Headline: “Mr. Obama Should Not Ignore Entitlements.”** (Editorial, “Mr. Obama Should Not Ignore Entitlements,” [The Washington Post](#), 7/27/13)

***The Washington Post*: “Obama’s Speeches So Far Are Notable Mainly For What They Haven’t Included: A Serious Proposal For Straightening Out The Federal Government’s Long-Term Fiscal Situation.”** “Preparing himself and the country for coming budget battles with congressional Republicans, President Obama has embarked on a speech-making tour of the nation, focused on economic issues. week, he gave the first three addresses, lasting a total of about two hours, with the common theme of a ‘better shot’ for the middle class. He made familiar but welcome references to science and research, crucial infrastructure and making college more affordable. The president was on especially strong ground when he called out colleges that fail to control their costs. ‘Families and taxpayers can’t just keep paying more and more and more into an undisciplined system,’ he said. But Mr. Obama’s speeches so far are notable mainly for what they haven’t included: a serious proposal for straightening out the federal government’s long-term fiscal situation.” (Editorial, “Mr. Obama Should Not Ignore Entitlements,” [The Washington Post](#), 7/27/13)

- ***The Washington Post*: “What’s Rather Less Forgivable, However, Is That, Even Though The President Of The United States Is Well Into A Highly Promoted Series Of Major Addresses On The Future Of The U.S. Economy, Searching The Text Of His Speeches For ‘Entitlement Reform’ Or ‘Entitlement’ Yields Nothing But ‘Phrase Not Found.’”** “By the tendentious standards of politics, it was okay for the president to challenge Republicans to come up with better ideas than his, while simultaneously portraying most of them as mindlessly bent on a government shutdown. What’s rather less forgivable, however, is that, even though the president of the United States is well into a highly promoted series of major addresses on the future of the U.S. economy, searching the text of his speeches for ‘entitlement reform’ or ‘entitlement’ yields nothing but ‘phrase not found.’” (Editorial, “Mr. Obama Should Not Ignore Entitlements,” [The Washington Post](#), 7/27/13)

***Politico*: “President Obama Dodges ‘Hard Choices’ On Entitlements”** (Carrie Budoff Brown, “President Obama Dodges ‘Hard Choices’ On Entitlements,” [Politico](#), 1/22/13)

**On Entitlements, Obama Is “Not Willing To Give Up Much.”** “President Barack Obama insisted four years ago that the nation must make ‘hard decisions’ to preserve entitlement programs. But on Monday,

the 'hard choices' he spoke of on health care and the deficit came with a major caveat: He's not willing to give up much." (Carrie Budoff Brown, "President Obama Dodges 'Hard Choices' On Entitlements," [Politico](#), 1/22/13)

**Obama's Strategy For Shoring Up Entitlement Programs "Remains Hazy Four Years Later."** "Despite the clarity of those early statements, his strategy for shoring up entitlement programs — and challenging not just Republicans but his own party to get it done — remains hazy four years later." (Carrie Budoff Brown, "President Obama Dodges 'Hard Choices' On Entitlements," [Politico](#), 1/22/13)

**"There Is Little To Commend In Mr Obama" Regarding Public Finances.** "That leaves the public finances. There is little to commend in Mr Obama on that front." ("End-Of-Term Report," [The Economist](#), 9/1/12)

- **Obama Projected Debt "Would Peak At 70% Of GDP In 2011," But Even Under His "Optimistic Growth Forecast," It Will Reach 79% In 2014.** "Back in 2009, he thought debt would peak at 70% of GDP in 2011. Now it is projected to reach 79% in 2014 (see chart 3), assuming his optimistic growth forecast is correct." ("End-Of-Term Report," [The Economist](#), 9/1/12)
- **Obama's "Less Defensible" Deficit Reduction Plans "Have Relied Almost Exclusively On Taxing Rich People And Companies."** "Less defensible are the plans for reducing the deficit in the future. Chained to a silly vow not to raise taxes on 95% of families, Mr Obama's plans have relied almost exclusively on taxing rich people and companies." ("End-Of-Term Report," [The Economist](#), 9/1/12)