



# Spending Problem – What, Me Worry?

*A Growing Chorus Of Democrats Refuse To Acknowledge The Fact That The U.S. Government Has A Grave Spending Problem, Calling Instead For More Taxes*

## LEADING DEMOCRATS DENY A SPENDING PROBLEM EXISTS

**In A Senate Appropriations Hearing, Sen. Tom Harkin (D-IA) Said “No,” The Nation Does Not Have A Spending Problem.** SEN. TOM HARKIN (D-IA): “Thank you, Madam Chair. I think, first of all, I want to disagree with those who say we have a spending problem. Everyone keeps saying we have a spending problem. And when they talk about that, it’s like there’s an assumption that somehow we as a nation are broke. We can’t afford these things any longer. We’re too broke to invest in education and housing and things like that. Well look at it this way, we’re the richest nation in the history of the world. We are now the richest nation in the world. We have the highest per capita income of any major nation. That kind of begs the question, doesn’t it? If we’re so rich, why are we so broke? Is it a spending problem? No.”

(Committee On Appropriations, U.S. Senate, [Hearing](#), 2/14/13)

**In A Senate Appropriations Hearing, Sen. Mary Landrieu (D-LA) Called For More Taxes.** SEN. MARY LANDRIEU (D-LA): “What is it about that reality that the other side of the aisle will not embrace? Is it that they don’t believe the fact? Do they disagree with that fact? Do they have some other facts to put on the table? Because if they do, I will listen to that. I have not heard anyone question that. So, that is a fact I would like to start with because it helps us to frame the debate, which is we cannot rearrange the passengers on the ‘Titanic’ and suggest that we’re doing anybody a favor. We have to bring more revenues and 600 million, to my friend from Missouri, 600 billion, is not enough. We have a \$4 trillion problem. We already put cuts, cuts to spending that some people think is too high. I’ll agree that it is in some areas. We’ve already done \$1.2 trillion. Do the other side expect us to do, what is that, \$2.8 trillion more? What revenues are going to come? That is the solution that we are looking for.”

(Committee On Appropriations, U.S. Senate, [Hearing](#), 2/14/13)

- **Sen. Landrieu Took To The Senate Floor To Declare That The Discretionary Budget Is “Not Out Of Control Despite What We Hear On Fox News.”** SEN. MARY LANDRIEU: “I will go 50 percent revenue. We will raise \$25 billion, and \$25 billion we will cut, but I am not going to keep cutting the discretionary budget—which, by the way, is not out of control despite what we hear on Fox News. It is mandatory spending that is rising rapidly because the ‘greatest generation,’ which gave us the greatest Nation the world has ever heard of, is aging, and they need hospice care, Social Security, and hospitals. If they want to cut them, go right ahead.” (Sen. Mary Landrieu, [Congressional](#)

[Record](#), S322, 1/28/13)

**House Minority Whip Rep. Steny Hoyer (D-MD) Refused To Say Whether Washington Has A Spending Problem.** CNBC's MICHELLE CARUSO-CABRERA: "Does the country have a spending problem?" REP. STENY HOYER (D-MA): "Does the country have a spending problem?" CARUSO-CABRERA: "Yeah." HOYER: "The country has a paying for problem. We haven't paid for what we bought. We haven't paid for our tax cuts. We haven't paid for the war." CARUSO-CABRERA: "How about what we promised? Are we promising too much?" HOYER: "Absolutely." CARUSO-CABRERA: "Okay." HOYER: "If we don't pay we shouldn't buy." CARUSO-CABRERA: "So how is that different than a spending problem?" HOYER: "Well, we spent a lot of money when George Bush was president of the United States in the House and Senate, which were controlled by Republicans, we spent a lot of money." CARUSO-CABRERA: "Okay so that's eight years and now another eight years with a lot of spending. So now we're going on 16 years of a lot of spending now." (CNBC's ["Squawk Box"](#), 2/12/13)

**House Minority Leader Rep. Nancy Pelosi (D-CA) Said We Don't Have A Spending Problem - Twice.** REP. NANCY PELOSI (D-CA): "We have to make a judgment about what -- how do we get growth with jobs, that is where the real revenue comes from. You don't get it by...cutting your education and cutting back on investments in science and National Institutes of Health, food safety, you name it. So, it isn't as much a spending problem as it is a priorities -- and that is what the budget is, setting priorities." FOX's CHRIS WALLACE: "But you talk about growth. Even Christina Romer, the former head of the Council of Economic Advisors for the president says, you increase taxes, that also hurts growth." WALLACE: "Well, it is about timing. It is about timing. And it is about timing as to when you make cuts, as well." WALLACE: "The fiscal cliff, you raised taxes \$650 billion, right away." PELOSI: "Yeah and that was a very good thing to do. On people making over -- the high end in our population. So, here's the thing, though: we are here to have a budget that has revenue coming in, that has investments made, into the future. We also want to make decisions in those two areas where growth with jobs are created, because, more jobs, more revenue coming in. Nothing brings more money to the Treasury of the United States than investment in education of the American people. So you have to recognize that. Which cuts really help us and which cuts hurt our future. And cuts in education, scientific research and the rest are harmful and they are what are affected by the sequestration. So it is almost a false argument to say we have a spending problem, we have a budget deficit problem." (FOX's ["Fox News Sunday"](#), 2/10/13)

**According To *The Wall Street Journal*, Obama Told House Speaker John Boehner During The Fiscal Cliff Negotiations That "We Don't Have A Spending Problem."** "What stunned House Speaker John Boehner more than anything else during his prolonged closed-door budget negotiations with Barack Obama was this revelation: 'At one point several weeks ago,' Mr. Boehner says, 'the president said to me, 'We don't have a spending problem.''" (Stephen Moore, "The Education Of John Boehner," [The Wall Street Journal](#), 2/6/13)

- **White House Press Secretary Jay Carney Refused To Reveal Whether Obama Believes That We Have A Spending Problem.** REPORTER: "So given the level of nondefense discretionary spending, does the President believe we do not have a spending problem?" WHITE HOUSE PRESS SECRETARY JAY CARNEY: "Wendell, I'm not sure what rhetorical game you're trying to engage in. What he said -- I mean, what is true is that we have a health care spending problem. That's why the President addressed it in the Affordable Care Act. That's why he's addressed it in the proposals he's put forward, and he has addressed it in discretionary spending cuts and he has put forward more spending cuts. There are spending cuts in his proposal before the Speaker of the House."

Now, you can take that and make it mean something else but that would not be honest.” ([Press Briefing](#), Washington, D.C. 1/30/13)

**More Than Half Of All House Democrats Pledged To Oppose Any Entitlement Reform To Avert The Sequester.** “More than half of all House Democrats are pledging to oppose any cuts to Medicare or Medicaid or implementing chained CPI in a deal to avert the sequester. Later today, 105 House Dems plan to send a letter to the White House to ‘affirm our vigorous opposition to cutting Social Security, Medicare, or Medicaid benefits,’ according to a copy obtained by POLITICO.” (Jason Millman, “First In Pulse: House Dems Solid Against Entitlement Cuts,” *Politico Pulse*, 2/15/13)

- **A Group Of Liberal House Democrats Have Proposed To Replace The Sequester’s Spending Cuts Solely With Higher Taxes.** “A group of liberal House Democrats wants to replace across-the-board cuts with nearly \$1 trillion in higher taxes over a decade, at the same time calling for changes to earlier deficit deals they opposed. The effect would be a ‘fair, balanced approach that protects working families,’ they said.” (David Espo, “Analysis: Obama, GOP Disagree, Again, On Spending,” [The Associated Press](#), 2/6/13)

## DEMOCRATS’ DENIALS FLY IN THE FACE OF THE FACTS

**CBO Director Douglas Elmendorf Said That The Budget Can’t Be Fixed Unless Entitlements Are Addressed Or Taxes Are Raised On Many Americans.** SEN. RON JOHNSON: “Between 2014 and 2033 we will pay out \$5 trillion more in benefits in Social Security recipients and Medicare than we are taking in terms of taking in terms of tax revenue and premiums on Medicare. Now that \$5 trillion compares to \$9 trillion in total additional debt, it’s almost 60 percent. If you’re going to try and address the debt and deficit issue, wouldn’t you actually have to try and propose a plan to save those programs for future generations? Wouldn’t that be one of the first places you would look?” CBO DIRECTOR DOUGLAS ELMENDORF: “I think it’s very difficult, Senator, if you look at our projections, to see how once could put the budget ultimately on a sustainable path without making significant changes in either of those large benefit programs or in the taxes paid by a broad cross-section of Americans.” (Committee On The Budget, U.S. Senate, [Hearing](#), 2/12/13)

**CBO: “Deficits Are Projected To Increase Later In The Coming Decade, However, Because Of The Pressures Of An Aging Population, Rising Health Care Costs, An Expansion Of Federal Subsidies For Health Insurance, And Growing Interest Payments On Federal Debt.”** (“The Budget And Economic Outlook: Fiscal Years 2013 To 2023,” [Congressional Budget Office](#), 2/5/13)

**“Such A Large Debt Would Increase The Risk Of A Fiscal Crisis, During Which Investors Would Lose So Much Confidence In The Government’s Ability To Manage Its Budget That The Government Would Be Unable To Borrow At Affordable Rates.”** “Such high and rising debt would have serious negative consequences: When interest rates rose to more normal levels, federal spending on interest payments would increase substantially. Moreover, because federal borrowing reduces national saving, the capital stock would be smaller and total wages would be lower than they would be if the debt was reduced. In addition, lawmakers would have less flexibility than they might ordinarily to use tax and spending policies to respond to unexpected challenges. Finally, such a large debt would increase the risk of a fiscal crisis, during which investors would lose so much confidence in the government’s ability to manage its budget that the government would be unable to borrow at affordable rates.” (“The Budget And Economic Outlook: Fiscal Years 2013 To 2023,” [Congressional Budget Office](#), 2/5/13)

**“Federal Debt Held By The Public Will Reach 76 Percent Of GDP By The End Of This Fiscal Year, The Largest Percentage Since 1950.”** “The federal budget deficit, which shrank as a percentage of GDP for the third year in a row in 2012, will fall again in 2013, if current laws remain the same. At an

estimated \$845 billion, the 2013 imbalance would be the first deficit in five years below \$1 trillion; and at 5.3 percent of GDP, it would be only about half as large, relative to the size of the economy, as the deficit was in 2009. Nevertheless, if the laws that govern taxes and spending do not change, federal debt held by the public will reach 76 percent of GDP by the end of this fiscal year, the largest percentage since 1950.” (“The Budget And Economic Outlook: Fiscal Years 2013 To 2023,” [Congressional Budget Office](#), 2/5/13)

**By 2023, The CBO Projects That Public Debt Will Reach \$19.9 Trillion.** (“The Budget And Economic Outlook: Fiscal Years 2013 To 2023,” [Congressional Budget Office](#), 2/5/13)

**Government Outlays Are Still Set To Exceed Their 40-Year Average Of 21 Percent.** “Although outlays are projected to decline from 22.8 percent of GDP in 2012 to 21.5 percent by 2017, they will still exceed their 40-year average of 21.0 percent.” (“The Budget And Economic Outlook: Fiscal Years 2013 To 2023,” [Congressional Budget Office](#), 2/5/13)

**FY2009: The Federal Budget Deficit Was \$1.413 Trillion, The Highest In U.S. History.** (“Monthly Budget Review: November 2011,” [Congressional Budget Office](#), 11/7/11)

**FY2010: The Federal Budget Deficit Was \$1.294 Trillion, The Third Highest In U.S. History.** (“Monthly Budget Review: November 2011,” [Congressional Budget Office](#), 11/7/11)

**FY2011: The Federal Budget Deficit Was \$1.299 Trillion, The Second Highest In U.S. History.** (“Monthly Budget Review: November 2011,” [Congressional Budget Office](#), 11/7/11)

**FY2012: The Federal Budget Deficit Was \$1.1 Trillion, The Fourth Highest In U.S. History.** (“Monthly Budget Review: Fiscal Year 2012,” [Congressional Budget Office](#), 10/5/12)

**FY2013: CBO Estimates The Federal Budget Deficit Will Be \$845 Billion, The Fifth Highest In U.S. History.** (“Budget And Economic Outlook,” [Congressional Budget Office](#), 2/5/13)

- **Obama’s FY2013 Budget Proposed \$26.2 Trillion In Spending Through 2022.** (“Fiscal Year 2013 Mid-Session Review; Budget Of The U.S. Government,” [OMB](#), 7/27/12)

**On The Fiscal Cliff Deal, Obama “Made No Meaningful Concessions On Spending In Return.”** “The tax deal enacted this week, which leaves income-tax rates where they are for 99% of households while raising them sharply on the top 1%, was indeed a political victory for Mr Obama. For the first time in more than two decades Republicans had voted for higher taxes, by large numbers in both the Senate and the House of Representatives. The deal raised almost as much money from the rich as Mr Obama had first sought, and he made no meaningful concessions on spending in return.” (“Nothing To Be Proud Of,” [The Economist](#), 1/5/13)

- **The Deal Does “Almost Nothing To Arrest The Escalating National Debt In The Long Term.”** “It was less of a victory for the economy. It leaves in place significant short-term fiscal tightening, while doing almost nothing to arrest the escalating national debt in the long term. Mr Obama himself conceded that at the White House: ‘We still have deficits that have to be dealt with,’ he said, surely his understatement of the year.” (“Nothing To Be Proud Of,” [The Economist](#), 1/5/13)

**Obama Has Not Come Forward With An Entitlement Reform Plan Despite The Fact That “Federal Spending On Health Care – Namely Medicare And Medicaid – Threatens To Swamp The Entire Budget Over Coming Decades.”** “Federal spending on health care – namely Medicare and Medicaid – threatens to swamp the entire budget over coming decades. Baby boomers, born between 1946 and 1964, are starting to retire and will strain federal coffers over the next several decades.” (Anita Kumar and Kevin G. Hall, “As New Fiscal Crises Near, Democrats Seek More Tax Increases,” [McClatchy](#), 1/9/13)