

Obama's Budget Dilemma

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President Obama's latest budget proposals have frustrated many progressives who believe that Obama is [cutting programs that are important to progressives while not asking for similar sacrifices from conservatives](#). Others have argued that spending cuts will [prolong the recession and dampen any job generation that might be occurring](#). There is a lot of truth to both these claims. Obama has proven throughout his presidency that he is willing to negotiate away too much, often starting negotiations by meeting his political opponents halfway, or more. Additionally, deficit spending is far more likely to generate jobs and economic activity than cutting spending and trying to balance the budget.

There is an economic logic for the president to de-emphasize the problem of the deficit and continuing to seek to spend our way out of the recession. However, this is increasingly politically impossible. One of the clear successes of the Tea Party movement has been to draw attention to the problem of the deficit. Although rarely grounded in thoughtful analysis, the Tea Party made a lot of noise about the deficit and placed it firmly on the national agenda. There is now a cost associated with ignoring the deficit, one which the Democrats paid last November.

The Tea Party was not alone in this area as the deficit also has become an issue of increasing concern to political elites, across party lines and even across sectors who in most other ways are not comfortable, and do not share priorities with the Tea Partiers. Think tanks, journals and universities are now examining deficit related questions and exploring how the deficit will accelerate America's decline or curtail our foreign policy options.

The Tea Party emphasis on the deficit ultimately devolves into partisan nonsense because they blame this entire problem on Obama. Clearly President George W. Bush contributed to the deficit problem facing the US as well, but Obama is now president and is charged with addressing this problem, or at least appearing to address this problem. Obama cannot ignore the deficit or seek to persuade the American people that until the economy recovers, the deficit will not be a priority. This may have been possible in 2009, but two years of Tea Party activism have changed this.

Obama faces a uniquely difficult conundrum regarding the deficit. First, the Republican Party, despite being wedded to fiscally irresponsible policies such as tax cuts for the wealthy and lacking the political courage to take on any of the major sources of spending such as the military or various entitlement programs, have successfully reinvented themselves as the party of deficit hawks. Thus, it is easy for the Republicans in congress

to attack any proposal by the President as [insufficiently serious about the deficit](#) and to push him to make more cuts.

The difficulty is made worse because two years into the Obama presidency, Republicans in congress have become aware of Obama's negotiating strategy. They know that he always wants a deal, values compromise over substance of the compromise and will start with a good offer and then keep conceding things until the Republicans finally agree. This, of course, is an almost untenable position for the President, but it is one which he has created for himself. Additionally, the President will be held more accountable than the Republicans in the House, so Obama has a far greater incentive to come to some kind of a deal than the Republicans have.

In general, deficits are a strange political issue. While most politicians, at least reasonably thoughtful ones, understand the importance of sound fiscal policy, deficit reduction is almost always a highly political issue. It is also an issue that is almost always seized upon by the party out of power. The efforts by the Tea Party to do this in 2009-2010 were more dramatic and successful than similar efforts by the Democrats during the presidencies of Ronald Reagan and George W. Bush, but during those years it was the Democrats who were concerned about rising deficits, while incumbent Republican presidents spent money irresponsibly and drove the country to the edge of bankruptcy.

Occasionally presidents take balancing the budget seriously or have strong enough economies to address the deficit. George H.W. Bush and Bill Clinton were more or less examples of that, but these efforts are rare and rarely sustained for more than a few years.

Faced with a budget deficit that is largely not of his making and has been exploited by his political opponents, but is nonetheless serious and an economy that has been agonizingly slow to recover, Obama has no easy way out. Ignoring the reality of the deficit would not be wise, but ignoring the reality that spending cuts will hurt the economy would also be unwise. The President is going to make some unpopular decisions, but looking at the current proposed budget, progressives are right to wonder when he is going to make a decision which is unpopular with his political opponents, rather than just with his base.