



Congressman Jim Jordan (R-OH), Chairman

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President Proposes \$10 Trillion Deficits Over FY 2010-2020 Period

On **Monday**, the President submitted his budget request for FY 2010-2020 which proposes: \$10 trillion of new deficit spending, the highest spending levels (as a percentage of the economy) since World War II, and \$2.8 trillion worth of tax increases over ten years.

\$10 Trillion Deficits: The President's budget proposes a ***\$1.56 trillion*** deficit in FY 2010. This follows a record-breaking \$1.41 trillion deficit in FY 2009, which followed a then record-breaking \$459 billion deficit in FY 2008. The lowest deficit in the budget proposal is \$706 billion in 2014. The budget proposes a deficit of slightly more than \$1 trillion in 2020—which means that under this budget there is no effort to bring the deficit back to a more sustainable level even after the current recession, and the wars in Afghanistan and Iraq, are long over. If the deficit figures proposed by this budget are realized, all *thirteen* of the highest deficits in U.S. history will have occurred during the period covered by the President's budget request, FY 2010-2020, and the first two years of budgets under the Democrat Congress (FY 2008, FY 2009).

Quote of the Week: *"If less money is coming in, you end up making cuts. Maybe you don't go out to dinner as much. Maybe you put off buying a new car. That's not what happens in Washington."*

-Then-candidate Obama, 10/07/08
(Presidential Debate)

In the first three years of budgets under the control of a Democrat Congress (FY 08, 09, and proposed for 10), deficit spending will amount to \$3.4 trillion (and then another \$8.5 trillion in the ten years after that).

By contrast, it took twelve years (FY 96-07) for a Republican Congress to create total deficits of \$1.2 trillion. So far, the Democrat Congress is creating nearly triple the deficit spending in one-quarter of the time. ***Annual deficits under the Republican Congress have become monthly deficits under the Democrat Congress.***

\$13.5 Trillion Debt Increase: The President's budget proposes to increase the national debt from today's level of \$12.3 trillion to \$25.8 trillion in FY 2020—an increase of \$13.5 trillion or 109.8%.

Historically Unprecedented Spending Levels: The President's budget proposes federal spending of 25.4% of GDP in 2010 and 25.1% of GDP in 2011, the two largest spending levels as a percentage of GDP in U.S. history, except for World War II (the third highest is last year's total of 24.7% of GDP). The lowest spending total is 22.8% of GDP in 2013, which is still higher than any spending level since 1985. Over the 2010-2020 period, the budget proposes an average spending level of 23.5% of GDP. Outside of World War II, federal spending has only been as high as the average proposed by this budget once in American history (1983, also 23.5% of GDP).

\$2.8 Trillion Tax Increase: The President's budget submission increases taxes by \$2.8 trillion over ten years. This includes allowing many of the 2001 and 2003 tax cuts to expire at the end of this year, such as allowing the top rate (which is often paid by small businesses) to increase from 35% to 39.6%, and allowing the top capital gains tax rate to return to 20%. These tax increases would take effect in an economy that, according to many economists, will still have an unemployment rate around 10%. The President's budget would also impose a new ten-year \$291.2 billion tax in the form of a limit on the value of itemized deduction, which would harm non-profits, churches, faith-based schools, hospitals, and other charitable organizations. The budget, while not providing numbers associated with the policy, also calls for a National Energy Tax (the House-passed version is an \$843 billion tax increase). The budget also proposes a government takeover of health care, with \$597 billion of new entitlement spending, and \$712 billion of new taxes (both over ten years).

America Drops in Index of Economic Freedom

The Heritage Foundation recently released new world rankings of economic freedom. Of the world's 20 largest economies, the U.S. suffered the largest fall. The U.S. ratings on monetary/financial freedom and property rights took a particularly big hit. Overall, the U.S. dropped from 6th to 8th on the list of rankings, and went from being ranked as "free" to "mostly free." Notably, Canada (which ranks 7th) is now ranked as the most economically free country in North America.

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