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Free Enterprise: President's truth in budgeting pays off

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It is often called the road map of an administration's plans for the country. The president's budget outline is usually due in Congress on or before the first Monday in February. Incoming administrations are given a bit of leeway on the timetable. The release of this week's "budget blueprint" provided important indications of where we are headed as a nation, fiscally speaking.

The first major signpost is a significant one. After years, if not decades, of obfuscation and outright untruths in government accounting, this draft represents a serious attempt to actually measure the factual state of the government's finances.

To be clear, it is often easier to be more truthful in a crisis. Also, the hiding of long-term costs of policies and the touting of temporary benefits as being permanent did not start in 2000.

However, it certainly was taken to unprecedented heights over the past eight years. As this column lamented a little more than a year ago, "The preposterous claim that the president's 2009 budget clears a path to balance the budget by 2012 can only be described as a 'fairy tale' - and that would mean being very unkind to the Brothers Grimm."

Fortunately, if nothing else, the current proposal represents a breath of fresh air in terms of transparency and a willingness to tell uncomfortable truths. It was written under the guidance of economist Peter Orszag, who is widely respected on Capitol Hill. One can only suspect that his earlier experience as director of the nonpartisan Congressional Budget Office solidified a belief in providing unvarnished estimates to decision-makers.

At long last, appropriations for ongoing combat missions as well as the perennial "alternative minimum tax fix" are accounted for in the actual budget rather than paid for in costly "supplements" that receive far less congressional scrutiny.

Clearly, the staggering number of an expected deficit of \$1.75 trillion invites difficult questions (as does the ambitious goal to halve the deficit by 2013, which relies on a growing economy starting in 2010).

The most likely defense by the administration for such a "spending binge" is, on the one hand, the

explanation that dealing with long-term problems now may be costly, but much less so than losing another decade in this endeavor to right the government's balance sheet. On the other hand, and the most important test in the months and years to come, the administration can convincingly claim to impose hard choices on political allies and adversaries alike.

Most notably, the 134 pages (available at www.budget.gov [1]) include plans to lower Medicare spending (page 28) and to substantially cut subsidies to farmers with high annual sales revenue (page 35). They also include a return to higher tax rates for the wealthiest Americans (Table S6, page 123) and a \$634 billion "health care reserve fund" (page 28).

Those are only a few of the policies that are anathema to various interest groups and members of both major parties.

Consequently, many have been taken aback by the blueprint - and the difficult choices it creates. The budget is like a window into the future. Checking it out could be likened to gauging the weather by looking outside. Although one may not like the outlook, it usually pays off to see (without rose-colored glasses) what's coming down the road.

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