

Obamas budget plan



Obama's Budget Plan A recent New York Times article discusses the ramifications of President Obama's budget. Even as the President admitted that the financial situation in the country has not fully recovered, his budget indicates that he will continue to pursue his ambitious domestic agenda. In explaining his domestic agenda Obama contests that, " Just as it would be a terrible mistake to borrow against our children's future to pay our way today, it would be equally wrong to neglect their future by failing to invest in areas that will determine our economic success in this new century."

Obama's budget indicates that the country's deficit will increase this year to its highest post-World War II level, and then gradually decrease over the decade. The article indicates, however, that it will remain at 'troublesome levels'. Obama argues that his budget will save over \$1 trillion by ending the previous administration's tax cuts and by enacting a three year spending freeze. (the spending freeze won't include spending on health programs, national security, and veteran's programs) However, the article indicates that the savings are only, " one-fifth of the size of the debt that will pile up from now to 2020."

Major areas of change will occur in tax cuts. Large budget spending on military equipment will be supplanted by spending on education and civilian research. Taxes among oil companies and affluent citizens will rise. Small businesses, however, will see large amounts of tax reductions over the next decade. Spending will continue on the proposed health care system and energy infrastructure.. Food and drug research and biomedical technology will also receive increased funding. While NASA's budget will be further reduced, spending on science will rise as the National Science Foundation will receive, "\$7.4 billion, a nearly 8 percent increase from the budget last

year.”

While Republicans criticize Obama for the rising levels of debt, he argues that his administration will still maintain its goal of reducing the deficit in half before the end of his term in office. The article indicates that spending will necessarily rise as towards the end of the decade with large amounts of retiring baby boomers. Increasing health costs are greatly centered around the Department of Health and Human Services, and the National Institute of Health, both of which are receiving multi-billion dollar increases in funding. The article contends that a number of Obama’s proposed spending cuts may be difficult to enact in Congress. It all criticizes Obama for not, “ make(ing) the really hard choices about entitlement programs — Medicare and Medicaid, especially — and about taxes that most budget analysts say are essential to cut annual deficits and to begin paying down an accumulated debt.” If enacted the health care reform would reportedly save large sums in Medicare; however, the budget indicates that Medicaid will be greatly expanded.

When considering debt the article indicates that by 2020 the United States’ debt will be roughly 77% of the GDP, a large majority of that money owed to China. This is the highest post-World War II figure, and it is continuing to rise.

The article indicates that a number of researchers argue raising taxes on Americans making less than \$250, 000 is a high possibility considering the fiscal situation; however, the administration counters be arguing this will not occur, and that even enacting such a policy would be impossible the face of Republican opposition. Another key dimension of the President’s budget relies on to-be-appointed bi-partisan commission that will enact further

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decreases in spending. Many researchers argue this may be difficult to achieve in the face of stark Republican opposition.

References

Calmes, Jackie. ' In \$3. 8 Trillion Budget, Obama Pivots to Trim Future Deficits'

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