



## Insight

# Revisionist History: Obama and Spending

GORDON GRAY | MAY 23, 2012

President Obama presided over the stimulus legislation (over \$800 billion), the passage of the Affordable Care Act (roughly \$2 trillion in spending over the next 10 years), and his most recent budget would spend over \$45 trillion over the next ten years and maintain spending levels 2 percentage points of GDP above the typical post-war levels. Despite this, recent [reports](#) have been suggesting that the Obama Administration has been tight-fisted bordering on austere. What are the facts?

Sometimes a picture is really worth a thousand words. Let's take a look at Graph 1, which shows the average annual growth in federal spending. The first bar (1.) is the "fact" being advertised by, among others, the [White House](#). It is an alluringly low annual growth rate, 1.4 percent, that unfortunately suffers from three flaws:

- It relies on some reality (fiscal 2010 and fiscal 2011) and some hoping that has not happened yet (fiscal years 2012 and 2013);
- It ignores an important piece of the Obama record, fiscal 2009 (which included the stimulus); and
- It mixes those years (2009, 2010) when the president got exactly the dollars he wanted with 2011 when the Republican-controlled House stopped the spending spree.

Consider each in turn.

1. Restricting the growth in spending to that from just 2010 to 2011 yields the second bar - and an average annual growth rate of 3 percent - more than twice as high!
2. But why ignore fiscal year 2009? This creative "reassignment" of fiscal year 2009 to President Bush assumes that Bush should "own" a fiscal year in which he was president for less than four months.

The lynchpin of this argument is that President Bush opened the federal coffers to the TARP/Fannie Mae/Freddie Mac bailout which falls in *fiscal year 2009*. The argument then is that it is not accurate to assign this spending to President Obama. Fair enough. Total outlays associated with TARP in FY2009 were \$151 billion. However, according to the Congressional Budget Office, fiscal years 2010 and 2011 have seen *negative* outlays associated with TARP totaling \$147 billion, which are credited to Obama. If it is accurate to credit Bush with the \$151 billion in positive outlays, it is accurate to net out the negative outlays as well.

Removing TARP/Fannie/Freddie entirely from the data and looking at growth from fiscal 2009 through fiscal 2011 yields bar 3; and an average annual spending growth of 5 percent - more than 3 times the original claim.

3. Using fiscal 2011 includes spending *after* the 2010 midterm elections in which Republicans took control of the House of Representatives. Spending (adjusted for TARP) grew only 3 percent that year, well below historic levels. Taking out 2011 yields bar 4 covering average growth from 2009 to 2010 - and an average growth rate of 8 percent, over 5 times faster than originally claimed.
4. Finally, having adjusted 2009 to eliminate TARP, it makes sense to look at average growth from 2008 to 2010 - the complete, unfettered Obama record. The bottom line: a growth rate of 10 percent - over 7 times faster than the 1.4 percent being advertised.

A more honest assessment of recent spending history, one that rightly assigns all of the budgetary flows of TARP and Fannie Mae and Freddie Mac to President Bush, but does include the full record of President Obama's actual spending makes painfully clear that for the president high spending growth is the norm. This trait has only been ameliorated by a Congress that no longer serves as a rubber stamp.

