

# Obama's budget draws battle lines for weeks ahead

By **Kristi Keck**, CNN

February 1, 2010 7:37 p.m. EST



Congress received President Obama's budget on Monday.

## STORY HIGHLIGHTS

Obama balancing job creation with reining in deficit

Obama's budget is proposal; Congress must pass final version

Republicans not happy with proposal to end tax cut for wealthy Americans

Obama says he rejects "grandstanding when the cameras are on"

**(CNN)** -- President Obama's budget plan released Monday lays out legislative priorities destined to become political battles as he navigates his second year in office.

The budget process is difficult by nature since Republicans and Democrats have different spending policies. Democrats generally believe that government should help solve the nation's problems, while Republicans see more government involvement as a problem.

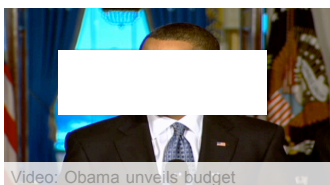
It's also difficult for Obama, who is trying to rein in the deficit and spur job growth at the same time.

Although there will be lots of back-and-forth about the big picture, there will also be intense arguments will on smaller items that affect specific states and districts.

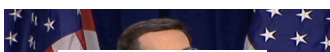
"I'm willing to reduce waste in programs I care about, and I'm asking members of Congress to do the same. I'm asking Republicans and Democrats alike to take a fresh look at programs they've supported in the past to see what's working and what's not, and trim back accordingly," the president said Monday.

Obama's budget is just a suggestion, because Congress actually cuts the checks. The Office of Management and Budget will fill in the details on Obama's blueprint and present Congress with a fuller plan.

The House and Senate budget committees then take up the proposal and send it to the floor for a vote. Once a budget is passed, the appropriations subcommittees workout the details for the various government programs,



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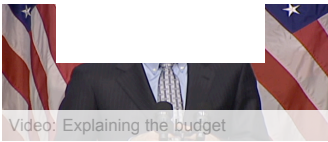
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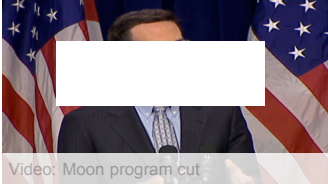
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sometimes slipping in earmarks for certain districts. If Obama doesn't approve of the final budget, he can veto it.

Some of the sticking points were already emerging as Obama's spending plan was being released.



Obama's proposal to let the Bush-era tax cuts expire for households making more than \$250,000 didn't sit well with Republicans.

"Just days ago, the President met with House Republicans and stressed the need to work together on fiscally responsible policy, and though we are ready to heed the President's call, the budget proposal his Administration offered today does not fit that criteria," House Republican whip Eric Cantor said in a statement.



"Economists, small business owners, and families across America understand that, at a minimum, we should not raise taxes while so many Americans are out of work," he said.

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The [budget](#) extends the tax cuts for the middle class, but for the higher-income families, "we just can't afford it," Obama said. The budget proposal also eliminates tax cuts for oil companies to help rein in the deficit and promote clean energy.

But while some will feel the pain of the cuts, other measures will provide relief for those in need.

"I think it's very important to understand, we won't be able to bring down this deficit overnight given that the recovery is still taking hold and families across the country still need help. We will continue, for example, to do what it takes to create jobs. That's reflected in my budget. It's essential," the president said.

Obama's plan includes \$53 billion in tax cuts and \$50 billion in job-creating measures, including small-business tax cuts, as well as new investments in green technology and infrastructure programs for work on roads and bridges.

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The president says his plan will reduce the nation's deficit by \$1.2 trillion over the next 10 years.

Obama has also proposed a partial three-year freeze on non-discretionary spending. The cuts, which Obama says would save \$250 billion, would not apply to the budgets of the departments of Defense, Homeland Security and Veterans Affairs, along with some international programs.

But he might face resistance from those in his own party with that approach.

House Speaker Nancy Pelosi praised Obama for approaching the budget with "equal commitment to economic growth and fiscal responsibility" but suggested that national security spending shouldn't be exempt from the freeze.

"I look forward to examining the President's proposal to freeze spending and believe waste can be found in all departments and agencies -- including the Defense Department -- so it too must come under scrutiny. We will continue to fully support our veterans and our men and women in uniform and their families, but curbing military contractors' wasteful practices must be part of our efforts to restore accountability, transparency, and fiscal discipline to the

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federal budget," she said in a statement.

The president said Monday that although the Defense Department is exempt from the budget freeze, "it's not exempt from budget common sense."

Obama called for eliminating what he considers an unnecessary defense program: production of the C-17 transport aircraft.

"Four years ago, the Defense Department decided to cease production because it had acquired the number requested, 180. Yet every year since, Congress has provided unrequested money for more C-17s that the Pentagon doesn't want or need. It's waste, pure and simple," the president said, noting that production of the aircraft costs \$2.5 billion.

But halting production would pit the White House against congressional supporters of the C-17 who represent districts where jobs are tied to its production.

The president said his budget team went through every department's spending "line by line, item by item, looking for inefficiency, duplication and programs that have outlived their usefulness."

Some simple changes add up to big savings, like eliminating paper pay stubs at the Treasury Department and allowing veterans to keep their medication when they are discharged.

Obama said other cuts, however, are painful because "the goals of the underlying programs are worthy."

He cited plans to eliminate a program that provides grants for environmental cleanup of abandoned buildings. Although he supports it, "there are other sources of private and public funds to achieve it," he said.

Obama's budget would also cancel NASA's Constellation Program, which intended to send astronauts back to the moon by 2020. The budget changes will not prevent NASA from returning astronauts to the moon, but it would privatize such endeavors.

Peter Orszag, the director of the Office of Management and Budget, said the program is behind schedule and over budget. Funds would be better spent if redirected toward longer-range research and development to "allow us to go further in space and not just repeat what we've already done," he said.

Overall, Obama's proposed budget increases the National Aeronautics and Space Administration's budget by \$6 billion over the next five years.

The president also proposed a bipartisan fiscal commission to come up with deficit-reduction proposals by certain deadlines. The Senate rejected a similar deficit panel last week.

"The bottom line is this: We simply cannot continue to spend as if deficits don't have consequences, as if waste doesn't matter, as if the hard-earned tax dollars of the American people can be treated like Monopoly money, as if we can ignore this challenge for another generation. We can't," Obama said.

"In order to meet this challenge, I welcome any idea, from Democrats and Republicans. What I will not welcome -- what I reject -- is the same old grandstanding when the cameras are on and the same irresponsible budget policies when the cameras are off."

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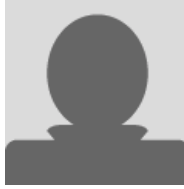
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*Guest*  
Go Obama!!!. Draw the line and keep going.  
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[TexasMBell](#)

*TexasMBell*  
Isn't the deficit and this budget a threat to national security? From what the administration is telling us it is not. Is it not a threat if it is self inflicted? What happens when Iran kicks up a conflict and draws China into its camp? Will China be so inclined to refrain from cutting the funding o ...more  
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*Guest*  
It's interesting to see what sides people are taking in this issue for why the President sees the need to do this. Simply put in our society: When the average person screws up, you get collections calls out the wazu, your bills are due and your credit sucks. Bottom line your access to that line of ...more  
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[HoldenMirror](#)

*HoldenMirror*  
For anyone saying that tax cuts create jobs in the American economy..... According to the Bureau of Labor Statistics as of September 2008....FACT: Bush came into office with 17.1 million manufacturing jobs in January of 2001. Now, the number stands at 13.4 million. Bush policies supported a consume ...more  
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[Steve51](#)

*Steve51*  
Tax cuts do not create jobs. In my business I only hire people when I need to increase production. I only increase production when people buy my product. Without selling my product there is no reason for me to hire anyone. Now if you give me a break I will take that money and invest in ways to I ...more  
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[HoldenMirror](#)

*HoldenMirror*  
Hey CHIP..... that MSNBC thing is funny. Actually, Bush Sr. negotiated NAFTA and tried desperately to get it done before he left office. Anyway, under Clinton manufacturing jobs increased by 400,000. The evidence

doesn't support your argument. NHlover.... you're a propagandist and all of your pos ...more

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[CHIPD](#)

*CHIPD*

NHlover you'll be waiting for a while. MSNBC hasn't told him the response yet.

HoldenMirror the reason for those losses aren't all bushes fault, there was this thing passed called NAFTA... hmmm who signed that again?

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[NHlover](#)

*NHlover*

That's a non-answer. Still waiting.

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[HoldenMirror](#)

*HoldenMirror*

You conservatives are funny..... you propose the same things over and over somehow trying to convince us that the outcome will be different this time.

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[NHlover](#)

*NHlover*

China did it through cheap labor costs. Ok, we'll play your game. Let's say tax cuts do not create jobs. What does then? Tax increases? Silly \$5000 job creation tax credits?

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[Guest](#)

*Guest*

Sorry, I'm not going to worry about taxing rich people more than middle and lower income people. They made out quite well during the Bush years- time to pay the piper.

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[Steve51](#)

*Steve51*

why don't we tax people that are too dumb to know what it takes to make the economy better. Judging from the posts on here we would be financially sound in a couple of months. First would be anyone with angel in their name.

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[maryangels](#)

*maryangels*

How about we tax all the free stuff people get from the government

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*Guest*

This is not rocket science...the private sector creates jobs. When companies of all sizes make money (i.e. profit) they hire more people. More people working = more tax revenue. The current group of democrats would like to tax business (small or big), therefore stifle hiring by "the rich". You ...more

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*Guest*

When companies of all sizes post a profit, they don't immediately rush out and hire more people...that argument just doesn't resonate in today's economic reality. Any company lucky enough to post a profit on their ledger is more likely working to further streamline operations and cut costs further ...more

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[u2canfail](#)

*u2canfail*

Reaganomics? Actually companies that are making money, are paying CEO's more and employees less. Actual income for Americans is down, and has been going down for years. So, tell me again how it works? Tax incentives may help, but jobs are only created when goods are sold. Tax relief does not = a s...more  
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[Steve51](#)

*Steve51*

I don't want to understand your point. Obama is lowering the taxes for small businesses and giving business a tax credit of \$5,000 per new employee, How is that raising taxes?  
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*Guest*

CNNSOUNDOFF - You are too funny sir. But, in all honesty, you are too truthful as well.  
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[NHlover](#)

*NHlover*

How in the world does "living within our means" equal a \$1.6 TRILLION deficit? Insanity.  
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[Steve51](#)

*Steve51*

I am also waiting to hear why the republicans are now against a pay as you go bill. They wanted it until Obama agreed then they went against it. Please explain. Do they want to decrease the deficit or do they want to increase the deficit?  
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[HoldenMirror](#)

*HoldenMirror*

BY the way, NAFTA was negotiated under GWH Bush. He tried desperately to get it done under his watch.  
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[HoldenMirror](#)

*HoldenMirror*

That's weird, because under Clinton there was an increase of 400,000 manufacturing jobs. NAFTA went into effect in 1994. Can you explain what you mean?  
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[NHlover](#)

*NHlover*

When Bush signed NAFTA, it was the beginning of the end. Oh wait, that wasn't Bush was it? Once again, how does a \$1.6 TRILLION deficit equate to living within our means? It doesn't. You want to spend, yes, we know that. Just please don't tell me that you're being limited in some way. You're not selling...more  
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[HoldenMirror](#)

*HoldenMirror*

If tax breaks worked, then why did this country lose 3.7 million manufacturing jobs from 2001 to 2008? Bush policies turned this country into a consumer economy and as you can clearly see, this does not work in the long run.  
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*Guest*

HoldenMirror - They cut taxes as a primary way to stimulate the economy, except Bush 1. As you know, he didn't get re-elected....

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