

Obama's Extreme Economic Ignorance

On October 4 Obama issued this Twitter message:

"I'll use the money we're no longer spending on war to pay down our debt and put more people back to work."

Note to Obama: The federal government has been running deficits for decades. The "money we're no longer spending" was *borrowed money*. Ending the wars does *not* make that money available for paying down the debt, because the money *itself* was debt! Ending the wars results in reduced deficits. It does *not* provide a surplus that can be used. (Obama himself has stated many times that the wars in Iraq and Afghanistan were "paid on a credit card.")

The economic illiteracy of Obama's statement is *stunning*. If a teenager borrows \$50 from his parents to pay his September cell phone bill and then reduces his October usage to \$40, which he also borrows, the teenager does not "have" an extra \$10 to give his parents to pay the \$50 he owes for September. He simply owes \$90 (\$50 plus \$40) rather than \$100.

The federal deficit for 2012 is about \$1.2 trillion. If ending the war in Afghanistan were, for example, to reduce spending by \$100 billion in 2013, the deficit would be reduced to \$1.1 trillion. *But there is no additional \$100 billion to spend on anything!* The government still has to borrow \$1.1 trillion. Obama cannot "use" that \$100 billion to "pay down our debt" or "put more people back to work," just as the teenager cannot "use" that \$10 to pay back his parents or spend on something else.

Vote the idiot out of the White House before he can do any more damage, and let Big Bird pay his own phone bill.

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October 6, 2012

Source:

<https://twitter.com/BarackObama/status/253908722022240256>