



United States Senate Budget Committee

JEFF SESSIONS | Ranking Member

Jack Lew: Architect of Two Failed Budgets And A Campaign To Mislead The Country

As Director of the Office of Management and Budget (OMB) Jack Lew was the chief architect of two failed budgets which garnered zero votes in the Senate and represented the most irresponsible financial plans ever brought before Congress. But not only did Mr. Lew develop two inexcusable plans during a time of grave fiscal emergency, he made a series of outrageously false statements about these plans to Congress and the American people. Mr. Lew's budgets, and his egregious disregard for the truth, jettisoned an urgent opportunity to achieve fiscal reform and, in so doing, placed this nation and its citizens in financial danger. These actions alone are disqualifying.

The FY 2012 Budget

Mr. Lew falsely and repeatedly described his budget as, within several years, getting us to the point where we are "not adding to the debt" of the United States and "spending money that we have each year."

In testimony before Congress, Mr. Lew defended these dishonest assertions and even said: "It's an accurate statement that our current spending will not be increasing the debt... We've stopped spending money that we don't have." But the budget tables Mr. Lew himself provided to Congress reveal these statements to Congress and the American people to be unequivocally—and knowingly—false.

According to those tables, the plan would add \$13 trillion in new gross federal debt by 2021. Single-year deficits would never drop below \$600 billion, reaching a low of \$607 billion in 2015 before climbing back up to \$774 billion by 2021. Over 10 years, total spending would increase by nearly 50 percent, with mandatory spending alone growing by more than 80 percent. Because the budget produced no real structural reforms, the deficits would grow even more unsustainable beyond that. The nonpartisan Congressional Budget Office (CBO) painted an even bleaker picture of the President's Budget, estimating a 2021 deficit of \$1.2 trillion.

This led Treasury Secretary Timothy Geithner, in a Budget Committee hearing on February 17, 2011, to say that even if Congress were to enact the plan, "we would still be left with a very large interest burden and unsustainable obligations over time." Yet Mr. Lew, writing in the New York Times, said "the president's budget is a comprehensive and responsible plan that will put us on a path toward fiscal sustainability in the next few years."

That same month, Mr. Lew stated in an interview with NPR that "if we're able to reduce the deficit to the point where we can pay for our spending and invest in the future, that is an enormous accomplishment. This budget has specific proposals that would do that."

At no point did OMB's own estimates show the President's 2012 budget coming close to a point where we could pay for our spending. In fact, even excluding interest payments on the national debt, the plan would have resulted in \$1.5 trillion in deficits over 10 years. Including interest, that number balloons to \$7.2 trillion. The long-term outlook—with annual interest payments approaching \$1 trillion and mandatory spending consuming over three-quarters of the budget after 10 years and growing—can only be described as catastrophic. Mr. Lew's comments were not merely misleading but, as Ranking Member Sessions has said, one of the greatest financial misrepresentations ever made—at a period in history when our nation had never faced a more severe financial threat.

Yet these galling misrepresentations were made over and over. For instance, Mr. Lew said in another interview that “it [the budget] takes real actions now so that between now and five years from now, we can get our deficit under control so that we can stabilize things so that we're not adding to the debt anymore.” In another interview, Mr. Lew made the same false statement: “This budget has a lot of pain, [but] it does the job, it cuts the deficit in half by the end of the president's first term... It's going to take us a lot of hard work just to take us to the point where we're not adding to the debt.” Again, Mr. Lew's proposal added \$13 trillion to the debt.

The FY 2013 Budget

The President's 2013 budget, which was formulated while Mr. Lew was still the President's budget director and delivered while he was the President's chief of staff, was similarly characterized by extreme irresponsibility and a well-documented campaign to mislead the American public about its contents.

Though the White House claimed \$4 trillion in savings, according to OMB's own data, the 2013 budget would only reduce the deficit by \$197 billion over the 10 years from 2013 to 2022, with almost all of the savings from large tax increases (which were themselves nearly negated by spending increases that were almost as large). The White House also pushed the idea that the budget contained \$2.50 in cuts for every \$1 in tax hikes, while in reality there was a net spending increase above current policy projections. Overall, from current budget levels, spending would have increased by more than \$2 trillion.

The net result of these proposals was to bring the federal debt up to \$26 trillion by 2022, an increase of \$11 trillion. The proposed \$4 trillion in savings simply did not exist—it was a complete fabrication. Once again, a Lew-designed budget was presented to the American people in false terms designed to create the impression of putting America on a sustainable path while actually doing the exact opposite.

Jack Lew: Unfit For High Office

During a time of profound fiscal emergency, Mr. Lew not only served as the architect of two failed budgets, but made a series of false representations to Congress and the American people which make him unfit to hold the august post once occupied by Alexander Hamilton. As Ranking Member Sessions explained: “No man serving in the White House has done more to scuttle the hopes of a meaningful long-term debt agreement than Jack Lew. To confirm him to the premier financial post in the country would be an acceptance of such tactics and is why it must not happen.”

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