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Biden sheds hawkish past on deficit with debt-laden budget

BY [NIV ELIS](#) - 06/02/21 06:00 AM EDT

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President Biden regularly fell on the hawkish side of fiscal debates during his decades-long Senate career, often going a step further than other centrist Democrats in his push to rein in deficits and debt.

But since taking office this year at the other end of Pennsylvania Avenue, Biden has taken a largely different approach to government spending.

His first budget proposal, released Friday, included deficits well over \$1 trillion a year and a projected level of debt that would break all historical records.

The plan drew a marked contrast between President Biden and Senator Biden.

About 10 years into his Senate career, Biden made a major push for across-the-board spending cuts in an effort to slash \$100 billion from the deficit. The 1984 plan — dubbed the KGB plan after the names of its co-sponsors Sen. Nancy Landon Kassebaum (R-Kan.), Sen. Chuck Grassley (R-Iowa) and Biden — is more akin to the kinds of proposals most recently championed by Sen. Rand Paul (R-Ky.), among the most fiscally conservative members of Congress.

And in the mid-1990s, Biden broke with his party twice to support a Balanced Budget Amendment to the Constitution.

"Whatever happened to the old conservative discipline about paying for what you spend?" he said in a 1995 floor speech.

"If we don't do that, all of the things I care most about are going to be gone. Gone," he added, suggesting that federal spending should amount to roughly 19 percent of gross domestic product. His budget proposal on Friday would bring it closer to 25 percent, a level never seen in peacetime.

The gulf between Biden's legislative proposals as a moderate, purple state senator during the Reagan and Clinton administrations and his current plans reflect a sea change in the role of debt and deficits in American politics.

"There's no question that Biden has evolved as a politician, and we've seen that on a number of issues," said Andrew Feldman, a Democratic political consultant.

"I think it's OK for politicians to evolve as long as their core values and beliefs don't change."

Feldman noted that part of the change has come in the Democratic Party itself, not just Biden.

"Progressives may differ on how much from moderates, but I think everyone in our party thinks there needs to be some deficit spending right now," he said, pointing to the deep economic hole caused by the coronavirus pandemic, as well as a broader Democratic belief in the government's need to expand social safety nets for the most vulnerable.

Biden's previous support for measures that would freeze Social Security spending to help reduce the deficit became a flashpoint in the Democratic

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presidential primary last year, when Sen. [Bernie Sanders](#) (I-Vt.) featured it prominently in an [attack ad](#) against Biden.

"I find it amazing that we go back and look at statements and many of them, most of them [are] taken out of context of 10, 30, 35 years ago," Biden said in response.

Frustrated fiscal hawks argue that one reason Democrats have largely gotten a pass on big government spending is that Republicans, despite their rhetoric, let deficits go unchecked for so many years.

"I'm a Republican and I'm completely dismayed," said Douglas Holtz-Eakin, a former Congressional Budget Office director and president of the right-leaning American Action Forum.

Under former [President Trump](#), in particular, the deficit rose dramatically, from roughly \$666 billion when he took office to nearly \$1 trillion even before the pandemic hit, when it rose to a record \$3.1 trillion.

The deficit spike was fueled by an unfunded tax cut in 2017 paired with a significant increase in defense spending pushed by Republicans. They also agreed to Democratic demands to boost non-defense spending, further increasing the debt.

"They're a mess, they have no credibility at all," Holtz-Eakin said of GOP lawmakers on the debt. "What are they going to say?"

The populist wing of the party, led by Trump, also pushed unsuccessfully for increasing stimulus checks from \$600 to \$2,000 in December's COVID-19 relief bill. Biden made up the difference once in office, in a bill that passed with only Democratic votes.

Democrats are quick to note that Biden is the one insisting on finding pay-fors to cover the costs of his major spending plans, and it is Republicans who are opening the door to higher borrowing in order to avoid tax increases in negotiations. The Congressional Budget Office's debt projections from February, reflecting the deficit path before Biden took office, were already headed toward record levels following the pandemic, though critics say Biden's plans ignore the problem, even if he didn't create it.

Shai Akabas, director of economic policy at the Bipartisan Policy Center, said the academic orthodoxy around America's capacity for debt has changed.

"There's been a change in the academic thinking, that a country like the United States could handle a higher level of debt," he said.

As debt accumulated in recent decades, interest rates remained at historic lows, upending the warning and expectations of mainstream economists.

Even now, with the U.S. on track to break its post-World War II record for debt, investors are flocking to buy U.S. bonds, which maintain their status as the safest debt investment.

But Akabas warned that even if economists erred about how much debt the economy could sustain, the overall principles remain.



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“The new perception could change pretty quickly if interest rates go up very steeply, the cost of servicing the debt rises, and we have to make dramatic adjustments to our fiscal policy,” he said.

“It’s still worth noting that the path we’re on is not a sustainable one.”

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Feldman says that despite the eye-popping deficit figures, Biden’s budget should, on some level, be taken with a grain of salt given that Congress has the ultimate power of the purse.

“Budgets in this day and age in today’s politics are really just blueprints and roadmaps for where an administration would ideally like to go, but that’s pretty much all they are,” he said.

“In this type of hyper-partisan environment they’re dead on arrival.”

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