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Neither Biden Nor Trump Mention Budget Realities. San Jose's Mayor Once Did | Opinion

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Former San Jose Mayor Chuck Reed had the political courage to address the daunting pension obligations promised to city employees in the Silicon Valley community he once led.
By doing so, Reed took some heat from union leaders, but based on my experience of running many political campaigns in San Jose, Reed would have won the majority of public employee union households had he not left office in 2014.

Reed could pull off this balancing act because he never made the pension issue personal. He addressed the issue as a policy choice. If the city continued to pay more for pensions, it would prevent San Jose from investing in other priorities. Reed argued for his position without being divisive and remaining open to having challenging conversations.

Our country desperately needs policymakers like Reed who can communicate the real policy trade-offs to voters instead of using their positions to divide people along ideological lines.

Social Security, Medicare and federal debt obligations are increasingly becoming budgeting obstacles, and federal leaders are unwilling or unable to discuss them honestly.

For example, the Social Security Trust Fund will run out of money in 2037. The finance equation for this program is pretty simple: The inputs are the amount of Social Security taxes paid, and the outputs are those monthly benefit payments made to retirees. For the program to continue in its current form, inputs and outputs must equalize.

The taxes paid into Social Security need to increase, the retirement age needs to increase or the payments need to decrease.

The current political climate in the U.S., however, does not support making these tough choices. Rarely should our country look to France as a model of courage, but when facing a pension crisis, French President Emmanuel Macron acted boldly, forcing a retirement age adjustment from age 62 to 64 years of age to prevent huge projected funding shortages.

These kinds of solutions can address the federal budget as well. With a national debt of $34 trillion and an annual budget deficit of close to a trillion, the options to address these shortfalls are limited: We can either decrease spending or increase taxes.

If you “throw your hands in the air like you don’t care,” then you can ascribe to the Modern Monetary Theory and just let it all ride.

“MMT has become popular with Green New Dealers because it claims to remove or at least loosen traditional constraints on government spending,” wrote the Cato Institute. “Although MMT makes much of its preferred way of looking at the process of producing money, it does not credibly reveal more scope for deficit spending without inflation.”

Yet this theory creates high inflation as a sign that the government is spending too much. The inflation rates since the pandemic seem to show that our government has spent too much.

This is an issue we should all care about due to a collective interest in servicing the federal debt. In 2023, that amount was $659 billion. With borrowing rates increasing, this amount is clearly on the way to $1 trillion in just a few years.

Like San Jose under the leadership of Mayor Reed a decade ago, the U.S. has some important choices to make. A responsible government leader would propose solutions to problems containing limited options. No major candidate for president of the United States is demonstrating the leadership necessary to deal with these issues.