Chicago Tribune

Time to lead, Mr. President

February 19, 2013

"The consensus is we need about $4 trillion to stabilize our debt and our deficit, which means we need about $1.5 trillion more."

— President Barack Obama, Jan. 14, 2013.

"... (O)ur debt problems remain far from solved. ... (L)awmakers have achieved only slightly more than half of the minimum necessary deficit reduction to achieve sustainability over the next decade. ... Moreover, much of the enacted savings represents the 'low-hanging fruit' of deficit reduction. Despite the $2.7 trillion in enacted savings, debt remains on an upward path."

— Committee for a Responsible Federal Budget, Feb. 11, 2013.

The New Year's deal that averted a fiscal cliff — does anybody miss that metaphor? — hinged on some $620 billion in tax increases that Republicans strenuously had opposed. Congress and the president postponed for two months any action on spending cuts that Democrats strenuously had opposed.

Time's up March 1, so the budget warriors are back at battle stations:

Prepare to be confused and confounded in the coming weeks. Half of official Washington wants to assure you that our debt debacle is so close to solved that we needn't do anything painful — such as seriously reducing the future costs of Medicare, Medicaid and Social Security. The other half wants to remind you that those programs are barreling toward insolvency — as is, eventually, the federal government that created the entitlements. Note that we aren't including the mysterious future costs of Obamacare.

Long story short: The second half is correct. The first half isn't clueless but runs the risk of appearing to be. That's why White House spokesman Jay Carney felt obliged last week to rebut House Democratic Leader Nancy Pelosi's odd claim that it's "almost a false argument" to say the U.S. has a spending problem. "Of course, the president believes that we have a spending problem," Carney said.

One day later, congressional Democrats applauded as Obama, in his State of the Union address, enumerated ... several new spending proposals. Michael Tanner of the libertarian Cato Institute likened the president to the young and hedonistic St. Augustine praying, "Lord grant me chastity and continence — but not yet."

Unfortunately for veteran spenders of both parties, "yet" needs to come now. The first test is whether official Washington renders moot (or again delays) the so-called sequester scheduled for March 1. That's when across-the-board cuts would trim this year's expenses by $85 billion, a relative rounding error in a budget north of $3.5 trillion.

For lack of evidence that this Congress and this president can agree on substantial deficit reduction, we've warmed to the sequester. The Congressional Budget Office warned earlier this month that our annual deficits — they've exceeded $1 trillion in each of the last four years — will decline slightly through the middle of this decade. Overspending then will accelerate as baby boomers retire (at the rate of 11,000 a day) and demand Medicare and Social Security benefits.

This cannot continue: Buyers of U.S. debt already are uneasy about federal deficits, as are the rating agencies on which those buyers around the globe rely. So keep some basics top of mind as, in coming days, rival pols posture and preen:

• Over the next decade, we're on track to add roughly another $6 trillion to $9 trillion in debt. Debt as a percentage of gross domestic product will remain disturbingly high — roughly double the historical average — and leave us vulnerable to another financial crisis.

• The House Republicans' plan to achieve a balanced budget over that time frame is as politically impossible as the Senate Democrats' plan to replace the sequester with a package that heavily relies on new tax revenues.

• Enacted deficit reduction to date totals $2.7 trillion, says the Committee for a Responsible Federal Budget: "(L)awmakers must put the debt-to-GDP ratio on a clear downward path. This will require at least $2.4 trillion in new savings through 2023 and substantially more over the long term. ... Agreeing to $2.4 trillion in tax and spending changes will not be easy. But in our view, it is the absolute minimum necessary to ensure the debt is on a sustainable path."

Mr. President, you need to stop dodging major reforms to entitlements and live by your pledge to The Washington Post's editorial board on Jan. 15, 2009, when you called Medicare "unsustainable" and said Social Security also needs reform: "You have to have a president who is willing to spend some political capital on this. And I intend to spend some."

That brief nod in your State of the Union address to higher premiums for well-to-do Medicare recipients doesn't begin to meet the challenge America faces — the challenge that, as president-elect four-plus years ago, you embraced. Also less than helpful: Chicken Little warnings to Americans of needlessly miserable outcomes that the sequester would deliver, such as longer waits to clear security at airports.

Mr. President, some Republicans in Congress voted for a fiscal cliff deal that may well cost them their seats in the 2014 election. Members of your party need to take the same risk and help restructure entitlement programs while they still can be rescued.

And you, sir, need to lead all of us.