

To Be Discussed

The presidential debate should be a chance to discuss real policy differences.

By Michael Tanner OCTOBER 3, 2012 4:00 A.M.

Tonight's presidential debate has been hyped as Mitt Romney's last chance to change the narrative of his faltering campaign. That is likely an exaggeration, but there is no doubt that the stakes are high for both Romney and President Obama, more so than for the candidates in most past presidential campaigns.

Although polls have tightened in the last few days, Romney still trails, and it's an old adage in politics that if you are arguing that all the polls are wrong, you are losing. He needs a solid performance to show Americans that he is a viable alternative to the president. A majority of Americans would really rather not reelect the president, but elections are — contrary to Romney's expectations — a choice, not a referendum. Romney needs to show not just that Obama has been a poor president but that Romney would be a better one.

As for President Obama, he has not yet closed the sale. For all Romney's missteps, this remains a 2–3 point election. The president may have convinced Americans that Romney is not a nice guy, but he has yet to explain how another four years of his presidency would be any different from the last four.

Unfortunately for the American people, tonight is not likely to offer deep insight into the policies that either candidate would pursue over the next four years. Neither candidate is going to be mistaken for Lincoln or Douglas. And the history of these debates shows that they tend to focus on the trivial rather than big issues. Have a drink every time someone mentions the "47 percent" tonight.

Still, there are important issues to be discussed. Therefore, let me suggest a few questions that might be asked.

For President Obama:

- This year will be the fourth consecutive year that the U.S. government has run a budget deficit in excess of \$1 trillion. The national debt has now crossed the \$16 trillion mark, and that doesn't even begin to take into account the unfunded liabilities of Social Security and Medicare. One key difference between you and Governor Romney in addressing deficits and the debt is your insistence that any budget deal include new tax revenues. Yet, according to a new study by the Democratic-leaning think tank Third Way, even if you went well beyond the tax increases you have already proposed — in fact, even if you raised the top tax rate on the wealthy to nearly 50 percent — the debt would still double as a share of the economy by 2040, and the deficit that year would be \$3.3 trillion (in 2012 dollars). Therefore, do you still believe that we can balance the budget without significant cuts in spending and dramatic changes to entitlements such as Medicare and Social Security?
- Speaking of entitlements: You accuse Governor Romney of wanting to “end Medicare as we know it.” Last year alone, Medicare ran an almost \$300 billion shortfall. Your own administration estimates that, under the most optimistic scenario, the program faces \$38 trillion in unfunded liabilities going forward. Do you actually have a plan to save “Medicare as we know it”? Isn't it a simple fact that in the future seniors will either have to accept fewer benefits from Medicare or pay more out of their own pockets?
- The other big entitlement program is Social Security, which is facing a \$22 trillion shortfall. President Clinton, whom you have designated “secretary of explaining stuff,” has explained that the only three ways to bring Social Security into balance are to raise taxes, cut benefits, or invest privately. You have attacked Governor Romney because his running mate, Paul Ryan, has in the past advocated private investment through personal accounts. You have also recently ruled out any changes in Social Security benefits. That leaves only an increase in taxes — a 50 percent increase in the payroll tax or the equivalent in other taxes. Are you prepared tonight to formally call for such a tax hike?

- While we are on taxes, Mr. President: You have repeatedly said that the wealthy “don’t pay their fair share in taxes.” Given that the top 1 percent earns 16 percent of all income in this country but pays 36.7 percent of all federal income taxes, what would you consider a “fair share”? Do you believe that any level of taxation is inherently too high, either as a matter of fairness or for its impact on economic growth?
- Since World War II, federal spending has averaged 19.9 percent of GDP. Under your administration, it has averaged 24.4 percent. According to the Congressional Budget Office, by 2040 federal spending will reach 43 percent of GDP. If one adds state and local spending, government at all levels will consume 60 cents out of every dollar’s worth of wealth produced in this country. Is that too much? What is the proper size of government? Is it possible for government to be too big and do too much? Can you name one thing that government does today that should instead be done by the private sector?

For Governor Romney:

- You have said that you want to reduce federal spending to 20 percent of GDP. That’s a reasonable goal, though it would still be higher than the federal during the Clinton administration. Meeting that goal will require significant reductions in federal spending, a task made harder by your insistence on increasing defense spending. Cutting spending is bound to offend some voting constituency somewhere. Still, you have promised to tell the American people “hard truths.” Here is your chance: Can you name three government programs that you would eliminate or significantly cut?
- You have been critical of President Obama’s proposals for increasing government employment, correctly noting that the government jobs created come at the expense of private-sector jobs, since the taxes or borrowing necessary to pay for those jobs makes it harder for businesses to grow and hire. This is Bastiat’s classic case of the “seen and the unseen.” However, how do you reconcile that with your attack on looming defense cuts because they would kill jobs? Purely from a jobs standpoint, how is government’s hiring a defense contractor different from

government's hiring a teacher or a firefighter? Should defense spending be used to stimulate the economy? Or should it be based solely on America's defense needs?

- Do you agree or disagree with your running mate's plan for Medicare reform? You have said that you haven't "gone through [the Ryan plan] piece by piece and said, 'Oh, here's a place where there's a difference.' I can't imagine any two people, even in the same party, who have exactly the same positions on all issues." That's reasonable. After all, you are the presidential candidate, not Congressman Ryan. So what exactly is your plan for Medicare?
- Speaking of Medicare, you have spent much of this campaign attacking President Obama for making cuts to the program. You have a point when you note that the president would use \$716 billion in Medicare cuts over 10 years to help fund Obamacare. But you also seem to imply that you would undo those cuts. In fact, you seem to suggest that your Medicare plan would not require either current or future Medicare recipients to either pay more or receive less than retirees do today. Given Medicare's impending insolvency, is that really possible?
- On taxes, you suggest that under your tax reform, upper income taxpayers won't really pay less in taxes. Why not? If taxes really are discouraging business investment and job creation, why not cut them for everyone, including those most likely to invest or to create jobs? Also with respect to tax reform, you say you will offset any reduction in rates by eliminating deductions and loopholes. However, the biggest deductions, such as the mortgage deduction, the tax exclusion for employer-provided insurance, and the deduction for state and local taxes are quite popular. Even if you are not willing to name a specific deduction you would eliminate, are you prepared to say that every current deduction is on the table?

Both sides keep telling us that this is one of the most important elections of our lifetime. Given the problems facing our country, that is likely true. It would be nice, then, if instead of campaign clichés, bromides, and games of "gotcha," the debate featured serious answers to serious questions. Don't hold your breath.

