



Michael Tanner: We need a better debt debate

By **MICHAEL D. TANNER** – October 11th, 2012

If there was a bigger loser than President Obama on that Denver debate stage last week, it was the conversation about our national debt and the fiscal crisis threatening this country. Throughout the 90-minute debate, both candidates made frequent references to the deficit, the debt, or balancing the budget, but showed little willingness to actually do anything about it.

As of the night of the debate, last Wednesday, our national debt was \$16.153 trillion. Let's put that in perspective: The New York Yankees have the biggest payroll in baseball. For \$16 trillion, you could pay the Yankees for 81,000 years, and still have money left over for a couple of free-agent pitchers. And, speaking of New York, \$16 trillion could buy all the real estate in New York City – 20 times over. If we were to stack \$16 trillion of one-dollar bills on a football field, it would cover the field to a depth of more than two miles. Alternatively, a single stack of 16 trillion one-dollar bills would be 1.085 million miles high, enough to reach the moon and back, twice over. If we were to pay our national debt back at the rate of \$1 per second, we could wipe it out in a mere 507,000 years.

Republican presidential nominee Mitt Romney, left, shakes hands with President Barack Obama following the first presidential debate at the University of Denver, Wednesday, Oct. 3, 2012, in Denver.

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Beginning to get the idea? We are talking about a lot of money. Each American's share of that debt is nearly \$53,000.

Our official national debt numbers do not include the unfunded future liabilities of entitlement programs such as Social Security and Medicare. But even under the most optimistic projections, those liabilities, the difference between projected benefits and revenue, total more than \$59 trillion. Other projections suggest that they could run to more than \$111 trillion. Thus, our true debt actually is somewhere between \$75 trillion and \$127 trillion.

But in the face of this looming wave of red ink, both candidates more or less ducked.

Governor Romney laid down a useful marker, promising that he would cut any program that was not worth "borrowing money from China to pay for it." Yet he was so unwilling to offend any potential voting group that he proposed no serious budget cuts. In fact, Romney seemed to spend most of his time explaining all the spending that he wouldn't cut: defense spending, Medicare, Social Security, education spending; basically, nothing except Big Bird and Obamacare. Public broadcasting is certainly ripe for the cutting

block, but given that PBS accounts for 0.01 percent of federal spending, we'll still be doing a lot of borrowing from China.

Meanwhile, President Obama has not quite doubled the federal debt, as Governor Romney suggested, but he has increased it by \$6 trillion during his first four years in office, compared to a \$4.9 trillion increase over George Bush's eight years. Instead, he attacked Romney for wanting to cut much of anything at all.

The president did trot out the old and discredited \$4 trillion deficit-reduction plan that he has periodically offered over the past couple of years. But most of the spending cuts he vaguely hinted at were little more than smoke and mirrors: reductions already enacted as part of last year's budget agreement, savings from previously scheduled pull-outs from Iraq and Afghanistan, interest savings from these budget gimmicks, etc.

The heart of the president's plan was another call for raising taxes on the rich (and the not-quite-so rich, such as those earning \$250,000 per year). But the president's idea of balancing the budget on the backs of the evil 1 percent is as much of a myth as his proposed spending cuts. If the president received every penny in tax increases that he wants, he would raise roughly \$390 billion annually. That might be enough to wreck the economy, but it isn't going to come close to solving the problem. In fact, it will barely cover all the new spending that the president wants, let alone pay down the debt. As the president likes to say: It's not ideology; it's arithmetic.

On the other hand, Romney rejected any tax hike to reduce the deficit, even if part of a deal that included \$10 in spending cuts to \$1 in tax hikes. Of course, such a deal is pure fantasy. No Democrat has ever supported anything even close to that. Governor Romney correctly puts the blame for our debt where it belongs; federal spending that has averaged 24.4 percent of GDP during the Obama years, and is projected to reach 43 percent by mid-century.

Given Paul Ryan's legitimate reputation as both a budget wonk and a deficit hawk, we can expect more of a focus on the debt and deficit at this Thursday's debate. (We can have a new drinking game every time someone mentions the "Ryan budget.")

Biden is expected to be on the attack, warning that any cut of anything will cause death and destruction unprecedented since the Bush administration or the Black Death, whichever was worse. No one is better situated than Ryan to answer those charges. The question will be whether the vice-presidential candidates will be more honest than the top of their tickets in telling the American people that the federal government is going to have to cut spending, even on programs that might be politically popular.

Yes, election season is a difficult time to call for such cuts. But as Governor Romney noted during the Denver debate, the debt is "not just an economic issue... it's a moral issue. I think it's, frankly, not moral for my generation to keep spending massively more than we take in, knowing those burdens are going to be passed on to the next generation and they're going to be paying the interest and the principal all their lives."

One hopes that sometime before November, one of the candidates offers a serious plan to deal with that moral issue.