

A Sea of Troubles for Our Next President

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The presidential campaign might increasingly look like a three-ring circus, but no matter what we might think about our choices, a new president will be sworn in on January 20, 2017. And, whether that president is Hillary Clinton, Donald Trump, or a still unidentifiable third possibility, he or she will have to deal with some very real problems. Among them:

Deficits are back: Over the past seven years, a combination of increased revenue and spending restraint reduced our annual budget deficit from \$1.4 trillion to just \$439 billion. But those days are over. This year, the deficit is expected to rise to \$544 billion, a \$105 billion increase from last year. From here on out, unless drastic changes are made, it just keeps rising. Six years from now, in 2022, we will be back to trillion-dollar deficits every year. As a result, our national debt is expected to top \$29 trillion within a decade. And that's the good news. Entitlement programs like Social Security and Medicare face more than \$69 trillion in unfunded future liabilities, pushing our real indebtedness to more than \$88.3 trillion. Welcome to Greece.

If the incoming president wants to avoid fiscal calamity, while funding his or her own priorities, there will have to be a willingness to cut spending and reform entitlements that has been missing in the campaign so far. And, no, cutting "waste, fraud, and abuse" isn't going to do it alone. That means the new president is going to have to make some very powerful interest groups very unhappy.

The wreckage of Obamacare: With each passing day, it becomes more obvious that the Affordable Care Act is a failure — maybe not the brilliant explosive failure once envisioned, but the drip, drip, drip of unremitting bad news. After a decade of relative restraint, the cost of medical care is rising at its fastest rate since 2012. Obamacare premiums are up as much as 41 percent in some states, physician networks are shrinking, and insurers in eleven states report loss ratios above 100 percent, threatening an adverse-selection death spiral. Last week brought the news that four more co-ops have so far failed to attain the minimum enrollment officials say is needed for fiscal solvency. Average monthly enrollment in the exchanges will likely be around 11 million this year, roughly half the rate that was earlier projected. Affordable it's not. Universal coverage it's not.

Tinkering around the edges won't be enough to prop up the tottering edifice of the ACA. At the same time, simply repealing the still unpopular law remains a political non-starter. As tired as

Americans are of the endless debate over health-care reform, the new president will have to find a viable alternative. Anyone who thinks this issue is going away is sadly mistaken.

Slow growth and too few jobs: The recovery from the Great Recession remains one of the slowest recoveries in history, with a real average growth rate of just 2.1 percent since 2010. Although unemployment has dropped to 4.9 percent, workforce participation continues to lag. (In fairness, our aging population is responsible for a significant portion of the long-term decline in workforce participation, but discouraged workers remain a big problem.) Those regions hardest hit by the recession have not bounced back as fast as other regions, with employment rates still as much as 1.3 percent below comparable areas. More than a quarter of the 7.8 million unemployed have been jobless six months or longer; that figure is about 70 percent higher than before the Great Recession. In addition, nearly 6 million Americans who hold part-time jobs indicate that they want to work on full-time schedules. And when workers do find jobs, too many of those jobs pay less than they used to. Wage growth has hovered around 2.25 percent for the last two years, a full percentage point behind the 3.25 percent average growth rate since 1983. And automation means that many low-skilled manufacturing jobs are not “coming back.” Worse, the next president will have limited tools available to jump-start the economy. Tax cuts can help, but they won’t solve the problem by themselves, and, unless they are accompanied by spending restraint, they risk increasing the deficit. Government jobs programs and stimulus spending may have a short-run impact, but they do little to increase sustained long-term growth. Either a trade war or a federal spending spree will only make things worse. The new president will have little room for economic error.

Balancing security and civil rights: The world is increasingly dangerous and chaotic. Age-old conflicts are destabilizing large regions of the globe. Traditional adversaries like Russia and China are growing more adventurous. As this week’s attack in Brussels makes clear, there are those who seek to do the West harm. And what not so long ago looked like a worldwide trend toward democracy and free markets has stalled, if not reversed.

At home, the question for the next president will be how to keep Americans safe without compromising what America is. He or she will need to foster an America that is vigilant but not unnecessarily frightened. It will take an unusually careful and steady hand to prevent another Brussels or Paris or San Bernardino without turning the country into a surveillance state, restricting individual rights, or giving in to prejudice and discrimination.

Overseas, the president will have to distinguish between America’s vital interests and the desire to be the world’s policeman. Can America remain actively engaged in the world without sending troops — or drones — to every trouble spot that pops up on the evening news? Today, U.S. forces are deployed in more than 80 countries and are engaged in active conflicts in at least a half-dozen of them. How much are we prepared to spend in lives and treasure on each of these conflicts, or new ones? Which conflicts make us safer and which make the world more dangerous?

An America divided: Our country is increasingly diverse, demographically, culturally, and politically. Already, four states (California, Hawaii, New Mexico, and Texas), as well as the District of Columbia, have non-white majorities. Women, gays, and racial and religious

minorities have new opportunities and new voices within the system. This diversity brings incredible strength, energy, and vitality to our country. It is part of what makes America great. But it also brings inevitable dislocations and tensions. Change, however necessary or inexorable, is never easy.

These conflicts are made that much harder to negotiate by our current take-no-prisoners brand of politics. From President Obama's promise that "If they bring a *knife* to the *fight*, we bring a *gun*," and his declaration that he can do whatever he wants because "I won. Deal with it," to Donald Trump's desire to see protesters carried out on stretchers, our political discourse has been coarsened and debased. Fully 58 percent of Republicans and 55 percent of Democrats say they "hate" members of the opposing party, according to a recent NBC News/SurveyMonkey poll. Hillary Clinton lists Republicans along with Iranians among those she considers her "enemies."

Civic discourse is no better. We've seen our cities burn and peaceful worshipers murdered in church. We shout at each other more than we listen.

A new president will have to rise above these divisions and be a president for all of us. He or she must find a way to unify us, to bridge differences, to, in Lincoln's phrase, "bind up the nation's wounds."

Moreover, if the next president hopes to make any progress on the issues facing us, he or she will have to find a way to build coalitions in support for his or her policies, and to work with opponents without compromising basic principles.

Dealing with these challenges would be difficult for any president. And the candidates we currently are watching offer little reason for confidence that whoever is elected this November will be up to the task. But, if the new president isn't, this country will be left weaker, poorer, and more divided than we already are. Yes, things could actually get worse.

Every four years, someone tells us that "This might be the most important election of our lifetime." This time it might be true. When we step into that voting booth, whether for the remaining primaries or in November, we should be asking whether the candidate we are intending to vote for is really up to the challenge.

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