

*The Fiscal Times*  
November 12, 2010

**Making the Case for Deficit Reduction**  
By LAWRENCE HAAS

Policymaking is a zero-sum game. Officials weigh policy proposals not in a vacuum but against the status quo. Implicit in the question “should we do this?” is a second one: “how does it compare to doing nothing?”

That’s what was wrong not only with this week’s efforts by the co-chairs of President Obama’s fiscal commission to promote a plan to restore fiscal sanity, but also with the knee-jerk responses to it as well as the news coverage of it.

The co-chairs, former Clinton Chief of Staff Erskine Bowles and former Wyoming Senator Alan Simpson, outlined a plan to reduce deficits by nearly \$4 trillion by 2020 by reforming Medicare, Medicaid, and Social Security; cutting domestic and defense discretionary spending; finding savings in other entitlements; and scrapping popular tax credits and deductions. The particulars all have plusses and minuses as stand-alone ideas and as part of a larger package.

What was missing in Wednesday’s release of the plan and the ensuing debate around it was any real discussion about what happens if, as a government, we continue to “do nothing” about soaring deficits and debt.

Consider the documents that Bowles and Simpson released. One was a 50-page overview, the other a 24-page description of illustrative cuts to help lawmakers hit the discretionary targets.

Only in two sentences on page three of the overview do the co-chairs offer a rationale for the fiscal pain they propose, and it’s a vague one at that: “America cannot be great if we go broke. Our economy will not grow and our country will not be able to compete without a plan to get this crushing debt burden off our back.”

Or, consider the reactions by the nation’s highest-ranking officials. Democratic House Speaker Nancy Pelosi of California called the plan “simply unacceptable.” Democratic Senate Majority Whip Dick Durbin of Illinois said, “there are things in there that I hate like the devil hates holy water.” Even Obama, who created the commission, was no more than tentative, saying from overseas that he wouldn’t comment “until I see the final report.”

None of these leaders explained why the Bowles-Simpson plan was worse than the prospect of doing nothing.

Or, consider the news coverage. From the stories and editorials in the New York Times, Wall Street Journal, Washington Post and Washington Times of today and yesterday, readers would have little concrete understanding of why they should get less health care or receive fewer Social Security benefits or get by without popular tax breaks for the greater goal of reducing the debt. They would not learn about the risks of not acting or the upsides of doing so.

Yesterday, the Washington Times quoted Bowles as saying, “This debt is like a cancer that will truly destroy this country from within if we do not address it.” Today, the Wall Street Journal quoted him as predicting a “crisis” within five years. Also today, New York Times columnist David Brooks predicted a bond market-induced “catastrophe.”

“Cancer?” “Crisis?” “Catastrophe?” Frightening words, but they come without explanation. What kind of crisis? How will it hit? How will the nation and its people suffer? And, just as important, what happens if, in fact, we do address the problem?

Americans have always been a hopeful, forward-looking people. Time and again, they have set goals (e.g., a moon landing within a decade) and sacrificed for the greater good (e.g., victory in two world wars).

But they must understand in tangible terms the issue at hand, the risks of not acting, and the payoffs of doing so. They will not be convinced by vague blather about deficits, debt, bankruptcy, cancer, crisis, or catastrophe.

The case is clear.

Soaring deficits and debt will increasingly raise the risks of an economic crisis while sapping the nation’s strength over time.

- We will grow increasingly dependent on foreign nations, such as China, to lend us money and, at some point, they may grow tired of doing so. At best, they will demand a higher rate of return on their investments, which will mean higher interest rates that will threaten our economy. At worst, they will grow fearful that we will not repay our debts and stop lending to us, creating a crisis to which we will have to react immediately with a drastic mix of tax increases and spending cuts to restore our fiscal health.
- The higher the debt, the higher the interest payments that the federal government will have to make on that debt, which will squeeze out spending for other programs, from health care to education to research to defense.
- Higher deficits will absorb more private savings that we could otherwise use for productive investments in factories and equipment and other things that strengthen the economy over the long run. The less investment, the weaker the economy, which will mean lower living standards for our children and grandchildren.

If we act, however, we can build a brighter future.

- We can eliminate the debt-driven risks of an economic crisis.
- We can find the resources to invest in a stronger economy, ensuring a brighter future for generations to come.

- We can remove doubts about America's continuing preeminence on the global stage, ensuring that we can maintain our financial independence while promoting our values of democracy and free-market capitalism the world over.

Failure to act presents a real and serious threat to the nation's future. Acting provides an opportunity. The case is clear. Someone, however, needs to make it.

*Lawrence J. Haas is former Communications Director to Vice President Gore and, before that, to the White House Office of Management and Budget. He's now a public affairs consultant who writes widely about foreign and domestic affairs, including fiscal policy.*