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Obama's Disconnect With the Middle Class
By LAWRENCE HAAS

I was simultaneously pleased and distressed by President Obama's fiscal speech yesterday due to the way he portrayed the link between Americans and their government.

First, to his great credit, Obama leveled with Americans about what the federal government actually does.

For too long, elected officials have nourished the conventional wisdom that we can address budget deficits simply by eliminating "waste, fraud, and abuse," by cutting foreign aid, or by scaling back the limousines members of Congress use, or the salaries and benefits federal employees receive.

"So here's the truth," the president said, correcting such perceptions. "Around two-thirds of our budget is spent on Medicare, Medicaid, Social Security, and national security. Programs like unemployment insurance, student loans, veterans' benefits, and tax credits for working families take up another 20 percent. What's left, after interest on the debt, is just 12 percent for everything else ... for all of our other national priorities like education and clean energy; medical research and transportation; food safety and keeping our air and water clean."

The point is clear. To reduce soaring deficits and debt to manageable levels will require a serious look at the programs that dominate government, which are the things that people want (the vast majority of domestic spending) or need (national security). We have no category of "waste" to tap and, together, foreign aid, congressional limousines, and employee compensation add up to nothing of note.

Yet – and herein lies my distress – Obama didn't walk Americans to the logical next step. He didn't make clear that because the budget is dominated by programs for tens of millions of middle-class Americans, it's those middle-class Americans who will have to pay more or accept less from their government.

Instead, he positioned himself as the defender of the middle class, determined to protect its interests from Republicans.

To be sure, the president said "we will all need to make sacrifices" and he pledged to put "everything on the table." But, he also said – twice – that his plan "protects our middle class, our promise to seniors, and our investments in the future."

Should the middle class pay higher taxes? Obama argued that only the top 2 percent of Americans should pay more – by letting President Bush's tax cuts expire only for them and by limiting the value of itemized deductions only for them.

Should the middle class get fewer benefits? Obama promised to slow health care costs by cutting “wasteful subsidies and erroneous payments,” by creating greater efficiencies and speeding more generic drugs to market through Medicare, and by bringing more efficiency and accountability to Medicaid.

Obama wants to strengthen Social Security without “putting at risk” current retirees, the most vulnerable Americans, or people with disabilities, and without “slashing benefits for future generations.”

Obama never mentioned a single item on which a middle-class American would have to sacrifice. That may provide some assurance for middle-class Americans today, but it brings the prospects of mass public disillusionment when, in the course of real deficit-cutting, those assurances prove worthless.

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.