

The American Square
September 1, 2011

Of deficits and dreams
By Lawrence J. Haas

As the new congressional joint committee prepares to look this fall for \$1.5 trillion in budget savings as a down payment on our long-term fiscal problem, you'll be reading all kinds of economic arguments why this work is so important – mainly, that it will reduce the chances of an economic crisis by reassuring our lenders overseas while it will help free up national savings for long-term investment.

True enough. But here's another reason why the work is important (and why we should hope for additional congressional action down the road to further reduce our deficits) that has little to do with economics but everything to do with who we are as a nation.

It will enable us to dream again.

When the federal government runs large deficits, average Americans react with dismay, economists warn about the short- and long-term risks, and policymakers try to look like they take the problem seriously. Facing projections of rising red ink, all eyes in Washington focus on retrenchment, on finding savings where possible, on avoiding big new ventures that will only add to the red ink.

The government assumes the look of a poverty-stricken shell, bereft of the resources to do big things. With the government looking poor, the nation feels poor. Whatever the question, the answer from the elected official in Washington or the man on the street becomes, "we can't afford it."

We can, in fact, "afford it." As a nation, we are much richer, with a much larger economy, than when we rescued Europe after World War II with the Marshall Plan or built the federal highway system after that.

Nevertheless, perception can fast become reality.

In the 1980s and early 1990s – an earlier era of large deficits – the government adopted a posture of scarcity, with policymakers pleading poverty when advocates of worthy causes came a-calling.

The ramifications became most apparent in the international realm. When Corazon Aquino, the Philippine leader who succeeded strongman Ferdinand Marcos after a popular revolution, visited Washington in 1986, the United States could offer little assistance for her fledgling democracy. Nor could it do much for the emerging democracies of Eastern Europe after the Soviet collapse in the late 1980s.

Here we go again.

We are facing deficits in the coming decades that make those of the earlier period seem mild by comparison. Once again, the government is assuming the posture of a weak, cash-strapped, hollow shell.

Here, too, the international realm is instructive. With so much riding on the outcome of the “Arab Spring,” the United States nevertheless can find few resources to assist democratic forces. Moreover, officials cite the limited U.S. role in assisting Libya’s uprising as a precedent for future situations less because it worked so well than because it cost the United States so little. More broadly, experts are warning that the nation may have to reduce its footprint overseas due to its budget problems.

A half-century ago, a dashing young President challenged the nation to reach the moon within a decade. Speaking at Rice University in late 1962, John F. Kennedy said,

But why, some say, the moon? Why choose this as our goal? And they may well ask why climb the highest mountain? Why, 35 years ago, fly the Atlantic? Why does Rice play Texas?

We choose to go to the moon. We choose to go to the moon in this decade and do the other things, not because they are easy, but because they are hard, because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win, and the others, too.

Kennedy dreamed. America dreamed. We can dream again. We can do big things at home and abroad. But we have to stop feeling poor as a nation. And the first step is to stop being poor as a government.

We should get to it as soon as possible.