

The Rise of Fantasy Politics

Obama and McCain have each taken symbolic steps to suggest that they've made tough budget choices. Don't believe them.

By Robert J. Samuelson

What we have here—to borrow a line from the old movie "Cool Hand Luke"—is a failure to communicate. By all rights, we should be having a fierce debate over the role of government. What should it do, for whom and why? What works? What can we afford? Who should pay? These questions would suggest a campaign that seriously engages the future, but instead and not surprisingly, we have a bidding war between candidates to see who can promise the most appealing package of new spending programs and tax cuts.

As we watch the conventions, we should recognize that we've entered an era of fantasy politics. Like fantasy football and baseball, fantasy politics is an exercise in make-believe that is intended to keep its players occupied and to make the winners feel good. Barack Obama and John McCain emit pleasing slogans and programs that, as often as not, are disconnected from the country's actual problems. But unlike fantasy sports, fantasy politics has lasting consequences. Winners must govern and, after creating unrealistic expectations, have a hard time doing so.

Last week, I viewed "I.O.U.S.A.," an 87-minute documentary exploring the grim budget outlook. It is unbalanced budgets that, in many ways, define the political deadlock. The persistence of deficits over so many

years (42 of the past 47) can have only one basic cause. Politicians of both parties and the public prefer spending to taxing. As everyone knows, the disconnect will worsen, because aging baby boomers will bloat outlays for Social Security, Medicare and Medicaid. These programs already total nearly two fifths of the \$2.9 trillion federal spending in 2008.

The documentary's sponsors hope that it will arouse public opinion on budget issues in the same way that "An Inconvenient Truth" did on global warming. Maybe it will, but I'm skeptical. It's not just that melting icebergs are more compelling images than charts of mounting government debt. The mismatch between the government's existing spending commitments and the present tax base is so great that we cannot just tinker a little with government. The required correctives are politically arduous. By 2030, federal taxes could rise 50 percent if all spending programs are kept on automatic pilot, notes Andrew Yarrow in his book "Forgive Us Our Debts."

That would be, I think, an unconscionable burden on workers (the main taxpayers) and a huge threat to the economy. Over the years, I've suggested changes to minimize these dangers. Eligibility ages for Social Security and Medicare should gradually rise to 70; people now live longer and

should work longer. Medicare premiums for middle-income and richer retirees should increase; the young shouldn't bear most of the expense of growing health costs. Government programs that have outlived their usefulness or are wasteful should end: farm subsidies and Amtrak, for instance. More possibilities are discussed in the useful book "Where Does the Money Go?" by Scott Bittle and Jean Johnson of **Public Agenda**.

But "I.O.U.S.A." barely mentions choices and solutions. It provides no moral or political framework for reconciling the public's appetite for open-ended spending and its desire for limited—or declining—taxes. What should we keep, modify or discard? Why? Ideally, of course, our political leaders would assume the task of teaching, choosing and persuading. Unfortunately, they are conspicuously delinquent.

The most exhaustive examination of the McCain and Obama budget proposals I've found comes from the Tax Policy Center, sponsored jointly by the Urban Institute and the Brookings Institution. It's discouraging reading. Though details differ, neither plan would realistically limit spending or eliminate deficits. This is especially true when the Obama and McCain health proposals are considered. Both would cost far

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more than \$1 trillion over a decade, says the Tax Policy Center.

Obama and McCain have each embraced symbolic gestures that falsely suggest they've made tough choices. Democrats blame deficits on Bush's tax cuts for the rich and the Iraq War. OK, let's whack the rich. Obama would restore the 36 percent and 39.6 percent income-tax rates for couples with taxable incomes above \$200,300 and \$357,700. He's suggested higher capital-gains taxes and Social Security taxes for those with incomes exceeding \$250,000. Together, these changes might generate about \$80 billion of revenue in 2010, says the Tax Policy Center. By contrast, the 2008 budget deficit is reckoned at \$389 billion. Even adding a \$125 billion saving on the Iraq War—highly optimistic—wouldn't erase the deficit.

McCain denounces wasteful spending, citing congressional "earmarks." These are projects usually designated by individual members of Congress for their districts. OK, let's scrub them all. In 2008, earmarks numbered 11,610 and cost \$17.2 billion, estimates Citizens Against Government Waste. That's less than 1 percent of federal spending.

Elections serve, in civics textbooks, to reach collective decisions about the future. The real world is different. Many campaign proposals are so unrealistic or undesirable that they may never be enacted. McCain would cut taxes again for the rich. Is that needed or likely? No. Obama would actually keep most of Bush's tax cuts and divert the increases from the rich to more special tax breaks for homeowners, college students, workers and retirees, among

others—further clutter in an already complex tax system.

All this makes sense only as fantasy politics. Proposals and agendas aren't necessarily intended to be adopted. They're selected to win applause and please voting blocs—just as quarterbacks, in fantasy football, are selected for their accuracy. Meanwhile, the country's actual problems often suffer from inattention, because they pose disagreeable choices. Why run a bum play? In November, one candidate or the other will win this game. But the country as a whole may lose.