

Obama's new budget illustrates his greatest failure

Michael Sean Winters | Apr. 10, 2013 Distinctly Catholic

President Barack Obama releases his budget this week, and already Republicans are declaring it dead on arrival because it includes increased taxes. Many Democrats are also criticizing the president for including changes in Social Security, Medicare and Medicaid, which they abhor. Clearly, Obama has decided to try and position himself in the center to look like the grown-up in the room and to avoid any suggestion of being an ideologue, the better to be able to paint Republicans with that brush next year. And if through some miracle there is a "grand bargain," he will get credit for breaking the partisan gridlock. In short, the budget proposal looks like a slam dunk politically for the president.

Not so fast. In fact, this budget illustrates Obama's greatest failure, and there is some competition for that designation. The president's economic proposals are a worse failure than the surge in Afghanistan that cost a great deal in life and treasure and has secured none of its objectives, a worse failure than the incompetent and politically stupid way he approached the HHS mandate, worse than his reluctance to do anything to stop the bloodshed in Syria. The failure is not this proposal or that. The failure is that he failed to shape public opinion in his now more than four years of office in such a way that his economic proposals could be seen as moving the country in the right direction.

What do I mean by the "right direction"? For more than 30 years now, the dominant socio-economic fact in America has been rising income inequality. It is not that the super-rich work harder. Yes, some, like Bill Gates or Mark Zuckerberg, came up with great ideas that proved enormously profitable as well. But most of the newly minted millionaires in the past 30-some years have never filed a patent. They are financiers. They work on Wall Street. They introduced the idea of 401(k) plans, getting more cash flow through their hands. They made sure whenever they flubbed up, the government and the taxpayers stepped in to cover their mistakes. They introduced new "products" like derivatives that were not products at all, but Ponzi schemes pretending to be economically useful. They engineered a reduction in the capital gains tax rate in the Clinton years, then worked the regulatory agencies and congressional oversight committees to make sure all or most of their salaries were not treated as wages but as capital gains.

Meanwhile, poverty has been increasing, especially when the titans of finance mess up and tank the economy. Meanwhile, median incomes have been dropping and the distance between wages and profitability has been growing. Meanwhile, guaranteed pension programs have gone the way of the Berlin Wall. Meanwhile, labor unions have been pushed aside, their influence diminished, their ability to bargain collectively circumscribed. Meanwhile, the minimum wage has not kept pace with inflation. The "meanwhile" of the past 30 years has been very mean indeed for anyone who does not work at a hedge fund.

The problem with the president's new budget is not this proposal or that. The problem is that the debate on the budget is occurring in a vacuum. I understand that Obama inherited the worst economy since the Great Depression. But he needed to be constantly, day in and day out, reminding Americans that the real challenges to the economy did not start in the autumn of 2008; they started in the early 1980s. He needed to be constantly reminding the American people that it is not enough to get the economy growing again; we need to have an

economy that produces less, not more, income inequality. We need an economy in which the poor have a shot at entering the middle class and in which the middle class has a shot at keeping its head above water.

There is a case to be made for adopting a "chained CPI" approach to increases in Social Security benefits, provided some allowance is made for those who live long and deplete their savings. And better to extend the life of the Social Security Trust Fund through a modest measure like the chained CPI than the kind of drastic overhauls of Social Security envisioned by the Republicans. I would be proud of Obama if, after years of setting the table for this debate and using his bully pulpit to teach Americans about growing income inequality, he had called on the American people as a whole to sacrifice a bit to balance the federal budget or otherwise meet a pressing need, such as opening pathways out of poverty for the millions of Americans whose hope of a better future is now foreclosed. But he did not set the table; he did not use the bully pulpit. Now we have a debate between economists, and very few people are asking the more fundamental question: What kind of economic future do we want? Even fewer are putting forward policy proposals in terms of creating a more just, and a more stable, economic future for everyone.

I sympathize with the president's desire to try and enact gun control legislation, but he has been spending precious political capital on a fight that was never going to result in the kind of legislation that would seriously improve public safety. I commend the president for many of his positions. But I cannot hide my disgust that he has failed to engage the American people in such a way that genuinely just economic policies will be supported not on mere technocratic grounds, but as a commitment to a more justice society.

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