

An Unbalanced President

✘ President Obama has probably repeated the phrase “balanced approach” when talking about budget and deficit solutions, over 100 times at this point. If you just listen to him saying that phrase over and over, you probably think that he is interested in raising some taxes, as well as cutting spending to solve our country’s debt problem. Perhaps he should play the tape back to himself, so that he can be convinced that the country needs a balanced approach to the problem that we find ourselves in. Fresh off getting a deal with Republicans around New Year’s that was exclusively tax increases, you would think that in order to obtain “balance”, spending cuts would be front and center. Instead this unbalanced President seems to have a case of amnesia, or worse, when it comes to the tax increase deal. He wants to act as if it never happened, and start with a “new balance”. The good news is Republicans can remember three months back.

When you want people to come your way in a negotiation, you try your best to be reasonable before the negotiations begin. Talk in generalities, and say things like “I know we can make a deal”. You don’t want to impugn the motives of your adversaries, because it will be that much harder to make a deal. This is vital in a public negotiation in order for all parties to claim victory, and not get resentful of the person they must strike a deal with. Then if discussions break down, you can claim that you were looking for a deal, and were reasonable all throughout the process. This approach allows you to claim credit for being honorable, and if you disparage your opponents, others will understand.

This President takes the exact opposite approach to what should be done. First, he makes his position public. This leaves little room for compromise without someone looking like they’ve lost. He then publicly attempts to bully his opponents into changing their stance. If that doesn’t work he

goes out on the campaign trail to try to get the public to push his agenda. After this scorched earth policy doesn't work, he resigns himself to trying to appear reasonable. This is completely unbelievable to his negotiating partners after they have been raked over the coals. Either he is the worst negotiator to ever sit in the White House, or he is unstable.

This past week there was the reconciliation phase of this reverse negotiation. The news was lit up with Presidential meetings and dinners with Republicans. Did any of those Republicans ask the President during dinner why he accused them of not caring about: children's daycare; women's mammograms; or seniors' healthcare? Did they mention that they didn't appreciate being blamed for the sequester (spending cuts), which was his idea? Did they ask why he demonizes their point of view that less government helps those in need? Probably not. They also probably weren't forced into another tax increase just because they received a nice dinner.

If we combined the agreements over the fiscal cliff and the sequester, there would be no doubt that a balanced accord was reached. Somehow separating these two events by a mere 60 days has created a lack of balance in the President's mind. Mr. Obama is not only dishonest, he is a dishonest broker.

Memo to GOP: Make Obama Own the Mess He's Created

☒ Anybody who's thought about it for two seconds knows we don't have a taxing problem – we have a spending problem.

We borrow about 42 cents on every dollar we spend, and under

President Obama we have been spending more than \$1 trillion dollars a year we don't have. That's where the borrowing comes in.

Yet almost all the talk we get from the president and from his stenographers in the media is about taxes. The wealthiest Americans need to pay their "fair share." As Meghan Clyne put it in a Wall Street Journal column, "If the U.S. Treasury received a dollar every time President Obama demanded that the rich pay their 'fair share' to eliminate our deficits, the problem might take care of itself."

If the government doesn't get spending under control – and by that I don't mean cutting the rate of *increases*, but actually cutting *spending* – the next stop on the Crazy Train we're all riding will be downtown Athens.

Yet this president doesn't have any interest in cutting spending – except, of course, for wars that we won't be fighting anyway and for the military in general. And he's getting away with his recklessness because the low-information voters, as Rush Limbaugh calls them, buy into just about anything he says – mainly because his most loyal base – the so-called mainstream media – dutifully repeat whatever he says.

What really gets me, though, is how clumsy the Republicans are. For a bunch of politicians they really stink at politics.

First, they need to pick one person to speak for the group. Right now, that person pretty much is House Speaker John Boehner. I can live with that, but just between you and me, I'd prefer someone with a little charisma taking on a president who has very little ability but a ton of charisma – at least as far as the low-information voter is concerned.

Then the GOP front man (or woman) needs to make the Republican case in language that even those low-information voters –

“clueless” is the less diplomatic way to describe them – can understand. Here’s what he or she might say:

“If we continue spending money we don’t have, before you can say The Great Depression we will be in one, except this one will be worse than the first one.

“When interest rates go up – and they inevitably will – we will spend every penny we take in on paying off our debt. Every. Single. Penny.

“That means we won’t have any money for the Army, the Navy, the Air Force or the Marines. We won’t have any money for the FBI. No money for interstate highways or national parks. No money for anything except paying off the Chinese and everyone else who loaned us money.

“And this president either doesn’t get it or doesn’t want to get it. Since he doesn’t understand anything about growing the economy, he’s happy just to “spread the wealth around,” as he told Joe the Plumber. Except there won’t be any wealth to spread around.

“And there’s something else he wants to do: make government bigger. He will never cut spending in any serious way. He will never make a move to reform entitlements. He thinks government is the answer to everything.

“We Republicans tried to compromise. We agreed to more than \$800 billion in new taxes over the next 10 years. We thought the president’s plan was to cut \$3 in spending for every \$1 in new taxes. We compromised. He reneged.

“And all he can talk about is making the rich pay their “fair share.” Forget about raising taxes on the top 1 or 2 percent by a few percentage points. If we took 100 percent of everything they’ve got, it wouldn’t begin to get us out of the

hole we're in. That's how irresponsible both Democrats and Republicans have been for a very long time.

"The only way out is to cut spending and then cut some more. This president won't do it. He's counting on you – the American people – not to understand how serious this problem is.

"Like everything else that happens here in Washington, this looks like just one more ugly, partisan political argument. This time it isn't. This time it's about saving America."

Then the GOP has to make the point – one I've written about in this space before – that they have seen the polls and they know they will take the blame for whatever goes wrong. They know that the president will be seen as the Great Compromiser while they will be seen as obstructionists who care only about people with yachts. But under no circumstances, they need to say, will Republicans sell out the American people, no matter how much it may cost them politically.

Barack Obama has won two presidential elections with more than 50 percent of the vote. The last Democrat to do that was Franklin Roosevelt. So, my conservative friends, let's not pretend that Mr. Obama doesn't possess something the American people like. That's how he got re-elected despite chronically high unemployment and chronically low economic growth.

He has blamed President Bush for the economic mess he inherited. And he got away with it. And he will blame Republicans in general if we slide into another recession, or even if the economy "merely" stagnates in his second term. Memo to GOP: Don't let him get away with it any longer. Make him own the mess he's created.

How Can Obama Respect An Electorate That Would Re-Elect Him?

✘ From time to time, I'll hear a political commentator (typically a conservative one) suggest that President Obama does not *respect* the news media. It seems like a pretty odd claim to make. After all, no other president has been protected and promoted by the news media the way Obama has. They've largely defended him against criticism, categorically supported his policies, and touted his *brilliance* and *greatness* at every opportunity. One can't deny that they played a major role in getting him elected...Twice!

It stands to reason that Obama *should* feel forever indebted to the news media, but I tend to believe those conservative commentators are right. I don't think he *respects* them.

If he respected them, he wouldn't come across so visibly irritated on those few occasions when he's actually asked a challenging question by a reporter. If he respected them, he would have spoken to them during the final weeks of the presidential campaign instead of to morning zoo deejays, the fawning ladies of *The View*, and David Letterman. If he respected them, he'd grant substantive access to more than just the same two or three softball questioners in the news media he typically talks to. If he respected them, he wouldn't hold so very few press conferences after repeatedly pledging "openness" in his administration. If he respected them, he wouldn't have the gall to push a fabricated story to cover-up the cause of four American murders in Libya, and just assume they wouldn't bother trying to expose the truth.

I suppose the disrespect makes sense. I would imagine that it would be difficult to respect relative strangers who would lend you their unconditional support regardless of what you say or do to them. Under that same reasoning, I suspect he probably feels the same way about the American public as a whole.

Let's face it... By any traditional standard, President Obama should not have won re-election. He has done insurmountable damage to this country through his policies, neglect, and divisive nature. The decisions he's made during his presidency have rarely been in the interest of strengthening this nation or advancing the prosperity of its citizens. His presidency has instead been about securing a historical legacy as a man who *righted the wrongs* of the *social injustices* committed by our country in the past.

It's *that* agenda that has superseded any legitimate concern over the economic welfare of our country and our long-term solvency for future generations of Americans. As far as the president is concerned, those are problems for someone else to have to deal with down the road. *His* priority is social engineering, not economic stewardship. The result of that mindset has been chronically-high unemployment, a stagnant economy, entitlement programs crumbling under their own weight, soaring healthcare costs, and an absolutely devastating national debt that will be hanging around the necks of our children for the rest of their lives.

It's not that the president doesn't recognize these problems. Of course he does. I just don't think he respects Americans enough to take action. Think about it...If our president can do so many things wrong in his first term, fail miserably to achieve every predicted outcome he put forth at the beginning of his presidency, show no interest in addressing the biggest threats to our nation, and *still* be rewarded with re-election, how can he possibly respect us?

It's like that classic quote often attributed to comedian Groucho Marx: "I wouldn't want to belong to any club that would have me as a member."

If we can be so easily duped into lending him continued support for his narrow, fruitless vision, at a substantial cost to ourselves, there's no reason for him to value our best interests and the best interests of our children. Instead we're only worthy of the politically-popular scraps he occasionally throws to us.

When you attribute that frame of mind to the president's actions, many things suddenly start to make sense. It makes sense why he thinks so many of us aren't capable of making it on our own, thus require the firm hand of government to manage our lives. It makes sense why he seems perfectly content to let the country fall off the fiscal cliff – adversely affecting nearly every American – for no other reason than to punish his political opponents. It makes sense why he doesn't feel obligated to fulfill campaign promises, and why he's so comfortable in his routine practice of contradicting his own rhetoric. It makes sense why he promotes pointless gimmick-policies as answers to serious problems. It makes sense why he never shows any qualms or shame in finding scapegoats to assign his failures to.

If the electorate refuses to demand respect, it's simply not going to be given any by this president.

Social Security and Medicare

Are Already Welfare

✘ We have a basic problem in this country that we are not willing to face. Over time our retirement programs of Social Security and Medicare have changed from insurance type of programs into Welfare programs. We have overpromised and underfunded retirement benefits that we cannot afford. Even these current “fiscal cliff” negotiations, which were supposed to force some tough decisions on the main drivers of our debt, appear to be headed toward postponing hard decisions. The continual avoidance of dealing with these issues is partly due to the false notion that people paid into these programs, and are entitled to the benefits they are receiving. They did pay in, but not nearly at the rate they are collecting. The US government is either the worst insurance company ever, or these are welfare programs.

Any fair analysis must combine the pay in, and benefits of both Social Security and Medicare. To analyze only the one that is reasonable (Social Security), without the other (Medicare) is completely dishonest, since nearly all seniors are on both programs. This would be like getting a great deal on your cable and ignoring your lousy internet rates when both are supplied by the same company. There have been many different studies that look at the pay in and pay out of both programs. Generally each senior will get back \$100,000 – \$200,000 more in benefits than they paid in. The older you are the better your deal, since the current rates of pay into Social Security (12.4%) have only been in place since 1990. A transfer of wealth like this from taxpayers to beneficiaries is usually defined as welfare.

Medicare benefits are going to be roughly the same throughout the income range once the changes are in place to the drug benefit next year. There is, however, a skew in Social Security benefits for low end workers. Namely, those at the low end of the pay scale receive 4x their yearly pay in

amount, while those the top end receive 2.6x their yearly pay in amount. In addition, the program which was originally designed to distribute benefits tax free, now subjects nearly all benefits to income taxes. This also lessens the benefits for those with higher incomes. There is no private insurance plan that is set up to discriminate based on income, but this is an element in most welfare programs.

If we want to have a serious discussion about solutions, we need to start speaking the truth about these programs. During everyone's working life, they receive a document from the Social Security Administration which shows how much he/she has contributed, and what payout they can anticipate. This document should add Medicare, and continue to be sent to people after retirement. Perhaps if the numbers start going negative on retirees yearly forms, they will have a better understanding of the problem. There may even be some humility on the part of seniors, particularly if they fear they are burdening their grandchildren. This could be a good start toward appreciating our predicament.

Once people have a proper understanding of the problem, solutions are much easier to discuss. When Social Security began, average life expectancy was about 65, it is now 78 (<http://www.cdc.gov/nchs/data/hus/hus11.pdf#022>). The annual cost of living increase was in 1974. There are some simple solutions to the problem once the mindset is corrected. There was a proposal to raise the retirement age by 1 month per year for the next 48 years. Perhaps add to this raising the eligibility of Medicare by 2 months per year until it catches up to Social Security. Still allow people to still start on SS at 62, but at an even lower payout. Even add Medicare at 62, but with higher copays. Reduce the cost of living increase by 1%. Even implementing just some of these will extend the solvency of these programs.

People receiving the Social Security and Medicare Bundle are always willing to talk about reductions in Welfare programs,

and not the programs they benefit from. It is not their fault, because they have been told for decades that they are collecting on an insurance type of program that they paid into. Until we change the understanding of how our retirement programs have morphed into welfare programs, we will not be able to deal with solving these problems.

Bush Tax Cut Calisthenics

☒ Has there even been a policy initiative that has received as much attention as the Bush tax cuts? The fascinating thing is that the conventional wisdom on these cuts is constantly changing. They are not all that complicated. In 2001 and 2003 everyone who paid income taxes received a reduction in their tax bill through cuts in rates. The cuts were implemented to help spur economic growth after the “.com bubble” and the attack on 9/11. The results are easy enough to look up. The economy grew at 2-4% for 5 years, and unemployment dropped from 6% to 4.6% during the same period. This is not very complicated, and the policy was measurably successful in achieving the stated goal. Over the last 10+ years we have received complicated and often conflicting stories which are supposed to represent accurate analysis.

We were told that these tax cuts would increase the deficit. In fact the revenue to the treasury increased for every year following these cuts until the recession 5 years later. Any budget deficits were due to spending more than the increase in revenue.

We were told that these were tax cuts for the rich. Now we are told that 98% of Americans that received the tax cut were not “the rich”. This tidbit has only been widely reported

since Mr. Obama became President, and extended the cuts by two years.

We were told that tax cuts needed to be “paid for” with spending cuts. This was the reason that the cuts expired. Now no one cares what they cost, and few even remember that tax cuts were always said to be paid for. Republicans are looking to cut spending, but not to pay for the tax cut continuation, and Democrats don’t cut spending.

We were told that the Bush tax cuts were the cause of the recession and financial crisis. The President hammered home this point repeatedly during this year’s Presidential campaign. Now we are told that if don’t extend the tax cuts for at least 98% of the people it will cause a new recession and financial meltdown. This reminds me of a Dire Straits song where the lyrics say, “Two men say they’re Jesus, one of them must be wrong” (Industrial Disease, 1982).

The Congressional Budget office has estimated that the 10 year “savings” by letting the taxes go back up for the top 2% of taxpayers is \$824 billion. The tax cuts have been in place for roughly 10 years. It doesn’t really work this way, but let’s say that these cuts were never implemented, and the \$824 billion more had gone to paying down the debt. How different would our fiscal situation be with a debt of \$15.4 trillion rather than \$16.2 trillion?

The reporting and politics of this can make one’s head spin if you actually listen to them. It is as if no one has a memory in terms of how conventional wisdom has changed. Let’s just hope that whatever they are shoveling us about the Bush tax cuts next week works as they have planned for us. Perhaps a year from now when things aren’t going well we can find a new way to blame the Bush Tax Cuts.