

OP-ED

# Saying 'Uncle'

Antony Davies

Like a careless teen, the government is writing checks you can't cover.

**T**O USE A — sort of an analogy that families are familiar with, we're not going to be running up the credit card any more. That's important — and that's hard to do. But it's necessary to do. And I think that the American people understand that.

That was President Obama at his Tuesday news conference talking about his budget plan. He later added: "So, in the same way that if you've got a credit card and you've got a big balance, you may not be adding to principal, you've still got all that interest that you've got to pay. Well, we've got a big problem in terms of accumulated interest that we're paying, and that's why we're going to have to whittle down further the debt that's already been accumulated. So that's problem No. 1."

In keeping with the president's example, if the federal government applied the Credit Card Act of 2009 to itself, this month's statement would show an outstanding national debt balance of \$14.1 trillion and a minimum monthly payment of \$70.5 billion. (For the purpose of demonstration, I've calculated the minimum monthly payment at 0.05% — two times the monthly interest rate if the average annual rate is 3% — here and in the accompanying chart.)

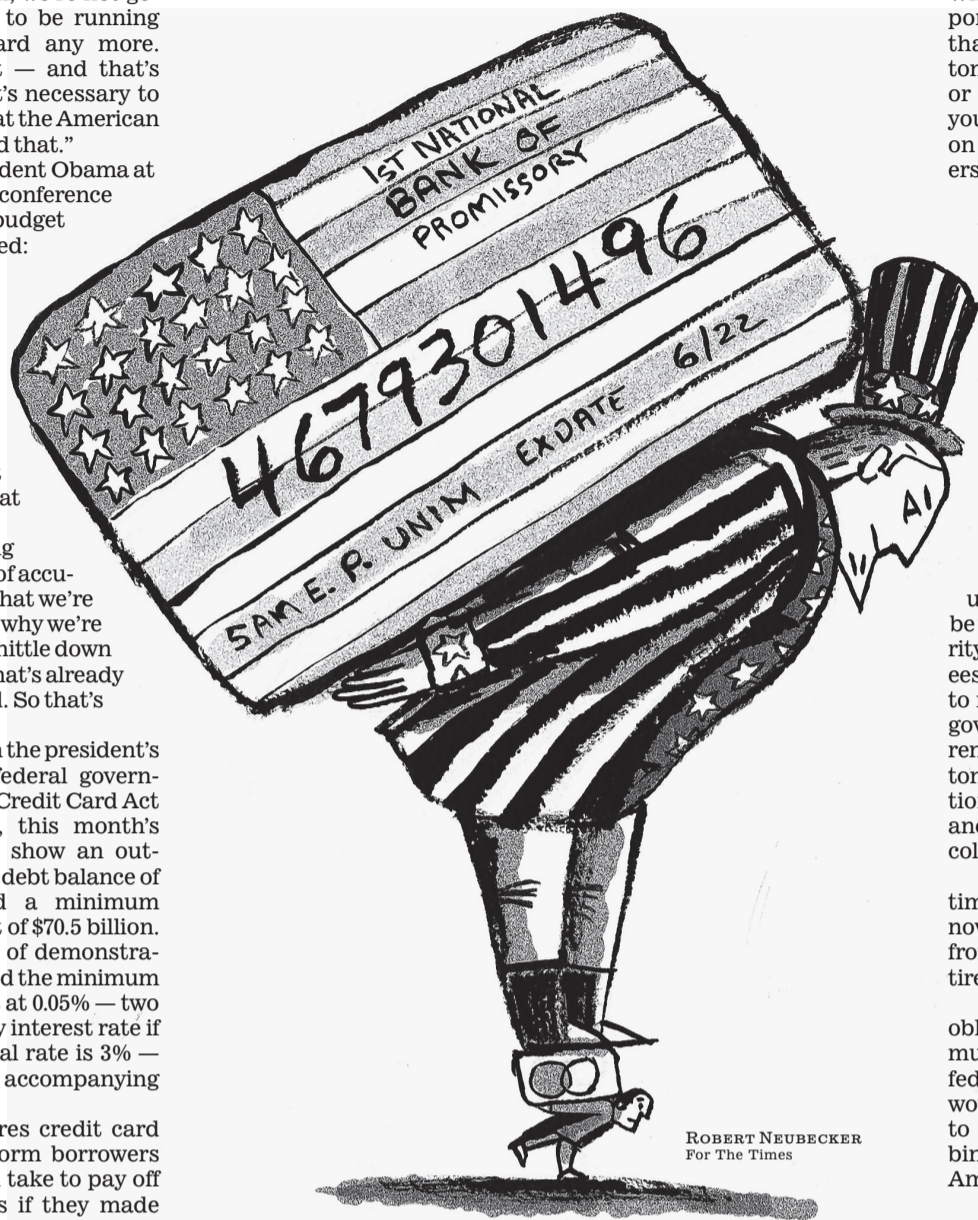
The law requires credit card companies to inform borrowers how long it would take to pay off their credit cards if they made only the minimum monthly payments, and how much total interest they would pay. With the limits on the debt ceiling quickly approaching, we need the same transparency from Washington.

But \$14 trillion is too large for most people to comprehend, so let's divide the debt among all U.S. households to get the more manageable figure of \$122,609 shown in the chart.

The average household carries \$7,500 in credit card debt. Each household's share of the federal debt is more than 16 times the average household's credit card debt.

"But," you say, "it isn't my debt. That debt belongs to the federal government." Wrong. The debt may be an obligation of the federal government, but the federal government gets all of its money from you. So, you are the one who is going to pay this bill.

"No," you say, "I'm not the only



ROBERT NEUBECKER  
 For The Times

## Payment information

If every U.S. household received a monthly credit card statement for its share of the federal debt, the statement might look like this:

New balance: \$122,609  
 Minimum payment due: \$613  
 Payment due date: 2/28/2011

If you make no additional charges using this card and each month you pay ...	You will pay off the balance shown on this statement in about ...	And you will end up paying an estimated total of ...
The minimum payment of \$613	23 years	\$170,426
A payment of \$920	14 years	\$149,889 (Savings = \$20,537)

Source: Antony Davies

Los Angeles Times

one. Corporations pay taxes too, so corporations will be paying some of this debt." Wrong again. Where do corporations get their money? From selling stuff to you. When the government taxes corporations, the corporations pay that tax either by charging customers (that's you) higher prices, or by paying its workers (that's you) a lower wage, or by passing on lesser profits to its stockholders (again, that's you).

In short, Uncle Sam is a lot like a teenager who's taken his parents' checkbook, and you're the parent! Uncle Sam might be signing the checks, but you're the one who is on the hook if the checks bounce.

The bad news isn't over. What we've seen so far is only the outstanding federal debt. In addition to this, the federal government has promised Social Security and Medicare payments to future retirees that, under current tax policy, it will be unable to pay. The Social Security and Medicare boards of trustees in 2009 reported that, in order to meet all of the obligations the government has promised current and future retirees, Washington needs \$50 trillion or so in addition to the future Social Security and Medicare taxes it plans on collecting.

That's not \$50 trillion over time, but \$50 trillion in the bank now, the principal and interest from which would help pay for retirees' promised benefits.

If we include these unfunded obligations in the debt, the minimum monthly payment on the federal government's credit card would be \$320 billion, a sum equal to almost one-third of the combined monthly income of all Americans.

Again, the numbers are so large as to be incomprehensible. So think about it this way. Even with every worker contributing half of his or her income to pay off our government's obligations, it would take almost 10 years to pay off this debt. In 2007, the Congressional Budget Office estimated that the wars in Iraq and Afghanistan would cost a total of almost \$9 billion a month. Based on that estimate, just the minimum payment on the government's credit card would fund more than 35 Iraq and Afghanistan wars, simultaneously, each month.

It's time that we stop treating Uncle Sam like an uncle and start treating him like an irresponsible teenager. It's time to take away this teenager's credit card.

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# Barking up the right tree

MEGHAN DAUM

**I**T'S BEEN A BIG WEEK for glittery, over-the-top and slightly perplexing contests. First the Grammy Awards ceremony, with its requisite preening and prancing and bizarre outfits, then two evenings of the Westminster dog show, which offered more of the same.

Not that the Leonberger or Finnish spitz showed up in a giant egg, as Lady Gaga did Sunday night. Nor did fans of the bearded collie, which was among the runners-up for best in show, take to defacing the Wikipedia page of the night's big winner, the Scottish deerhound, as Justin Bieber's fans did to the Esperanza Spalding page when she beat him for best new artist.

Still, the two events, which tend to fall within a few weeks of each other every year, have always shared some key traits. There are, for starters, the exotic names. Consider the following (those under 25 not eligible for this challenge): Lady Antebellum, Kings of Leon, Lamb of God, Casablanca's Thrilling Seduction, Swizz Beatz, Fireside's Spontaneous Combustion. Which are humans with an Auto-Tune machine and a dream, and which are high-achieving canines? Before I began this column I couldn't have told you. In fact, I'm still not sure.

Then there are the hairstyles. Red-haired singer Florence Welch sported her shaggy/wavy do, Lady Gaga wore a side ponytail that brought to mind a lopsided unicorn, and rapper Nicki Minaj had a leopard-print dye job under what can only be described as a massive white pouf of fiberglass insulation accented with a streak of black. As unique as these looks seem at first glance, they're merely knockoffs of the preferred coiffures of the Irish setter, the briard and the bichon frise.

The two events part ways, however, when it comes to judging standards. As with most big pop culture competitions, the Grammy Awards tend to reflect some nebulous combination of big sales and artistic merit, though the fact that past winners have included the elevator-ish likes of Kenny G, not to mention the lip-syncing duo Milli Vanilli, suggest that artistry has always been a rather fluid concept.

The dog show, on the other hand, has standards that are almost crudely transparent. Sure, the judges bring their own tastes and biases to the ring, but their task would appear to be as much a science as an art. Dogs are evaluated on, among other things, the size of their heads, the width of their shoulders, their gait, the arch of their tails and their overall body proportions. The standards can be specific down to fractions of an inch: the Ibizan hound must be 22 1/2 inches to 27 1/2 inches at the shoulder, for instance. And you thought being in a beauty pageant contestant was hard.

Speaking of which, dog shows are often equated (disparagingly) with beauty pageants, the idea being that it's just as shallow to favor dogs that conform to standards as it is to glorify women who fall within a relatively narrow range of body types, facial features and, arguably, personalities. It also bears mentioning that with millions of adoptable animals in shelters or on the street there's something vulgar about celebrating dogs bred for head size and height at the withers.

But there's also something kind of great about it, no matter how arbitrary or even silly the standards sound to the layperson. Because, let's face it, standards are rare these days. We're obsessed with contests, with survivors and competing bachelorettes and wannabe chefs, but we're a little fuzzy on what makes a winner. Is it raw talent? Is it originality? Is that intangible thing called star quality? Can any of these things really be accurately assessed anyway?

When you think about it, most of our opinions come down to the old "American Bandstand" school of criticism: "It has a good beat; I can dance to it." Beauty pageants, which are fundamentally about breast-to-waist-to-hip ratio, try to maintain the pretense that they're not quite as superficial as all that, hence the scholarship programs and the interview portion of the contest. The Grammys purport to represent the best of the recording industry, as judged by the recording industry.

But dogs don't vote each other on or off the island. They don't have to answer questions about world peace. They don't even have to wear swimsuits. All they have to do, quite literally, is measure up. And we really don't see enough of that these days.

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# Debt and a tough-talking governor

DOYLE McMANUS

**P**RESIDENT Obama's new budget contains no serious proposal for solving two of the biggest fiscal problems facing the federal government: Medicare and Social Security. And though Republican leaders in Congress are happy to take swipes at his proposals, they haven't come up with a serious plan of their own to fix those popular programs either.

But last week, one potential Republican presidential candidate took the brave step of proposing major changes in both Social Security and Medicare.

The governor of Indiana, Mitch Daniels, bluntly told the Conservative Political Action Conference in Washington that the nation's debt is our biggest problem — "the new Red Menace, this time consisting of ink," he said — and that his party hasn't confronted it squarely enough.

"In the cause of national solvency, [earnmarks] are a trifle," he said. "Talking much more about them, or 'waste, fraud, and

abuse,' trivializes what needs to be done and misleads our fellow citizens to believe that easy answers are available."

Instead, Daniels proposed focusing on the biggest components of future deficits, including defense spending and entitlements for seniors. He said it was time to "sunset" the current versions of Social Security and Medicare, maintaining them for current recipients and soon-to-be recipients but designing wholly new insurance plans for the generation that follows.

"These programs should reserve their funds for those most in need of them," he said.

"Medicare 2.0 should restore to the next generation the dignity of making their own decisions, by delivering its dollars directly to the individual, based on financial and medical need, entrusting and empowering citizens to choose their own insurance and, inevitably, pay for more of their routine care like the discerning, autonomous consumers we know them to be."

He said he hasn't worked out detailed proposals for his two new programs yet and, in any case, he says there would have to be long negotiations toward "new Social Security and Medicare compacts" with younger workers.

But in plain English, what he's suggesting is a new system that would provide more benefits to the poor than to the wealthy, making Social Security and Medicare look a little more like welfare and less like insurance. "Why do we send a pension check to Warren Buffett?" Daniels asked last year.

That kind of talk is certain to give defenders of the traditional programs fits; Social Security and Medicare have always been popular, in part, because their basic benefits flow to rich, poor and middle class alike.

For Social Security, he's proposing a higher retirement age,

just as the Simpson-Bowles deficit-reduction panel did.

And for Medicare 2.0, he's essentially proposing a voucher program, in which the next generation's senior citizens would choose private health insurance plans on the open market, paid for by the federal government — up to a monetary limit.

"Our proposals will be labeled radical," Daniels acknowledged

## Will Mitch Daniels' proposals for Social Security fly with GOP voters?

in his remarks to CPAC, "but this is easy to rebut. Starting a new retirement plan for those below a certain age is something tens of millions of Americans have already been through at work....

When they attack us for our social welfare reforms, we will say that the true enemies of Social Security and Medicare are those who defend an imploding status quo."

And he did, in an echo of the "compassionate conservatism" of George W. Bush, who hired him as director of the Office of Management and Budget in 2001: "We must display a heart for every American, and a special passion for those still on the first rung of life's ladder. Our main task is not to see that people of great wealth add to it but that those without much money have a greater chance to earn some."

Daniels' bracing fiscal message won praise from "tea party" conservatives for its uncompromising insistence on balancing the budget, but it's by no means certain that the radical changes he advocates making to future programs for seniors would translate to broad support should he decide to

run for president.

When I e-mailed Daniels' office last week to ask him to expand on a few points, my phone rang half an hour later — with the governor himself on the line. He's passionate about this stuff.

Wouldn't his blunt proposals on Medicare and Social Security make it more difficult for him to run for president?

"I disagree," he replied. "I don't know how you can run for president and not talk about these issues in a very frontal way." In any case, he added, he hasn't decided whether to run, although he acknowledged he's thinking about it.

If next year's Republican primary electorate looks like the tea party — focused on fiscal responsibility, lower taxes and smaller government above all else — Daniels could be a strong candidate. He took Indiana from deficit to surplus, cut state spending and won reelection by a landslide in 2008, even as Democrat Barack Obama narrowly won the state's presidential vote. Term limits mean he's out of a job after 2012; he'll be looking for something to do, no matter what.

He would also face serious hurdles. Are voters really ready for his cold-shower approach? Can he mend fences with social conservatives who want to talk about abortion and immigration as well as the deficit? And he's only 5 feet 7 inches tall; don't laugh, but in 17 of the last 21 presidential elections, the taller candidate won (Obama is 6 feet 1).

But win or lose, Daniels would accomplish something if he ran, something he's been hankering to do for years: He'd force voters (and other candidates) to look the deficit in the face, and to have a real debate, no holds barred, on the future of Social Security and Medicare.

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