There is so much noise over the federal budget situation that it’s difficult to think clearly on the subject. One wants to have a considered view—this is the nation’s future, after all. But too often, voices from polar ends of the political spectrum drown out clarity.

Indisputable facts are really hard to find. For example, until this spring one factoid that served to put extra urgency into the deficit-reducing campaign was this nugget from Harvard University economists Carmen Reinhart and Kenneth Rogoff: They found that once countries see their debt cross over 90 percent of GDP, economic growth stalls.

Turns out this fact is in dispute. Reinhart and Rogoff had made an error in their calculations. The “90 percent threshold” that some commentators had cited as crucial evidence that the United States must engage in immediate deficit-reduction efforts was effectively discredited. Depending on whose version you believe, it was either an “academic kerfuffle” or a major ideological blow to those calling for severe budget cuts, or “austerity.”

In one sense, though, the hubbub over what has become known as the Reinhart–Rogoff episode distracts from the core issue—that the United States really is on an unsustainable, long-term fiscal path. At the same time, as the Federal Reserve has noted, recent budget cuts have been a drag on the economy. How can we get to a place where we can hold a reasonable discussion about how to accomplish long-term fiscal sustainability without derailing the still-nascent recovery?
Policy papers galore have appeared with recommendations. But a less academic and more readable overview of the big picture is presented in *Here’s the Deal* by New York Times reporter David Leonhardt. Released in e-book form only, this volume delivers the basic facts underpinning the debate in less than an afternoon’s reading time. One may disagree with Leonhardt’s messages on the most efficient use of tax dollars, but it’s more of a stretch to quarrel with his fundamental assertion that the deficit problem won’t fix itself—we have to take action, painful as it may be.

More than statistics, the value of Leonhardt’s effort is in its perspective. His overarching, most compelling argument is that reducing the deficit for the sake of reducing the deficit is misguided. To the extent that large deficits impede growth, then they must be addressed. Ultimately, though, the goal for policymakers should be economic growth. A third of the way in, Leonhardt lays out the central question: “Does the country have the right balance between spending on the present and spending on the future?” Leonhardt’s argument is that the way things are currently set to shake out, the balance is tipped toward too little spending on the present and too much on the future. Right now, the amount of federal spending dedicated to everything besides military, health care, and Social Security is at its lowest percentage of GDP in 60 years.

He debunks the talking point that Social Security and Medicare are really self-financing because they are (mostly) funded through dedicated taxes, and thus don’t deserve the scrutiny they are receiving. “The federal government is one entity, financed by one group of investors,” Leonhardt points out. “When foreign lenders buy American debt, they don’t stop to ask which programs they are funding.” He asks whether it makes sense that older Americans should be spared in deficit-reduction sacrifices, given that federal spending on the elderly is actually more likely to rise in future years, and given that completely forgoing “youthful” spending in the form of investments in education and research is sure to come back to haunt the nation.

Leonhardt suggests the contours of a long-term plan that includes compromises many special interest groups will resist. In the process, he makes a broad call for public investments in infrastructure and innovation—a necessary role for government because private investment in such efforts may be lacking, to the extent that only a fraction of the payoff to those investments will flow to the investors and inventors. Investments in education are likewise an essential role for public dollars, and they are more likely to help reduce future deficits (via economic growth) than expand them.

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Now, in a highly combative political environment, these proposals might seem naïve. Good luck getting Congress to agree on this array of compromises! Yet that doesn’t change the fact that Leonhardt’s message is perfectly reasonable. When judged purely on merit, the ideas are definitely worth considering. Even if you disagree, the clear framework that Leonhardt lays out for thinking about the nation’s long-term fiscal situation is worth the price of *Here’s the Deal*.

Incidentally, Reinhart and Rogoff play a small part in introducing Leonhardt’s narrative. He references the 90 percent figure as motivation for his opening argument that “the federal debt—the accumulation of prior deficit—remains worrisomely high.” The 90 percent threshold may be controversial, but the fundamental observation that the nation’s debt poses a legitimate threat to long-term economic growth is not seriously contested. Should there be future editions of *Here’s the Deal*, Leonhardt won’t have to search very long to find any number of substitute references to support that point. ■