

Fixing the Moral Deficit: A Balanced Way to Balance the Budget

Ronald J. Sider. 2012. Downers Grove, IL: InterVarsity Press. ISBN 978-0-8308-3795-3, \$15.00 (pbk.).

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In this book, Ron Sider issues a clarion call for Christians to push for policy changes that would eliminate U.S. federal budget deficits over several years. He argues that expenditures must be cut and taxes raised, in approximately a 50/50 ratio. Comparing the economic conditions from 1980 to 2010 with those from 1945 to 1975, Sider concludes that the Great Recession and slow recovery of the U.S. economy resulted directly from policies and institutions that increased income and wealth disparities.

Sider's first order of business is show readers that "the crisis is real," the title of chapter one. Here he provides useful data regarding the history and trajectory of publically held federal debt, rising from 53 percent of GDP in 2009 to a projected 185 percent in 2035. In general terms, he explains why this is a problem, pointing to its tendency to raise interest rates and lower investment. Sider says that a continued rise in China's share of publicly held U.S. debt is a special problem because it weakens the United States in the geopolitical sphere. He does not elaborate.

In the same chapter, Sider presents a helpful chart and commentary about the relative shares of U.S. federal *deficits* (between 2009 and 2019) that can be attributed to the Iraq and Afghanistan wars, Bush-era tax cuts, recovery measures, the Troubled Asset Relief Program (plus bailouts of Fannie Mae and Freddie Mac), and economic downturn. The cumulative effect on federal deficits of the wars and Bush-era tax cuts is expected to account for almost 50 percent of the *total* U.S. debt in 2019 (an estimated 20 trillion dollars). Sider emphasizes here and later that the intergenerational burden of the U.S. debt is a special concern for justice.

Chapter two describes aspects of the U.S. economy that should disturb Christians, such as high and rising poverty and increased inequality. The chapter ends with a description of U.S. tax rates (falling as a share of GDP over last five decades), and a comparison of U.S. tax rates with similar countries (putting the United States in 16th place among 17 OECD countries, just ahead of last-place Turkey). Sider argues that Bush era tax cuts were unfairly skewed in favor of the rich, and that the very modest overall progressivity of state, local, and federal taxes is unjust. The chapter sets the stage for later development of Sider's argument that "fixing the moral deficit" must include higher and more progressive taxes along with expenditure cuts.

In chapter three, Sider offers a biblical argument that we must care for the poor. This, he argues, is a personal *and* political mandate for all

believers. Both radical individualism and communal collectivism are found wanting, given God's creation and purposes for human life. Putting our duty toward neighbors in perspective, Sider depicts our obligations as concentric circles, centered on the family, which is the domain of our most immediate responsibility. Sider moves us outward through circles of lessening responsibility: the local church, the global body of Christ..., and finally everyone in the world. With this in mind, Christians, who feel themselves burdened with calls for help from hundreds of Christian and other organizations, may see the virtue of focusing their attention on a few domains where their interests and skills are greatest.

God insists that we care for the poor, as he cares for each and every person. Sider points out that this Christian virtue does not trump all others (as some liberals would have it), such as the sanctity of life, peacemaking, sexual integrity, etc. However, God so identifies with the poor, that *in order to know God*, all Christians must defend the needy (Jeremiah 22:16). Sider insists that God's justice is a matter of both just procedures and just outcomes (not one or the other, as claimed by conservatives or Marxists). He points out that the Old Testament law required just procedures (such as avoiding bias toward the rich or poor party to a lawsuit) and fair economic outcomes (especially in the form of the Jubilee requirement that lands be returned to their original owners, in order to reduce intergenerational inequality). Sider's interpretation of land redistribution for today is that our society must find ways to ensure that "every person and family [has] access to productive resources so that if they act responsibly, they can earn their own way and be dignified members of society" (p. 56).

Although Sider rejects the libertarian view, he agrees that government should be limited. If not bound by limits, government's reach may undermine intermediate institutions, like the family, church, and private voluntary organizations. Nevertheless, based on a Biblical description of the king's responsibilities before God, Sider analogizes that modern governments are under divine mandate to care for the needy and protect the weak. Citing a statistic that 94 percent of all food assistance in the United States is financed by the government, while only 6 percent comes from private sources, Sider insists that the sheer number and needs of poor Americans are much too great for government to retreat from programs that effectively help them: food stamps, welfare, earned income tax credit, SSI (assistance for disabled persons), and Medicaid.

Chapter four is dedicated to a discussion of the Paul Ryan budget (passed by the U.S. House of Representative on April 15, 2011) and the Obama budget (for FY2012), released in February 2011. Sider finds strong and weak points in each budget, as judged against a set of "seven foundational principles" that Sider considers to faithfully reflect Biblical truths. These principles begin with an understanding that human persons

are made for both freedom and responsibility in community. In addition, justice is required for the poor, especially in ways that allow them to work and provide for their families. Economic inequality that prevents people from earning an adequate income is wrong. Government must play a role to promote economic opportunity. Finally, policies that allow one generation to benefit at the expense of future generations are unjust.

From these principles, Sider argues that effective government programs for the poor must be protected from being slashed for the sake of lowering the federal deficit. Wasteful programs should, of course, be ended. Tax increases should be targeted to have the greatest impact on those who are most able to pay. The defense budget should be cut, along with cuts in other expenditures. Budget items like education, infrastructure, and research should be protected as much as possible from large cuts. Expenditure cuts and tax increases should each contribute about 50 percent of what is needed to end the deficit. Finally, the move toward a balanced budget must be gradual, but with a target of 2020, at which time the debt should be brought down to 60 percent of GDP or lower.

Ryan's budget has the virtue of addressing long-term problems with Medicare and Medicaid, but violates Sider's principles by relying on cuts in programs aiding the poor for two thirds of his proposed spending cuts. It further violates Sider's principles by raising military spending and restoring Bush era tax cuts, thereby making the tax code less just toward the poor. While Obama's budget proposes some tax increases, expenditure cuts are much larger, thereby violating Sider's 50/50 rule. Neither Ryan nor President Obama offer a budget that reduces the federal deficit fast enough for Sider, thereby continuing to violate intergenerational justice.

Chapters five and six constitute the second half of Sider's book. They offer alternatives to Ryan and Obama proposals for deficit reduction. Sider's emphasis is on preserving programs that help and empower poor people, ending farm subsidies (including ethanol), changing the tax code in the direction of greater progressivity and equal treatment of capital and labor incomes, reforming Social Security, providing for greater access to health care while containing cost increases, as well as rethinking and consolidating national defense. This is the practical meat of the book. It is valuable for its discussion of what works in programs like food stamps and WIC, what changes may be required to improve programs like Head Start and Pell Grants, and the urgent need to make changes to ensure the long-term viability of Social Security.

In his discussion of the tax code, Sider explains the differences between taxed income and taxation of dividends and capital gains. He gives no credence to the claim that lower taxes on financial gains and lower marginal tax rates offer any benefit to economic growth or improving the condition of poor people. When citing sources, Sider takes at face value

the claims that fast economic growth during the early post-World War II period must have been the *result* of highly progressive taxes; and that slower, more unequal income growth in recent decades must be caused by policy changes that reduced tax rates, eliminated high marginal tax rates, restricted the power of unions, and failed to preserve minimum wage rates at decent levels.

Sider's book may be worthy of consideration by Christian economists for use to accompany a course textbook in introductory economics. As such, it could invigorate discussions of the federal government budget deficit and help identify priorities for government spending and taxation. The book lends itself to critiques based on consideration of: the incentive effects of tax rates on initiative and effort; the important difference between rising consumption equality and falling income equality (including cyclical components of the latter); the impact on income distribution (especially labor income) of low quality education and unequal development of the skills rewarded in today's international market; the perverse effects of a living wage; the non-issue of outsourcing for the overall condition of U.S. workers; and the consideration of serious trade-offs when approaching various avenues to deficit reduction.

The book could also serve as a useful launching pad for reflection in churches and among Christians about the issues. Even though Sider does not have *the* Christian answer to deficit reduction, discussions based on the book will help clarify issues. Furthermore, Sider offers good suggestions about how individual Christians and groups can honor their God-given call to protect the poor, and effectively weigh in on public policy debates. ■