Alexander Hamilton knew the secret for making public credit “immortal”: Back up your borrowing with taxes, to prove you can pay the money back.

So Simon Johnson and James Kwak say in “White House Burning,” a selective survey of how the U.S. government, ignoring Hamilton’s precepts, has piled up $15.6 trillion in debt.

This may be the last book Americans want to read as they scramble to file their income-tax returns today. Yet Johnson and Kwak bring dispassionate insights to bear on the bedeviling question of how to fix our fiscal mess before it gets fixed for us.

“Our national debt problem will be solved, one way or another,” they write. “After all, even default is a solution, though probably the worst possible one.”

Johnson, a former chief economist for the International Monetary Fund, teaches at the Massachusetts Institute of Technology and advises the Congressional Budget Office and the Federal Deposit Insurance Corp. Kwak is a law professor at the University of Connecticut and a fellow at the Harvard Law School Program on Corporate Governance.

Free to Choose

They are, in short, Eastern establishment wonks. Though they lean toward a paternalistic government, they work hard here to stand above the political sniping in Washington.

“We could have a minimal federal government that protects our borders, runs the federal court system, and largely leaves people and companies to their own devices,” they write. “We could have a social-democratic welfare state.” Or we could have “something in between,” such as the mixed economy that already exists.

What we can’t have -- unless we want to break our promises -- is a blanket refusal to make tough fiscal choices as the baby boomers shuffle toward retirement, with Social Security and Medicare for all. Something has to give.

Seeking to reframe the fraught debate, the authors reach through the mists of history to America’s foundational battles over taxation. The tale leads inexorably from the inauguration of George Washington as the first president of the U.S. -- a “fiscal basket case” -- to the partisanship that shoved the U.S. to the brink of default in August 2011.

Patriotic Plea

Evoking the Founding Fathers is a clever move, allowing the authors to wrap taxation in the stars and stripes. Hamilton, we’re reminded, believed in borrowing when needed and raising taxes to service the debt. Even Thomas Jefferson, who opposed Hamilton’s plans, wound up borrowing more than $11 million to help buy the Louisiana Purchase, they say.
When the young government forgot the fiscal lesson, bad things happened, we read. The blaze in the title alludes to August 1814, when British troops captured Washington and burned the Capitol and Executive Mansion, as the White House was known.

Hawks in Congress had been happy to declare war on Britain yet balked at raising taxes to cover payments on new debt, leaving the military desperately short on cash for soldiers, ships and guns.

That refusal, they argue, is reminiscent of Washington’s recent game of chicken over the debt ceiling. It’s a seductive analogy, one that sets up the purpose of the book: to remind voters that someone has to pay for all the goodies that the federal government provides, from hurricane-warning systems to pensions.

**Schizophrenic Voters**

Americans are schizophrenic about government spending. Large majorities, the authors rightly note, call it wasteful even though they oppose cutting into big-ticket programs, notably Social Security, defense and health care for seniors.

Mixing history with policy recommendations is a tricky business. Many readers will agree that government should stop heaping debt upon debt. They may be less enthusiastic when Johnson and Kwak propose to increase Medicare premiums, introduce a value-added tax and phase out the mortgage-interest deduction.

Their doubts may deepen when the authors ask if we, as individuals, can bear the risks of unemployment, sickness and the other vicissitudes of life.

“Are you and your family willing to face these risks alone, not knowing what will happen in the future,” they ask, “or do you want to live in a society that will protect you from misfortunes that lie beyond your control?”

*Magical Thinking*

We can agree or disagree with them on specifics. We can debate their version of fiscal history, too.

Did the era of large, permanent deficits reach a watershed during the Reagan years, as the authors suggest? Or did the point of no return come in 1971, when Richard Nixon slammed the gold window shut, allowing the Treasury to borrow without limit?

Or should we reach back further, to the days when Lyndon Johnson, forced during the Vietnam War to choose “between guns and butter,” as the authors say, “chose both.”

We can argue all of this until the repo man comes home. What we can’t keep doing is succumbing to what the authors call “magical thinking.” That includes railing against government spending even as you cash your Social Security check.

Europeans have a name for a country that’s unable or unwilling to raise taxes to pay for its debts. It’s Greece.