WASHINGTON — The air in the capital these days is thick with references to trillion-dollar deficits, debt-to-G.D.P. ratios and mandatory spending. But the budget debate that became fully engaged last week is about far more than accounting and arcane policy disputes. What is under way now is the most fundamental reassessment of the size and role of government — of the balance between personal responsibility and private markets on the one hand and public responsibility and social welfare on the other — at least since Ronald Reagan and perhaps since F.D.R.

The battle ahead “is the big one, and goes to the very major questions about the role of government,” said G. William Hoagland, a former Republican staff director of the Senate Budget Committee. “This is going to be a very fundamental clash of ideologies.”

The Democratic and Republican Parties have their own internal tensions to address as the debate goes forward in Congress and on the presidential campaign trail. But in its early stages at least, it is liberals who are on the defensive.

The aging of the baby boom generation and the costs of maintaining Medicare and Social Security have put the two pillars of the social welfare system on the table for re-examination. The growing weight of the national debt has given urgency to the question of whether the government has become too big and expensive.

The tepid nature of the current economic recovery, following big stimulus packages, has provided an opening to challenge the effectiveness of Keynesianism as the default policy option for government. And the revived energy of grass-roots conservatives has given electoral clout to the movement’s intellectual and constitutional arguments.

Arthur Brooks, president of the American Enterprise Institute, the conservative research organization, said, “The optimistic view is that we have a confluence of the business cycle, of the demography and of the politics that makes it not just possible to achieve real change, but impossible that we not deal with these things if we want this country to continue on the path envisioned by the founders.” So just
two and a half years after a presidential election that was in part a repudiation of conservative governance, and with the nation still smarting from the aftereffects of a financial crisis that grew out of failures of markets and regulation, President Obama finds himself in a somewhat surprising position: forced to articulate and sell a vision of how liberalism and the institutions it built in the 20th century can be updated for the constraints of the 21st.

The speech he delivered Wednesday at George Washington University in Washington was his most ambitious effort so far to do so. In it, he harnessed the language of both left and right to argue against the extremes on both sides while suggesting that many of their core principles were not mutually exclusive — in other words, that Great Society values can endure in a Tea Party moment.

He defined “patriotism” as a shared sense of responsibility for the vulnerable and less fortunate. Basic standards of security for the elderly and poor and government investment in a more prosperous future, he said, can not only coexist with a tradition of “rugged individualists with a healthy skepticism of too much government,” but are also a vital part of what makes America exceptional.

“We are a better country because of these commitments,” he said. “I’ll go further — we would not be a great country without those commitments.”

Republicans in Congress, he suggested, would shred that tradition under cover of a debate that is only nominally about the budget. “The fact is,” he said, “their vision is less about reducing the deficit than it is about changing the basic social compact in America.”

Conservatives would and did object to his implication of heartlessness, but not necessarily to his assessment of their ambition.

The Republican plan put forward by Representative Paul Ryan of Wisconsin, the chairman of the Budget Committee, and adopted by the House on Friday as its policy blueprint for the next decade contains a substantial dose of deficit reduction but is really a manifesto for limited government.

It would take big steps toward privatizing Medicare, slash upper-income tax rates, repeal last year’s health care law, bite deeply into nearly all federal programs and try to cap the size of government relative to the economy. But it also imposes a self-consciously moral judgment on the government’s role, suggesting that the same kind of demand for added personal responsibility that was embedded in the 1996 overhaul of welfare should now be applied more broadly, to food stamps, housing aid and health care for the elderly and the poor.

“The safety net should never become a hammock, lulling able-bodied citizens into lives of complacency and dependency,” Mr. Ryan’s budget proposal says.

William A. Galston, who was a domestic policy aide to President Bill Clinton and is now a scholar at the Brookings Institution, said Mr. Ryan deserved credit of a sort for addressing head-on the implications of the Republican Party’s increasingly rigid antitax posture, which since it took root in the late 1970s has put greater and greater pressure on budgets and the social programs they support.

“It represents the first serious effort to begin to bring Republican social policy commitments in line with their fiscal and tax commitments,” Mr. Galston said.

But he said Democrats, too, faced a credibility test. “They have held fast to the security programs in place since the 1930s, but without being able to successfully challenge the antitax orthodoxy,” he said. “The problem the Democrats have is that they can no longer say with a straight face that raising taxes on the wealthy is going to enable them to pay over the next generation for the programs they cherish. So what do you do?”
That question is being asked quietly within both parties, each of which faces its own internal tensions about how to proceed.

There are Republicans who fear that voting for the Ryan plan will put them out of step with their constituents. There are Democrats who think the tax-and-spend label is all too accurate. There are Republicans who might countenance voting for tax increases, and there are Democrats who are willing to meaningfully scale back the benefits promised by Social Security, Medicare and Medicaid.

In the Senate, a group of Democrats and Republicans operating independently of party leaders is trying to come up with a plan that neither party would like but both would accept as necessary. But they are debating basic values; it would no doubt be much easier if the argument was just about numbers.