



A Facing Up to the Nation's Finances Discussion Guide Making Sure our Government Manages our Money Responsibly

Introduction

With a national debt that is spiraling out of control, our nation has a lot of work to do to get its financial house in order. This is going to require progress on several fronts.

- We need to learn to stop running deficits every year, borrowing money to run the government, and thus creating long-term debt.
- We need to figure out how to provide Social Security and Medicare benefits to the huge baby boom generation that is about to retire without busting the budget.
- We need to make sure our leaders handle the nation's finances effectively and responsibly, so that waste, fraud and abuse are minimized to the extent humanly possible.

All of these questions need attention, but we can't deal with them all at once. This citizen deliberation guide begins by exploring the question: ***How can we make sure our government manages the nation's finances responsibly?***

Bringing the federal debt under control will mean making tough choices, such as cutting popular programs or raising taxes. But people will only be willing to make such hard choices if they trust their leaders to act responsibly, so that their sacrifices are not wasted. To help you think through the best way to do this, we describe several different approaches:

- *Limit Their Choices*: Put Systems in Place that Make it Harder for the Government to Spend Recklessly
- *Increase Transparency*: Make it Easier to See What's Going on so Government Watchdogs Can Do Their Job
- *Remove Temptation*: Change Behavior by Changing Incentives

Through your deliberations on these choices, it will be helpful to keep several questions in mind.

- Which of these approaches would do the best job creating more responsible management of the nation's finances? Why?
- Are there other measures that we should be considering, besides those covered in these choices?
- What do your deliberations suggest that you and your fellow citizens can do to improve the situation?

Approach 1. Limit Their Choices

Put Systems in Place that Make it Harder for the Government to Spend Recklessly

According to this point of view, since we can't always trust politicians to use good judgment, we should create rules and procedures that *require* them to act responsibly. In other words, the more leeway we give politicians and government bureaucrats, the more likely it is that they'll waste the nation's money.

Therefore we should:

- *Live within your means.* Pass “pay-as-you-go” legislation, meaning that if a spending bill is passed, it must be offset by either a spending cut someplace else in the budget or a raise in taxes to cover the new expenses.
- *The Amendment approach.* Pass a balanced budget amendment. Most states have this and it simply makes it illegal to run a deficit and run up debt.
- *Set tough, long-term financial goals.* Right now, the federal government has projections but no actual long-term targets for reducing the deficit and paying off the debt. Other countries have legally binding plans to pay down their debt or to set limits for spending and taxes.

Arguments in favor: This is the simplest answer to the problem because it removes the possibility of creating more debt by borrowing money to cover our expenses, and therefore guarantees more responsible spending by government.

This will require government officials to think ahead, plan carefully and worry about the long-term budget issues instead of focusing on short-term politics.

This brings government in line with the realities that businesses and families face every day: your spending has to be in line with your income.

Arguments against: This is a dangerously inflexible approach to governance. Sometimes the government needs to borrow money in a national emergency, such as a hurricane or a terrorist attack.

This approach also obstructs responsible borrowing for important investments in things like education, new technologies or new sources of energy that can be vital for our economic future. It's like saying that just because some people run up their credit cards too much, no one will be allowed to take out a student loan anymore.

This doesn't do anything to keep government open and honest – without ethics reform and greater transparency, politicians will just end up fighting over a smaller pie.

Approach 2. Increase Transparency

Make it Easier to See What's Going on so Government Watchdogs Can Do Their Job

A better way to create more trust and accountability is to make sure politicians can't hide what they're doing, so government "watchdogs"—like the news media, good-government organizations, and concerned citizens—can keep an eye on them and hold them accountable.

Therefore we should do things like:

- *Make the federal budget easier to understand* We need to simplify the presentation of the federal budget, and also require that it be placed on the Internet each year in an easily searchable form. That way, reporters and watchdog groups can easily find out what the government is proposing to spend the nation's money on.
- *Protect whistle-blowers.* Pass strong legislation that protects and rewards "whistle-blowers" (government employees who "blow the whistle" on wasteful or corrupt spending) so they'll come forward and bring abuses to light.
- *Shine light on "pork-barrel" spending.* When members of Congress add spending bills for pet projects to an existing piece of legislation this is technically called an "earmark"—also known as "pork." Right now, members of Congress simply vote for the bill as a whole, without needing to cast individual votes for any "earmarks" that have been added – even if they have absolutely nothing to do with the original legislation.

Instead, we should require members of Congress to make a formal vote for each added "earmark" to create a public record of their support for that additional spending. We also need an online earmark database that identifies every such project, along with who sponsored the earmark, who benefits, and which representatives voted for it.

Arguments in favor: The best way to clean up government spending is to bring keep things out into the open and keep a close eye on them—as they say, "sunlight is the best disinfectant."

Government employees should be encouraged to stand up for what's right – and protected from retaliation when they do.

Maybe there's nothing wrong with members of Congress getting money for their home states, but if so, they should stand up and take responsibility for it.

Arguments against: This sounds fine in principle, but in practice the federal government is so vast and complex it's impossible to keep enough of an eye on it.

Transparency by itself is not enough. Campaign contributions have been public for decades, but politicians and donors always find a way around the rules.

The real problem is how the government taxes and spends our money. We need to actually change the way that's done, not just get a better view of how the government does it.

Approach 3. Remove Temptation

Change Behavior by Changing the Incentives

As things stand now, there are too many incentives to avoid making politically tough decisions or waste the nation's finances on pet projects. If we remove the most corrupting influences and incentives from the political system, and create new incentives for responsible behavior, we can expect politicians to exercise better judgment in how they manage the nation's finances.

Therefore we should do things like:

- *Reform campaign finances.* Elections are so expensive that candidates can't help but become dependent on big donors. We should reform campaigns so politicians are less beholden to big campaign donors and therefore less tempted to do them favors by adding spending bills to keep them happy.
- *Tighten ethics and lobbying rules.* There need to be severe penalties for politicians who abuse the system when they have a conflict of interest.
- *Create positive incentives.* The public should reward politicians who manage the nation's finances responsibly through their votes. Moreover, we should provide bonuses to government bureaucrats who improve efficiency and save the nation money by figuring out how to do more with less.

Arguments in favor: If we want leaders who can exercise judgment on behalf of the greater good we need to stamp out corrupting influences and punish irresponsible behavior.

At the same time, we need to reward responsible behavior. We need carrots, not just sticks, if we really want to change how the system works.

Voters are the key to changing the system – if the public held politicians accountable for how they spend the taxpayers' money, we'd have better government.

Arguments against: People have been talking about things like campaign finance reform for years and we've seen very little, if any, progress. We need faster solutions before we're so buried in federal debt we'll never be able to get out.

This sounds good, but we have to give voters the tools they need to make better decisions, like a more open and transparent government.

A government can be honest and still avoid tough decisions on things like Medicare, particularly if the voters aren't ready to make sacrifices.