

Dead Men Ruling

Let's get the facts straight. The nation's current fiscal mess stems from increasingly foolhardy efforts by both major political parties to control an uncertain future long, long before it has arrived. We've been in budget jams before, but not like this one. For perspective, what if during William Howard Taft's presidency Congress had enacted laws that would predetermine all spending from its day on and well into the 21st century?

As economic growth swelled government revenues, these legislators would continue to prescribe—from six feet under—how to divvy the spoils. Their well-worn policy wheels would run over future elected officials and voters, preventing them from embracing new priorities unless they simultaneously rescinded past promises written into the law.

Unable to see their way out of this logjam, the next generation of Republicans and Democrats would only make it worse—waddling back and forth between promising even more benefits relative to what could be delivered and enacting low-cost but ineffectual policies to achieve symbolic results. Each party would hope the other would be forced into damage control on the budget but would view it as political suicide to take action itself.

Ludicrous scenario? Not really. Over decades, we have wound just such a straightjacket policy around ourselves and then recently tried to tighten it for all posterity. Especially in retirement, health, and taxation—budget areas where now-dead or retired members of Congress inscribed permanent policies—annual decisionmaking and regular review have been choked off and future generations saddled with the tab or forced to raise the resources to meet those past promises.

Make no mistake: this fiscal crisis is unique in our nation's history. And it's costly. Most important, it robs voters of democratic choice. It treats future generations like adolescents who cannot be trusted to do the right thing. It invites weak leadership since every step forward requires what an outraged public may perceive as renegeing on past promises. It also explains why neither political party, when confronted with basic budget arithmetic, can define itself with a coherent slate of domestic policies. For instance, the Democrats can't solve the problem merely by taxing the rich a bit more, and the Republicans can't solve it by merely shifting some Social Security monies to individual accounts.

Although we're currently stuck in this increasingly complex labyrinth where ever more is promised to each person for an uncertain future, it's beginning to crumble. Only major systemic reform can restore a normal democratic process. Each generation must regain the right to decide whether and how government should spend more as economic growth adds to revenues, and whether it should return some of the surplus as tax cuts. This major restructuring of budget, expenditure, and tax laws and processes must bring back the budgetary wiggle room needed to fund new policies and programs.

Despite media stories to the contrary, the deficit is only a symptom of a system overburdened by promises that together cannot be kept. Even if Congress were brave enough to aim for zero deficits in the future, there would still be no future budgetary slack. Limiting current debt to what can be covered by future assets is not the same as future money in the bank to spend on new priorities. If the economy quintupled in size, as it did last century, and revenues also quintupled (or quadrupled or sextupled, depending upon how political power evolved), yesterday's laws would still hamstring us for decades and centuries to come.

As gloomy as this prospect is, fixing the budget is easy to achieve economically. Automatic growth in government expenditure and tax subsidy programs for the most part needs to be curtailed and made more discretionary—determined less today and more tomorrow, when future needs and priorities are better known. Indeed, until very recently, no government has seen fit to obligate income so far into the future. Thus, restoring democratic choice is almost entirely a political issue, requiring of our leaders a decision to stay within today's budget and leave tomorrow's to our children and theirs.