

PRIMARY & SECONDARY SOURCES



Reading 15

THE BEST OF LEGISLATION, THE WORST OF LEGISLATION



Balancing the federal budget is one of the top priorities of the government every year, and a very difficult one, according to Richard D. Lamm, former governor of Colorado, a Democrat, and Hank Brown, former Colorado senator, a Republican. The effectiveness of legislation to balance the budget will determine the amount of debt left to future generations. As you read the excerpt below about the legislative debate in 1998 and the need to balance the federal budget, consider why budgets are necessary and what makes a budget successful or unsuccessful.

President Clinton and the Republican and Democratic leadership made national news in August [1997] when they signed the 1998 federal budget legislation and announced that at long last the federal budget was going to be balanced. How much should we celebrate? To paraphrase Charles Dickens, it was the best of legislation, it was the worst of legislation. Indeed, the legislation's ambiguity is a wonderful example of why citizens find it so hard to evaluate public-policy actions—or even to know who is trustworthy enough to deserve a hearing.

That Congress got a bipartisan agreement in Washington's partisan atmosphere is no small achievement. Political in-fighting on Capitol Hill often allows our nation to go months into the new fiscal year without a federal budget. . . .

The legislation did numerous things like reduce the capital gains tax and restore benefits to legal immigrants. . . . Most importantly, though, this agreement reflected a sharp philosophical change across the entire political system. There is now bipartisan agreement—verbal at the least—on the need to balance the federal budget. That both political parties seem to recognize that we can't borrow indefinitely from the future is a major step forward. Debt is economic cocaine: it is a hard addiction to break.

But this was also, to continue the Dickens paraphrase, the worst of legislation. It did not balance the budget, and it did not acknowledge or take into consideration the true nature of the budgetary challenge that lies a few years in the future. . . .

But many Americans, probably many readers of this article, will ask why it is important to balance the federal budget. The question needs answering. First, as a matter of sheer principle, we feel that every generation should pay its own way. Thomas Jefferson said it so well: "No

generation can contract debts greater than may be paid during the course of its own existence. The earth always belongs to the living." We agree that it is appropriate to borrow from the future in emergency circumstances—when you're fighting Hitler and a Depression, for example. But this country is now borrowing from the next generation to maintain our standard of living. . . .

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Look at how we have been increasing the borrowing compared to the size of the economy (gross domestic product)—one good indicator of the magnitude of the borrowing:

	Debt	GDP
1981	\$1 Trillion	\$3 Trillion
1986	\$2 Trillion	\$4 Trillion
1992	\$4 Trillion	\$6 Trillion
1997	\$5.4 Trillion	\$7.8 Trillion

In a few short years, the present generation has increased the federal debt from one-third of the GDP to five-sevenths. . . .

Second, we feel that our legislators should tell the truth about our nation's finances. Though political leaders bragged last year of "the smallest federal deficit in years,"

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this nation still borrowed \$244 billion from the next generation for government services that we used but didn't want to pay for. Such increases in debt can occur in part because the U.S.'s federal accounting system seems deliberately designed to mask borrowing—to hide the true debt and true deficit. Of course, as long as debt can be hidden the problem can be minimized.

How can the true state of budget be camouflaged? It's fairly easy when the stated federal debt doesn't reveal all the debts we actually leave to the next generation. Every year this country adds dramatically to the costs left to the next generation through something called "unfunded liabilities"—obligations left to our children for benefits we are now enjoying: military pensions, federal civil service pensions, increases in Social Security and Medicare. . . .

To be sure, deficit spending is worldwide and can be found at every level of government. But at least European countries are starting to debate what it will take to retire the baby boomer generation. One way we avoid that debate is precisely through the clever accounting system called the Unified Budget, which allows legislators to borrow from a large number of federal trust funds without having that borrowing reflected in the consolidated federal budget. . . .

In essence, our government has constantly understated the extent of the debt we are leaving our children by surreptitiously borrowing "off the books." . . .

We have presented, then, two good reasons for balancing the budget. One is the moral imperative to pay for the services we enjoy. The other grows out of a moral imperative to be truthful about the money we spend: if Americans really had an accurate accounting of how much their nation's spending exceeds its funding resources, they would, we believe, be more likely to demand that their country's fiscal house be put in order.

There are of course, equally good practical reasons to balance the budget. If this country does not achieve fiscal responsibility, the next generation will face national bankruptcy. . . .

One of the reasons Americans have such a hard time balancing the budget—or even being honest about the full extent of obligation on the next generation—is that fiscal responsibility means we must make some painful adjustments in America's most popular programs. . . . There is no silver bullet that will bring about a balanced budget.

Lamm, Richard D., and Hank Brown. "The Best of Legislation, the Worst of Legislation." *The Christian Century*, December 3, 1997

ANALYZING THE READING

1. According to the article, what was beneficial about the 1998 budget?

2. Why is it important to balance the budget?

3. What are "unfunded liabilities"?

4. What are the moral and practical reasons for balancing the budget, according to the authors?

5. Based on your reading of this article, do you feel that the budget should be balanced? Why or why not?
