The Heritage Foundation Backgrounder

No. 819 The Heritage Foundation 214 Massachusetts Avenue N.E. Washington, D.C. 20002-4999 (202) 546-4400

The Thomas A. Roe Institute for Economic Policy Studies

March 27, 1991

A TWELVE-STEP PROGRAM TO CURE SPEND-AHOLISM

INTRODUCTION

Many members of Congress and officials of the Bush Administration have a serious problem that they refuse to recognize: They are addicted to spending other people's money. They are spend-aholics. In recent years they have driven federal spending, budget deficits, the national debt, and taxes to record levels. Typical of individuals with addictions, often they place the blame on others or on economic "forces" beyond their control. Yet these policy makers in fact have complete control over their expenditures. Like those addicted to alcohol, drugs, or gambling, what they lack is the discipline and self-control necessary to overcome a compulsion that harms themselves and the nation.

Elected officials in Washington over the past decade have promised time and again to put America's fiscal house in order. They have failed to do so. They have collected increasing amounts of tax revenue, only to spend it all and more. From fiscal 1982 to fiscal 1991, federal tax revenues grew roughly at a rate of 3.3 percent annually above the rate of inflation. This brought in an extra $254 billion in revenue, after adjusting for inflation. But during this period, Congressmen and Senators spent an inflation-adjusted total of $255 billion.

Broken Promises. In 1982 they promised that for every dollar they raised in new revenue in the tax legislation passed that year, they would cut $3 in spending. Instead they raised spending by $1.25 for every dollar in new taxes.

Last November they claimed to have cut spending to the bare bone, and insisted that to reduce the deficit significantly, they would need an extra $165 billion from American taxpayers. They already were receiving $85 billion in revenues over the previous year. Yet they boosted spending by $96 billion.

And this year the Bush Administration seeks to raise domestic spending by 8.2 percent, or 3.9 points above the rate of inflation.

Instant Gratification. This sorry spectacle reveals that members of Congress and Bush Administration officials cannot control their urge to spend. From a political perspective, spending money is the easy thing to do – the political form of instant gratification. The voters who benefit from the projects or subsidies funded by someone else's money tend to be pleased at election time with the politicians who voted for the handouts. These voters, however, usually do not appreciate the damaging effects on the economy of high levels of government taxing and spending.

The elected official on a spending binge need not make difficult choices between spending priorities. He or she can spend on everything. And he or she need not worry immediately about where the money for this expensive habit will come from. Like a compulsive shopper, the lawmaker buys on credit – in this case, someone else's credit. As the budget deficit grows, the spend-aholic can even blame the problem on other big spenders. And when it becomes necessary to raise taxes to keep up the spending spree, each member of Congress can claim that it is the other members' "wasteful" spending that is causing the problem. His spending, he claims, accounts for only a fraction of the total.

As is the case with all compulsive behavior, excessive spending ineluctably leads to more spending. As elected officials take more and more out of taxpayers' pockets, the taxpayers find their standards of living dropping and their "friendly" politician offering them more help in the form of more spending. A compulsive gambler plunges into a spiral of debt followed by more gambling to win quick money to meet growing obligations, greater losses and, inevitably, even greater debt. Similar is the compulsive spender. The victim is the federal government's fiscal health.

Cry For Help. In lucid moments, nearly all elected officials admit that if present behavior continues, America's economic health will continue to decline. The people themselves will suffer as a result of these policy makers' sad addiction. The budget agreement approved last fall was the latest binge and a cry for help from members of Congress and Administration officials: "Stop us before we spend again."

As is the case with alcoholics, drug addicts, or compulsive gamblers, compulsive spenders need not resign themselves to their addiction. Problem drinkers can turn to Alcoholics Anonymous and other groups that help them break their addiction. Spend-aholics too should be able to seek similar help. In Congress and the Administration, those members or officials who wish to break their habit or to help others control the urge to spend perhaps should start a "Spend-aholics Anonymous." Members could take a pledge to follow a twelve-step plan to break their addition. These steps are:

1) Admit that you have a problem that you cannot control.

2) Admit that there is a national interest higher than narrow district or state interests.

3) Understand that maintenance spending as well as binge spending are both addictions to be broken.

4) Stop lying to yourself about compulsive spending by abandoning "current services budgeting" and other budget tricks.

5) Do not replace direct spending with the other addiction, of mandating special benefits or privileges to some groups at the direct expense of others.

6) Avoid the company of other compulsive spenders or spending enablers such as lobbyists.

7) Do not become a dealer, supporting your spending habit by helping others to spend.

8) Make clear, in concrete terms, the costs of spend-aholism, including requiring taxpayers to make one lump sum tax payment to the Treasury annually rather than allowing the magnitude of the spending problem to be disguised by withholdings from each paycheck.

9) When struck with the urge to spend, call several hard-working taxpayers and ask their opinion.

10) Identify the specific groups harmed by compulsive spending.

11) Attempt to make amends for the damage of spend-aholism and remove future temptations: cut taxes and restrict the government's power to spend.

12) Carry the message of fiscal responsibility to other spend-aholics and to the American people.

After decades of big spending followed by tax hikes followed by more spending, the American people will welcome sincere and honest attempts at fighting the addiction. Voters will wish the recovering spend-aholics well, for their sake, their nation's sake, and the sake of future generations who otherwise will bear the burden of this debilitating addiction.

A PROGRAM FOR THE SPEND-AHOLIC

Alcoholism or any other addiction is a serious problem requiring firm help from family, friends, and acquaintances. Similarly, spend-aholics need taxpayers to insist that they get control of their problem. Coddling compulsive spenders merely makes matters worse. What is required is tough love.

Some members of Congress have been exemplary in their fiscal responsibility and attempts to curb runaway spending. Others have never encountered an expenditure they did not like and actively seek out new ways to pass out other people's money. Both kinds of elected officials and those in between must understand that the spending problem in part is due to their own weakness and inability to resist temptation. Yet the problem also is in part the result of the congressional budget process that thrusts temptation before members, making excess spending difficult to resist. Thus, breaking the chronic spending cycle requires both a change in personal habits and a change in some institutional procedures.

To bring the situation under control, each member of Congress and the Administration officials involved in the fiscal 1992 budget, should take a pledge to follow twelve steps that will help them overcome their addiction to spending and help their colleagues do the same. They should:

STEP #1: Admit that you have a problem that you cannot control.

During the past decade, the growth in federal spending has continued to outpace the growth in revenues. Total revenues grew healthily from $517.1 billion in fiscal 1980 to an estimated $1,091.4 in fiscal 1991. During that same period, spending climbed from $590.9 billion to $1,445.9 billion. Congress in 1982, 1983, 1984, 1987, and 1990 gave in to the temptation to expand spending faster than the growth in revenues, and then hike taxes further. Each time the lawmakers promised to reduce the deficit by slowing spending in return for new taxes. Yet each time they succumbed to their addiction, further boosts in spending far exceeded revenue increases.

Some members of Congress speak of federal spending as if it simply "happens," like the forces of nature. They act as if they are not responsible for growing expenditures and that their power to control spending is limited. Indeed, lawmakers actually describe portions of the budget as "uncontrollable." They speak of spending impersonally and abstractly. "There is a fiscal problem," they might say, or "Revenues do not match expenditures." Or they complain, "If we cut taxes, *we* could see a reduction in *our* revenues."

Evading Responsibility. These words are little more than a way for spending addicts to evade their own responsibility for America's economic problems. What they should say is, "The President and we 535 members of Congress keep hiking spending well beyond the country's needs or ability to pay." Or, "If we elected officials cut taxes, we will have to limit our spending habits and you taxpayers would be allowed to keep more of your own money."

Spending does not just "happen." Members of Congress vote on every appropriation. The President signs every spending bill except for the exceedingly rare measure passed over his veto. Together, the President and members of Congress are responsible for runaway spending.

The most ambitious attempt by Congress to deal with the spending crisis was the Gramm-Rudman-Hollings Deficit Reduction Act of 1985. This set budget deficit targets that were to decline each year until the budget was to be balanced. If the targets were not met, a device called a "sequester" was to be triggered to cut spending automatically across the board. Congressmen and Senators at last seemed to understand that they had a spending problem and thus that they needed to impose automatic controls on themselves.

But even this was not enough. From the beginning the lawmakers limited the programs that could be cut by the automatic sequester. Still, Gramm-Rudman-Hollings, when left to operate as designed, did slow the growth in spending.

Until 1987. Then, craving more spending, Congress raised the deficit targets to permit lawmakers to spend just a little bit more. And like taking "just one drink," Congress was on its binge. In the Bush-Congress budget agreement last fall, to avoid a sequester, Congress gutted the Gramm-Rudman-Hollings controls, and raised taxes and spending to record levels.

This sordid record makes it clear that lawmakers must do what they have refused to do: face their problem honestly and openly. The President and each member of Congress must face the American people and say, "I have a problem. I am a spend-aholic."

STEP #2: Admit that there is a national interest higher than narrow district or state interests.

American hard work has built the world's and history's richest country. For these efforts, Americans have earned their high living standards. The noble purpose of government and responsibility of elected officials is to protect the life, liberty, property, and the pursuit of happiness of citizens. Federal spending is not an end in itself; it is a means toward this higher end. The compulsive spenders in Congress and the White House seem to forget this. They take ever more money from individual Americans, lowering their living standards, in many cases to buy favor from narrow interest groups. To conquer this habit, each lawmaker, when considering an appropriation or program, should ask:

> "Does this program serve only local or special interests rather than national interests?"
>
> "Has this program failed, outlived its usefulness, or been duplicated by other programs?"
>
> "Is this really a job for government or can private charities or private businesses provide this service?"
>
> "Has the government itself created the problem through ill-conceived policies?"
>
> "Does the government stand in the way of a private solution?"

The Democrat chairman and Republican ranking member of each congressional committee should ask these questions of each spending proposal.

Knowing their tendency to spend on programs that serve only parochial interests, members of Congress would do well to provide a means by which their decisions might be reviewed in light of the national interest. This could be done if Congress explicitly grants the President a line-item veto. This would mean that rather than vetoing an entire bill, the President could cross out specific wasteful or unnecessary items. Governors in 43 states already have such power. Since the President is elected by the nation as a whole, he tends better to represent the national interest as opposed to narrow local interests.

STEP #3: Understand that maintenance spending as well as binge spending both are addictions to be broken.

Many policy makers rationalize that if they spend only a little more than last year, that they have spending under control. This is the equivalent of the alcoholic saying, "It's only one extra drink." This is how the spend-aholic's addiction grows.

Many current programs are widely recognized as wasteful and redundant. Yet they are never seriously questioned when they come up for reauthorization. Example: The Rural Electrification Administration consumes $2 billion per year even through 99 percent of rural America has been electrified. The Small Business Administration consumes $467 million per year to boost the creation of small businesses even though 99.8 percent of Americans businesses do not use the program.

Congress rarely eliminates a program. During last year's Bush-Congress budget summit catastrophe, for instance, not one federal employee was cut nor was one dollar cut from domestic spending nor was one program ended. In fact, the number of federal employees has grown steadily over the last decade, from 2.77 million in 1982 to 3.09 million in 1990, a 12 percent increase. Between 1989 and 1990 alone, the federal workforce jumped by nearly 100,000.

If maintenance spending has added to the serious budget problems that the country now faces, last year's outright binge spending lifted all restraints on appropriations, removing even the fiction that Congress and the Administration are trying to deal with their problem. The fiscal 1991 budget and the budget submitted by the White House for fiscal 1992 together increase domestic spending by 20 percent.

False Compassion. Often, when a seeming problem faces the country, elected officials do not ask what really is its cause and what, if anything, can and should the federal government do. They equate spending money with "caring" and "compassion." This is the equivalent of taking a drink to cope with serious personal problems. Nothing is solved. Typically, as a result of the binge, the situation gets worse.

An alcoholic starts with the assumption that zero is the proper level of drinking. So too should a lawmaker start with the assumption that zero is the proper level of spending for a program. Then lawmakers should ask afresh each year, "Do we really need this particular expenditure? Is it vital for the national interest?" To this end, every program should include a sunset provision to shut itself down automatically after a given period. No program should be authorized for more than five years. To keep a program operating, Congress would be required to conduct a complete periodic review.

A good way to avoid binge spending is for Congress to hold strictly to budget process rules. Much binge spending comes during hectic budget summits or the final days of a legislative session. Behind closed doors in conference committees to hammer out differences between House and Senate bills, many new spending items never approved by the appropriate committees in the two Houses are added to appropriations bills. In the rush to adjourn, members are forced to vote on budgets, often running more than 1,000 pages, that they have no time to read.

To head off situations conducive to binge spending, all conference committees should be open to the public. No item not in either the original Senate or House bill should be added in conference. A vote by the full House and Senate on a conference bill should be taken no sooner than two weeks after the bill is voted out of the conference committee. This will give members a chance to read what they are voting on. Finally, Congress should require a two-thirds vote to override its own rules.

STEP #4: Stop lying to yourself about compulsive spending by abandoning "current services budgeting" and other budget tricks.

Each year Congress and the Administration start with the previous year's spending levels and from them project how much they believe spending should increase. If they spend more than the prior year but not as much as the projected increase, this spending hike is called a "cut." This deception results from the "current services" method of budgeting. Example: a program that this year costs $100 million could be projected, under current services budgeting, to cost $110 million next year. If $110 million in fact is appropriated, no spending increase is recorded in the budget – even though $10 million more has been spent. To make matters even more deceptive, if $105 is appropriated, it is recorded as a $5 million "cut" because it is that much below the projections – even though it is a $5 million increase.

Such a scam would allow the alcoholic to pretend that he is cutting back on drinking if his consumption goes from nine drinks a day to ten drinks but is below a "projected" increase of twelve drinks. This, however, would fool no one. The deliberate complexity of the "current services" budget, by contrast, allows elected officials to behave like uncontrolled alcoholics while being able to lie to the public about their spending habits. Supporters of last year's budget agreement, for example, claim to have "cut" spending by nearly $500 billion over a five-year period. Even including their other budget tricks, this "cut" is in fact a $231.54 billion increase over the fiscal 1991 level of $1290.04

billion. And this is adjusted for inflation. Congress and the White House will not be able to gain control of their pending addiction until they abandon current services budgeting.

Another self-deception that masks the spending binge is to put expenditures "off budget," that is, not to include them in the official federal government spending and revenue figures. This hides the real magnitude of the spending problem. It is like secret drinking. In 1989, for example, spend-aholic Richard Darman, Director of the Office of Management and Budget, claimed to "save" $2 billion by taking the Postal Service off budget. Last year, Darman varied this trick to argue for higher taxes; he brought what had been the off-budget costs of the savings and loan bailout back on budget to make the deficit look large, bolstering his claim that spending cuts alone could not significantly cut the deficit.

Government loan guarantees, for example, for privileged businessmen seeking money from a bank, or insurance for bank deposits in case of a bank failure or for a farmer's crops in case of bad weather, are other means by which officials try to hide their spending addiction. Chronic spenders typically claim that such guarantees and insurance "cost the taxpayer no money." This is the equivalent of the chain smoker switching to filter cigarettes and then smoking an extra pack per day or of the heavy drinker switching to "lite" brews but then belting down extra drinks.

Government loan guarantees and government insurance are debit's on federal accounts that easily can come back to haunt the government. The Federal Savings and Loan Insurance Corporation (FSLIC) for example, insures nearly $960 billion in deposits. For years lawmakers ignored this liability, insisting that it imposed no cost on the payers. Now, of course, Americans are learning the painful truth as the FSLIC begins to pay between $150 billion and $300 billion to cover losses for insolvent S&Ls. The Federal Deposit Insurance Corporation insures some $1.8 trillion in deposits in commercial banks. With these banks facing economic difficulties, the American taxpayer might soon be forced to foot the bill for hundreds of billions in losses.

Loan guarantees and insurance, which often are used by spend-aholics to secretly indulge their habits, should be listed in the budget as liabilities.

STEP #5: Do not replace direct spending with the other addiction, of mandating special benefits or privileges to some groups at the direct expense of others.

Compulsive spenders usually take money directly from one group and give it to others. But sometimes they achieve the same effect indirectly. They can mandate that one group provide another group with special benefits. This is the equivalent of an alcoholic substituting rum for whiskey.

Trade protectionism typifies this. It offers lawmakers an alternative to spending as a way of rewarding interest groups. Rather than handing out public funds to privileged businesses, the government instead gives them the means to raise their prices for consumers without worrying about foreign competition. This costs each American family thousands of dollars per year in higher prices and is the equivalent of a hidden tax.

A potential substitute for direct spending that is being eyed by spend-aholics is to mandate that businesses give their workers and their families such benefits as free health care or child care. Sometimes the federal government mandates that state governments provide various benefits and services to the citizens at the state's expense. Often spend-aholics declare that when they mandate benefits and special privileges, they do not spend a dollar of taxpayer's money. But, in fact, the effect is to force certain individuals to pay money or services to others. It is a special tax on certain activities, for example, purchasing products from foreign individuals or hiring workers.

To assist in its own rehabilitation, Congress should limit its ability to engage in this secret, indirect spending. Congress could require that whenever it proposes a mandated benefit, trade restriction or new regulation on businesses or individuals that it be accompanied by an impact statement identifying the victims of the policy and the cost.

STEP #6: Avoid the company of other compulsive spenders or spending enablers such as lobbyists.

Washington is to the spend-aholic what a saloon at "happy hour" is to an alcoholic or a glittering casino is to a compulsive gambler. Even with the best of intentions, the longer elected officials are in Washington, the more of the public's money they will be tempted to spend. After all, they are surrounded by other spend-aholics. They watch their colleagues appropriating funds to gain the favor of one interest group after another. Peer group and lobbying pressure is to spend, and this is extremely strong.

Washington too is filled with enablers – those who do not spend money but receive it or make it possible for others to spend. Typically these are the armies of lobbyists who offer arguments and encouragement to dull the senses of elected officials, to make them forget the national good and focus only on the narrow interests of some group.

To counter the seductive culture of Washington, Congressmen should spend more time back home in their districts. Perhaps they should limit the number of days each year that Congress can be in session, as most states do with their legislatures. Congress, of course, could suspend such a limit in an emergency; but this should be made a matter of much public discussion. Just as spending too much time in a saloon is a sign of a serious health problem, so should spending too much time in Washington be seen as a sign of fiscally unhealthy habits.

Executive Branch Enablers. Sometimes, members of Congress seek enablers in the Executive Branch to help them indulge their spending habits. Often, federal bureaucrats are eager to offer spending opportunities. After all, more spending can mean higher pay, more benefits, larger staffs, and more power for these bureaucrats. In some cases, federal workers and especially political appointees see what damage the runaway spending can cause and would prefer not to help Congressmen on a binge.

In any case, members of Congress prefer to hide their spending deals from the public. It by law prohibits parts of the Executive branch to keep a record for their contacts with Congress. For example, Section 117 of the Department of Interior's fiscal 1990 funding bill stated that "None of the funds available under this [bill] may be used to prepare reports on contacts between employees of the Department of Interior and Members and Committees of Congress and their staff."

Just as the drug addict looking for drugs wants to avoid publicity, a member of Congress seeking ways to spend often wants to keep his contacts with enablers under cover. As part of their attempt at reform, Congress should require that the Executive branch record all contacts with Capitol Hill. With their activities under public scrutiny, many members of Congress might have a greater incentive to avoid contact with those who help feed their spending habit.

Elected official who stay in office, and thus in Washington, for years or even decades are more likely to give in to temptation and become spendaholics. They learn how to spend even more while becoming ever adept at deceiving themselves and their constituents. One reason they get away with this is that there is very little turnover in Congress. In the 1990 election, only 15 of the House's 435 members were voted out. The result: members usually find themselves in the company of others also suffering the spending affliction. One way to keep compulsive spenders from forming permanent ties with entrenched bureaucrats would be to limit the number of terms they can serve. This would bring a steady stream of new members of Congress to Washington. Such members would be less skilled at deceiving the public about spending indiscretion. And they would have greater resistance against a system that can wear down even the most fiscally responsible members of Congress.

STEP #7: Do not become a dealer, supporting your spending habit by helping others to spend.

To spend, it is usually necessary to sell. To support his habit, an elected official must secure the votes of his colleagues. He does so by agreeing to support their spending habits. If one Congressman wants backing for his federally funded road project, he must agree to vote for the federal grant to a university in another member's district. If one Congressman wants subsidies for farmers, he must agree to vote for another member's handouts to small businesses. This is what is known as "logrolling." To stop this such destructive trade, each member should pledge not to facilitate the spending habits of others. The President too could restrain the log-rolling were he to have the power to veto specific items in bills. This is called the line-item veto. Not bound by any deal between members of Congress, the President could block expenditures that result not from national need but from the buying and selling of favors. Even the threat of such a veto could discourage such practices.

Perhaps the most effective way to prevent members of Congress from supporting the excessive spending habits of other members as a means to gain support for their own habits would be a tax limitation/balanced budget amendment to the U.S. Constitution. This amendment would bar deficit spending, except in a national emergency. The amendment also could require a supermajority, say, two-thirds of each House of Congress, to raise taxes. This would make the buying and selling of support by members for each others' spending habits much more difficult. Members of Congress no longer could use deficit financing to support each others' spending habits. And, if they wished to raise taxes, they would have to do so explicitly and then win a supermajority in Congress to do so. Instead of being able to spend more through behind-the-scenes deals, members of Congress then would have to convince the American people of the need for new taxes.

STEP #8: Make clear, in concrete terms, the costs of spend-aholism, including requiring taxpayers to make an annual lump sum tax payment to the Treasury rather than allowing the magnitude of the spending problem to be disguised by withholdings from each paycheck.

Big spenders often minimize the damage done by their addiction by minimizing the costs for specific spending items. They might say, for example, "This $250 million grant for Louisiana water projects through the Army Corps of Engineers requires only one dollar from each American." This is the equivalent of the alcoholic making the excuse that "It's only one drink." Yet each new dollar spent, like each drink, adds up to serious addiction.

To gain control of his problem, the spend-aholic should express spending in a way that truly reflects its magnitude and potential damage. For example, to spend $1 million on a national bicycling and walking study is the equivalent of taking a $50 coat from each of 20,000 Americans. To spend $10,000,000 for a highway improvement project for Corridor D near Parkersburg, West Virginia, as the Senate plans to do in 1991, is like confiscating automobiles worth an average of $10,000 from 1,000 Americans. To spend $110,000,000 on the World Bank, as the Senate is seeking to do this year, is like confiscating the homes of 1,000 Americans and handing them to foreign governments.

To help Americans understand how much federal spending actually takes out of their pockets, income tax payments should stop being with held from paychecks. This is a practice that was begun only in 1943, mainly as a wartime measure. Instead of money being taken out of their checks every payday, workers would pay their income taxes in one lump sum once a year. Many self-employed persons pay in this manner already. The gargantuan size of this payment would educate every American about the true costs of supporting the spending habits of members of Congress and the Administration. Rather than requiring taxes to be due on April 15, moreover, the date should be moved to November 1. This will put a tax day on even numbered years about a week before national elections. When they vote, therefore, Americans will have fresh in their minds the spending habits of their members of Congress.

STEP #9: When struck with the urge to spend, call several hard-working taxpayers at random and ask their opinion.

Often members of Congress find it difficult to tell when they are spending too much. Even those who are fiscally responsible sometimes find it hard to resist temptation. When faced with the urge to spend, the elected official should call at random the taxpayers who must foot the bill. What would happen, for example, if a citizen answers the phone and hears "This is your Congressman. I have a delegation here in my office that wants me to spend $4 million of your money to study and promote lead-based paint. Is that okay?" Or "To support the International Fund for Ireland, we are being asked for $20 million. Can we afford it?" Or "The National Endowment for the Arts tells us that the Downtown Art Company of New York City needs $21,000 to put on a show about vampirism and female sexuality. Do you think this is vital federal matter that must receive scarce budget funds?" All three of these examples are funded in the fiscal 1991 budget.

If lower income Americans who must commute to work by automobile had been contacted last year by elected officials, they might have headed off last year's gasoline tax hike. Or would so-called "sin" taxes have been increased last year if each member of Congress had walked into a liquor store on Super Bowl weekend and asked, "Hey, folks! How do you feel about a tax increase on each six pack?"

STEP #10: Identify the specific groups that you have harmed.

The compulsive spending habits of elected officials in Washington mean that each family with two workers and two children on average turns over 28.2 cents of every household dollar to the federal government. The tax burden on each American is nearly $4,500 per year. This keeps down standards of living. Children must go extra months before parents can replace worn out shoes, doctor visits are skipped, new homes are not purchased, vacations are not taken, dreams are not realized. As if that were not bad enough, the Bush-Congress spending binge of the past two years has plunged the economy into a recession, throwing over one million people out of work.

Families especially find themselves victims of the federal government's tax-and-spend policies. Many couples might prefer that one parent stay home and raise the children while the other parent earns the money necessary to cover the family's financial needs. Yet both parents often need to work, one to meet family expenses, the other to pay for the Washington policy makers' spending habits. Generally, working mothers provide about 30 percent of their family's income. The federal, state and local government's combined take about 30 percent of each family's income, with the federal share about 20 percent and rising.

Hurting Minorities. More public interest groups might begin to call attention to the effects of high taxes and spending on the groups they represent. For example, last year U.S. Civil Rights Commission noted that in bad economic times, black and Hispanic unemployment rates rise faster then among other groups. Commissioner Russell G. Redenbaugh observed that "To raise taxes when an economy is already weak and in a recession is like throwing a drowning man a rock." Civil Rights groups might proceed from the Commissioner's comments to keep track of the harm done to minorities by last year's massive tax increase and the resulting recession.

Thus just as families of alcoholics also are victims and often form support groups to help them cope with their situation, so too should public interest groups help their own members understand that their financial problems are in large part the fault of a government that takes too much of their hard earned money. Such groups can help organize these victims to stand up to their elected officials and say, "You have hurt us. We will not stand for this. We want to help you break your compulsive spending habits but you must act to help yourself. Otherwise we will help you out of office."

STEP #11: Attempt to make amends for the damage of spend-aholism and remove temptation of future spending: cut taxes and restrict the government's power to spend.

Changing current spending habits is the morally right thing for policy makers to do. But it is also important for recovering spend-aholics, as an indication to the public of their commitment to change, to make restitution to those who have suffered because of their addiction to spending. The best way for elected officials to make amends for the harm they have done is to allow the citizens to keep more of their own money. Protecting the property of citizens is, after all, the main duty of government.

Congress and the Administration could start by cutting the Social Security tax, which was hiked last year even though the system enjoys a $63 billion surplus. All of this surplus is used by spend-aholics in Congress and the Administration to pay for other programs; none of the surplus is allowed to accumulate to pay future Social Security benefits.

Another form of restitution would be to boost the annual tax exemption that taxpayers can take for dependent children. If the exemption had kept up with inflation and economic growth since World War II, today it would be around $6,400, not the current $2,050.

Currently, individuals selling houses, businesses selling assets, or others disposing of investments have their profits subject to a capital gains tax. Removing this burden would be another way to allow people to keep their money and to help the economy as well. Not only will such a tax cut remove penalties that currently discourage capital sales, it would bring revenue into the

Treasury. People would be less likely to hold on to assets to avoid high taxes. More asset sales would mean that the government would take in more revenue with a lower tax rate.

Tax cuts not only will help compensate for the damage caused by official's spending addiction. They also will help check the habit. It will force them to go "cold turkey" by depriving them of the money needed for spending, just as alcoholics must be deprived of drink. Both alcoholics and spend-aholics must learn to do without.

As long as the federal government has nearly unlimited power to take money from Americans and pass it out to others, the temptation to spend will be unchecked.

STEP #12: Carry the message of fiscal responsibility to other spend-aholics.

Since peer pressure is a cause of the spending problem, the solution to it must include a change in the norms of acceptable fiscal behavior. Members of Congress should seek out other spend-aholics, help them to recognize the errors of their ways and help them overcome their weakness. Open public discussion of the problems among the members themselves would go a long way to making it acceptable to "just say no" to spending.

Perhaps each week, as at the now legendary and successful meetings of Alcoholics Anonymous, members of Congress could rise to speak on the floor of the House or the Senate. They could describe how they were tempted to spend and describe the sorts of arguments made by spending pushers. They could show how, invoking the interests of the nation as a whole, they overcame temptation. They could identify lobbyists that they have kicked out of their offices and advise their colleagues to do also. And when they fall off the wagon and binge, they could admit their error and demonstrate courage by declaring, "I have a problem. I am a spend-aholic." They could explain the nature of their weakness, warn other members against falling into the same errors and pledge to avoid spending in the future.

The White House is particularly well placed to promote fiscal responsibility. Each week the President might publicize in person or through his press secretary, the top ten spending boondoggles of the week, with price tags attached to each item.

To hear congressional speeches each day on television or messages from the White House on fiscal responsibility also will make American voters sensitive to the nature of the spending problem. It would show taxpayers that they need not acquiesce in congressional behavior that endangers the health of the country.

CONCLUSION

The American people consistently rank Congress in very low esteem. Last year's budget fiasco illustrates why Congress deserves its low ratings. Yet voters tend to return their own representatives to Congress. The reason for this paradox is that voters blame the problems created by Congress not on their own representative but on other members. Voters also fatalistically seem to say that though there is a spending crisis, they see little way out of it.

But elected officials do control spending and can change their ways. The American people will think better of them if their representatives are honest about their problems and mistakes and demonstrate a true commitment to solving their problems.

Imperceptible Slide. The slide into spend-aholism, like the slide into addiction to alcohol, drugs, or gambling, can take place almost imperceptibly, over a long period of time, without the addict realizing at each step just what path he is following. What starts out as social drinking can lead to mild, daily drinking, perhaps punctuated by binges, and finally to alcoholism. A few dollars bet occasionally for fun can lead step by step to a compulsive gambling habit that drains a person's financial reserves. Similarly, policy makers, perhaps who started off with the good intention of helping their constituents by passing out a little extra money, have become chronic, compulsive spenders.

The same slide into addiction occurs in the case of the spend-aholic. A member of Congress might begin, in a last-minute conference committee meeting on a bill, by inserting funding for a bridge in his district that has little benefit for the nation as a whole. He will think, "I'm not a spend-aholic. This is just one small project. The folks back home will like it, and I did not have to support someone else's pet project to secure it." But next year he might find himself voting for a pork-laden, multi-billion dollar road bill to secure funds to improve entrance and exit ramps on state highways in his district. "Look," he might argue, "Every elected official is going to take a little pork. Mine is just a small amount. Really, I have myself under control and if a fiscal emergency arises, I can stop any time." After a term or two in office the elected official becomes comfortable with the system. He gains seniority on committees that influence spending. As delegations from his state seek special handouts, he no longer remembers that this money is coming out of other people's pockets. When a fellow elected official approaches him to support an appropriation, he no longer asks "Is this in the national interest?" but, rather, "Which of my programs will you support in exchange for my vote?" When the budget deficit skyrockets and it is necessary to raise taxes, he will blame the problem on other members and continue in his destructive spending habits. He will have become a spend-aholic.

Taking The Pledge. But many alcohol, drug and gambling addicts have been able to step back, understand their own sorry state, and, usually with the help of friends and family, break their addictions and pull their lives back together. Similarly, each elected official in Washington should assess his or her own situation and the damage that chronic spending has had on the health of the country. The voters should encourage their elected officials to change their ways. Public interest groups should commend members that do the most to reform the system that encourages spend-aholism. Elected officials should commit themselves to changing their spending ways and to help their fellow officials do so as well. And lawmakers should admit publicly to their problems. Each should say, "Yes, I have a spending problem that I cannot control," and take the pledge to follow the twelve steps that will help them "just say no" to spending.

Edward L. Hudgins, Ph.D.
Walker Senior Policy Analyst in Economics
Deputy Director for Economic Policy Studies