

"In addition to putting each taxpayer in greater and greater debt, Congress' insatiable spending appetite is sapping all of our nation's private savings, forcing us to depend on foreign loans to fund our deficit"

by Joseph J. DioGuardi

If you're like most Americans, you've been responsible with your personal finances and pay bills on time. You live within your means by not spending more than you can afford and don't pass bills on to your kids to saddle them with your debt.

You understand that a sound financial footing is based upon sound financial management and careful planning and should expect that your government is doing the same with the tax dollars you have placed in its trust. How, then, can you owe more than \$18,000? When you have been so careful, how could you be in so much debt? The answer is, all too easily!

Just imagine a charge card with no credit limit, one which sends you only one statement per year and, if you can't pay the balance, you need not worry. You can postpone payment until the next year—or the next century. It sounds too good to be true.

The truth is, 435 of these cards exist. I know. I have one. In fact, all 435 members of the House of Representatives receive one on our very first day of work—it's called our voting card. It even looks like a credit card.

With the plastic card I insert into a voting terminal in the House of Representatives, I can vote to spend \$5,000,000 on a water project in Mississippi, \$30,000,000 on an Air Force jet, or \$100,000,000 on a Federal pork barrel program, whether or not the country needs or can afford these items.

Furthermore, unlike you and your family at home, Congress doesn't have to worry about going over its credit limit. When the time comes, Congress just can raise its debt limit and send the bill to you, the American taxpayer. Better yet, if you can't pay the bill, Congress will pass the tab on to your children, and their children if necessary.

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It is breathtaking how Congress raises that credit limit! Since 1980, Congress has increased its spending limit by more than 300%, to just under three trillion dollars. As a result, your personal share of the national debt has grown from \$7,600 to \$18,569, an increase of almost \$11,000.

If you're frightened by all this, you should be. Congress' credit-card mentality presents one of the gravest national security threats to our nation. In addition to putting each taxpayer in greater and greater debt, Congress' insatiable spending appetite is sapping all of our nation's private savings, forcing us to depend on foreign loans to fund our deficit, and causing interest rates to remain high.

As a result of high interest rates, Americans must pay more to borrow for homes, cars, and other important items. The costs of borrowing for our children's college educations have increased substantially. High interest rates also make it more expensive for American businesses and industry to invest in new plants, equipment, and technology—and that costs jobs! As our record trade deficits show, foreign competitors have wasted no time in taking advantage of our budget deficits and high interest rates, exploiting American business' higher costs and taking away our jobs.

Incompetent management

Sadly enough, these problems just scratch the surface of the Federal government's budget problems. If overspending by hundreds of billions of dollars is not bad enough, the government wastes billions more each year because its accounting and financial management systems are completely incapable of properly managing the tax dollars at its disposal.

According to report after report from the highly respected, non-partisan General Accounting Office, faulty and antiquated accounting and financial management systems are costing the taxpayers billions of dollars each year. To cite just a few exam-

ples, 25% of Federal agency bills are paid late, costing taxpayers millions in interest penalties; the Department of Defense can not account for more than \$600,000,000 in advances paid by foreign customers for U.S. weapons; and the Federal government has failed to collect more than \$24,000,000,000 worth of non-tax debt owed to it, reflecting a 55% increase over the last three years!

Worse yet, Congress has learned how to juggle the accounting systems to charge even more purchases without putting them on the books. If you count all the spending Congress has earmarked for the future and requested to be billed at a later date, your debt is much larger than \$18,569.10 and may be as high as \$47,000!

Simply put, America's fiscal house is in dire straits and we are mortgaging our nation's future. Unless we act quickly and responsibly to manage and invest our tax dollars more prudently, we may face an economic catastrophe of unprecedented proportions, turning our once mighty and proud country into a second-rate nation.

Fortunately, there is still enough time for Congress to avoid the terrible consequences of a Congress and Federal government out of fiscal control. By enacting several long-overdue measures that can bring greater public accountability and discipline to the way Washington conducts its business, Congress can take a significant step forward to put the U.S. back on the right financial track and solidify our economic foundation, while promoting continued prosperity for future generations.

Restore truth in government spending. Many Americans, including most Congressmen, have deep trouble understanding the full meaning of budget figures in the billions and trillions. After all, what's another zero at the end of a nine-figure number?

However, it's no secret to Washington insiders that, if American taxpayers knew exactly how much Congress' out-of-control spending was costing them personally, the resulting outcry would be so deafen-

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ing, there would be no other choice but to bring the special-interest, Congressional vote-buying gravy train to a screeching halt. Because Washington's inside players have little incentive to change the numbers game, the time has come to redefine government spending in terms that people can understand. Then, once that information is available, we need to put it in the taxpayers' hands.

To achieve this goal, I have introduced the Truth in Government Spending Act. This bill would obligate the IRS to include the U.S. Taxpayer Personal Credit Card Statement with the tax forms and instruction booklets mailed to each taxpayer, and it would translate all government spending into terms that each taxpayer can relate to—their individual share of the accumulated Federal debt and annual Federal spending.

Just like the statement consumers receive when they use their credit card, the taxpayers should receive a similar statement that covers all the items individual taxpayers buy (government spending), the payments they make (taxes), and the balance due (the national debt). Of course, the finance charge (interest on the debt) also will be included in the statement.

The bottom line would show that each taxpayer currently owes Uncle Sam \$18,569.10 as his share of the national debt. It would also show that, as Congress continues to spend beyond its means, each individual's share of the national debt increased by more than \$1,400 (the annual budget deficit) from the year before.

In addition, the Truth in Government Spending Act would give taxpayers a new perspective on Congress' real priorities. For example, the American people might gain a better understanding of just how committed Washington is to the "War on Drugs." They would see that, while Congress tells taxpayers it has stepped up its resources in this fight, the U.S. Taxpayer Personal Credit Card Statement demonstrates that, in reality, the average taxpayer spent \$259 on farm subsidies in 1987, while spending only \$73 on the administration of all Federal justice programs combined. When taxpayers are spending close to four times the amount on farm subsidies than for the Justice Department, it becomes very easy to see why we are losing the war on drugs.

Finally, the statement would show taxpayers that they are spending more than \$1,300 apiece just to foot the interest on our previous deficits, now the third-largest item in our budget. When people at home notice that the finance charge has become the third-largest item on their credit card bill, they know it's time to cut spending. With the Personal Taxpayer Statement in their hands, taxpayers will know it's time for Congress to do the same, and they'll demand it.

Just imagine the changes we would see

in Washington. Instead of listening to debates centering around reductions in nebulous billions, we might hear Congress talk about giving individual taxpayers and their children \$300 of debt relief. Those are numbers that can be understood in every home in America.

Pass a Balanced Budget Amendment to the Constitution. Leaving Congress in charge of controlling spending is like hiring Jesse James to guard your local bank. It doesn't work. If you doubt this, go back and look at your taxpayer debt of over \$18,000.

Just like the credit limit placed on your personal credit card at home, Congress needs a similar limit to prevent it from spending beyond its means. That limit is a Balanced Budget Amendment to the Constitution. Such an amendment would tell Congress that it no longer can spend what it does not have, one of the most fundamental principles of sound finance. Congress would not be able to say "Charge it" for programs when there is no money to pay for them.

While many people say that the Constitution is no place for setting spending limits, nothing could be further from the truth. The Constitution was adopted to place checks on government from becoming an oppressor of the people. The intent of our Founding Fathers was that government would be responsible and accountable to "we the people," not the other way around.

Unfortunately, Congress has found a back door around these restraints. By spending, borrowing, and billing the taxpayers for programs that Congress has no money to pay for, it has placed unparalleled government demands on every taxpayer in the U.S. Shockingly, many of the people the government eventually will be forced to tax in order to pay these bills have not even been born yet. A Balanced Budget Amendment would go a long way toward protecting their liberties.

Ironically, despite the fact that 75% of the American public and an overwhelming majority of Congress support such an amendment, Speaker of the House Jim Wright and his fellow big spenders in Congress have prevented a vote on this important measure. The public must demand action on this as well.

Reform Federal financial management and eliminate waste. The final reform needed is improved management of our tax dollars. As the world's largest financial entity, handling a budget in excess of one trillion dollars each year, it's high time for the Federal government to enter the modern age and utilize the most sophisticated and efficient financial management instruments available.

To accomplish this goal, I have introduced the Federal Financial Management Improvement and Public Accountability Act. This bill would put an end to the

abuses I have mentioned by creating a Chief Financial Officer (CFO) of the U.S. Just as all American businesses with a budget in the millions or billions use a CFO to manage their finances properly, a chief financial officer for the U.S. would be responsible for oversight and improvement of all current Federal accounting and financial management systems. He or she also would be required to make Congress record all spending at the times they make the purchase, helping to end the Congressional buy-now-and-bill-me-later scheme.

The concept of centralized financial management leadership has been endorsed by the Comptroller General of the United States, the American Institute of Certified Public Accountants, and more than 70 members of Congress. In addition, the *Wall Street Journal* has endorsed my call for accounting reform.

It has been said that these remedies for our fiscal ills stir enthusiasm only among CPA's. As a CPA, I must plead guilty. Budget reform is not the sort of subject that politicians use to bring crowds to their feet or bring tears to the eyes of their constituents. However, simply because it is not a high-profile, high-political-return issue does not mean that its public benefits are either low-profile or low-return.

Reordering priorities

At home, when you spend more than you can afford, you may get a letter from your credit card company telling you that you have reached your limit and you can borrow no more. At that point, economic reality has set in. You may call the family together to talk about your priorities. You may even defer a long-planned vacation. One way or another, you will make ends meet.

It's time for Congress to act the same way. Our credit card company, the American economy, told us that we reached our credit limit in October, 1987, when the stock market crashed. The message was clear: Congress must sit down and reorder its priorities.

Congress should start asking itself, "Do we really need to put taxpayers in greater debt to pay for a \$3,000,000,000 gun that doesn't work, to give new loans to farmers who have defaulted on their past loans, or to give Congressmen pay raises almost three times larger than the Cost-of-Living Adjustment we give to our senior citizens?" I'm sure you agree that the answer to all these questions is a loud "No"!

In addition to ourselves, we owe it to our children and grandchildren to do everything possible to cut the Congressional credit card limit in half. Enactment of the three proposals I have outlined will go a long way towards giving each taxpayer a statement from Washington that says, "No Balance Due," "Paid in Full," or just plain "Current"!

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You Owe the Federal Government \$18,569.10!

U.S. TAXPAYER PERSONAL CREDIT CARD STATEMENT FISCAL YEAR 1987 OCTOBER 1986-SEPTEMBER 1987

Description	Charges	Payments
Previous Balance Due (Your Share—beginning of year)	\$17,118.08	
Purchases During Year (Your Share)		
Social Security & Medicare	\$ 2,769.34	
Defense	\$ 2,764.86	
Welfare and Income Security	\$ 1,210.77	
Agricultural Subsidies	\$ 259.74	
Foreign Aid	\$ 115.30	
Criminal Justice	\$ 73.60	
Other	\$ 1,273.33	
Payments Received During Year (Your Share)		
Individual Income Taxes (Thank you for your prompt payment!)		\$ 3,848.60
Social security related taxes and contributions		\$ 2,973.71
Other		\$ 1,551.64
Totals	\$25,585.02	\$ 8,373.95
Finance Charge (Your Share of Interest on the National Debt)	\$ 1,358.03	
NEW BALANCE DUE (Your Share—end of year)	\$18,569.10*	

Previous Balance	Purchases	Finance Charges	Payments	Balance Due
\$17,118.08	\$8,466.94	\$1,358.03	\$8,373.95	\$18,569.10

Source: Final Monthly Statement of Receipts and Outlays of the United States Government, Department of the Treasury.

*Note—This figure is arrived at by using "lenient" Federal government accounting principles. Certified public accountants estimate the true figure may be \$47,000 or higher.