

The Budget, the Deficit and the Debt: Products of Unresolved Social Policies

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Reflecting on the significance of the budget recently passed by Congress, which was portrayed as a stimulus package that is critical to the president's viability could be considered the first small step in the right direction. But, in reality, the new budget's passage was not really all that vital to the president's viability. The assignment of such significance merely made the pundits sound all the more sage.

Historically, budgets portrayed as stimulus packages have not worked. The efforts of President Franklin Delano Roosevelt to bring the nation out of the Great Depression introduced measures that guaranteed future generations security and gave hope to a morally depressed population. However, it took the economic stimulation of World War II to restore prosperity. History does not appear to be on the side of intervention.

A budget generated with more political support may have contained some of the elements necessary to address the hard political issues that were avoided in the current budget such as the comprehensive curtailment of entitlements, the development of a fair tax structure that encourages economic growth, governmental restructuring that fosters downsizing and welfare reform.

Many of these options are being considered and may be included in future legislation. But in the public discourse, only the health care issue was given appropriate notice as being a prime budget modifier. Politicians and the media failed to inform the public as to the federal budget's multidimensional nature. Deficit reduction over a limited time, as opposed to real debt reduction, was poorly differentiated and defined. The nation's debt continues to grow—but not as fast. A slowdown in the rate of deficit growth is projected to last until 1995 after the next presidential election, when the rate again will increase and boost the debt to more than \$5 trillion.

Social Engineering: The Elitist Strategy

Proponents of the Clinton budget claim the income tax increase will impact only on the very rich. The poor benefit through income credits. Taxes can be a vehicle of social engineering with the prime purpose of redistributing the wealth. Government serving as an agent of social engineering with the prime purpose of redistributing wealth has odious connotations to many Americans. This theme has been evident in the rhetoric and practice of both Republican and Democratic administrations throughout this century.

Social engineering that transfers wealth from the rich to the poor was not a manifest goal of the Reagan or Bush administrations; their focus was on proving the viability of supply side economics. Unfortunately, they used debt rather than a balanced budget to fund this endeavor. The outcome of this exercise was national debt that is precipitously out of hand.

Social engineering and redistribution of wealth is indeed evident in the policies, practices and rhetoric of the Clinton administration. It assumes that there are some intellectual or political leaders who are self assigned "philosopher kings" endowed with wisdom that exceeds the understanding of the populace and who through popular mandate, political appointment or service in a bureaucracy can prescribe ways that **force** people to be "free" and reconstructed to live the "better life."

All of this is measured in terms set by the elitists. Frequently, to make their tasks easier and to ensure popular support, they define social needs in terms of gratifying popular appetites that appeal to the lowest common denominators among people. Their solutions place significant demands on society with minimal demands on the individual. In short, they prescribe that government can solve people's problems and keep their appetites satiated. This approach utilizes factors noted in one of the key theories of Social Psychology: the tendency of an individual to absolve himself from failure and blame others for hard times; or to overly ascribe the value of self contribution to success and overlook the contributions of others to successful outcomes.

It is no wonder we are portrayed as being a narcissistic society. This predisposition is so well manifested in government that Tom Bethell of the Hoover Institution predicts that if Congress and the Clinton administration respond to the popular demand for welfare reform, they will in fact expand the welfare system. Underlying this expansion and the dedication of welfare advocates is one agenda--to redistribute income.

Social engineering is founded upon neo-Marxist assumptions that constituent unfairness in the economic system is the root cause of dependency and social decay. However, as social critic Charles Murray points out in his 1984 book Losing Ground, poverty, racism and unemployment are not the root causes of an emerging under class in America or the decay of our urban areas. Instead, the cause is found in the expansion of a welfare system that made being on the dole more attractive than an entry-level job. Unwed motherhood was made tolerable; fatherhood was rendered dispensable, men became unnecessary to the family structure while matriarchy became pervasive, the work ethic was undermined and idle young men found signification in manipulation, violence and rage.

These are the dysfunctional characteristics of a growing under class in America. This under class is sustained by a welfare system designed to subsidize idleness and to treat dysfunction as the equivalent of social and economic success.

In short, no welfare reform will work until we truly empower people. We must provide access to the kind of cultural elements that are associated with personal actualization and social advancement. Moreover, we must eschew programs that foster dependence and constituent inferiority.

At the same time, we must evaluate the myriad of entitlement to the wealthy, the middle class, agriculture interests, special business interests and the fabric of government itself and curtail or eliminate those things that are not empirically justified. Then we must ask all to share the burden by curtailing the rate of growth in government's services to reduce and ultimately eliminate the national debt.

A welfare mentality has not only been assigned to the under class in our society, it persists and functions as a way of life in our corporate and business community, our social institutions, our schools, our universities and at all levels and segments of society.

The Clinton administration can put a new face on things. It can do this by approaching the issue of re-inventing government seriously. Real government downsizing, a Total Quality Management approach to service and competition through appropriate privatization as envisioned by Vice President Gore's committee to redesign government could measurably improve the way government operates. By simply reducing the size and influence of the bureaucracy, government's tendency to foster dependency among its citizens and social institutions would be diminished.

Development of responsibly tailored free trade arrangements with appropriate measures to prevent traumatizing the U.S. economy, along with investment in human capital and the encouragement of research and development in the private sector, can create the kind of economic climate that can foster the improvement of our budgetary and fiscal policies.

Four other factors would work toward solving the budget equation.

- A constitutional balanced budget amendment should be mandated.
- The president of the United States should be given a line item veto.
- National campaign financing reform to lessen influence peddling is imperative.
- Limits should be imposed on the lobbying activities of former government appointees and bureaucrats.

The Role of State and Local Government in Escaping the Elitist Trap

To escape from the elitist welfare trap that has ensnared our nation's people and its institutions, the real needs of our human and social resources must be addressed. The acceptance of the precept that intellectual resources are the economic energy of the 21st century makes the empowerment of people paramount and the redress of the education system imperative. But more importantly, a dynamic matrix must be developed that facilitates the free interaction of people and institutions.

To prepare people for this challenge requires investment in human capital which is substantively the skills people possess. Human capital investment requires a significant re-evaluation of the paradigms we use in government, education, business and several other social institutions. It is through such investment in people that real empowerment can take place and popular government replace elitist manipulation.

Change in government is not only required of the federal government; it is needed at the state and local levels as well. The scope of state and local government should be reinvented, redirected, refined and most of all reduced. From 1981 to 1991, state and local governments' taxes have grown at the rate of 114%. This has been accompanied by a comparable growth in the size of government at those levels. During this same period, direct expenditures grew 95.1% on the federal level, 118.1% on the state level and 118.5% on the local level. In Florida, taxes increased 197.1% during this time, fueling a rate of growth in government that exceeded the national norm.

Many of the issues that should be addressed in order to enhance the nation's economic outlook are under the direct auspices of the state and local governments. Paramount among these are education, law enforcement, social services, growth management and business regulation. Empowering and emancipating both people and institutions from dependency and excessive control must occur at the state and local levels to prompt governmental and budget reform.

Empowerment to the People and Business

Taking an active role in both pre-employment, work place and life-time education should be part of business's prerogative and in some cases responsibility. Moreover, investment in research and development--including enhancement of human capital resources--should be fostered in business practices. The best way for this to occur is for government, business, the university and the schools to be collaborators in the education/economic development of the community.

These are populist prescriptions that involve, empower and include people from all segments of society. Given such constituent reform, rejection of the dependency norms would be affected, making possible a fresh start in realizing real budget reform which, in essence is reorientation in the way we think and act.

Once citizens, institutions and businesses escape the welfare trap, government can begin to put together a budget that fosters prosperity and reduces the national debt. We then might reach a correct political goal in society, fashioned out of fundamental democratic values of social responsibility and joined with the actualization of each individual's potential. That is real empowerment.

About the Author

Dr. Crispo has served as Director of Research and Operations for Florida TaxWatch since 1991. He hails from Plantation, Florida where he served in the community college and university system for 31 years as a professor and administrator. Dr. Crispo holds a doctorate in administration with emphasis in research from the University of Southern Mississippi. He received his Masters in sociology and social psychology from Florida State University, where he also received his bachelor of science in social science. Dr. Crispo brings to Florida TaxWatch a career filled with the highest academic achievements in the fields of education and the social sciences. He has taught in various academic disciplines and participated in extensive research while serving in Florida's higher education systems.

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