

It's the System, Stupid

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BY ROBERT J. HERBOLD

Very recently, the Congressional Budget Office reported that the 2012 federal budget will run a \$1.1 trillion deficit. That's four in a row over \$1 trillion! You would think there would be major panic in the Washington D.C.!

Maybe I am just too used to industry, where I spent my entire career. In that world, not hitting your budget yields a summit meeting where specific plans are set to fix the problem in a specific amount of time. All options are considered: staff cuts, restructuring, changing incentives, etc. Importantly, not fixing it leads to the selection of a new leader who will fix it. Sloppy budget management just can't be tolerated; there are a lot of scorekeepers that make such a problem obvious and that typically leads to resolution quite quickly. So... why can't our lawmakers fix the obvious; four \$1 trillion deficits in a row is absurd!? A lot of people spend their lives blaming Republicans or Democrats. In fact, most media outlets and websites do that for a living. Actually, you can pick either party and you wouldn't be off the mark. During President Bush's tenure, the national debt went from \$5.7 trillion to \$10.7 trillion. During President Obama's tenure so far, the national debt has gone from \$10.7 trillion to \$15.3 trillion.

I believe the culprit is the system we call the U.S. Government. The system is made up of: 1) career politicians who put as their first priority getting re-elected, 2) hordes of lobbyists who lure politicians either to the conservative or the liberal extreme, and 3) modern media that has to polarize any issue, or they don't get the sensationalism they need to get an audience. The result is no fiscal sanity whatsoever. For example, if anyone proposes some program be cut, media finds someone who would be hurt and showcases them as a sad victim of the party proposing the cut. No career-focused politician wants to be part of that. Some of the lobbyists would disagree with the proposal and

make sure that politicians know that they will get no funds for re-election if they support it. The same thing plays out if a proposal to increase taxes emerges. The media focuses on who would be impacted and plays up the potential damage the tax increase would generate (lost jobs, decreased investments), and the lobbyists move into action if the companies or causes they represent are impacted negatively.

Given this system, the only things that squeak thru are changes that cost more money or create more regulations and are positioned as helping/protecting people; thus the massive buildup of debt over the past several years, primarily to fund big increase in programs that cause the lower income levels to be more and more dependent on the government. Don't blame the left or right, it is the system that is broken.

Ben Franklin and the founding fathers would be incensed to see what is going on. Ben in particular must be thrashing around in his grave. Making people dependent on the government was one of his biggest fears. As noted in his biography by W. Isaacson, Franklin believed the success of the country was dependent upon the people's willingness to be industrious, diligent, hard-working, virtuous and ambitious. He said "I fear giving mankind a dependence on anything for support." Concerning lawmakers, he stressed the need for compromise and said "both sides must part with some of their demands."

So how do you fix the system that is obviously in need of major repair? Here are three things that I believe would be a great start:

- 1) A Balanced Budget Every Year – We need a requirement to balance the budget every year, just like the states have, but restrictions would need to be included so that extreme tactics are not used, like massive taxes that put our economy at significant risk, or

cuts that put the country's security at serious risk.

2) One Term Politicians for Federal Offices – Let's return to the founding fathers' concept of citizen legislators. Nobody gets re-elected. After serving one term, you are banned for life from running for any congressional seat. Give congressmen four year terms, with 25% up for election each year. The President would serve only one term as well.

3) Immediate Fixes for Social Security and Medicare – There are some obvious, simple Social Security ideas that need to be quickly implemented, like means testing, and major modifications for those 40 years old and younger. Concerning Medicare, it needs to be re-engineered. Unfortunately, the recently passed healthcare bill is so complex that its full consequences are not yet understood. We need a new plan that obviously save tons of money and is brutally simple.

Robert J. Herbold is the retired COO of Microsoft and managing director of the Herbold Group.