

What Governmental Services and Benefits are You Personally Willing to Give Up? *A Symposium*



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Introduction by Mitch Pearlstein



Center of the American Experiment is a nonpartisan, tax-exempt, public policy and educational institution that brings conservative and free market ideas to bear on the hardest problems facing Minnesota and the nation.



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Introduction

Mitch Pearlstein
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A reasonable reading of the following 34 brief essays in American Experiment's newest symposium—*What Governmental Services and Benefits are You Personally Willing to Give Up?*—suggests that more Americans than generally assumed may be seriously willing to sacrifice when it comes to major entitlement programs like Social Security and Medicare. In the interest of balancing the nation's skewed books, the columns similarly suggest that more people than routinely thought may be willing to forgo various exemptions and other tax breaks, including near-sacred deductions on home mortgage payments.

Not just important, this is potentially tectonic-shifting news—the stuff of a benign earthquake.

Needless to say, not every writer is so inclined, or that all offers to give something up aren't tied to getting something in return. Likewise it's not to claim that the near-three-dozen contributors are perfectly representative of the nation as a whole, as the men and women here, on balance, are

more financially secure and older than the norm. But perhaps it is precisely such demographic facts that make participants' interest in means-testing Social Security and more rigorously means-testing Medicare all the more impressive.

Which is another way of saying that this anthology, arriving when it does in our nation's perilous budgetary life, may be the most important and tangibly useful collection of eclectic voices the Center has ever published in this format.

In asking contributors what they might sacrifice, I noted that we have reached a stage in which just about everyone finally recognizes that we have no choice but to cut significantly on how much government spends. Or, at the very least, we've reached a point where just about everyone finally understands how government's appetite must be slowed. This is the case for a variety of reasons, starting with massive population shifts in which proportionately fewer American workers are increasingly picking up tabs for proportionately greater numbers of older Social Security-receiving, Medicare-eligible, and nursing-home-residing non-workers.

Still, in no way is this to say that recognizing what needs to be done is necessarily synonymous with actually doing it, as witness ongoing and



severe budget battles in Washington, St. Paul, and elsewhere across the country—skirmishes and longer-lasting conflicts which may well grow even more contentious in coming years. George Will, for one, has argued that Americans in large measure are ideological conservatives but operational liberals. As is consistently the case, he's on target, though it would be a mistake to presume that only ideas and programs with left-leaning roots and champions have led to bigger government, as all kinds of people—left, right, and down the middle—have favorite government activities of their own. Various business and agricultural subsidies for some reason come to mind here, as do defense and national security spending, of course.

I asked writers to consider questions like these:

- What governmental services and benefits are you personally willing to give up or have measurably reduced—with an emphasis on *personal*?
- Refining matters, what governmental services and benefits are you personally willing to give up or have measurably reduced which *truly will make a fiscal difference*?
- Some governmental functions and responsibilities don't lend themselves to the kind of personalization explicit in the two questions right above, with national defense probably the closest example. In such instances, please think about those governmental activities which may not affect you directly, but which you view as most keenly important to the commonweal and to which you attribute highest priority. What are they? And should funding for them also be cut or constrained in consequential ways? (As you might imagine, several folks were quick to stress that there's nothing more personal than keeping Americans militarily secure.)
- If you choose, feel free to argue that tax increases are unavoidable, either short-term

or long-term, if we are to get our economic houses in order over the next generation of 25 to 30 years.

Finally, I urged participants to focus on whatever level or levels of government they preferred—national, state and/or local—while keeping in mind that the biggest threats to our nation's economic and financial well-being are embedded in what the federal government does or doesn't do going forward.

As advertised at the top, this is a remarkably rich collection of specific ideas. By definition, some are more compelling or politically feasible than others. Some are also a lot funnier than others, but that's a different matter. Yet given how I want to focus here most fully on proposals regarding means-testing entitlements, trust me when I say the following pages do not lack recommendations for eliminating departments, programs and subsidies, along with popular, even iconic tax perks.

In this spirit, President Obama's health care plan meets its maker on several occasions with two symposiasts making the case for allowing terminally ill patients to use experimental drugs regardless of what the Food and Drug Administration says and prohibits. Doing so, one writer concedes, wouldn't save much taxpayer money directly, but it would "increase economic growth and harness the cost-reducing impact of technological innovation."

Especially in areas like the environment, some contributors want to downsize federal oversight while others are no less eager to maintain and perhaps reinforce it. One writer frames matters as government spending too much time protecting people from the marketplace. Some energetically emphasize that if an activity is not cited in the Constitution, the federal government just shouldn't be doing it, period. And still others argue that prime questions deal less with slicing and more with innovating.

While several writers accentuate the importance of not cutting military spending in any major way, other writers (probably more, frankly) stress the need for deep cuts. While the great bulk of essays dwell on federal spending, one in particular focuses copiously on Minnesota state spending. And while scaling government back is overwhelmingly seen as essential, that doesn't mean everyone is of exactly like mind.

With that as prologue, what do a small sampling of writers say specifically about Social Security, Medicare, and mean-testing?

"The first thing I'd personally give up," Laurence Cooper, a political scientist at Carleton College writes, "would be eligibility for Social Security and Medicare at age 65. This is an easy call. Sixty-five is a lot younger than it used to be. Precisely where to set the eligibility age is not clear to me. But I can certainly embrace 70 as a good number to consider." In fact, "given how much we've extended life expectancy and vigor . . . I'd be willing to consider a number higher than 70."

Former Minnesota Congressman Bill Frenzel is willing to forgo "all or part" of his Social Security annuity, or pay taxes on income above the cap, if changes are made such as raising minimum ages for benefits and removing wage-escalation provisions. "I would take Congressman Paul Ryan's plan for vouchers for Medicare, or pay substantially higher Part-B premiums, or accept a co-payment program for all services." The understanding, though, is he would do so "only if the program were modified to reduce the growth of federal health care spending to GDP growth plus one-half to one percent."

Another former Minnesota congressman, Tim Penny, also supports Medicare reforms similar to those proposed by Congressman Ryan and "would be happy to accept a government subsidy for my Medicare that covers only 50 percent of the expected premium. I have also purchased long-term care insurance and disability insurance and have prepared a living will so as not to burden taxpayers (or my family) with astronomical end-of-life health bills."

Bryan Dowd, a health policy economist at the University of Minnesota, calls Medicare the "Leviathan on the ledger," and he's willing to give up his entitlement to it "*in its current form*," as doing so is "really not a choice" but a necessity. To date, Dowd writes, Paul Ryan's proposal is the "only serious attempt to address the Medicare problem, and his proposal has much to recommend it, but it contains one fatal flaw: It lets my generation off the hook. Ryan's Medicare reforms apply only to people now 55 and under. Fairness requires sacrifice on everyone's part."

Speaking of the 55 and under crowd, Devin Foley of Intellectual Takeout notes that he will be working till he "drops," as that is his "generation's reality." Rather than keep "paying into an immoral system that takes from the young with little expectation of repaying them, I'm more than willing to give up Social Security if I can have control over my money. There must be a way to wind it down justly for people dependent on the system, but it should be wound down nonetheless." The same, he adds, for Medicare.

"The real issue," John Gunyou contends, is means testing. "By means testing Social Security and Medicare, the richest among us with more than enough means to pay for our own retirement and health services would be asked to do so." In addition to the likes of Bill Gates, Gunyou writes that he himself could probably give up Social Security and maybe even Medicare—"but only if those other guys do, too. You know who I'm talking about. All those guys who think they're entitled to have someone else's grandchildren pay for their boats and second homes."

"I would be willing," promises Wilfred McClay of the University of Tennessee at Chattanooga, "to accept means-testing for most of the benefits I receive or will receive from government, including Medicare and Social Security, as long as the standards are set in a reasonable way, administered with a high degree of simplicity and transparency, and would not involve any more investigative intrusion by the government into my affairs than is already the case."



And with a concluding thunderclap, Robert Osburn of the Wilberforce Academy writes that as a 60-year-old who is “between two and eight years away from claiming Social Security benefits, I am prepared to reduce those benefits by up to 25 percent.” While he is not one to “reject the promise of sunny beaches,” he nonetheless recognizes that, “I won’t be able to laze away my days on those beaches in the so-called golden years if I know that my so-called entitlement is economically strangling my children and grandchildren. With every sunny ray, I’ll feel (excuse the inner theologian) the just wrath of a God who will rightly accuse me and the members of my Baby Boomer generation: ‘You lived recklessly and borrowed with abandon!’”

My great thanks to all 34 writers for their brave and varied but also in-concert contributions. The same for Kent Kaiser for another first-rate copy-editing job, Peter Zeller for getting us logistically started, and Britt Drake and Peter Murray for pulling everything together, pleurably to the eye. And as with the gamut of what American Experiment does, my colleagues and I very much appreciate your support and welcome your comments.

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Not Their Cup of Tea

by *Paul D. Allick*

I agree with a good deal of the core principles of the Tea Party movement: The federal government is too large, too intrusive, and financially unstable. Still, I have imagined myself addressing a Tea Party rally, and I have a feeling that my solutions would not be well received.

Here is part of what I would say:

First, we should fight for the adoption of a flatter system of taxation. We should give up all tax deductions. For instance, we should no longer receive financial compensation from our government

for having children or buying a house.

Second, we will work for means testing in the Social Security and Medicare programs.

These two approaches would address both the intrusion of government into our lives and the federal deficit. I wonder how the crowd would respond.

Most Americans seem to want someone else to sacrifice in addressing our fiscal mess. My least-favorite response is, “We send too much money to other countries.” This is a spurious argument. Foreign aid is around one percent of the federal budget. My second-least-favorite argument is, “We need to get rid of the pork, waste, and abuse.” This might address small pieces of a bloated government, but it would never solve the deficit problem.

Rare is the American citizen who is not on some kind of social welfare program. We like to think that we are independent, and if the government would just get off our backs and let us keep more of our money, we’d be just fine. We think that way until we see how the tax system rewards us. We think that way until we realize how much more we get from Social Security and Medicare than we ultimately contribute.

I can see no other way to address our national deficit and the escalating encroachment of government than for all of us to give up our dependence on middle- and upper-class welfare.

A flatter tax system would shrink the scope of government. It could also, in the end, provide a more dependable stream of funds for essential services and assistance for the most needy. I would be willing to forgo all of my deductions to rid our political system of the tax-code games. It would not need to be one rate. It could be two, but no more than three, depending on a person’s income.

I get tired of the tax-filing game. Just tax me, and get it over with. You can tax me more than the person making subsistent wages—I will survive—

but just give me a one-page form or postcard to fill out. On it, I can tell you how much I made, and you can take a percentage of it.

I am willing to give up my deductions for purchasing a home, for paying off my student loans, for making contributions to charities and nonprofits, and for making my home more energy efficient. As a clergyman, I get to play all kinds of games with my taxes. I am willing to give up my tax-free housing allowance. I am willing to give up writing off my books, business lunches, mileage, conferences, and clerical attire. I already forgo deducting some of these items, because the compensation is not worth the hassle.

A flat tax takes courage. We will all have to step back from the trough of government largesse. A lot of lobbyists, accountants, and IRS agents will have to find other work.

Means-testing Social Security and Medicare would help shrink our deficits. It is a simple fact that most of us who pay into these benefit programs are going to get back more than we contributed. It is also a fact that some of us with healthy private pensions would survive receiving benefits that are means tested.

Some would call these suggestions radical. I know how unpopular they are and how difficult it would be for our political leaders to propose them. I don't think most Americans—even those demanding fiscal reform—are in the mood for this particular revolution.

As we often discover in the problems of our own lives, the solution is to change ourselves.

Paul D. Allick is a parish priest in the Episcopal Diocese of Minnesota.

Markets and Trust between Strangers

by King Banaian

The question asked in this symposium includes the word “personally”—What would I *personally* be willing to give up. It is easy to criticize corporate welfare, but I do not own a corporation. Nor do I receive transfer payments from government as an individual. I like national defense personally, as well as the criminal justice system. I do not think I could give up government protection from foreign aggressors or domestic criminals.

Yet government also spends a great deal of time protecting me in the marketplace. It protects me from gas prices being too low. It protects me from unsafe children's toys at my local garage sale. Government in some places wants me to not eat certain foods that I know are bad for me but I find delicious. From housing codes to financial exchange regulation, from occupational licensing to workplace safety, government is trying to make sure I do not engage in bad transactions. I would argue that we do not need this.

What happened to trust in markets? Part of the problem seems to come from our increasing tendency to trade with people we do not know. Historically, when we traded in villages and only with friends, repetition and the openness of our trade to other villagers made it harder to cheat.

Certainly those days are gone. Our prosperity comes in large part from expanding the circle of potential traders with whom we exchange goods and services. But with that comes more impersonal relationships. The Internet makes it more possible to trade without leaving our homes and with people we will never meet. How can we do so with confidence? Are they going to rip us off? Why wouldn't we want government to help us with this?

The same is true for the workplace. When we travel now, we have government to protect us from overbooking, being on the runway waiting to take off too long, or losing our bags too often. In all



these places you hear people say, “there ought to be a law”

Thus laws spring up, and with them all kinds of new agencies, from the Federal Trade Commission to the new Consumer Finance Protection Bureau. The latter was charged, said President Obama in 2009, “with just one job: looking out for ordinary consumers.” That dream has been there for a long time; the Carter Administration had hoped to create a Consumer Protection Agency with scope well beyond finance.

But even these agencies are unlikely to be helpful in the long run. Rather than being of assistance to consumers, regulators eventually become captured by the very industries they oversee. If government provision of consumer protection works so well, why do we constantly see failures and more laws?

The marketplace today provides all kinds of assurance-producing innovations without government assistance. Businesses develop networks to give themselves chances to develop relationships with customers to build trust. In older times, there were Underwriter Laboratories, the *Good Housekeeping* Seal of Approval, and the Better Business Bureau. All were meant to create a means by which consumers and businesses could overcome the infrequency of their dealings to be assured that the transactions in which they engaged were trustworthy.

Nowadays, millions of Internet sellers rely on (and pay a fee to) bigger firms like eBay and Amazon to give their customers an intermediary to assure product delivery and quality. A firm like Angie’s List develops as a substitute for the village gossip by providing a bulletin board where consumers rate experiences with contractors or doctors. Travel websites now give us a pretty good idea which airlines are consistently late or treat travelers poorly.

Contrary to one of the conditions of this symposium, the direct budgetary costs of consumer protection are not large. The Federal Trade Commission has a budget of less than \$300 million,

which is barely a drop in the bucket of federal debt. The Antitrust Division of the Justice Department is about half that. Even the massive Dodd-Frank Act has a cost of \$2.9 billion, a number in front of which I am embarrassed to put the modifier “just” but, with a trillion-dollar deficit, it comes to less than three-tenths of a percent of it. Most of Dodd-Frank will be paid from banks that will shift their costs onto consumers and businesses.

Likewise, Minnesota has several boards, including for barbers and podiatrists, for example, which provide regulations we might live better without. Most of the costs of these are well hidden. The boards charge all their costs to the industry, backstopped by general appropriations, and the industry shares those costs through higher prices to customers or through lower wages to their workers.

The real cost comes to the economy. By imposing numerous top-down regulatory schemes, government slows the development of private assurance-producing innovations that serve us better and more cheaply. A faster-growing economy would leave more to help pay down the crushing government debt we face. Moreover, unlike the revenue boom that extinguished debt at the end of the 1990s, this boom would generate sustainable revenues while helping our private economy grow faster.

A more global economy leads to greater and greater demand for trust between strangers. Markets provide that trust out of self-interest and do it better than governments do.

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Pogo Lives! The Enemy is Us!

by Fran Bradley

Unfortunately, when it comes to reigning in out-of-control government spending there is a lot of truth in the quotation by Walt Kelly's "Pogo." The appetite for more and more government-provided "goodies" has led to mind-boggling federal debt and huge state deficits. Interest on the federal debt alone is rapidly becoming one of the largest budget items and will totally consume the federal budget if trends continue. Minnesota state government spending today, compared to 60 years ago, is five times what it would be if it had been pegged to inflation and population growth. Consequently, major programs like Medicare and Social Security are in big trouble. The frightening list goes on.

Recent phenomena like the Tea Party movement and the results of the 2010 elections indicate a shift in public opinion. People are realizing that government spending must be controlled, or disaster is inevitable, yet Congressman Paul Ryan's thoughtful and comprehensive proposals are being attacked. Minnesota Republican budget-balancing proposals that reduce forecasted budget increases and yet actually increase spending over the prior biennium are being met with predictable complaints from the Left. Thankfully, there is historic strong support for these spending restraints.

As such, the question of what government services I (and all of us) personally would be willing to give up is critical to this spending crisis. The pending disaster cannot be avoided unless we face reality. Here are some of my offers, beginning with those that affect me most.

- **Eliminate our special tax-code benefits.** In fact, go to a flat tax (preferably a consumption tax). I would lose the ability to deduct my mortgage interests, my real estate taxes, my charitable deductions, and many more special deductions and credits that fuel an IRS bureaucracy and a wasteful system. Yes, I could live without the IRS.

- **Reform Medicare and Social Security.** I am willing to pay my fair share for Medicare insurance. I am willing to forgo, in the short term, Social Security cost-of-living adjustments. I am thrilled about the prospect of reforming Medicare with options for private market purchases. I also agree that we must increase the retirement age.
- **Repeal Obamacare.** The trillions of dollars that would be spent to increase our "medical welfare" are expenses we cannot afford. We need market-based reforms to reduce health care cost inflation—the real problem in health care.
- **Eliminate earmarks and the wasteful special-interest spending behind them.** It's time that local projects more often be covered by local taxes rather than by chasing "somebody else's" money to cover them. I cringe every time I read that "it's not costing us anything because government is paying."
- **Rethink state capital investment.** It's time to eliminate all "local" projects and focus strictly on state assets. If we want to build something in our community, then let's pay for it ourselves.
- **End ethanol subsidies.** It's time for the ethanol industry to stand on its own. I suggest we need to pare down many other agricultural subsidies, as well.
- **Downsize the welfare safety net.** The safety net that was intended as a "hand up" instead of a "handout" has gone from a gentle support net to a multi-generational trap.
- **Eliminate the U.S. Department of Education.** Education is a state function.
- **Reduce the Environmental Protection Agency.** Most of the EPA's responsibilities can be handled at the state level. While we are at it, unreasonable and unscientific



environmental rules that often strangle jobs and economic development should be toned down.

- **Respect individual freedom and personal responsibility.** Our laws have gone overboard in protecting me from risks to which I should be attending myself.

The list is intentionally provocative. It represents my personal resolve to shrink government, even when it could or would affect me. We might not go all the way on recommendations, but we could certainly make sizeable progress. I hate to think what will happen if we do nothing or make only token efforts.

Fran Bradley is a former Republican state legislator from Rochester, Minnesota.

Shift, Move, Reduce, Stop

by *Frank Cerra*

The current era is one in which we need to evaluate and assess critically what services we wish the government to provide. For many of us, this means truly defining what the free market, limited government, and fiscal responsibility really mean in our daily lives. I present here some options I am willing to live with:

- **Social Security.** Increase the age of eligibility; provide benefits based on a needs assessment; forbid government from using income from the trust fund for anything but Social Security.
- **Health Care.** Incentivize the health marketplace to establish true systems of health promotion and care based on evidence, research, best practices, and outcome and performance metrics; reduce fraud in health care more effectively; require competitive pricing of pharmaceuticals and durable medical equipment, including devices; reduce

paybacks to purchasers of pharmaceuticals, and pass the savings on to consumers; require all individuals to have insurance coverage with subsidies based on ability to pay; implement the provisions of the Affordable Care Act for insurance and payment reform; require a portion of net profit (surplus) to be returned to the consumer, thereby reducing consumer cost.

- **Medicare.** Shift more of the cost to the user, based on ability to pay, perhaps on an assessment of total income per person/family.
- **Subsidies.** Reduce subsidies to oil companies, farms, ethanol producers, for-profit and not-for-profit companies that are making net income; also raise below-market rates on grazing and mineral rights on public land.
- **Income Tax.** Stop the home mortgage deduction on an ability-to-pay basis; close the many loopholes for companies and individuals both inside and outside the geographic boundaries of the United States.
- **Transportation.** Move to a toll-road system for major highways for which federal dollars are used for construction.
- **Military.** Significantly decrease development while preserving national security; reduce duplicated services and agencies across the various branches of the military; require the military to meet metrics of efficiency in its infrastructure.
- **Student Loans for Education.** Significantly reduce eligibility for student loans, based on ability to pay by the student and/or family.
- **Prisons.** Reduce spending on the current prison system while moving to more effective methods of rehabilitation, based on evidence, research, and best practices.

- **Protecting Borders.** Substantially reduce excessive measures for protecting our national borders, including airport security, where there is no evidence supporting efficacy and effectiveness.

While difficult to work through, such measures would enhance the free market, limit spending and some roles of government, and provide greater fiscal accountability while limiting the need for new sources of revenue.

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Cutting Both the Ridiculous and Sublime

by *Chuck Chalberg*

As an educator and a sports fan, I'd like to propose slashing simultaneously at something truly monumental (both in terms of dollars and impact) and something relatively trivial (in dollars, if not impact). In each case, the actual impact on me is admittedly minimal, but these things have a way of adding up. So let's begin with the ridiculous (or at least the minimally consequential) and then move to the sublime (or at least the highly consequential).

First, a bit of context: I write this as the 2011 Twins season verges on terminal implosion and as the Vikings stadium issue remains unresolved. By the time you read this, the Twins may well be planning for 2012, and the Vikes may be packing for L.A. I'm also writing at what must be the collective low point in the history of professional sports in Minnesota and in the after-glow of the glorious summer of 2010 and the debut of Target Field. I'm not calling for the premature demolition of the home of our Twins, but I am saying enough is enough. When it comes to football, this fan is willing to settle for

living somewhere in Hubert Humphrey's version of a "cold Omaha."

For that matter, I would have settled for a nice little Triple A franchise playing in a tidy little ballpark somewhere off Nicollet or Lexington Avenues. As things stand now, there is something unconscionable about regressively taxing a whole bunch of little guys to build the sports palaces required to pay the inflated salaries of mercenary athletes. In any case, the whole process is symptomatic of government's larger role in inflating the price of all that it touches.

This matter of inflation leads to the more consequential item on my short list: education. Whenever I hear a politician call for more student aid, I cringe—and not just because too many students (and not a few non-students) are attending as it is, but because the response of your typical college to enhanced student financial aid is—surprise, surprise—to raise tuition.

One of my sons is a recent graduate of Hillsdale College. My youngest son is about to enroll there as a freshman. While playing the college-search game, I learned that Hillsdale is about \$10,000 to \$12,000 cheaper per year than comparable small liberal arts colleges. I'm sure that many readers know that Hillsdale accepts no federal aid. Hmmmm, might that small, but hardly unimportant, fact help explain why Hillsdale is so much less expensive?

Fair enough, you say, but what does a less-costly Hillsdale have to do with any personal sacrifice on my part? Precisely nothing, I readily concede, but stay with me. I teach at a local community college. Cuts in student aid presumably will have a negative effect on enrollment. Once again, I am forced to make a concession, perhaps even a confession: Given my seniority, a decline in enrollment will not affect me. In truth, the impact could actually be positive in terms of the number and quality of my remaining students, but that's another essay for another symposium.



Let's start getting at least close to the bone in two major ways. I'd propose finally doing what Ronald Reagan once promised/threatened to do: Eliminate the federal Department of Education. I can tell you that I have directly benefited from its existence and largesse, courtesy of Teaching American History grants. This is hardly the forum in which to debate the usefulness of such exercises, but surely these teacher enrichment programs should exist or cease to exist courtesy of private foundations, not the public purse.

Turning to the state level, I'd transform the entire education system in one of two ways: Either go to a complete voucher system or, if that doesn't fly, adopt a radically new way of paying and retaining teachers. You may be excused for thinking that I'm cheating more than a bit on my charge. Maybe so, but then again maybe not.

To explain: Here's the idea. After a rigorous probationary period of three or four years, teachers in the K-12 system who pass muster should receive a dramatic increase in pay, but not tenure. Their pay should be sustained, and even augmented, for perhaps a decade. Then they should be terminated, save for a handful of designated—meaning thoroughly screened and rigorously assessed—master teachers.

As enthusiasm and energy wane, and as cynicism and sloth build, teachers should be more than nudged into doing something else with the rest of their lives. Let's face it: When it comes to the education game, two "E's" (enthusiasm and energy) often trump one (experience). In any case, rather than battling over pension-funding levels, let's not permit pensions to grow all that large in the first place. Instead, let's send teachers out into other worlds of work with a decent nest egg, courtesy of those flush early years. While we're at it, let's open the system at the other end so that private sector folks, nest eggs in hand, can have their lease on a new life by teaching at a later stage. This should at once revitalize the teaching profession and reduce costs.

How does any of this affect me—someone who presumably has been teaching well beyond his peak years of energy and enthusiasm? Put simply, it doesn't. That stipulated, I'd like to think that I would have been just fine without the sinecure of tenure. I'd also like to think that I'd have done just fine had I been "encouraged" to look for a new line of work as I approached 40. (My proposal was directed at the K-12 system, but tossing the community colleges into the mix might make sense, too.)

I'm entering my Social Security years having spent the entirety of my professional life as a community college teacher. It's getting to be time to kick back and take in a Twins game. It's also time to increase the required contributions of public employees toward our health care and retirement, take both of those out of the collective bargaining process, and means-test Social Security. This triple whammy will have an impact on me. If it all adds up to my inability/refusal to pay the inflated price of a decent seat in Target Field, so be it.

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Government Benefits are Free. Aren't They?

by Larry Colson

I don't think of myself as a "recipient" of government services and benefits, and readers of this publication might share this sentiment. We may even share a stereotype of a typical recipient of government largesse and think of "those people" when discussing government benefits. Yet when one removes the obvious services that Americans expect and typically overlook, including things like public safety, national defense, and transportation infrastructure and really consider how much government is involved in every area of our daily lives, the stereotype rapidly falls apart.

Many of the government services I use are not ones that I would voluntarily choose. I was forced by local ordinance to purchase a building permit and to use the city building inspector for my new deck. I neither desire nor need registration for my boat and trailer. I don't wish to avail myself of the "protection" provided by the state when licensing the lady who cuts my hair. I would prefer that the government not know the number, type, and serial numbers of my firearms, yet the paperwork has to be filed and checked by some agency. Of course, no list of undesired government services would be complete without a gratuitous reference to the state and federal revenue collection departments. Yet this list is composed of exclusively mandatory "services"—fruit that hangs much too low to include as serious choices for services I'd willingly forgo.

I, like all Americans, am an indirect beneficiary of government subsidies for numerous agricultural products. Out they go: A 20-percent reduction each year for five years. I'm fully cognizant that food prices might go up, but I'd consume my (possibly) higher cost meal, comforted by the fact that the market, rather than some faceless bureaucrat, priced it.

It would be hypocritical for me to ask that farm subsidies be ceased while my personal subsidies continue; therefore, I'd also offer the mortgage-interest deduction, the child tax credit, and charitable contribution deductions. The federal government should not subsidize my home, my desire for offspring, or the recipients of my charitable giving.

Although they might fall into the "too easy" category, I couldn't quickly enough give up the U.S. Postal Service and the Transportation Safety Administration. I travel frequently and am convinced that privatized airport security is a far better option than the mess we have today. I'm also convinced that a private company would operate the mail service much more efficiently, and I'd be willing to pay more to send snail-mail if I had an alternative to a quasi-governmental monopoly. I'm not willing to give up the services, but I am willing

to pay for them directly.

While small, every little bit counts, and this one would hurt in more ways than one: I consider myself a fairly heavy user of the public library, but I'd shut them all down, even after considering that the accumulation of new books that would now necessarily be purchased and end up in my home would have a decidedly deleterious impact on my marriage.

In 2011, I will have been alive for 45 years and will have paid into the Social Security system for 29 of those years, yet I would voluntarily forfeit my right to collect a single dime from the Social Security program if I no longer had to contribute to it. I'd also consider continuing to contribute to the fund for the rest of my life and still give up my right to collect any funds if that guaranteed my children the right to opt out completely.

While it's been commonly said that "the government doesn't have a revenue problem, it has a spending problem," that's not really the whole story. Our situation is one where far too many people are ignorant of basic economics, and far too few people pay income taxes and thus don't mind if taxes get raised. With such a combination, it's no wonder that we're in a mess, and I don't see that changing soon. No one seriously wants to give up any government benefits. After all, they're free, aren't they?

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The High Costs of Wars Not Deterred

by *Laurence D. Cooper*

What governmental services and benefits am I personally willing to give up? Well, let's see: What governmental services and benefits *could* I give up?



What services and benefits do I receive in the first place? This question isn't as easy as it sounds, and not only because I'm less attentive than I ought to be.

The federal government alone—the executive branch of the federal government—has 15 cabinet departments and scores of subsidiary and interstitial agencies, each of which would claim to provide services or benefits to me, indirectly if not directly. Do they benefit me? I'm sure that some do, though it's often far from clear how they do so or even how they would claim to do so. That so much of government is so opaque is troubling.

Accountability, to say nothing of freedom, is not easy to maintain amid so luxuriant a tangle of agencies and programs. For present purposes, however, we may set that anxiety aside. The focus of this symposium is budgetary or fiscal, and from that standpoint—i.e., as a percentage of governmental spending—the vast array of discretionary programs is pretty small potatoes.

The real money, as everyone knows, is in entitlements and defense. (Leaving aside interest on the debt, of course. But let's stipulate that the solvency of the federal government is a benefit we can't live without, even if conservatives are often tempted to think it's also a benefit they can't live *with*.) So let me direct my attention to those two areas.

Entitlements. At present, like the majority of my fellow citizens (albeit a shrinking majority), I am neither old enough nor disadvantaged enough to receive a monthly check from the government. Therefore, strictly speaking, what I'm about to advocate would not amount to a personal sacrifice at present. However, on the presumption that I'll live out the fullness of my years and do so in a bit of comfort, the following *will* amount to personal sacrifices when the time comes.

The first thing I'd personally give up would be eligibility for Social Security and Medicare at age 65. This is an easy call. Sixty-five is a lot younger than

it used to be. Precisely where to set the eligibility age is not clear to me. But I can certainly embrace 70 as a good number to consider; and in light of just *how much* we've extended life expectancy and vigor compared to what was the case when Social Security and Medicare were founded, I'd be willing to consider a number higher than 70.

Second, let's means-test these programs. There were good reasons for the original decision *not* to adopt means testing. For one thing, a program that operates as a universal pension or insurance program helps dampen class conflict and socially corrosive passions like envy, resentment, and self-contempt. Yet in my view, the severity of our fiscal situation has come to outweigh such considerations. At any rate, climbing medical costs (due in good part to the welcome development of life-saving technologies), along with slow middle-class income growth and continued family fragmentation and dispersion, will mean that the number of people qualifying for full benefits won't be small. The large number of full recipients would limit the stigma associated with what would otherwise look like a welfare program, though for the same reason, of course, it would also limit the savings that means-testing could bring—all the more reason to raise the eligibility age, and all the more reason to make structural reforms.

Defense. Does defense even belong in this discussion? I don't know anyone who is prepared to forgo the benefits provided by a strong defense. I certainly am not. But there is one *putative* benefit I would give up: namely, the savings that would supposedly accrue from targeted cuts to the Department of Defense budget. By all means, let's go after waste wherever we find it. But it's naïve and contrary to historical experience to expect that cuts imposed for fiscal reasons would trim fat rather than muscle. Let the budget be determined only by a prudent consideration of national interests and strategic requirements. Nothing is more costly—in lives and well-being as well as treasure—than wars that might have been deterred or defeats that might have been victories.

Laurence D. Cooper is professor of political science at Carleton College in Northfield, Minnesota.

“Every Confidence My Generation will Fail”

by Bryan E. Dowd

A reduction in government spending does not necessarily imply a reduction in services. Contracting with private sector providers has reduced government expenditures for some services, and increased user fees transfer a portion of the cost of services from the tax ledger to those who use the services. Before reducing or eliminating valued government services, we should make sure they are being produced and financed in the most efficient manner possible.

But let's suppose that all those efficiency-enhancing steps have been taken. Now what would I give up? Any meaningful answer must confront the big-ticket items: tax expenditures, defense spending, and entitlements.

Tax Expenditures. I would be willing to give up the tax deductibility of “employer-paid” health insurance premiums (a misnomer, because I really pay the whole premium through forgone wages) as well as the tax deductibility of employee-paid premiums. John McCain proposed taxing health insurance premiums but giving everyone (including those who don't pay taxes) a refundable tax credit to purchase health insurance. Presidential candidate Barack Obama expressed astonishment and vilified McCain. Once elected, President Obama signed into law the “Cadillac tax” on high cost health plans.

Second, I would give up the tax deductibility of home mortgage interest. I would not give up these tax breaks grudgingly, but enthusiastically, as they are economically inefficient price distortions and of far greater benefit to the wealthy than to the poor. We must move towards a flatter tax structure that ends government subsidies for people who aren't poor and gets the government out of the business of picking winning and losing industries in the economy.

Defense Spending. I would happily give up whatever it is we're doing in Libya. I understood the rationale for invading Iraq and Afghanistan, but I have no idea why we're in the middle of a Libyan civil war. Illiteracy, poverty, the subjugation of women, tyrannical rule and internecine slaughter in the Muslim world are not problems that the U.S. government is well-positioned to solve. It's difficult to enjoy the fruits of Western civilization if you reject the foundation of Western civilization.

Entitlements. Medicare is the Leviathan on the ledger, and I am willing to give up my entitlement to Medicare *in its current form*. This is not really a choice; it is a necessity.

Despite my significant contributions to Medicare through payroll and income taxes, analysts at the Urban Institute have estimated that I will withdraw about \$150,000 (in 2004 dollars) more from Medicare than I will have paid in during my working life. Of course, part of my contributions has gone to pay for my parents' and grandparents' Medicare expenses and part of the next generation's contribution will contribute to my expenses. The question is, “How much?”

The number of workers per beneficiary is falling dramatically, and there will be a sudden drop in payroll and income tax revenue when my generation retires. As a result, one or more of the following *will* (not *might*) happen. Part A of Medicare (that pays hospitals) will become insolvent. Medicare and Social Security will crowd out virtually all other discretionary federal spending. The government will default on its debt or print more money (leading to inflation that will fall most heavily on the poor, including the elderly poor), or the federal debt will increase sharply, leading to greater dependency on foreign creditors and intolerable tax rates on our children. Medicare will be forced to become more efficient, and benefits to my generation will be reduced. I favor the latter.

There are many ways to reduce Medicare spending without harming anyone. Medicare combines two entitlements—first to an antiquated benefit



package and second to an antiquated open-ended fee-for-service (FFS) delivery system that is all but extinct in the commercial insurance sector, where inefficient health benefits translate directly into lower wages. We must redesign Medicare's benefit package and drop the open-ended entitlement to FFS Medicare.

First, traditional FFS Medicare should be converted into a quality- and price-based preferred-provider organization in which beneficiaries face the full marginal cost of providers who want to charge higher fees and prescribe services that provide no medical benefit. Medigap policies should not be allowed to cover that additional marginal cost. Second, the government's contribution to premiums should be set equal to the lowest bid for the entitlement benefit package by any qualified health plan in each county, whether a private plan or traditional fee-for-service Medicare. Democrats rightly objected to overpaying private plans in market areas where FFS Medicare was less expensive. Republicans should congratulate them on their zeal for efficiency and point out that the same logic applies to overpaying FFS Medicare in market areas like Miami where private plans are less expensive.

Payroll and income tax rates *as they apply to Medicare funding* should be held constant for our children at the same rates we paid, and the proportion of Medicare expenses that can come from general tax revenue (the "45 percent" rule) should be strictly enforced. That will fix the amount of revenue *per taxpayer* that our children will have to contribute to my generation's Medicare expenses. I should have to live within that revenue limit, plus my own resources. Truly destitute people of my generation (not those who have managed to hide their assets) should receive help with their Medicare expenses, but our children should face the same tax rates we faced and not a penny more. It's not our kids' fault that we produced fewer kids per family than our parents' generation.

To date, Congressman Paul Ryan's proposal is the only serious attempt to address the Medicare problem, and his proposal has much to recommend

it, but it contains one fatal flaw: It lets my generation off the hook. Ryan's Medicare reforms apply only to people now 55 and under. Fairness requires sacrifice on everyone's part.

So essentially it all comes down to ending government assistance for people who are not poor and making some careful choices in defense spending. Do we have the political will to make tough choices? I have every confidence that my generation will fail to do the right thing. Personal responsibility has not been one of our strong points. Therefore, it will be up to the next generation to out-vote us. You can be assured of my full support.

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"No" to Federal Funds

by Sondra Erickson

For starters, the federal government is strangling the education system in Minnesota. Therefore, we must begin in K-12 by sacrificing almost all funding and mandates forced on us by the federal government.

Redesigning K-12 education policy and finance is essential to our future, and that cannot occur with the feds breathing down our necks. Presently, over 60 percent of the employees at the Minnesota Department of Education are paid by federal dollars. That is due to a continually growing infusion of federally mandated programs such as No Child Left Behind and special education with its ever-growing tentacles.

Worse yet, there is a move to force states to adopt national standards and ultimately national curriculum and national tests. During a May visit by Secretary of Education Arne Duncan, Senator Al Franken proposed a federal program to promote school leadership to recruit and train

principals for our schools. Since when does the federal government need to inject itself into school leadership? We elect school boards that, in turn, hire highly qualified superintendents to ensure that we have strong school leadership. Moreover, a statewide framework to evaluate principals passed during the 2011 legislative session but stalled when Gov. Mark Dayton vetoed the education reform policy bill.

Furthermore, Franken recommends that students in Minnesota and students in every other state—Mississippi for example—learn the same thing at the same time so that K-12 education is seamless across the nation. That is not only absurd but wrong. Where in the Constitution of our great republic is the Congress given the authority to control education in our states?

It is high time parents, teachers and students—we the people—confront both state and congressional elected officials to demand an end to placing more and more mandates on the states. Better yet is the eventual weaning from mandates altogether.

That means saying “no” to federal funds, “no” to maintenance of effort, and “no” to policy changes such as common core standards, national curriculum, and national tests.

In regard to state mandates, the following are necessary: repeal of the deadline that teacher salaries are settled by January 15; repeal of the maintenance of effort for school counselors; repeal of a two-percent staff development set-aside; and repeal of union control over the investment list of companies in which teachers may create a 403B. The latter is utterly important because Education Minnesota has an investment arm and, no doubt, encourages teachers to invest in its funds.

It is also time to allow school districts much more freedom to organize in innovative ways and to transfer fund balances as they see fit—that is, to act more like charter schools if they want. Let’s give elected officials the ability to combine resources and services to respond to the needs of their students

and parents. After all, school boards are closest to the citizens of their districts.

Finally, it is time to stop funding students based on ethnicity, poverty level, and social status. All children are eager to learn and parents want the best for them. Let’s sacrifice the old ways for new and better ways that result in closing the achievement gap: reading proficiently by third grade; encouraging more Advanced Placement courses at the high school level; and ensuring that districts have the ability to hire the best teachers and end “last in, first out.”

K-12 education in Minnesota can return to tops in the nation if we give up the “love affair” with federal dollars and federal mandates.

Sondra Erickson, a Republican from Princeton, represents District 16A in the Minnesota House of Representatives and is chair of the 2011-12 Education Reform Policy Committee.

Some Might Call Me Radical, But...

by Devin Foley

At 32 years of age, I hope I can lend a youthful though adequately informed perspective on the matter of giving up government services and benefits.

The reality is that the country is over \$14 trillion in debt. For 2011, the federal government will likely borrow and spend over ten percent of gross domestic product. Indeed, just to balance the budget this year would require a 43-percent reduction of federal spending. Furthermore, the interest on the debt is at historic lows. If the interest rate were to rise to levels seen in the early 1980s, we would be looking at a significant portion of tax revenues going to cover just the interest. Willing or not, we must cut.

I learned at an early age not to be dependent on government. It’s certainly not easy to do things on

your own, but at times like these, I'm not particularly worried about giving up government services.

If all education funding were to evaporate, my life would not be directly affected because I homeschool my children. I believe parents should be responsible for their children's education, and I live it. Thus, at the very least, I'm willing to give up the U.S. Department of Education.

Social Security ran a deficit last year and is expected to do so again this year. Supposedly it will be positive in a few years for a short time but will be permanently negative thereafter. If you were my age, would you expect to receive Social Security? Not a chance. I plan on working until I drop, while saving for some rainy days. That's my generation's reality. Rather than keep paying into an immoral system that takes from the young with little expectation of repaying them, I'm more than willing to give up Social Security if I can have control over my money. There must be a way to wind it down justly for people dependent on the system, but it should be wound down nonetheless.

Ditto for Medicare. There's not a chance I'm seeing any Medicare dollars. Nor do I want to. Let's go ahead and wind that down, too.

As for the Patient Protection and Affordable Care Act (Obamacare) and all its talk of creating affordable, competitive health care, I see in it nothing but increased health care costs, even greater government regulations and burdens. I'll gladly give up that one. Let's change the tax code and clear out regulations hindering innovation and freedom of exchange. Let me be free to control my health care decisions.

Currently, I'm happily renting while I watch the prices of homes continue their downward trajectory. I'll give up the government's role in lending and housing. Let's do away with the subsidies for the poor, middle class, and the rich alike which have so distorted the housing market. Sure, house prices will tumble, but for a generation expected to pay for the retirement and health care of our parents and

grandparents, providing truly affordable housing is the least that can be done.

As for the military, let me just say that I'm more of a "Fortress America" kind of guy. Do we need a strong military? Of course. But do we need to be spread all across the globe? Arguably, no. We have a friendly neighbor to the north, a fairly docile neighbor to the south, massive oceans on our east and west, complemented by mountain ranges along both coasts and massive quantities of natural resources. We'll be fine. And before I'm told I'm unpatriotic or foolish, I'll happily quote George Washington's *Farewell Address*: "Why forgo the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground?" I agree with our first president that, "The great rule of conduct for us in regard to foreign nations is in extending our commercial relations, to have with them as little political connection as possible." Thus I am prudently willing to give up some of our military.

Many people may think I'm a radical. Whether you like it or not, those are the cuts that must be made, in addition to any number of smaller cuts in independent federal agencies and departments. Consider what I mentioned above: Just to balance the budget requires a reduction of 43 percent of government spending. We could completely eliminate the military and still need to cut another 23 percent from the budget. We could completely eliminate Social Security (19 percent), Medicaid (7 percent), and Medicare (13 percent) and still need to cut four percent of federal spending to balance the budget.

With all of that in mind, let us return to the matter of the interest on the national debt. At current levels, the powers-that-be are holding the interest rates incredibly low. Despite their power, Mr. Market cannot be held at bay forever. Let's say rates were to rise to only ten percent, instead of the 14 percent of the 1980s. A ten-percent annual interest rate on the national debt equates to \$1.4 trillion per year. That's over half of the federal government's projected 2011 tax revenues.

If you think raising taxes will work, it won't. If we balance the budget and force the government to stop borrowing and spending, then we will have shrunk the economy by ten percent. Poof. Do you really think raising taxes in that environment will inspire confidence and grow the economy?

Whether you're willing or not, cuts must be made.

Devin Foley is president of Intellectual Takeout, www.intellectuالتakeout.org.

Counting Government Blessings Instead

by *Arvonne Fraser*

The question of what government services and benefits I would personally give up turned out to be quite provocative, with one exception. I'd gladly give up stadia. They always seem to have government financing, thus I decided that they counted under the symposium's question. The rest was more difficult. If I thought of something, the question of how that would affect my children and grandchildren came to mind immediately. If they are hurt or deprived, that hurts me, but it goes far beyond that.

The real question: In what kind of society do I want to live?

I am unwilling to give up public education. It's at the heart of democracy; therefore I'm glad to pay taxes to support schools, including colleges and universities. I benefit from an educated public. It has been Minnesota's strong point, economically, therefore I don't want to shortchange it. The idea that young people come out of college with their future mortgaged by student loans because tuition at public universities keeps going up offends me. I willingly pay taxes for the Pell Grant program and would pay more for better teachers' salaries and lower tuition at universities.

I could give up the mortgage deduction from my income taxes. We paid off our mortgage some time ago. My children could survive fine without that deduction, but given the college loans mentioned above, my grandchildren may need that deduction if they want to buy a house, but I could be convinced otherwise.

When a favorite nephew was unemployed for six months, I was glad he got unemployment benefits. As he and his wife are now employed, they are helping to keep Social Security solvent for my grandchildren.

I could do without Medicaid, but that would be cruel, so that stays on my government blessings list. Obviously at my age, I would hate to do without Medicare and Social Security. What's more, we have government pensions. While I'm counting my blessings, I do think we have to take a hard look at pensions, especially given increased lifespans. Yet is it really wise to assume that all citizens of this country can be sophisticated investors, begin saving for retirement when they are very young, and learn to invest wisely? Perhaps we need an additional form of compulsory retirement savings. If we invest those savings in government bonds, we'll all benefit. Maybe we should just expand Social Security; too few people understand it's a family life and disability insurance program as well as a retirement program. It isn't about to run out of money for a couple decades, despite what the media and others lead us to believe.

I don't want to "reform" Social Security by phasing out coverage for spouses and children, as I'm sure may be suggested. Rather, I'd take the cap off the income limits beyond which high earners contribute nothing to Social Security. We can simply tax their benefits more, if we're worried about the rich getting Social Security.

I could do without national and state parks, but the city and regional parks contribute to my physical and mental health. Green spaces are important. My grandkids play soccer and softball at public parks and attend the summer programs for kids. Although



I don't go to the Boundary Waters anymore, I want it preserved.

Obviously I want potholes in streets filled, snow plowed, streets cleaned and maintained, and garbage collected. I want safe bridges, good highways, and airports adequately maintained and controlled. This is not just because I sometimes fly to see my California kids and grandchildren, but I want the goods I buy and those that Minnesota produces shipped quickly and cheaply. Much of that is by trucks on highways and some by air.

Until we have some kind of national health service I am glad for government support of Planned Parenthood. It's part of our public health system, providing poor women with cancer screening and prevention and dealing with sexually transmitted diseases and infections as well as other women's health services. Only three percent of its patient care is for abortions, and the government doesn't pay for those. Finally, I could personally do without a lot of fancy weapons and fewer wars and nuclear bombs, but I do like having fire and police protection and believe public employees deserve decent pay and benefits.

In short, I want good government services and I am willing to pay for them.

Arvonne Fraser is senior fellow emerita at the Humphrey School of Public Affairs at the University of Minnesota.

Only If Part of a Grand Scheme

by *Bill Frenzel*

I am one of those lucky people who receive government services that I could get along without. However, I expect to surrender my benefits only as a part of a grand scheme to reduce deficits and the size of government and to stabilize and eventually reduce the federal debt ratio. Such a grand scheme should consider the following components.

Social Security and Medicare. Social Security and Medicare entitlements are the most worrisome benefits in the budget, because people who enjoy them today are passing the costs onto their grandchildren. I feel guilty every time I benefit from them, always at a later generation's expense.

I am willing to forgo all or part of my Social Security annuity or to pay taxes on income above the cap, if the program is also changed in other ways too (e.g., raising the minimum age, removing wage escalation) to make it solvent over the 75-year actuarial period.

I would take Congressman Paul Ryan's plan for vouchers on Medicare, or pay substantially higher part-B premiums, or accept a co-payment program for all services. Again, I would do so only if the program were modified to reduce the growth of federal health care spending to GDP growth plus one-half to one percent.

Defense and Security. This is the biggest item in the federal budget. I will willingly cede whatever security I am being provided by our forces in Afghanistan. I would also take a downgrade in the security provided me by our troops in other places around the world, excluding Korea. I am willing to be protected by fewer people with fewer incentives and fewer weapons.

I will also surrender a hefty slice of the security being provided by the Department of Homeland Security. I can tolerate body scans but not bureaucrats on top of bureaucrats.

Taxes. I would prefer that no one pay more taxes, but I believe a budget compromise to solve our fiscal crisis, of political necessity, must include some kind of tax component to accompany massive spending reductions. I'll be a willing human sacrifice if there is a reasonable ratio of spending cuts to tax increases—at least three to one.

Rather than choose from the array of tax deductions, exemptions, and preferences I receive, I would prefer a cap on total preferences. I would also accept a

total repeal of preferences in exchange for lower rates, as in the Bowles-Simpson Fiscal Commission plan, even if it increases my taxes.

As a last tax offering, I'll pay more in gas taxes. In the spirit of full disclosure, I must admit I don't put on a lot of miles, but I do dial up the thermostat, so I will also accept an energy tax.

Trivia. Under the heading of discretionary expenditures, our huge federal government spills out myriad trivial benefits. Other than real safety-net programs, most of them should go. I enjoy public radio and public television, but I'll throw them under the bus along with National Endowment for the Arts and National Endowment for the Humanities.

I will surrender all of my subsidized mass transit rides, the tax credit on my hybrid vehicle, and the tax credits I might receive if I ever replace the windows in my home.

I'll pay the full fare to cover costs of visits to arenas, stadia, and sports complexes.

State. As an out-of-state resident, I don't get much from Minnesota, but I will throw my legislative pension on the drum. It now pays me nearly twice as much as I earned, on average, for legislative service. I don't believe that eight years of part-time work deserves a pension.

Conclusion. Each of us believes our own benefits are okay. Other people should lose benefits or pay more taxes. The fiscal crisis, however, does not care on whom the burden falls. What we give up to make a successful solution will be far less unpleasant than the arrival of the crisis.

Bill Frenzel is a former Republican Member of Congress from Minnesota's 3rd Congressional District, now with the Brookings Institution, www.brookings.edu.

Restoring Washington to One-Tenth Its Size

by *Paul J. Gessing*

The stated topic for this symposium is a difficult one for me, because it implies that government provides a "service" and that we (taxpayers) are somehow customers. It has been said by some libertarians that government is like a robber who takes your wallet and money, then purchases you an ice cream cone without giving your money or wallet back.

This may be an extreme example, but it is apt. I am first and foremost a Constitutionalist. To me, the Constitution contains the outer limits of what the federal government should do. Simply put, this includes the following:

- Providing for the common defense
- Regulating commerce
- Creating a system of patents
- Naturalizing citizens (immigration policy)
- Establishing post offices and postal roads
- Coining money

I think it is safe to say that in a modern economy with competing (private) parcel delivery services, not to mention the Internet, having the government involved in delivering the mail is just silly. I'd definitely cross that "service" off the list.

Coining money is a trickier proposition. I don't pretend to have all the answers as to how a "private" monetary system might operate. I'd imagine that the credit card companies might be the first to create an alternative currency. However, the spate of money printing in Washington in the form of "quantitative easing" and other manipulations of the money supply over the years have me believing that "coining money" might be yet another government "service" that I could do without from Washington.

There should be no doubt that I'd like to get rid of the Departments of Education, Housing and Urban Development, and Energy and an alphabet soup of



other agencies and unconstitutional government programs, including the War on Drugs. I'd also like the federal government to limit its overseas "services" to defending the security of the continental United States and its citizens—not engaging in nation-building, wars of choice, and other attempts to control the activities of other nations.

When it comes to entitlements, while Social Security, Medicare, and Medicaid are all inherently unconstitutional, the issue is how to transition to a system of private and/or state-run health and welfare programs.

Restoration of a truly constitutional federal government leaves us with a federal government that taxes and spends at rates one-tenth or so the size—perhaps that is even too generous—of the current government. I'm obviously willing to give up a lot of federal services.

At 36, I'm more than happy to forgo all of the money I've paid into Social Security in exchange for being given the opportunity to save and invest for my own retirement.

This doesn't mean that I'm not open to—or even willing to support—a more active government role in the economy and our daily lives. The key to winning my support for these "services" is that they must be implemented, controlled, and paid for at the state and local levels, as per the Ninth and Tenth Amendments to the Constitution.

Thus, police, fire, and even roads are among the services that might be appropriate for state and local governments. While I believe that private charity is superior to government welfare and redistribution plans, I'm willing to tolerate them if they are voted on and paid for by the citizens of the particular state. After all, states must balance their budgets and cannot print their own money; therefore, these programs will have to be managed in a far more responsible manner than is the current federal welfare state.

Obviously, for me the issue is not "what government

services would I be willing to give up." Rather, it is "what government services are worth keeping, and by what level of government should they be carried out?" While I don't see a full return to the U.S. Constitution, I believe that federalism and devolution of a great deal of power and spending authority to the states offer the best hope for turning around America's economy and restoring many of our lost freedoms.

Paul J. Gessing is president of New Mexico's Rio Grande Foundation, www.riograndefoundation.org.

The Key Issue is Means-Testing

by John Gunyou

Social Security. I could probably give up Social Security.

Despite working in the public sector for two-thirds of my four decade career, I don't qualify for a government pension. But, I have managed to save enough over the years for a reasonable retirement. So even after raising five kids, we could probably retire without Social Security.

Of course, we won't be able to keep the boat, and we'll never have a cabin up north. But, with a little of my ancestors' Scotch-Irish thrift, we could probably make it work.

Maybe even Medicare. As a veteran, I have access to VA medical benefits, so I could probably make do without Medicare. At least Part Q, or whatever letter we're up to now. My wife would still need coverage, but she's assured me that with all her bad habits, she won't be around all that long.

Still, I'm a little concerned about all those other freeloaders. According to the Wall Street Journal, more than three-fourths of the country opposes touching Social Security or Medicare to address the burgeoning federal deficit. Ironically, even Tea Party sympathizers oppose any changes to those programs

by a two to one margin.

Let's be clear, Social Security is not a defined contribution retirement savings plan like a 401(k). Despite those viral emails, the folks now collecting Social Security never contributed anywhere near the funds they're drawing out. It's a defined benefit entitlement program paid for by the payroll tax dollars their children and grandchildren are and will be contributing. Actually, it's mostly everyone else's kids and grandkids who will be supporting their retirement.

In fact, Social Security is the very kind of government entitlement program that Tea Partiers condemn as driving our government into bankruptcy. They're right of course. With fewer and fewer workers paying for more and more retirees, the system is not sustainable. They're just not willing to give up their government entitlement to save it.

Nor is Medicare prepaid health insurance. It's an even bigger, unsustainable government entitlement program paid for by the tax dollars of current and future generations. In fact, it's Obamacare for seniors—the very kind of program Tea Party libertarians profess to abhor. They think you're entitled to government sponsored healthcare if you're over 65. But if you're under 65, it threatens the very fabric of liberty and freedom.

As our country ages, we face a fiscal tsunami of Social Security and Medicare costs, yet two-thirds of the most adamant antigovernment self-styled 'fiscal conservatives' oppose any curtailing of the two largest government entitlement programs in history—simply because that might affect them personally. A more apt name for these unapologetic hypocrites might be the Me Party.

But, I digress.

The real issue is means testing. That's the premise that government cannot afford to be all things for all people, so programs should be targeted to those who have lesser means to pay for themselves. It's what

we do now to determine eligibility and assistance levels for government programs like student aid, and to a very limited extent, even Medicare.

After a lifetime of work, every American should be able to put food on their table and receive the medical care they need. But, they're far less entitled to expect someone else to pay for their Viagra and a timeshare in Cancun. Social Security and Medicare should be about maintaining dignity in retirement, not about guaranteeing lifestyles.

David Stockman, Ronald Reagan's legendary budget director, has long promoted means testing, because he sees it as a way to more equitably target finite government resources. He also sees it as a way to break the entitlement mentality of government programs. I know that, because I once asked him.

By means testing Social Security and Medicare, the richest among us with more than enough means to pay for our own retirement and health services, would be asked to do so. Bill Gates would no longer be entitled to receive the same Social Security check as an indigent elderly widow. I've never asked him, but I'm pretty sure Bill might be okay with that.

Me too. I'm thinking I could probably give up Social Security. Maybe even Medicare. But, only if all those other guys do too. You know who I'm talking about. All those guys who think they're entitled to have someone else's grandchildren pay for their boats and second homes.

John Gunyou lives and works in Minnetonka, Minnesota.

Basics and Buyouts

by Jake Haulk

Having reached senior citizen status and become a recipient of the government's largesse, my perspective has changed a bit but my opinions have not. A couple decades ago, I would have



gladly waived all Social Security and Medicare benefits in exchange for being exempt from further contributions. The savings of nearly 15 percent in personal contributions and employer match for 20 years prior to reaching 66, along with the investment gains I could have made, would easily have given me the paltry income that Social Security offers and would have paid for much health care.

Yet having paid into a system for almost 50 years, I have no compunction about taking the benefits, even if I sock most of it a way or give it to my church or family. This is especially true as I am still working and paying FICA and Medicare and thus am being saddled with much higher tax payments as a result of Social Security payments. Indeed, the government is probably taking from me almost as much as I am receiving in benefits. In my mind, that makes it even more acceptable to take the money.

Having said this, I would be willing to forgo all future Social Security cost-of-living increases. What's more, I would be willing to accept a lump sum of 65 percent of my actuarially determined present value payout in exchange for no further claims—a buyout, if you will. That would serve to reduce the long-term liability of Social Security. I am happy to give up any tax breaks offered only to seniors.

I would gladly give up my lifetime senior national parks pass. Amtrak and postal subsidies can go, as far as I am concerned. I would gladly participate in a Congressman Paul Ryan-type plan to cut the nation's Medicare costs. In fact, I will happily do without any and all other benefits designated solely for seniors.

I would like to see all the departments and research dealing with aging and geriatrics closed. Support for the National Endowment for the Arts, National Public Radio, and other liberal bastions of cultural and political bias should be eliminated—ditto for the Department of Education, the Environmental Protection Agency, and the National Labor Relations Board. These are nothing but promoters of ever bigger, more intrusive and more expensive

government, and they are harmful to the economy.

In fact, beyond the items already mentioned, there is no federal service or function, other than national security, interstate freedom of movement, and guaranteeing my constitutional rights that I would not give up in order to reduce federal spending. We must maintain the rule of law, protect property rights, enforce contracts, and get out of the economy's way. This should cost a lot less and generate more GDP and income than the over-regulated environment and politically driven tax system we have.

As for national security, I see no need to keep 30,000 troops in Korea and thousands more in places such as Germany and Japan. Moreover, nation-building must be taken out of our policy lexicon once and for all.

Jake Haulk is president of the Allegheny Institute for Public Policy in Pittsburgh, www.alleghenyinstitute.org.

No Score

by Ariel Johnson

I don't think it is right to insinuate that Minnesota sports fans are fair-weather. After all, they watched sports in the Hubert Humphrey Metrodome for years. Yet recently, Minnesota Twins fans have something to celebrate: baseball at Target Field. The new stadium is ranked as one of the most eco-friendly stadiums in the nation and was recently touted as one of the best baseball experiences.

Yet good experiences come at a price, and taxpayers will feel the cost of the beautiful Target Field for a long time—the sales tax in Hennepin County has been increased by 0.15 percent, costing taxpayers about \$390 million. The Minnesota baseball experience is better, more comfortable, more eco-friendly and it is certainly a lot more beautiful—but it's also a lot more expensive.

Now, the Minnesota Vikings want a stadium boost.

No longer sharing the Metrodome with the Twins, the football team wants a new place to play. Since 2007, the franchise has been working on the cost and the location, wrangling with the Minnesota Legislature to decide who should bear what portion of the cost. The most recent estimated cost, as of May 2011, is \$884 million, with the larger portion resting on the taxpayers.

With the country having suffered one of the worst recessions since the Great Depression, adding immense sums to taxpayers' tabs makes no sense. Taking money from taxpayers (who are budgeting carefully to make ends meet) to finance a sports stadium with estimated costs in the millions is unnecessary. Even more than unnecessary, it isn't the American way.

The public and private sectors are looking more and more similar. Sports-franchise funding by taxpayer money is found nowhere in the Constitution, and it has no place in a free market society. Free markets have rarely been at a loss on how to innovate, create, problem-solve, and ensure that what the people want, the people get.

Burdening taxpayers with the cost of the new Vikings Stadium, combined with what they are already paying for Target Field is wrong. Raising taxes to promote sports stadia is an unhealthy financial choice, and in light of the current job-creation percentages, nonsensical.

Although I am an avid Minnesota Vikings fan and hope that someday a Superbowl win will be a reality for my team, I can do without a new stadium. The government should not provide me with services relating to my entertainment. It is up to me, the Vikings franchise, and private sector industries to propose solutions to the stadium question. Football is great, but money in my pocket is even better.

Ariel Johnson is a recent graduate of Northwestern College in Roseville with degrees in history and English.

Irritating Partisans of All Persuasions

by *Phyllis Kahn*

It is always a bit of a challenge for me to write for Center of the American Experiment, as my basic political positions are considerably to its left. However, if we are to solve Minnesota's problems, we probably need ideas from all parts of the political spectrum.

Starting with the basic question of what I am personally willing to give up, the easiest answer is more money. My family is nowhere near the salary level proposed for higher taxes by Governor Dayton, but we would be quite willing to pay additional income taxes, following the philosophy of a temporary income-tax surcharge on everyone, as was done during Governor Quie's administration.

In addition, I would like to offer a menu of helpful measures.

Government Efficiency. I have been working for years to reform the state management of information systems. The House has twice passed legislation that would set us down the path of reducing our current 36 separate data centers to an eventual one, with a gradual reduction in chief information officers throughout state government. By carefully negotiated wording, we have achieved the support of the major public employee union involved—Minnesota Association of Professional Employees (MAPE). There is no reason why this could not be done within the current level of state expenditure and the existing billing system. We are willing to consider possible upfront costs of \$1 to 6 million for savings of greater than \$55 million in future years.

Non-Productive Cost Reductions. Taking money from basic care for poor people (particularly children) can lead to care at the most expensive and least effective level—the emergency room. There are stories of a neglected tooth infection leading to hundreds of thousands of dollars of medical expenses and eventual death. Further, any discussion of the



wasted expenses at the end of life of terminally ill patients should not be greeted by screams of “death panels.”

Non-Necessary Items and Bad Behaviors

- Institute a tax on sugared beverages, sodas, fruit drinks, flavored milk, and so on. A tax of one cent per ounce on sugared beverages would yield \$231 million a year for Minnesota. In addition, if it alters behavior, as hoped, it will have positive effects on lessening childhood obesity. National statistics say that the average cost per year in health care for a normal weight child is \$1,500 versus \$4,500 for an obese child.
- Increase taxes on tobacco and alcohol products.
- Add a sales tax on services such as cosmetic surgery (an estimated \$10 million a year). When I proposed this in the past, I did get one of my nastiest phone calls: “How can someone who so badly needs cosmetic surgery propose such a bill?”
- Tax all events and souvenir clothing. I have been told that out-of-town concert promoters try to turn over a check for the relevant amount of sales tax only to have it given back to them because we have no tax on clothing here.

Non-Cost-Effective Regulations. I’ve proposed allowing liquor stores to be open on Sunday. Evidence of the benefit is the business activity in Superior, Wisconsin, and the prevalence of Minnesota license plates in the parking lot of the liquor store in Hudson, Wisconsin on Sundays. All surrounding states (and provinces) do this. Estimates of tax revenues range from a half-million to ten million dollars.

I know gambling is controversial, and I have always voted against increases, considering it to be a regressive tax on stupidity. However, I have

proposed adding lottery-based slot machines at the airport, accessible only with a boarding pass, which then would constitute a progressive tax on stupidity and would hit many out-of-staters. This would generate an estimated \$10 million to the general fund and \$16 million to the Environmental Trust Fund.

Dedicated fees. Many people pay dedicated fees like watercraft licenses and hunting and fishing licenses, which have not been increased in years and are willing to pay more.

Continuing Appropriations and Budgeting. In 2001, when a shutdown was averted at the last minute, the documented costs of this activity were \$2.7 million. There is not a tally available for 2005, but because a shutdown actually occurred, the costs were probably higher. Since 2007, I have introduced bills to provide a continuing appropriation at the base fiscal level, assuming that new budget bills have not been passed. This year, my bill has not received support from either caucus or the administration; the prevalent belief is that a deadline is needed for serious bargaining. Nevertheless, I still support this approach to mitigate waste.

Finally, the exercise of insisting on a balanced budget four years out is a burden not required by the Constitution. It seems to be a prudent financial practice, but when we don’t even get the current and the next two years right, why bother to be wrong for an even longer time?

Final Hope. I’m sure I’ve managed to irritate readers of all political persuasions, at least in part, with this exercise. My hope is that I’ve also spurred some thoughts in new directions.

Phyllis Kahn, a DFLer, is the state representative from House District 59B in Minneapolis.

What I Would—and Emphatically Not—Give Up

by *James P. Lenfestey*

I would give up my low upper-bracket income tax rate.

I would give up my low sales-tax rate, which encourages consumption, in favor of a value-added tax.

I would give up tax revenue from existing federal and state corporate taxes in favor of much lower corporate taxes, provided that the taxation were enforced.

I would give up non-means-tested Medicare and Social security payments. In other words, I would accept higher costs and/or increased co-payments for the existing high level of services.

I would give up the lack of frank health care counseling on the costs and benefits of end-of-life medical services.

I would give up federal and state subsidies for the arts and sports teams, including the State Arts Board, the National Endowment for the Arts, the National Endowment for the Humanities, and possibly public broadcasting. The value of the charitable tax deduction is much higher for them. If the broad charitable deduction were eliminated—which I could support—existing small subsidies could be maintained.

I would give up the second-home mortgage deduction, for sure, and possibly the first-home mortgage deduction, as well.

I would give up federal subsidies for pollution (often due to inaction), meaning that I am willing to pay the true higher market cost of electricity and fuel. (One study, factoring in all costs, puts gasoline at \$17 per gallon).

I would give up the Social Security retirement age

of 65 and move it to 70 but would not recommend same for people who work with their hands and bodies (e.g., construction and factory workers), whose work is physically more difficult than that of office, laboratory, and sales workers. I recognize this would be a difficult distinction to make in law.

I would emphatically not give up, and would expand, state and federal environmental protections, which only governments can provide across economic and political jurisdictions (e.g., to protect watersheds, the Great Lakes, and areas downwind and downstream from pollution sources).

James P. Lenfestey is a former Star Tribune editorial writer.

Willing to Settle Up and Call It Even

by *John McClaughry*

Given the perilous state of the national government's balance sheet, Americans are going to have to suck it up and start paying for the services their federal government irresponsibly borrowed to build and maintain for the past 50 years.

Personally, I would be willing to stop drawing Social Security retirement benefits when I have received back all I and my employers paid in for over 50 years, augmented at market rates of interest carried forward from each of those years, and adjusted for government depreciation of the dollar's purchasing power.

I would also be willing to receive a lump-sum settlement of my Medicare taxes paid since 1965, less the very modest expenses I have incurred since my coverage began—contingent on the government allowing me to purchase suitable catastrophic major medical coverage, rated according to my medical condition, not including mandated coverage for pregnancy, mental health, substance abuse, and



pastoral counseling. This would need to be coupled with a retirement Health Savings Account into which I could deposit unlimited dividends, realized capital gains, and IRA distributions, tax free, to cover future medical expenses.

Under those same conditions, I would also be willing to forgo my little-used Tricare for Life supplementary health benefits from my service in the Marine Corps Reserve and call that account even.

Beyond that, I can't think of a single federal domestic spending program, aside from user-fee funded transportation, that provides any direct benefit to me at all.

John McClaughry is the vice president at the Ethan Allen Institute in Vermont, www.ethanallen.org.

“I Would be Willing . . . Nay, Glad”

by Wilfred M. McClay

I would be willing to accept means-testing for most of the benefits I receive or will receive from government, including Medicare and Social Security, as long as the standards are set in a reasonable way, administered with a high degree of simplicity and transparency, and would not involve any more investigative intrusion by the government into my affairs than is already the case.

I would be willing—nay, glad—to see tight restrictions placed on the provision of student loans, which is now entirely the bailiwick of the federal government. The easy availability of student loans has created a raft of perverse and distorting incentives within the world of higher education, allowing many poor-to-mediocre institutions to float on a vast ocean of debt and allow people who are too young to know what they are doing to commit themselves to a lifetime of massive debt repayment (debts that cannot even be discharged through bankruptcy). This has to stop.

The higher education bubble has to be allowed to burst, and the effects on people like me, who work in higher education, and on my children (one of whom is planning a career in higher education) will be profound. That makes a decision such as I'm here entertaining a personal one, even though my children never took student loans.

I would be willing to see a range of significantly increased user fees required for access to certain public facilities, including everything from roads and highways and bridges to public libraries and parks and museums.

I would be willing to contemplate elimination of the mortgage-interest deduction, but only if it were phased in over an extended period, perhaps as long as ten years or more. Too many people have made basic financial decisions based on the assumption that the mortgage-interest deduction would always be available. They need to be given time to revisit those decisions and make appropriate adjustments. This will also give real estate markets a chance to deflate further, which they need to do, and to do so in an orderly way. As the holder of two mortgages, this would affect me personally.

I would be glad to give up my rent-controlled apartment, if I had one.

I would be glad to sell or privatize or liquidate all the unprofitable lines of Amtrak, even though I love train travel.

I would be willing to give up all or most of the cultural agencies of the U.S. government, including the National Endowment for the Arts, National Endowment for the Humanities, and so on. This affects me personally as a scholar, as a recipient of an NEH fellowship, and as a supporter of that organization's mission. We can live without it.

I am willing to give up the space program, for the time being (not permanently). This might not affect me directly but represents a suppression of the American frontier spirit against which I rebel.

I am willing to give up all subsidies for “green” technologies that cannot compete in the marketplace.

What I would not be willing to give up is a vigorous and capable American military force, able to defend American interests effectively around the world. That is a *sine qua non*. Balancing the budget, or moving in that direction, by gutting our defense would be foolish.

Wilfred M. McClay is the SunTrust Chair of Excellence in Humanities at the University of Tennessee at Chattanooga.

Thank You to Your Children and Grandchildren

by Gary M. Miller

It all started innocently enough, with that doggone tree. In spring 2009, I observed a Minneapolis municipal work crew planting a sapling outside my neighbor’s home. I rolled down my window and asked how I could get one installed in front of my home. Keep in mind that I had my entire yard professionally landscaped just the year before. I paid a premium to have more mature trees planted in my yard. I have one of the few sprinkler systems installed in the entire Nokomis neighborhood. The point is, I could have gone to any one of two dozen nurseries in the area and paid for my own tree without thinking twice. But the city tree didn’t cost me a dime. And it fueled my hunger for more “free” stuff.

Also keep in mind: For all its shortcomings, the City of Minneapolis balances its budget every year, unlike the federal government. In calendar year 2010, I took full advantage of every mechanism Washington was unproductively deploying to stimulate a moribund economy. Thanks to every reader of this symposium, I have a new high-efficiency furnace, central air-conditioning unit, and hot-water heater. You see, through New Year’s

Eve last year, our government paid me 30 cents of every dollar spent on such energy-sipping devices. Could I have paid for these devices myself? Yes—without breaking a sweat.

But I was just getting started. Days ago, economists Timothy Conley and Bill Dupor revealed their findings that the nearly \$1 trillion the government spent on the American Recovery and Reinvestment Act (ARRA) or “stimulus” destroyed or forestalled nearly a million private-sector jobs. Still, somebody had to win with that kind of money being thrown around. It was me. You see, I sell electronic medical record (EMR) software that equips hospitals to meet compliance with stringent new federal requirements to provide every American with a digital medical record. Unlike many such mandates, this one was not unfunded. In fact, ARRA set aside nearly \$20 billion to reimburse hospitals to buy exactly the type of software I sell. In other words, what I sell ends up costing my clients next to nothing. In some cases they actually receive more money than they spend. As someone who more often than not pierces the top quintile of income in the United States, I was one of the last people who needed a stimulus.

In order to stanch this massive transfer of wealth from your children and grandchildren to me, I propose a handful of simple but meaningful reforms.

I will grudgingly give up my \$1,000-per-child tax credit. I seeded the earth with three boys of my own free will, not because the Contract with America and follow-up legislation promised me a sop at tax time. Single people and childless couples should not have to pay for the fact I didn’t pay close enough attention during ninth-grade biology.

Second, I would surrender my charitable-contribution tax deduction. Like many Americans, my chief charity is my place of worship. The Gospel has withstood some hungry lions at the Coliseum, The Inquisition, the bad behavior of a few priests, and some naughty televangelists. That which will ultimately prevail against the gates of Hell will also endure the lack of a subsidy. The idea that one group would use the force of government to appropriate the



wealth of another group to propagate their religion should be offensive to believer and nonbeliever alike.

Lest you think my answer to our problem of preternatural levels of debt is to raise taxes on “the rich,” think again. Just so we’re clear: I would happily gut every agency and department not explicitly enumerated in the Constitution. My supply-side bona fides are still very much intact—think about raising my marginal tax rate, and you’re asking for trouble. My intent by surrendering these loopholes is to get the government out of the business of favoring one group (in my case child-rearers and church-goers) at the expense of other groups. In my universe, we all—rich and poor, alike—would pay a single-digit percentage of our income to fund a lean government operating within a constitutional framework.

These proposed sacrifices are modest, but they are the least I can do for the tens of thousands of dollars your grandbabies were kind enough to send my way in the last year or so.

Gary M. Miller is a software peddler who lives with his family in the Nokomis neighborhood of Minneapolis.

“It’s a Sacrifice, but I Want to Help”

by Grover Norquist

John F. Kennedy, or at least his speechwriter, said, “Ask not what your country can do for you; ask what you can do for your country.”

Being a modern Democrat, he conflates country and government. The clarification of the distinction is best expressed by the t-shirt slogan that reads, “I love my country and I fear the government.” Many, perhaps most, governments through history have been the worst enemies of their host country and its people.

The idea that Americans who would limit the size

and scope of government to those things mentioned from time to time in the Constitution have to “give things up” suggests that they are “getting” things from the government.

The American government should not be giving anything to anyone. Indeed, we all know that the government cannot give anyone a dollar that it did not take by force in the first place. Governments do not create wealth or income. They can only move it around by force.

Still, in the spirit of this symposium, I will forswear the benefits the government showers on me by giving up: the blessings of the racist “Davis-Bacon Act” that was designed to keep blacks out of union government construction work and now increases the cost of bridges, roads, and government buildings by about 30 percent, or \$8.6 billion annually. It is a sacrifice, but I want to help.

I would also forgo the pleasure of paying more for sugar and therefore be willing to give up the nice sugar import quotas that force up the price of both sugar and other sweeteners.

I am sure Americans derive benefit from the billions of tax dollars each year taken from us by force and given to governments around the globe. Such foreign aid has impoverished many African nations. I am sure our government has a good reason for doing this, but still, I could give this up. In the olden days when the king wanted a new castle, he had to create the conditions for prosperous farmers who could then be looted (taxed). More government spending was dependent on a growing economy.

Now, courtesy of foreign aid, the local philosopher-king of Tanzania can have a new palace paid for by foreign aid. The peasants can starve, and the king still gets another palace. Foreign aid has removed the requirement that Third World governments have functioning economies below them. Certainly there is a reason we have spent trillions of dollars over the years in kneecapping economic development in other nations, but I would pass on this government service if it would

help cut spending by our government.

When the Food and Drug Administration delays the introduction of a new life-saving drug for three years and then holds a press conference announcing that the new drug will save 5,000 lives a year, I wonder if we might pass on the government service that cost 15,000 lives in the previous three years. Perhaps we could go without this service.

I would also be willing to pass on the multiple benefits I get from spending \$120 billion this year occupying Afghanistan to keep bin Laden's compatriots from moving there.

I note that workers in the real economy earn an average of \$60,000 a year. State and local government "workers" earn an average of about \$80,000 and federal government "workers" earn about \$120,000. With 19.5 million state and local employees overpaid by \$17,000 a year and 2.2 million federal government workers overpaid by \$62,000 a year, that means taxpayers are paying \$468 billion more each year than if government workers—a.k.a., public servants—were paid normal wages and benefits. Glutton for punishment that I am, I am willing to pass on paying that \$468 billion.

Thank me later.

Grover Norquist is president of Americans for Tax Reform, www.atr.org.

“Excuse My Inner Theologian”

by *Bob Osburn*

As a 60-year-old who is between two and eight years away from claiming Social Security benefits, I am prepared to reduce those benefits by up to 25 percent. The simple fact is that no one is obligated to ensure that I live at the level to which I have become accustomed (a myth perpetuated by both big-government liberals and some financial

planners).

While I am not one to reject the promise of sunny beaches, I won't be able to laze away my days on those beaches in the so-called golden years if I know that my so-called entitlement is economically strangling my children and grandchildren. With every sunny ray, I'll feel (excuse my inner theologian) the just wrath of a God who will rightly accuse me and the members of my Baby Boomer generation: "You lived recklessly and borrowed with abandon!"

I know not a single 1960s Boomer who can deny that our generation defined "generational hedonism," the profligate self-indulgence characterizing a whole generation. Lest you think I wear sackcloth and ashes for my Sunday best, you can be reassured that I have not performed acts of self-renunciation. However, I welcome a fresh generational self-examination, and, on that score, I fear we Boomers are "weighed and found wanting."

What would I expect the government to do with the 25-percent Social Security benefit reduction? Reinvest it in the Social Security Trust Fund so that this level of reduced benefits can be sustained perpetually without increasing FICA taxes on the employed and self-employed.

While I leave it to actuaries to determine the actual amount of the reduction in benefits necessary to assure that the Social Security Trust Fund is not exhausted by 2037 (as is now forecast), I suggest that the following will make my proposal more palatable:

- Workers under age 50 ought to be able to partially privatize their retirement benefits, rather than having 100 percent of them wrapped up in what can be described only in the most honest terms as a government-run Ponzi scheme. Notwithstanding market risks, we have little reason to continue this dishonest scheme. Rest assured, those who are currently above 62 should not have to risk the reduction that those of us who are younger are willing to take.



- I acknowledge that lower-income workers and/or those working in manual labor for at least the last 10 years of their working lives ought to be spared these benefit reductions. This is not a class argument; it merely acknowledges that lower incomes and/or manual labor do take substantial tolls that further reductions would only exacerbate. Policy wonks can ferret out the details in the overriding interest of fairness.
- Culturally, at least here in Minnesota (but I suspect throughout much of the United States), there is substantial appeal to the idea of thrift. Liberals as well as conservatives, at least here in Minnesota, embrace this idea with enthusiasm. I suspect this is because our national story was shaped by men and women willing to make sacrifices in order to craft better lives for their families. It was also a story where the religious ideals cultivated and communicated by American Protestants were consonant with and often provided the operative motivation for undertaking these sacrifices. The thrift story still resonates with Americans who resist the shrill siren songs of hedonic Boomers who cynically exploit very un-American ideas of class warfare.

What happens if, in the very unlikely case, my reduced Social Security benefits cause more pain than I expect? I don't have far to look. My 83-year-old mother chooses to work 16 to 20 hours per week as a Wal-Mart people greeter and food demonstrator. If she can do it, what, apart from ill health, will stop me from working part-time if I need to?

Rather than live on sun-plastered beaches for wizened retirees, I'll choose to live without guilt and with the satisfaction that I'm not leaving my children and grandchildren with the responsibility of paying for my generation's sins.

Bob Osburn is the executive director of the Wilberforce Academy, www.wilberforceacademy.org, and a lecturer in the Department of Organizational Leadership, Policy and Development at the University of Minnesota.

Losing Sight of Personal Responsibilities

by *Darryle Owens*

It is impossible to discuss sacrificing taxpayer-funded, government-administered benefits as a means of restoring fiscal and financial sanity without examining the role of government. No American has a constitutional claim to government benefits and services, with the exception of those services necessary to protect our lives, guard our liberties, and shield us from anything that threatens our freedom. Government action beyond the powers enumerated by our Constitution creates perks used as political tools and severely threatens our country's financial (and, some would say, moral) health. The most costly examples are social insurance programs such as Social Security, Medicare, Medicaid, but there are numerous other agencies and activities that are well beyond the limits of what a government should consider.

A discussion of this nature is difficult for many reasons, not the least of which is that government programs are so embedded in our culture and habits that many of us have lost sight of what our individual responsibilities are in relation to the government's role in society and daily life. One of the most obvious reasons for Americans' willingness to allow government to maintain and even expand its role is the promise of financial security. Many of us feel entitled to a level of government support, regardless of the cost. This feeling of entitlement is evident in a recent *Wall Street Journal*/NBC News poll showing that only 22 percent of Americans believe it is necessary to cut Social Security to reduce the deficit significantly. A paltry 18 percent believe it is necessary to cut Medicare to reduce the deficit significantly, and even Tea Party members oppose cuts to these programs by a two-to-one margin, according to the poll.

With the Social Security and Medicare trust funds projected to run out of money in 2036 and 2024, respectively, perhaps we should reconsider not only our willingness to reform these programs but

ultimately also who *should* be responsible for our financial well-being and health care costs during our golden years. With so few of us willing to address the ballooning costs of these entitlement programs, the federal government has no incentive to change them. These two entitlement programs alone totaled about 33 percent of all federal spending in 2010, according to the Center on Budget and Policy Priorities. An *additional* 22 percent of federal taxpayer dollars were spent on Medicaid, SCHIP and other safety net programs, compared to 20 percent spent on defense and national security (which *are* federal government responsibilities).

The White House Office of Management and Budget projects that, in the current fiscal year, mandatory spending, including Medicare and Social Security, will equal 100 percent of federal tax receipts. Thus, discretionary spending, which includes items such as national defense, education and housing assistance, will be funded almost entirely with borrowed money—more than \$1.3 trillion.

Federal spending is growing 62 percent faster than inflation even though revenues are shrinking. Without a critical look at the necessary role of government, the gap between spending and revenue will continue to grow exponentially. Such would be the lens through which we could conduct a line-by-line review of the federal budget—not simply determining “the effectiveness” of each spending item, but identifying whether it is the government’s role to spend taxpayer money on those items at all. A serious review of this sort would certainly result in sacrificing services we might have come to expect from the federal government. In return, however, we could be freed from having to contribute to the obsolete programs.

As a means of transitioning to a government that focuses on core functions, participation in and contributions to well-intended benefit programs outside the Constitution’s requirements could be made voluntary. Social Security and Medicare are unsustainable in their current forms, and forcing Americans like me, who most likely will not need

them, only takes resources away from people who need assistance and reduces the amount I am able to save for my own retirement and future health care needs.

As if giving up future social insurance benefits in exchange for being exempted from future contributions, while allowing the government to keep my past contributions weren’t enough, I would also voluntarily withdraw my “participation” in the following federal programs: unemployment benefits, education, community and regional development, farm subsidies, and allowances for new initiatives (whatever they are). Finally, these programs must be reformed and, in many cases, eliminated. Otherwise, I would certainly be asked to sacrifice again in the very near future.

Darryle Owens is a volunteer committee chairman for The Heritage Foundation, www.heritage.org.

Sacrificing Programs I Once Supported

by *Tim Penny*

How would I personally sacrifice to cut the federal budget down to size?

First, I will take no pension for my years in Congress (and I have already refused to do so). I am also willing to forgo my Social Security benefits as long as Congress, at the least, raises the retirement age to 70 and caps or limits future cost-of-living adjustments.

Second, unlike some fiscal conservatives, I would be willing to pay higher taxes as part of a comprehensive budget fix, as long as increased revenues are held to no more (I would hope less) than one-fourth of the solution. I voted for the Clinton budget and its taxes on upper-income earners, and those taxes did not kill the economy; however, I would prefer that tax increases be combined with tax reform along the lines proposed by the Bowles-Simpson



Commission. This would allow us to lower overall tax rates and clean up the tax code by eliminating distortive tax breaks and credits.

Third, we need comprehensive health reform that actually reduces the rate of increase in health costs—sadly, a goal left unaddressed by Obamacare. Accordingly, I would support Medicare reforms similar to those proposed by Congressman Paul Ryan and would be happy to accept a government subsidy for my Medicare that covers only 50 percent of the expected premium. I have also purchased long-term care insurance and disability insurance and have prepared a living will so as not to burden taxpayers (or my family) with astronomical end-of-life health care bills.

Fourth, even though I may qualify for some Veteran's benefits, including VA health care, due to my years in the Navy Reserve, I will not pursue any of those benefits.

Fifth, consistent with my role in Congress as co-chair of the Porkbuster's Caucus, I would support elimination of all porkbarrel spending—even projects that would be welcomed in my own region of southern Minnesota. I still believe that porkbarrel spending is like a gateway drug that leads to an overdose of spending.

Sixth, given the growing threat of deficit spending, I would be willing to sacrifice programs I once supported, including funding for public broadcasting, Planned Parenthood, ethanol subsidies (as long as tax breaks for oil production are also eliminated), and the National Endowments for the Arts and Humanities. Moreover, despite my affinity for America's industrious family farmers, I would support eliminating current farm subsidies in favor of a crop insurance system with affordable rates designed to reduce federal costs dramatically. I think the Federal Elections Commission could also be replaced by a simple requirement that no campaign contribution can be deposited until it is reported electronically and posted publicly.

Seventh, America (and I personally) can remain safe with less Pentagon spending. For starters, we should enact outgoing Defense Secretary Robert Gates' recommendation to save \$154 billion over five years. As progress continues in Iraq and Afghanistan, troop and spending commitments can be brought down. Another Base-Closing Commission report is due soon (2013) and should be put into effect. In the future, no major military mission should be undertaken without a commensurate tax increase; this should cause our leaders to think twice before engaging troops in another war. Though constituting less than one percent of federal spending, we should also eliminate all foreign security aid and retain only aid focused on development programs.

Finally, though resulting in little effect on me personally, I think major restructuring of federal agencies is long overdue. A recent Government Accounting Office report about duplication and redundancy points to serious savings.

In addition, we should collapse our 14 Cabinet departments into no more than seven, thereby achieving huge efficiencies.

Emergency spending (for natural disasters) should be subject to a dedicated tax to eliminate expensive "riders," the unrelated expenditures that so often accompany true emergency appropriations.

Federal transportation dollars, generated by the gas tax, should be passed through to the states, thereby allowing them to prioritize road and bridge projects while removing the very costly federal role.

Moreover, federal spending for education should be eliminated, unless the federal government is willing to finance these activities fully—no more "unfunded" federal mandates!

Tim Penny is a former congressman from Minnesota's First District, a senior fellow at the Humphrey School of Public Affairs, and co-chair of the Committee for a Responsible Federal Budget, www.crfb.org.

A Nation of “Takers” Cannot Long Endure

by *Larry Purdy*

This symposium’s question itself begets a question and an observation.

First, the question: Who in this country can honestly say he or she knows the full extent of so-called “governmental services and benefits” that today are available (federal, state and local)?

Then, an observation: Without knowing the answer to that question, it is all but meaningless for any individual to say what he or she is willing to give up. For example, apart from our national security, local police and fire protection, and the provision and maintenance of our physical infrastructure (e.g., our multi-layered public transportation systems—highways, railways, and air travel facilities), services from which every American benefits, what one citizen may be willing to give up may be a benefit entirely unused by, if not unknown to, his neighbors. This is the natural and wasteful outcome of the plethora of government-funded programs, most of which, by any honest measure, are non-essential. (For example, parks and bike paths are nice but clearly non-essential.)

Allow me briefly to challenge a limitation that Center of the American Experiment inserted in the instructions: To wit, the notion that “national security” is a governmental function that does not lend itself to the kind of *personalization* explicit in the question presented. In my view, there is nothing *more* personally important than our national security. Without guaranteeing it, little else may matter. Thus, while insisting that efforts be undertaken to cut waste from our defense budget and demanding better stewardship by both our civilian and military leadership in terms of how our defense dollars are spent, national security most certainly is *not* among the governmental functions I am willing to give up. In my view, defense spending should be expanded, not reduced.

With these limitations in mind, my answer to the question presented is simple: I would give up every governmental service or benefit necessary to save our nation and to reverse the vanishing individual freedoms and opportunities envisioned by our Founders.

I will turn 65 in 2011. I have paid into government benefits programs for over 49 years (since turning 16) without receiving a single dollar in return (except for benefits received in exchange for my service in our nation’s military). My contributions notwithstanding, if our nation’s survival ultimately depends upon my willingness to relinquish the Social Security and Medicare benefits promised from these mammoth governmental programs, I will give them up.

At the same time, if the government continues to expand its efforts to redistribute a citizen’s honestly accumulated wealth to others and/or to waste it on thousands of non-essential programs, my willingness to forgo these benefits is useless. This trend—which has accelerated under the current administration—threatens to turn America into Cormac McCarthy’s “no country for old men.”

Of course, none of the above is meant to argue against the maintenance of a government-funded social safety network. Still, such a network, to the extent not provided by each individual for himself or replaced by charity from an unburdened private sector as well as from our broadly diverse religious and charitable institutions, must be reduced dramatically.

Here, allow me briefly to address the subject of charity and to borrow from Roger Pilon’s recent and thoughtful opinion piece in the *Wall Street Journal* entitled, “Is It Immoral to Cut the Budget?” Citing the parable of The Good Samaritan, Pilon pointed to the fact that “Americans are a generous people. They will help the less fortunate, if left free to do so. What they resent is being forced to do [it] in ways that are not only inefficient but impose massive debts upon their children. That’s not the way free people help the young and less fortunate.”



Our right freely to choose the path of the Good Samaritan is what we are losing in today's America where, as Pilon noted, "The federal government exercises vast powers never granted to it, restricting liberties never surrendered. It's all reflected in the federal budget, *the redistributive elements of which speak to nothing so much as theft—and that's immoral*" (emphasis added).

Waste, duplication, fraud, abuse, and, yes, theft and immorality are bound up in our bloated federal bureaucracies. Worse yet, the perverse incentives offered by many of our government programs to individuals who fail to contribute responsibly to their own well-being cripple not only our nation but also the so-called "beneficiaries" themselves. These programs reward "taking" rather than "making." A nation composed of a majority of "takers" cannot long endure.

Larry Purdy is a graduate of the U.S. Naval Academy, a Vietnam War veteran, and a Minneapolis attorney.

If Not in Section Eight of Article One . . .

by *Donald P. Racheter*

If something is not explicitly authorized in Section Eight of Article One of the U.S. Constitution, our federal government should not be doing it. However, getting to that point from the mess our greed has created will be anything but simple.

I am willing to give up housing, mortgage, or rent subsidies through the federal Department of Housing and Urban Development. Ditto for any aid to local planning departments, light-rail subsidies, and so on.

I am willing eschew any crop subsidies and payments not to grow things, as provided by the Department of Agriculture. I am willing to pay more for my use of gasohol-blended fuel without any federal subsidies or tax breaks. Yes, I'm from Iowa—the

center of the ethanol universe—but with crop prices at all-time highs, now is the right moment to wean ourselves off this boondoggle.

I am willing to let the market and private firms, or efforts by state governors and economic development officers, determine where firms decide to locate, without any federal Department of Commerce intervention or enticements. While we are getting rid of the historical sop to business, let's be balanced and abolish the sop to organized labor as well.

We should abolish the Department of Education and let local school boards provide public education as the Founders intended. Admittedly, I took G.I. Bill aid after I was on active duty with the Army, but the military is constitutionally authorized, and educational benefits for veterans were part of the recruitment package.

We should abolish the Department of Energy, let the Defense Department take over military applications with which Energy has been involved, and let the market do the rest, in terms of energy production. Iowa is a leader in wind-energy production and is seeking to become a center of manufacture for parts, but if it is worth doing, it doesn't need federal subsidies and tax breaks.

We should privatize the national parks or sell them to the states in which they are located—the same with the other functions of the Department of the Interior. With the tremendous debt we have run up, selling assets is in order, and the tremendous number of acres of land owned by the federal government is a good place to start.

We should also allow the states to collect all gas taxes and build and maintain the roads, including the interstate highways. Interstate compacts should be used to make sure the bridges and roads align when they cross state borders.

Finally, I am willing to see a phase-out of the Department of Health and Human Services and the 25 percent of the federal budget it commands for programs such as Obamacare, Medicare, Medicaid,

and Social Security. All the projections say these programs cannot be sustained, and they need to be shifted from defined-benefit plans to defined-contribution plans as has happened in the private sector. Health insurance and retirement plans can be administered by private insurance companies monitored by state governments.

I am also willing to forgo the benefits I would receive personally if we could just put our house in order for our children and grandchildren.

Donald P. Racheter is on leave from his position as president of the Public Interest Institute, www.limitedgovernment.org, to serve as government relations director for Iowans for Tax Relief until the end of the 2011 session of the Iowa General Assembly.

All Should Pay War Taxes

by *Lyall A. Schwarzkopf*

As an 80-year-old married man receiving Social Security, Medicare, and a government pension, I am very concerned about the deficit financing of the federal budget. With one country (China) owning nearly 30 percent of our nation's debt, I am worried about how that country, using our debt, could hurt the United States. I believe I could cut some of my federal income tax deduction benefits, pay a war excise tax, and help reduce the debt.

Social Security and Medicare. Most low- and middle-income retirees need their Social Security, and we all have come to count on Medicare along with a supplemental health insurance plan to pay for health care. Having planned during our working years to retire with Medicare and Social Security, it will be nearly impossible for most of us to give up those two government benefits, but we could make higher co-payments for Medicare doctor visits.

Tax Deductions. I give 17 percent of my gross income to charities and nonprofit organizations.

I can deduct those gifts from my federal and state income taxes. If I were to lose that income-tax deduction, I would be paying more income taxes. I could do that. In addition, I pay another eight percent of my gross income in taxes other than federal taxes. I can deduct those taxes from my federal income taxes, too. I could give up that federal income-tax deduction. Because I pay for health care over and above what Medicare and the supplemental insurance plan pay, I get to deduct another two percent of my gross income from my federal income tax. I could give up that tax deduction, too.

If all of the special deductions that individuals and corporations get on their federal income tax were eliminated, that would help to reduce the deficit of the nation and would raise more income for the states. A few years ago, most deductions for interest paid were eliminated, but homeowners' interest on their mortgages is still deductible. Specific industries get special tax deductions. All such deductions should be eliminated, and maybe we could even thereby afford to reduce federal and state tax rates.

National Defense. As I look at national defense, I strongly support our country being prepared to defend itself. If we must be in a war, and we are in three wars now, then everyone should help pay for the war. The burden should not fall only on soldiers or their families. Missiles, fighter planes, ships, and weapons are all expensive, and we need to pay for them along with the human cost that soldiers pay. I would support a war tax as long as we are fighting in a foreign land. All people who earn an income, whether or not they pay income taxes, should pay at least \$10 a year towards a war tax. Individuals who earn more than \$50,000 a year should be paying .05 percent of their gross income in a war tax, and individuals earning more than \$500,000 a year should be paying one percent. Then, we would all be sharing in the war.

In addition, I believe we should close our Army installations in Germany, Japan, and Korea. World War II and the Korean War ended over 50 years ago, and we do not need to have troops in those



countries. This would cut a small amount of the money we spend on defense.

Medicaid. Finally, Medicaid is also an expensive program, but it is needed for low-income people. I do believe that all Medicaid recipients should be under a managed health care system that pays for outcomes and not procedures. Many Medicaid recipients have behavioral health problems. People with behavioral health problems use expensive emergency care services and shop for doctors. Under a managed health care system, the patients' records would be available nationwide for health professionals, and patients would not have to be worked up each time they saw a new doctor or went to an emergency room. This, alone, would save many dollars. If the behavioral health care patient were to get immediate and proper care, rather being hospitalized, this, too, would save much money.

Lyall A. Schwarzkopf is a former state legislator, a former Minneapolis city clerk and city administrator, and served as Gov. Arne Carlson's first chief of staff.

Medical Magellans

by **Fred L. Smith, Jr.**

Food and Drug Administration (FDA) rules are supposedly intended to ensure the safety and efficacy of new drugs and medical devices. It is FDA's technology gatekeeper role—its power to approve or reject medical innovations in a one-size-fits-all fashion—that I would sacrifice willingly.

I seek the freedom to explore the medical frontier, to have access to experimental medicines and medical devices that the FDA has not approved, and to go out (as I'll explain) as a hero.

I agree that taxes and government spending are out of control. These forms of government intervention are troubling, but at least they are receiving attention. Yet taxing and spending are relatively transparent compared to regulation, whose costs

are off budget and whose impacts are diffused throughout the economy. Regulatory reform has received too little attention in the current fiscal debate. That is unfortunate, because the burdens of federal regulations are massive, now estimated at almost \$2 trillion annually.

My proposal would save relatively little taxpayer money directly, but the larger impact of a more liberalized medical exploration process would be tremendous. It would enhance individual liberty and the range of medical options for countless Americans. It would also increase economic growth and harness the cost-reducing impact of technological innovation.

It is important to note that the costs imposed by FDA regulation are measured also in terms of human lives. FDA restrictions have significantly increased the costs of research and time of diffusion for the development of new, health-enhancing products. On average, it may take an innovator up to 15 years and as much as \$1 billion to move a drug from the laboratory to FDA approval.

Health care innovations face much greater impediments than innovations in most other sectors of the economy. Elsewhere, entrepreneurs conceive new products that they believe offer value to consumers, introduce them to the market, and hope that consumers will buy them.

In health care, nothing can be introduced until it has received FDA approval. However, as a government agency that cannot be made immune to politics, the FDA is highly sensitive to any unintended mishap for which it might be blamed. For example, former FDA Commissioner Alexander M. Schmidt noted in 1974: "In all of FDA's history, I am unable to find a single instance where a congressional committee investigated the failure of FDA to approve a new drug. But, the times when hearings have been held to criticize our approval of new drugs have been so frequent that we aren't able to count them. . . . The message to FDA staff could not be clearer."

The message is that the agency should always err on the side of over-caution.

There is no such thing as a perfectly safe drug or medical device, thus approvals sometimes create identifiable “victims.” On the other hand, the victims of FDA intransigence—those who never get a chance to benefit from the health-enhancing treatments that the agency has blocked or delayed—are unknown and politically invisible, and thus the agency is held blameless for them. Medical innovation is an inherently complex process, with just one of every 250 drugs which begins clinical testing ever making it to market.

Clearly, another strategy for medical innovation is needed. Milton Friedman argued that the quality of our health care would advance more rapidly if the FDA were abolished. My suggestion is a bit more modest. I would simply liberalize the FDA’s gatekeeper policies, allowing each of us—if we wish—to escape our “victim” status and to allow us one last chance, at the end of our lives, to dare the unknown, to perform one last heroic act.

At some point, a doctor will say, “Mr. Smith, there’s nothing more I can do for you.” Yet in many cases, although no approved intervention may exist, there will be a list of potential interventions that might address my “incurable” ailment. Must we check out as victims, or might we instead be given the opportunity to go out as heroes?

Naturally, some paths will lead literally to dead ends. Taking the wrong path entails both high costs and great dangers. Unlike Lazarus, we are all on a one-way trip through life, and sometimes fate or our bad choices shorten that trip. We would have to develop a reasonable informed consent protocol: Volunteers should be aware that their selected intervention is unlikely to succeed and that they might experience painful side-effects or an earlier death. They should give up the right to sue, and they may need to bear the costs of treatment themselves. Offsetting this, however, would be the individualist value of being in control of the final leg of one’s life journey. I’d like to have

that opportunity, and millions of other Americans would, too.

Thus, my recommendation is to allow us all to elect to perform for our fellow citizens (and our descendants) one final heroic act. As free individuals, shouldn’t we be allowed to volunteer as Medical Magellans to explore those possible passages to a healthier world?

Fred L. Smith, Jr. is president and founder of the Competitive Enterprise Institute, www.cei.org, a free-market public policy group and international NGO in Washington D.C.

Ending Invasive Wars

by *David J. Theroux*

In May 1831, Alexis de Tocqueville and Gustave de Beaumont arrived in New York City to begin a study of the American prison system, and they used the opportunity as a pretext to explore American society itself. One of the results of their tour and study was the publication in two volumes (1835 and 1840) of Tocqueville’s monumental *Democracy in America*, in which he traced the development of free societies, and of America in particular, where the “law of equal liberty” is protected. He marveled at how Americans, unhampered by the political restraints so pervasive in Europe, were able to come together to innovate, associate, and create enterprises and private community organizations to address most every civil need and concern, from welfare to crime to housing to food to education to energy to the arts and more.

As the book *The Voluntary City* vividly shows, in a free society individuals are able to make and be responsible for their own choices regarding education, enterprise, associations, media, welfare, travel, religion, safety, and the consumption of goods and services. This natural law insight that all individuals have rights to liberty has been eclipsed by a “progressive” (i.e., authoritarian) culture of



centralized government power. As a result, the areas in which Americans can be free have been significantly diminished, with government mandates replacing individual initiative.

As a classical liberal, Tocqueville prophetically discussed the problem of runaway democratic government in which a “tyranny of the majority” can vote to overrule the property rights of the citizenry, destroying the freedom that undergirds the dynamic and responsive processes of private enterprise and private civil institutions. Such a situation looms large in America today as government restrictions, surveillance, prohibitions, and taxes significantly curtail choices in virtually all aspects of life.

What, then, is to be done, short of wholesale reductions of such power and spending? What would we cut? In my case, the choice is a difficult one, not because I cannot find such a candidate, but because there are so many. Surely, entitlements, farm subsidies, bailouts, and pork of all kinds are superb candidates—even those that benefit me directly.

However, if pressed on the matter, my top preference would be the wars that the United States is conducting in Iraq, Afghanistan, Libya, and Pakistan. The current annual costs of these unconstitutional military adventures are estimated by the Congressional Research Service to be \$169 billion, or about 4.4 percent of total federal spending. As a result, ending these interventions could be a much-needed step to reduce the U.S. annual deficit, save countless lives and injuries, and restore America as a beacon of liberty and justice.

The advantages of such a move go far deeper. As Independent Institute Senior Fellow Robert Higgs has shown in his pioneering book, *Crisis and Leviathan*, war crises have always been the most efficient engine to generate big government in every area, including entitlements, regulation, taxes, and so on. Indeed, Higgs shows that virtually every single program of federal spending and power originated during a war crisis, setting precedents that have endured and ratcheted us into the

contemporary U.S. Leviathan. As a result, it is a fool’s errand to seek to reduce the welfare state or eliminate farm subsidies as long as invasive wars are pursued unchecked. This lesson was one of which, despite other differences, America’s Founders were especially mindful:

Of all the enemies of public liberty, war is perhaps the most to be dreaded, because it comprises and develops the germ of every other. War is the parent of armies. From these proceed debts and taxes. And armies, debts and taxes are the known instruments for bringing the many under the dominion of the few... No nation could preserve its freedom in the midst of continual warfare.
James Madison

Unlike those nations whose rulers use their country’s resources to seek conquests, to carry on warring contests with one another, and consequently plunge their people into debt and devastation, free societies are organized for the happiness and prosperity of their people, and this is best pursued in a state of peace.
Thomas Jefferson

Safety from external danger is the most powerful director of national conduct. Even the ardent love of liberty will after a time, give way to its dictates. The violent destruction of life and property incident to war, the continual effort and alarm attendant on a state of continual danger, will compel nations the most attached to liberty to resort for repose and security to institutions which have a tendency to destroy their civil and political rights. To be more safe, they at length become willing to run the risk of being less free.
Alexander Hamilton

Choosing now to extricate the military from Mideast conflicts would be a major step toward reducing the enormous financial crisis facing the United States and ratcheting Leviathan down. The vibrant blessings of liberty in America that Tocqueville discovered and chronicled so well can

be restored only when America's invasive wars are ended.

David J. Theroux is the founder and president of the Independent Institute, www.independent.org, and publisher of the quarterly journal The Independent Review.

An Equitable Sharing of Pain

by *Jim Van Houten*

General Guidelines for Provision of Services

- Implement across-the-board cuts to pre-recession levels for almost all federal budget categories that have increased since 2008.

Impact on me: Same as on others; in general, an equitable sharing of the pain.

- Require all federal, state, and municipal agencies to outsource to the private sector all functions where large and competent private sector suppliers exist. Suppliers would be selected after passing a capability analysis and competitive bidding to allow a multi-year transition to smooth the change. Each bidder also would be free to compete by suggesting service redesign. Laid-off government employees should be given hiring preference by the selected private sector vendors for a period of one year, after which they would receive no preference. However, wage levels would be determined by the individual firms, without government guidelines.

Impact on me: Same as on others; primarily learning to work with new suppliers. A positive effect might be significant updating and improvement in the quality and provision of government services, and a reduction in government operating costs, making them better able to meet other obligations

- Eliminate all federal, state, and municipal minimum price rules such as Davis Bacon, for construction and capital projects over a certain dollar threshold.

Impact on me: Same as on most others. The positive would be a reduction in government costs for each project, allowing more projects for same dollars.

Entitlements

- Implement an income adjustment for half the Social Security benefit, based upon post-retirement income. IRS data for the prior year's taxable income (2010, for example) would determine the percentage adjustment to half of the net Social Security benefit payment placed at risk for the next year (2012, for example). Those Social Security benefit recipients in the top one percent of total income (\$380,000-plus, based on 2008 returns) would lose the entire half of their Social Security benefit placed at risk. Recipients in the top 25 percent (\$67,000-plus) would lose up to one-third of the half at risk (a maximum net 16.5 percent benefit reduction). Income levels between \$380,000 and \$67,000 would be proportionately reduced. People earning less than \$67,000 would have no adjustment. Family size, disability, and dependents would already be accounted for by the IRS calculations of taxable income.

Impact on me: Significant, but an income-based, equitable sharing of the pain and reduction in the unfunded Social Security benefits.

- Replace all federal, state, and municipal employee defined-benefit plans with defined contribution plans with future annual contributions set not to exceed the modal average for larger private sector firms in their region, as determined by government-reported data. An amount required to fully



fund the promised defined-benefit plan benefit earned to date would be contributed to the replacement defined-contribution plan of each participant.

Impact on me: Same as on most others. A positive consequence would be a reduction in government operating costs and elimination of unfunded liabilities for government employee pension plans.

Non-Entitlement Government Programs

- Eliminate federal, state, and municipal funding of private nonprofits (e.g., National Public Radio, National Endowment for the Humanities) unless approved by public referendum during each four-year election cycle.

Impact on me: Same as on most others. In general, the public would have to approve the use of taxpayer funds for non-government arts and charitable organizations; or alternatively, there could be an equitable sharing of the loss of cultural benefits; or the public would be required to increase their personal charitable giving to maintain the programs.

- Establish public sector pay and benefits aligned with those of workers in the private sector. Use already available private sector industry data to determine levels.

Impact on me: Same as on most others. In addition to reducing government operating costs, the policy would be more transparent, relying more on market forces than labor union power to set wage rates, and eliminate the growing public anger at perceived pay and benefit inequities.

Jim Van Houten is a retired president and CEO of the MSI Insurance Companies and a former American Experiment director. He is a trustee and chairs the Audit Committee of the Minnesota State Colleges and Universities System.

Sacrificing Better Selections of Broccoli

by Greg Walcher

Most Americans are willing to sacrifice more than you might guess to help our country through this budget and debt crisis and to protect their grandchildren's future. Here are a few government "services" I am willing to give up for my country:

- I would be willing to forgo the millions of dollars' worth of nutrition programs the USDA provides so that public schools can offer a better selection of broccoli to my children. It would be difficult for me, as a parent, to have to give some thought to what meals my children eat and whether they are becoming obese from too many soft drinks, but for the good of the nation, I'd be willing to parent my own children—at least until we get out of this economic mess.
- I could learn to live without the EPA studies of the climate dangers caused by cow flatulence and maybe even that agency's regulation of my own breathing. Realizing that my breath and my love of beef may lead to yet another half-inch rise in the sea level over the next century, perhaps we could worry about this in another decade or two when the economic outlook is rosier.
- If absolutely necessary, I could manage without the Department of Education funding thousands of school district administrators across the nation. I know the importance of every district having coordinators for special education, autism, behavioral problems, social engineering, political correctness, and curriculum "updating," but because of the temporary economic downturn, I would be willing to let teachers and parents decide on their own how to run schools and implement important social objectives for now.

- I could try to go on without the Department of Energy giving massive grants to universities in every region to write research reports on the benefits of alternative energy and the dangers of fossil fuels. Because there is no one left who does not already understand the evil of our modern consumptive life, maybe we could get by with our own efforts to modernize our lives, based on what is available, affordable, and desirable to us. Perhaps we could rely, for now, on companies that provide energy, rather than bureaucrats and professors who study it.
- I could run my farm, if necessary, without the Labor Department dictating details of the relationship between me and my workers. Because the workers all know where there are better jobs that pay more, they are pretty good at negotiating wages, hours, and working conditions with me. If I don't pay enough, they tend to go away, even without the Labor Department telling me exactly what that wage level is. Therefore, this is a "service" I could sacrifice for the good of my country.
- I would be willing to give up the Interior Department's work in managing endangered species for a while. Because the department's most routine activity in this regard is adding new species to the endangered list and then issuing "opinions" that warn people against activity in the regions where the species live, there is little activity that actually results in recovery of anything endangered. Wildlife seems entirely unaware of all this activity, anyway; therefore, maybe we could all just stop killing endangered species for now and try to make such judgment calls without the aid of the Interior Department's regulatory structure.
- Finally, I could—if pushed—figure out how to pay for the things I buy without the benefit of the pennies and dollar bills that government continues to mint and print by the billions each year. Recognizing that pennies cost more than 1.5 cents to produce and that dollar

bills last a few months while dollar coins last for years, I know these are "services" that cost millions each year unnecessarily. I guess I could take time to look at my change long enough to distinguish between a dollar and a quarter, if it would help the country out of this mess.

I know there are many more examples, and I speak for millions of my countrymen in offering to live with less of such services. After all, we Americans are public spirited, not selfish.

Greg Walcher, a former director of the Colorado Department of Natural Resources, is a consultant, writer, and frequent speaker on energy and environmental issues.

Stop Digging and Start Bending

by *Lou Wangberg*

"Sacrifice, which is the passion of great souls, has never been the law of societies." *Henri Frederick Amiel, 19th Century Swiss philosopher.*

Making the symposium's question personal distorts the issue. It's not about me, but rather the safety and stability of our nation. Of course, I would give up whatever was necessary to ensure the greater good—if "everyone" made similar sacrifices, that is. We have done this as a nation in the past. Most who fought in our wars were volunteers, and their families made huge sacrifices. Facing the moral threat of totalitarian aggression during World War II, we rationed multiple products: sugar, rubber, gasoline, cars, shoes, typewriters, and so on. We believed in the cause, and everyone was to be treated equally.

We have four generations of increasing promises from our government to "take care" of us. Little consideration has been given to how we might pay for this generosity. Now, like a sudden and threatening summer thunderstorm, we are told all of this may not be sustainable.



What are the short-term options, and what is the longer purview?

In the near term, substantive changes are difficult to impossible. There has been no willingness to take on the big three: Social Security, Medicare/Medicaid, and defense spending. Without addressing these three, any deficit solution will be anemic. People are narcissistic. People already receiving Social Security or Medicare/Medicaid benefits (I am one of them) will not be easily convinced to decrease their benefits. Defense has bored into every congressional district in America, creating jobs and thus installing an automatic and powerful lobby. Every industry that supplies the military has legions of strong lobbyists. Congress must have the will to alter and reduce these three sacred cows.

We have been rather like Stephen Leacock's Lord Ronald, who "said, nothing; he flung himself from the room, flung himself upon his horse and rode madly off in all directions." There was no thinking about consequences of each new program. Now our leaders seem to be starting on the process of revising the promises. Let us hope it is not too late and that they have the will to get the job done.

The dramatic and continual increase in spending over the past few years is unsustainable. The trick is to make sure that all areas of government are reduced. It is reasonable to do this in two fundamental ways.

The first is to stop the problem from getting worse. I don't know why this seems so difficult, but as the adage states, "It is a good thing to follow the first law of holes; if you are in one, stop digging." That seems like good advice, and we are certainly in a hole.

Second, bend the curve. It isn't possible to solve everything in one dramatic step. Start and continue to allocate our resources on a downward trajectory. The growth of government is staggering. We were just fine as a nation in 2008, there was no starvation or mass deprivation. We should set the federal budget at the 2008 level for all agencies (some

higher, some lower) and put penalizing triggers into the law for not staying within budget. If you don't like 2008, use 2006 or some other year. We might argue about the details, but we must commit to the principle and make it work.

Our system of taxation is monstrous and unfair. This is difficult, because every part of the code has a favored constituency. Politically, the only solution is sweeping reform. If we try to modify pieces of the system, there will always be huge opposition. Reform almost certainly includes tax increases on upper incomes. I do not for a second believe a modest increase on upper incomes will stifle productivity and economic growth. We had great productivity and prosperity when the tax rate was much higher than today. Again, we can debate the details, but we must accept the principle that major changes in our system of taxation are prudent and overdue.

Health care costs must be disciplined. This is a runaway part of our budget. Even if Obamacare survives court challenges, many parts of the law are unworkable. Witness the significant number of exemptions to the law that are already being granted. While correcting the numerous flaws, the law may well collapse under its own weight. Setting aside Obamacare, must we change our health care laws? Yes, certainly, but whatever the problems and solutions, we must begin.

Reduce or eliminate many subsidies. These have doubled since 1970 to over 2,000 today. They are in every area of the federal government, and in many cases their original purpose is no longer valid. The best known and most controversial are in farm and oil, but those are only part of the problem.

The President's Commission on Social Security suggested a modest proposal to raise the retirement age to 68 by 2050 and then to 69 by 2075—49 and 64 years away. Surely, with our improved health care system, that is not a dramatic change.

All of these programs and proposals represent changes I could live with because they are not

immediate and the political impact of them is moderated, in part, by the fact that people who would object the most strenuously will not be held accountable for their actions—they will be out of office and many long dead, including perhaps me, too.

Lou Wangberg, a former Minnesota Lieutenant Governor, currently teaches in Florida at both the doctoral and high school levels.

Innovate

by Robert J. Wedl

The budget discussions always focus on either raising taxes or cutting spending. What is missing from these discussions is doing things differently through real innovation.

Clearly the needs being faced by our state and nation, and how to finance these growing needs, are a serious matter demanding serious discussion. I intend to propose a few ideas about how individuals can behave differently with positive outcomes and a few ways to pay a bit more without much pain. These suggestions will not likely add up to huge amounts of money for an individual, but when stapled together with five million Minnesotans or 300 million Americans, it just might add up. But the larger amounts come from embracing and investing in large scale innovation. “Better results for the same or less money” is the slogan.

Personally I am not willing to give up much, and I don't have to, but I am willing to do things differently. I am not willing to give up driving, but I will give up my 22-mile-per-gallon car for one that gets 35 or 40 miles per gallon. In addition to doubling my gas mileage, I am also willing to give up cheap gas—the *four-dollar-a-gallon* cheap gas. As Tom Friedman suggests, if we really want better efficiency we must create the incentives and higher gas taxes would provide one. With the higher cost of gas because of higher gas tax comes the revenue

to repair bridges and highways, build mass transit, and conduct research on more efficient cars. The higher miles per gallon neutralizes the increased cost of gas.

I am willing to give up the tax deduction on the loan to buy a lake home or a yacht. The mortgage interest deduction incentive to buy a home is understandable and should be continued, but the deduction on the lake home or yacht is not.

I am willing to pay a sales tax on services and also any piece of clothing that costs more than \$100. This will keep the clothing tax from being regressive.

Now for the big items.

First, I am willing to give up the U.S. Postal Service. For most people everything could be sent electronically, and bills could be paid electronically. When my wife wants to buy me a gift from a catalogue that she receives online, it gets shipped by UPS.

Second, I am willing to make a donation on behalf of my grandchildren. They will give up at least one, if not two, years of high school. Don't get me wrong: They are not going to drop out of school. Rather, they will begin college a year or two earlier. The curricular duplication in grades 11 through 14 is significant. Minnesota's Post-Secondary Enrollment Options (PSEO) law squelched the notion that students must complete grade 12 before they enter grade 13.

In fact, more and more full-time PSEO students in 11th and 12th grade never do graduate from high school, nor do they care, as they are excellent students—for example, at the University of Minnesota's College of Science & Engineering. If only 20 percent of Minnesota students did one year of college while in high school, using PSEO, the resulting savings would be \$50 million a year. This money could then be used to give 10,000 Pre-K students a \$5,000 voucher for early childhood education.



Third, the federal government ought to decide what we will borrow money to do and what we will pay cash to do. This is what states do now.

Minnesota has a general fund appropriation and a bonding (borrowing) program. We know what is paid for from which fund. Right now in Washington, we don't know what we borrow to pay for. We just borrow. What if we had guidelines detailing that we only borrow for one-time costs like freeway construction, new Veterans Administration hospitals, dam construction, aircraft carriers, and such but paid cash from taxes for education, human services, national park operations, health research, arts, Medicare, the debt service on the bonds, and so on?

There would always be emergencies like Hurricane Katrina that come along for which short-term borrowing would be necessary. But under this model, we would know exactly for what we were borrowing. It would make the discussion in Congress more deliberate and perhaps the decisions less divisive.

In this country, some people act as if taxes are the root of all evil. They are not, and we must get over the idea of not paying more. Thirty-plus years ago, our priorities were different. Now, the seven S's take precedence in terms of priority and cost: Sickness (cost of healthcare); Seniors (cost of aging society); Scoundrels (cost of criminals); Students (Pre-K through 12th grade and college); Systems infrastructure (roads, bridges, rail/bus); Safety (911 impact); and Save the planet (environment). Each is costly and each must be done well and right.

The way to address these costs is not to move forward with the ways we did things yesterday. Rather, we must innovate. The world around us is moving forward through innovation, making life better. Let's do more of that—much more.

Robert J. Wedl is a partner with Education | Evolving, www.educationevolving.org, and was Commissioner of Education in Governor Arne Carlson's administration.

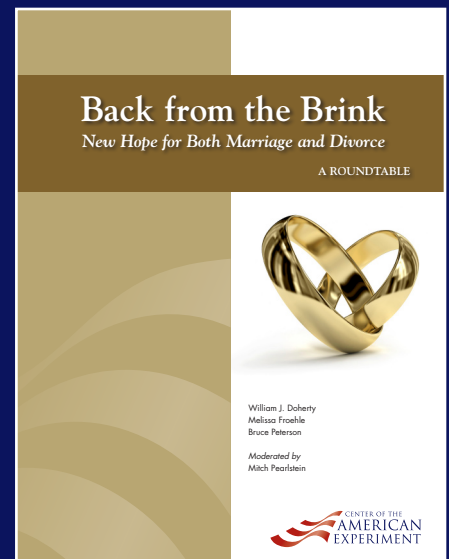
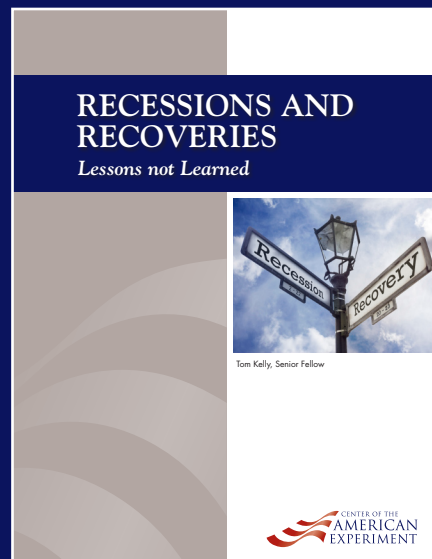
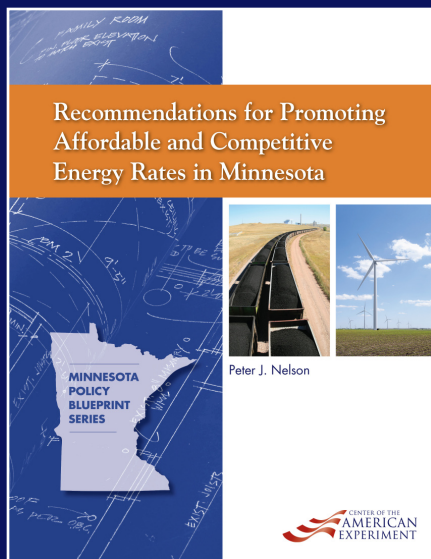


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