

The People's Initiative

How to stop the growth of big government — and even reverse it!

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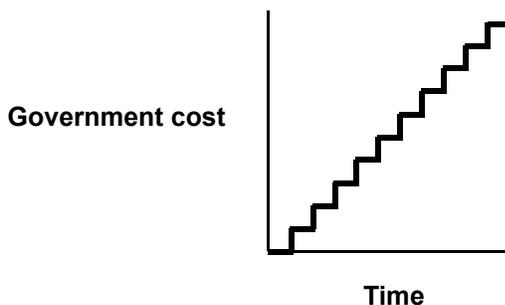
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The problem

The problem is that there is a fundamental asymmetry between what fiscal liberals can do and what fiscal conservatives can do while each is in power. Fiscal liberals create entitlement programs for the benefit of interest groups, and when fiscal conservatives take power, the conservatives usually can't eliminate the programs. To illustrate, when Obama took office, he was picking up where FDR left off — with a tip of the hat to LBJ.

The overall result may be represented by the profile of a staircase, as shown in the figure. A vertical rise represents liberal control of government, while a horizontal step represents conservative control of government at its best. The most that conservatives can normally hope for is to keep the level horizontal. Another analogy is that of a ratchet mechanism. After liberals advance the mechanism to a click by enacting an entitlement program, conservatives can't release the mechanism and return it to its prior position.



The cause

There are two incentive factors that underlie the staircase growth of government: gain without pain, and bringing home the bacon. **The first factor** is that a legislature can obtain more money from the people simply by voting for it, thereby circumventing the factor that restrains the spending of a private party: *no pain, no gain*. **The second factor** is that legislators seek to bring home government money to their constituents so that their constituents won't be losers in the competition to get government money. The result is that legislators are **colluding beggars** — colluding in driving up the cost of government.

The two incentive factors, in turn, are engaged by the fact that a legislature is subject to **a divide-and-conquer strategy**. A legislator vote is public so that constituents can hold their legislators accountable, but this makes the legislator accountable to interest groups, which lobby for their pet programs and which oppose or support legislator campaigns accordingly. Because of this, interest groups can hold a number of legislators accountable, and these legislators, in turn, will trade votes with other legislators.

Let's summarize these three factors.

- ◆ **Getting gain without pain:** A legislature can simply vote itself more money from the people.
- ◆ **Bringing home the bacon:** A legislator seeks to bring home government money to their constituents.
- ◆ **Subject to divide-and-conquer:** Legislators must vote publicly, thereby subjecting themselves to the divide-and-conquer strategy of interest groups.

The solution

The solution to the problem of big government is a citizen-controlled ceiling on government income+debt, with the ceiling expressed as a percentage of the income of the economy. At the national level, the income of the economy is the gross domestic product or GDP, while at the state level, it is the state equivalent.

In the absence of a citizen-controlled ceiling, the citizens have effectively given the government a blank check, allowing the government to vote itself as much money as it wants.

Washington State Citizens	1
Everytown, WA	<u>Date of ratification</u>
Pay to the order of <u>Washington State Government</u>	\$ <input style="width: 50px;" type="text"/>
	Dollars
<u>Washington State Citizens</u>	

A citizen-controlled ceiling on government income+debt tears up the blank check and replaces it with a filled-in check. The people can change the ceiling in response to a request by the legislature or through an initiative process.

Washington State Citizens	2
Everytown, WA	<u>Date of popular vote</u>
Pay to the order of <u>Washington State Government</u>	<input style="width: 50px;" type="text" value="XX % of GDP"/>
	<u>XX % of GDP</u>
<u>Washington State Citizens</u>	

Notice, now, that a citizen-controlled ceiling solves the problem of big government at its root, as follows.

Regarding the factor **getting gain without pain**, a legislature can no longer vote itself more money from the people. Rather, the government must live within its means because its income can now grow only as fast as the income of the economy grows unless the people vote to increase the ceiling.

Regarding the factor **bringing home the bacon**, a citizen-controlled ceiling forces the legislators to compete for limited resources, thereby transforming them from colluding beggars into **competing stewards**.

Regarding the factor **subject to divide-and-conquer**, since the people vote privately, they can't be held accountable for their votes, so they are not subject to the divide-and-conquer strategy of interest groups.

Finally, a citizen-controlled ceiling makes it possible to **reduce** the size of government because the people can lower the ceiling through an initiative process. **This is the only realistic plan for reducing the size of government because a reduction is based on a direct popular vote for it, and a popular vote is not subject to the divide-and-conquer strategy of interest groups.** The figure illustrates how the ceiling can be reduced over time, motivating government officials to make government operations as efficient as possible and to discontinue programs that are either unnecessary or that can be performed in the private sector, where they will benefit from the incentives of competition.

