



Welcome to COWS > About COWS > Newsroom > News

Budget Fix Demands 'T' Word

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In the past few weeks in this column, I've reported some bad news on Wisconsin's present budget mess, and our present leadership in it.

Starting at the top, it turns out that our governor has repeatedly been lying to us about the dimensions of the problem, and the distributive burden and long-run consequences of his proposed solution. He's lied about our tax burden, lied about where it falls, lied about where the budget deficit comes from, lied about its real size, lied about the effects of ending shared revenue, lied about who'll bear the burden of that, lied about his other cuts in spending and lied about the longer-term fiscal position the state will be in if we enact his package of reform.

Please understand, I don't mean any offense by using the word "lie" here, and certainly nothing personal about the governor. I assume he's a fine family man who doesn't eat his dog for lunch. So if it makes anyone feel better, for "lie" substitute "mistake," "deep confusion" or "hallucination" throughout. I'd just personally prefer a governor who's able to distinguish reality from fantasy.

The important point is that we're not working with the truth if we base ourselves on what the governor says. We're flying blind. And then not - as he put it in his curious State of the State address - under the "shining light of a rising sun ... fresh from the burning, creative hand of God." No, it's more into that sun, or better, into a very black fiscal hole.

To be fair to one and all, it's welcome news that the governor, in the same speech, has at least begun to mouth the language of modern economic development - regional competitiveness, cluster upgrading, logistics infrastructure, etc. Maybe sometime in this gubernatorial race we can have a discussion of all that. In the meantime, his fiscal policies remain directly at odds with his development promises, making both so much hot air.

And in the Legislature, things aren't much better. On both sides of the aisle, our top leaders appear to be spending more time worrying about being indicted on campaign finance crimes than attending to the affairs of state. How otherwise to explain their nearly complete failure to improve on the governor's budget performance?

Of course, with the governor's complicity (he stands to lose most from clean elections), those same leaders did rouse themselves to kill and bury the best chance at genuine campaign finance reform in a generation. This guarantees that our next round of elections will be as corrupted by big money as the last, and marks this recent session as one of the most sordid episodes in Wisconsin political history. It was sort of like watching Kenneth Lay and Arthur Andersen pause to block reform in broken accounting practices, then go back to another meeting with their lawyers. Only here, around these fools, the government is indeed burning.

Pretty depressing, huh? So how might we do better?

Well for starters, we should face the real dimensions of our current deficit - something that still has not been done by any of our elected leaders.

The real poop on the deficit, we will soon learn in gory detail from a La Follette Institute study by Andy Reschovsky, is that the deficit will soon be getting worse, not better. Assuming no changes in tax law and the administration's own projections for the growth of the economy, and adjusting the cost of services for only population trends (a very conservative assumption), Wisconsin's structural deficit (measured in today's dollars) should rise from its present \$1.1 billion to \$1.5 billion in the 2003-05 biennium. There will be an additional \$0.5 billion deficit in the 2005-07 biennium before we begin to see black ink. The cumulative deficit - the number to look at if McCallum really plans to pay back the tobacco money he is "borrowing" to balance this year's budget - will reach \$2.3 billion in the next biennium and \$2.5 billion, or a whopping 21 percent of state general fund revenue, in the 2005-07 biennium.

These are the sorts of numbers that investment-rating companies like Moody's are looking at when they encourage investors to get the hell out of Wisconsin bonds. Or the Center on Budget and Policy Priorities or the National Governors Association, when they describe Wisconsin as one of the most badly managed states in the country.

Why isn't anybody talking about this? Well, McCallum doesn't want to talk about this mess because he helped produce it. And Democrats don't want to talk about it because any responsible talk would have to include the "T" word, and they fear that telling it like it really is will be punished at the polls. It's a dicey situation, friends, and we peasants are the losers.

Joel Rogers is director of COWS, the Center on Wisconsin Strategy, at the UW-Madison. COWS is sponsoring "Sustaining Wisconsin," a statewide dialogue about the future of Wisconsin. Go to www.sustainingwisconsin.org for more information.

This is the sixth in a series of articles on the current budget deficit. Next week (at last!): How to get out of it.

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