

# RIPON FORUM

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## COMMENTARY: POLITICS

THE STATE OF AMERICAN PARTIES

by Charles McC. Mathias

As the Presidential election year of 1976 approaches, Republicans who share a deep concern over the failure of both major parties to address the most basic issues confronting our citizens today clearly face a dilemma, the outlines of which have been emerging for more than a decade. Today, they are stark.

It has become almost a cliché to observe that voter confidence in the Republican Party—and the political process as a whole—has plummeted to a level lower than at any other time since the founding of our party. But most clichés begin with a kernel of truth, and this one is no exception.

The Republican Party now claims the allegiance of only 18 percent of our registered voters—fewer than one in five of those who are registered, to say nothing of the tens of millions of adults who do not even bother with the political process.

We have 13 state governors who carry our banner, out of 50—down from more than 30 Republican governors only five years ago. Our representation in state legislatures has fared equally badly in the same span. The litany is a familiar one. The mere reputation of the party has reached such a low ebb that in one state—Minnesota—the official party organization has taken steps to change its name to the "Independent Republican Party."

It might be comforting if we could simply dismiss this trend of the inevitable pendulum swing of our two-party system, and assure ourselves that if we only hunker down and brave the storm, our day will come again.

But something more fundamental is at work here, for the Democratic Party is not in much better, but only when compared to those of a faltering Republican Party. Since 1956, both major parties have suffered a consistent decline in voter allegiance, while independents—those refusing to be identified with either party—have risen to the point that they now outnumber Republicans by 2-1, and appear to be only a few years away from outnumbering Democrats as well.

In past years, the conventional wisdom suggested that this rise among the independents represented the growth of a sophisticated swing constituency which merely wanted to be free to pick and choose among the best candidates offered by both parties. As such, it was seen as a healthy tonic to keep both parties on the track.

That cannot be said in candor today. I do not know whether this thesis has been disproved or simply outdated. But it is increasingly clear that the vast growth among independents appears now to be based largely on disgust with both parties—a disgust which bodes ill for their capacity to survive as institutions to carry out or reflect the popular will. The handwriting on the wall is flashing neon.

We should be wary of treating this attitude as no more than a fleeting phenomenon born of post-Watergate ennui, although that has certainly accelerated the process. I believe it represents a deeper weariness and mistrust, based on real issues and grave concerns which our political institutions appear unwilling to address and our governmental institutions unable to resolve.

Our schools do not educate. Our prisons punish, but they do not deter or rehabilitate. Our economy produces fewer goods at higher prices and, worse yet, far fewer jobs than are needed and sought. Today, eight million Americans are looking for jobs that are not there, and millions more have given up looking altogether. Thirty million Americans have no health insurance of any kind and face financial ruin in the event of serious illness. Taxes at all levels of government soar while services decline. And a growing fear begins to grip our people that the quality of life will be worse, not better, for their children and their children's children.

Through it all, our political parties seem to exist for the sole purpose of raising money or choosing delegates or candidates as an end in itself—to get shot at the brass ring, but with little consideration of what to do with it once gotten, or why.

In a recent address before the National Conference of State Legislators, pollster Lou Harris outlined his own findings on the public's disposition toward our political leadership today. Harris began by observing:

It is not overstating the case to say that either we produce the kind of leaders who are willing to take risks and yet still succeed, or we will find large numbers of our people who will conclude this system simply does not work...

This electorate no longer wants to be governed by leaders...who would try to soothe away their worries with false and easy promises, nor by those who would try to panic them by appeals to easy fear...Their central concern is this: Is anyone in authority still listening? Are there men and women with the common courage to ask the hard questions and to ask the people to share in meeting our common problems of survival and change?

Against this backdrop, consider the current outlook in both major parties as the election year approaches. In our own party, we witness a two-man monologue on the question of who can get the government to do less. We hear talk of mammoth budget cuts without the slightest preparation or planning as to who will pick up the tab—or the responsibility—for the basic services which must be provided to our people.

In the Democratic Party, we see a blue of Presidential aspirants seeking a way to restore the old, New Deal coalition and put a new sheen on its rhetoric without raising any controversies. Given the state of the Republican Party and the economy, it is said that any Democrat can win in 1976. This may well turn out to be true, but it is hardly a sobering thought.

What remains to be seen is whether any of the current candidates for the Presidency will be able to overcome the skepticism which the voters increasingly embrace. Returning to Lou Harris, he reports that by a 71-23 percent margin, Americans agree that "the trouble with most leaders is they treat the public as though it has a 12-year-old mentality." He further reports that by a 3-1 margin, voters mistrust a candidate who claims he will end forced busing, and that a majority mistrusts a candidate who claims he will make the streets safe from crime by being tough on "law and order." This is not because the voters favor busing or crime, of course, but rather because they have learned the bitter lesson that glib promises do not assure results.

In view of these circumstances, I have begun in recent months to take soundings as to whether a viable candidacy could be launched based on the kind of principles for which the Ripon Society has long stood and based on a conviction that the American people will re-

spond strongly and favorably to a program which offers some realistic hope of meeting their most basic needs.

In doing so, I harbored no delusions about the magnitude of the task, nor about my own personal capacity to undertake it successfully. I am convinced, however, that someone must if we are to restore the confidence and retain the consent of the governed—the most essential element of our system of government.

As a life-long Republican and one who reveres the principles on which the party was founded, I had hoped that such a candidacy would develop without our party. It appears inevitable, however, that any such candidacy—while an appealing prospect as a symbolic gesture—would ultimately have the effect of further eroding President Ford's base of support and making a Reagan nomination more likely. This concern has been stressed by a great many of those I have consulted, and I reluctantly concur with it.

But what does that tell us about the state of our party, its future, and the state of the political process in America today? And more important, what do we do about it?

If we are lucky," President Ford will be nominated, with a program not notably dissimilar from Gov. Ronald Reagan's, and with an unknown level of public confidence in his capacity for leadership in this time of crisis. If we are not lucky, and the President's campaign continues to falter, we can bemoan the lack of alternatives available to us as the convention approaches, or find a last-minute, moderate stand-in with little or no chance of being nominated.

But there is a third alternative, and one that I believe must be explored. This is the possibility of beginning now to seek a third line on the ballot in every state for a Presidential candidate independent of both major parties. Freed from the stigma and suspicions now associated with the major parties, and from the ideological posturing which so often seems necessary to gain their nomination, such a candidate could present a forthright program to gain the public's trust, and in so doing, harness the tremendous creative energies of thoughtful citizens who have given up on the parties as they are.

The potential base of support for such a candidate is immense, starting with the nearly 40 percent of the voters who are independents, and including a substantial portion of the registered Democrats and Republicans disaffected by the their own nominees or parties.

In the past, third (or fourth or fifth)

parties have traditionally played little effective roles beyond that of a vehicle for a protest vote or a spoiler, primarily because they tended to spring from a narrow ideological base. The forces of history now at work, however, make an altogether different outcome quite possible.

Our party was born in a similar era, when leaders of vision recognized that the then-existing two parties, no longer served their citizens' needs and aspirations. Have we not reached the same point today?

The most pervasive fact of our political and governmental life today is the widespread view that the federal government has become so large and unwieldy that it almost cannot function.

Since the beginning of the New Deal, a host of federal programs have been aimed at achieving broadly-shared, social and economic goals. Yet, unemployment and inflation still rage at unacceptable levels, senior citizens age in isolation, income disparities worsen, racial tensions fester, our cities decay, malnutrition and uninhabitable housing persist, and businesses large and small flounder in a maze of government red tape and regulation---all of this in spite of, and sometimes because of, the enormous federal programs we have created to combat these blights.

I do not believe the American people are prepared to abandon the goals of economic and social justice for all our citizens. But nor do I believe that the public will be satisfied by a mere restatement of these goals and a redoubling of the unkept promises, as if in utter disregard for the failure of our traditional program approach to achieve them.

The political dialogue both within and between our two major parties suggests few alternatives to these views. Yet as James Reston has recently observed, "Outside the political realm, there is considerable thought about where we are and where we're going in the coming election and the Bicentennial Year."

Creative and concerned citizens outside the world of government and politics---in public interest groups, private commissions and on university campuses---are asking many of the tough questions and posing the most thoughtful and experimental solutions: to provide an income floor for all our citizens to build decent housing that people can afford; to refinance our cities and reform our tax code; to provide some meaningful link between education and jobs into which we are all channeled.

All of these areas can and must be ad-

ressed in practical restrained and realistic terms if they are to be found credible by an increasingly and justifiably skeptical populace. But of all the formidable tasks facing the leadership of our two major parties today, that seems to be the most difficult.

I remain firmly committed to the importance of restoring and maintaining a strong two-party system, to avoid the instability and factionalism which a multi-party system would risk in a country such as ours. I am less convinced, however, that our current two parties are equal to that task.

And I am convinced that the people are, as usual, far ahead of their political leaders on this question. It is time we caught up with them. If we do not, it may not be too long before what is now only frustration, cynicism and bitterness with our political system ripens into a willingness to accept an authoritarian solution to the problems left unsolved by what remains of our democracy. No less a conservative than Sen. Robert Taft, Sr., echoed this prospect exactly 30 years ago when he warned that would be the consequence if we failed to "put a floor under essential things to give all a minimum standard of living, and all children an opportunity to get a start in life."

As dilapidated as our political parties appear to be, and as frustrated as our citizens appear to be, I remain essentially an optimist, which is why I have embarked on an exploration of this venture. Our people are a good people, with great resources and as much faith in the ultimate wisdom of our governmental system as we will permit them.

When the Ripon Society was formed more than a decade ago, your founders issued a prophetic "call to excellence in leadership." Citing the need for leaders with boldness and vision, they went on to state, "If we cannot find them, let us become them."

The question which remains, surveying the state of both major parties today and the low public esteem in which they are held, is whether that call has been answered. And if it has not, perhaps it is time to "become them." ■

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● "State GOP Ifs, Ands," by David B. Wilson. Boston Globe, December 15, 1975. "Mathias's Massachusetts credentials are interesting. He is a son-in-law of former Gov. Robert F. Bradford, for whom a Mathias son, Robert Fiske, is named. This relationship might prove to be an important advantage should he bid for Massachusetts support. Is there in

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Contributer Notes: Sen. Charles McC. Mathias is in his second term representing Maryland and U.S.Rep. Robert Kasten is in his first term representing Wisconsin in the House.

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cans disenchanted with President Ford but not quite ready for Ronald Reagan? There may well be, and for them, Mathias might offer a respectable standard.

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● "If Mathias Could Only Harness All Those Independents," by Frank Starr. Chicago Tribune, December 1, 1975. "Sen. Charles Mathias of Maryland has made a discovery, and he wants very much to go over and sit on it, but he's not sure how to do that. He has discovered the Great Uncommitted Center in our political population...So he is getting in contact with people around the country to see how many of them have noticed the same thing and would be willing to help him harness it...He calls himself a centrist, drawing on genuine independents as well as Democrats and Republicans. That means taking moderate positions, but it also means offending as few people as possible or taking positions of the least resistance...But the unrelenting drive to offend as few voters as possible does not appear destined to create great leadership. When everyone agrees the energy crisis should be solved, for example, but no one wants to use less or pay more, the likelihood of it being solved by a least-resistance program approaches zero...If Mathias decides to try it, he will risk being perceived as just another senator trying to become President by offending as few people as possible. But the history of such things does not suggest that the absence of a party or the label of a third party will make him more attractive to independents than a party candidate who is also moderate."

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● "Mathias Would Keep U.S. From Falling Off Fringe," by Ernest B. Furgurson. Baltimore Sun, November 30, 1975. "The year to come threatened much more of the same: 1964 again, God forbid, or even 1972. Mr. Mathias, unlike the mass of us, decided to try to do something about that. He thought long and sought counsel widely on whether anything could be done within the party of which he is such a proud member...He had to conclude that volunteering to light the way for the GOP to move toward the center next year was a quixotic undertaking...It was a noble but hopeless idea to think that a relative liberal, the most respected younger member of the Senate but little known in the far corners of the nation, could do what Nelson Rockefeller and others had failed to do before...The hard realist has to restrain a scoff, and to point out kindly that perhaps the gentleman is still engaged against windmills. But Mr. Mathias knows American history intimately, and he has defied it to impress skeptics before...It has been a while since voters in this country have been able to feel that when they pull the lever, they are responding to what is good in themselves, voting for rather than against something. Mr. Mathias wants to give them that rare option next year."

## POLITICS: STATES

### ILLINOIS

The cast of characters has changed slightly, but Gov. Dan Walker (D) will still face an intra-party challenge next year for the gubernatorial nomination. Secretary of State Michael J. Howlett (D) has been slated by the Democratic State Central Committee to oppose Walker. State Treasurer Alan J. Dixon (D), whose gubernatorial campaign fizzled shortly after it began, was instead slated for secretary of state. The organization or Daley slate will also include State Senate president Cecil A. Partee (D) for attorney general. In speaking to the slate-makers, Howlett said the voters want "responsible discussion, not confrontation, programs, not political excuses, responsible leadership, not gamesmanship." It should be a bitter race.

### MARYLAND

In good old Maryland style, indicted Gov. Marvin Mandel has refused to step down from office until the conclusion of his mail fraud trial, has blamed the press and the prosecutors for his troubles, and refused to remove himself from a possible Senate consideration in 1976. His trial will undoubtedly have its greatest impact on the course of the legislative session in 1976 since no one takes his Senate future seriously. As the Baltimore Sun has noted: "The best indications now are that the pre-trial maneuvering will carry on well into the coming year while the General Assembly is in session. And there is no way of knowing whether the trial will begin before the session's end...His indictment will almost definitely weaken his clout in the General Assembly, according to numerous top legislators. 'Who's going to listen to what the governor's men have to say?' asked one senator...There's no reason to deal with these people if you might have a new governor in a couple of months."

### NEW HAMPSHIRE

After Sen. John A. Durkin won this state's special Senate election in September, there were numerous reports about the efficiency of the Durkin campaign operation. It may be some small comfort to Louis Wyman that Democrat Durkin's office operation is a shambles. Campaign manager J. Joseph Grandmason was hired as Durkin's administrative assistant, but liked Grandmason's last employer, Massachusetts Gov. Michael Dukakis (D), Durkin has proven less impressive in office than on the stump. As the Concord Monitor's Rod Paul summarized the situation: "Durkin apparently became interested in the day-to-day administration of the office staff, while Grandmason found himself occupied with many of the heady policy decisions on issues of national importance, on which a senator normally focuses. Said one supporter and friend

of Durkin: 'It quickly developed into a relationship where Durkin was acting like the administrative assistant and Grandmason, behaving like a senator.' Durkin's preoccupation with answering the mail, for example, has resulted in an office backlog of 2,000 letters. Office dissension led to firing of two key aides, the resignation of Grandmason, and the further sympathy resignations of two more staff members. Wyman may have been right all along. It does look like Durkin is a loser.

**PENNSYLVANIA** Several Republicans—former Philadelphia District Attorney Arlen Specter, former Philadelphia Bulletin Executive Editor George R. Packard, and former State Rep. Francis Worley—didn't even wait for Sen. Hugh Scott (R) to bow out of next year's Senate race before announcing. The man widely considered the front-runner for the GOP nomination, however, U.S. Rep. H. John Heinz III, waited until after his former mentor took himself out of the race. The GOP now appears to be in for its first major primary since 1950—leading State GOP Chairman Richard Frame to comment, "I have mixed emotions about that." The field is not yet closed since U.S. Rep. E.G. Shuster (R), a conservative, has also indicated some interest in the race. (If he runs, four Republican seats in Pennsylvania will be vacant next year; U.S. Reps. Herman Schneebeli (R-17th) and Edwin D. Eshleman (R-16th) are retiring.) Regardless of the eventual field, Packard promises to be a thorn in the side of Heinz and Speeter. Eschewing organization support, Packard has already crisscrossed the state on foot. Pittsburgh Mayor Pete Flaherty (D) also has suggested he is out to get Heinz: "I feel I should get in just to keep a guy like Heinz from taking over that seat." Flaherty has plenty of company in the Democratic Senate coveting department: Lt. Gov. Ernest Kline, State Auditor Robert Casey, State Sen. Jeanette Reebman, and former State Insurance Commissioner Herbert Denenberg. Note: Before his reelection, Philadelphia Mayor Frank Rizzo (D) promised to "make Atilla the Hun look like a faggot." What he proposes to do for the Democratic Party bears examination. Intent on ousting long-time foe Pete Camiel, the city Democratic chieftain, Rizzo proposed as his replacement a suburban Republican.

**RHODE ISLAND** U.S. Rep. Edward P. Beard (D-1st) appears headed for reelection rather than a Senate primary against Gov. Philip Noel. The fight, had it developed, would have been a bitter affair since the two men skipped few opportunities to berate each other in recent weeks. However, the Senate speculation may have generated needed publicity for Beard's reelection campaign—in which, ironically, the former painter may face the business agent of the local ironworkers' union, Martin T. Byrne, Jr. Beard is not scheduled to announce his political ambitions until January 20, but

the Providence Journal-Bulletin's C. Fraser Smith has suggested: "If he ran for the Senate, Beard would have to explain why he is willing to give up the roles he so loudly and continually heralds for himself in the House—'The only working man,' the House 'expert' on various matters involving the elderly...It would be the kind of ammunition an opponent could use to contend that Beard is more interested in his own political future than, for example, health care for the ill and elderly."

**TENNESSEE** Democrat Clifford Allen defeated Republican Bob Olsen by nearly a 2-1 margin November 25 to win the House seat vacated by Richard Fulton when he was elected mayor of Nashville.

**TEXAS** U.S. Rep. Alan Steelman (R) made a brief announcement of his Senate candidacy in early December, although an official kickoff of his campaign will not come until early January. Steelman will share with President Ford the distinction of opposing Sen. Lloyd Bentsen (D) for office next year. Bentsen appears to be fraying some of his Texas connections with his Presidential campaign, but Steelman's Senate bid is still conceded to be an uphill race. Steelman elected to make the Bentsen race rather than seek another term from his Dallas congressional district, which was gerrymandered in an attempt to retire him. In both of his congressional runs, Steelman demonstrated extraordinary voter pull. As one of his aides said of his new goal, "If there's anybody who can do it, it's him." Although Steelman is a moderate by Texas GOP standards, he will have limited Republican opposition. His only opponent is independent oilman Louis Lemon. Bentsen, on the other hand, faces a serious challenge from a conservative economics professor, Phil Gramm of Texas A&M, who has widespread name recognition of lectures he has delivered across the state. Commenting on Steelman's Senate announcement, the Houston Post's Art Wiese wrote: "While Steelman is basically conservative on most economic and energy issues, he has overall been the most moderate and progressive Republican ever to serve in Congress from Texas." Steelman's move increases the likelihood that the 5th C.D. seat will become Democratic—perhaps the property of former State Sen. Mike McKool (D), who unsuccessfully sought it in 1974. The Republican with the best chance of retaining it is Dallas School Board member Nancy Judy.

**WASHINGTON** There is more than one way to win an election as Miles Nelson demonstrated when he recently won the mayoralty contest in the King County suburb of Clyde Hill. Nelson and his opponent tied 576-576 in the November 4 election so a coin toss was held under state law. Nelson won.

## POLITICS: THE PRESIDENCY

The media had been saying Gerald Ford is vulnerable for a month before the Gallup Poll caught up with its 48-25 percent lead for Ronald Reagan among Republicans. That prompted Howard "Bo" Callaway to shift his guns from Nelson Rockefeller to Ronald Reagan and charge that Reagan's "rhetoric is great and his record is poor." Ironically, the poll shift came at the very time that Ford was acting more interested in the Presidency than in candidacy. His campaign schedule for New Hampshire and Florida is expected to be virtually nonexistent. As Chicago Tribune columnist Michael Kilian observes: "The big shoot-out between President Ford and Ronald Reagan for the 1976 Republican nomination is likely to be held here in Illinois—scene of the nation's third presidential primary...Rich in population, Republican voters, and ideological variation, Illinois embraces the industrial North and the rural South. Having carried for the winner in every presidential election 1916, Illinois is uniquely qualified as a measure of political presidential potential." Illinois might also be the signal for a raft of other presidential hopefuls to jump in where Gerald Ford may leave off. A recent poll by Decision Making Information showed Ford leading Reagan by only 48-36 percent in Illinois. If Ford worries about all the things that commentators have suggested could lose him the election in the next six months, these two polls could only confirm his misery.

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● "What Makes Ronnie Run—In White Shoes," by Joel Kotkin. Village Voice, November 24, 1975. "The Reagan-Ford split in the business community could divide the Right's traditional unity, but Ford's people, still surprisingly complaisant, maintain the anti-establishment tactics will backfire on the Reagan campaign, obscuring the great appeal of his anti-government message. One well-placed observer, Millard Davidson of Republican Associates (a party research firm based in Glendale, California), feels the flights of rhetoric no longer impress stodgy conservatives. 'Reagan,' Davidson says sharply, 'is like a beautiful girl who isn't so beautiful anymore.' Ford's crew in Washington also hold the 'radical' nature of Reagan's campaign will frighten the corporate Right into submission to the White House. Most conservative businessmen, one administration aide says, 'like what Reagan is saying, but are afraid he'll put it into practice.'"

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● "The Goldwater and Reagan Campaigns: A Difference?" by James J. Kilpatrick. National Review, December 19, 1975. Kilpatrick feels that the political situation, staff organization, Republican unity, and lackadaisical Democratic opposition favor Reagan's candidacy over Goldwater's similar effort. "Reagan's difficult task is to project an image of moderate conservatism. The very notion will outrage the rock-ribbed one hundred percenters who now cheer his every word. To them moderation is seldom a virtue; extremism rarely a vice. If Reagan ever appears to be waffling toward the Left, they will turn on him with cries of 'Judas!' But Reagan will never make it to the White House if he is perceived, as Goldwater was perceived, as a monster who would abandon the old folks and atomize little girls."

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● "Reagan's Riding High But The Road's Rough," by Patrick Buchanan. Portland Oregonian, November 20, 1975. "The conservatives are in fat city. Ronald Reagan, their most articulate champion, today challenges the most conservative President since Calvin Coolidge. One of the

two is almost certain to be the Republican nominee...From the conservatives' standpoint, the evolving situation testifies to the political wisdom of having made their grievances against the President public, rather than leaving them private." If that strategy helps elect a Democratic President in 1976, one wonders what Buchanan will think of fat city then.

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● "Reagan May Get Answer He Wants," by J.F. terHorst. Albuquerque Journal, November 21, 1975. "The personality contrast between Reagan and Ford will be all-important, because, to borrow an old George Wallace line, there's scarcely a dime's worth of difference between Reagan and Ford on the issues. Both are foes of big government, swollen budgets, and bureaucratic red tape...Supposing Reagan succeeds in forcing the President out of contention, either before or at the Republican convention. Could a stridently conservative Reagan go on to beat the Democratic nominee next November...[public opinion pollsters] thus far show that while a Reagan ticket would have deep support among conservatives, there are not enough of them in the big industrial states to win for him. A lot of moderate Republicans and independent voters are hoping Ford will remember that—and them as he moves now to meet the Reagan challenge."

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● "The Watergate Factor," by Tom Braden. Washington Post, December 13, 1975. "The system works,' everybody said when Watergate was over, but there must be a lot of Republicans who are wondering these days whether in fact it does. For here we are getting read for another national referendum, and the party which gave us Watergate is about to offer its members a choice between the man who pardoned Richard Nixon and one who defended him all the way [rather than someone like Senators Lowell Weicker, Howard Baker or Charles McC. Mathias]. ...What Republicans are going to get if they don't get Gerald Ford is Ronald Reagan," notes Braden, who recalls that Reagan's sympathies lay more with the Watergate perpetrators than with its victims.

# COMMENTARY: SPENDING

## ACCOUNTING FOR FEDERAL EXPENDITURES

by Robert Kasten

Much like New York City and more recently, Washington, D.C., the federal government may be wedged in a financial crisis camouflaged by inaccurate accounting methods. The federal government generates a massive amount of financial data and numerous financial reports; yet, the information is scattered and fragmented and often incomplete or duplicative. It is neither accumulated in one place nor consolidated into reports which would make it possible for Congress and that nation's taxpayers to assess the true overall financial condition or operating results of the government to which they pay 33 cents of every dollar they earn.

In reviewing the nation's financial state, its fiscal year deficit, its debt, and its budget, we might consider that there is a choice beyond the standard "fiscal responsibility" options tossed about annually of sharply higher taxes, curtailed programs, or deficit spending. An option that will alert us to the true condition of the nation's financial affairs--- sound financial reporting on an accrual basis ---is a prerequisite for "fiscal responsibility."

We are all aware of the phenomenal growth which has occurred in the public sector in recent years. Whether or not we approve of this growth, or what is more commonly called "big government," it is the reality. Consequently, the public sector is an integral part of our economy, and its correct management is essential for continued and balanced economic growth." Such management requires information that is correct and complete, yet understandable and concise. We should not forget that it is the American people who pay the taxes to operate the federal government. They have an inherent right to know, as every stockholder of a corporation knows, how their money is being spent and how great a debt has been accumulated in their names. Perhaps more important, they need a more accurate and more meaningful understanding of the nation's financial affairs effectively to hold their elected officials accountable for their actions or inactions.

A bipartisan group of congressmen has joined me in introducing legislation---now cosponsored by 92 House members---to require the federal government to prepare annually for the taxpayers consolidated financial statements using the accrual accounting method. Very appropriately, I think, it is called the "Truth in Government Accounting Act."

In the private sector, proper accounting controls and sound financial reporting

are essential for fiscal responsibility and understanding a corporation's financial condition. The same is even more essential for effective government decision-making and financial accountability. And it is time that the federal government adopted business accounting practices.

Under the present system of cash accounting, the government reports only what it pays and receives in cash, not what it has spent and still owes. Accrual accounting, the standard commercial method used in the U.S., reflects assets as well as present and future liabilities.

Adoption of this method would not be a mere mechanical facelifting of government accounting practices. On the contrary, there is strong evidence that it will result in significantly different budget totals.

An accrual-based balance sheet for the federal government prepared by Arthur Andersen & Co., one of the nation's largest accounting firms, shows a \$95 billion deficit for fiscal 1974---30 times greater than the \$3.5 billion deficit reported by the government. The discrepancy is primarily due to the difference between accrual and cash accounting. And the discrepancy is not only significant; it is crucial in determining the state of federal finances.

The Andersen report also shows that in 1974 the government promised to pay \$75.1 billion for Social Security and \$20.6 billion for veterans, professional military and civil service employees---both of which are not reported in government financial reports.

Overall, Andersen reported a financial operation with \$1.1 trillion in liabilities and \$329.3 billion in assets in fiscal 1974, for a total accumulated federal debt of nearly \$812 billion. The government reported a debt of \$475 billion for that year. If this were a corporate balance sheet, the deficit would be equal to a negative shareholders' equity.

It is crucial that the government report its total, accumulated deficit because it represents the amount of future taxes needed to pay present liabilities. Yet, the Andersen figures reveal that the federal government is not doing what is crucial. And they reveal that cash accounting, to a certain extent, has hidden the true condition of the government's financial position.

Applying business accounting practices to

the federal government is not a new idea. both Hoover Commissions on the Organization of the Executive Branch recommended that the nation adopt accrual accounting. This led to passage of a law in 1956 requiring government agencies to adopt the system, yet no action has been taken by the Treasury Department to consolidate the agencies' reports.

More recently, Elmer Staats, comptroller general of the United States, endorsed adoption of the method. In a November 4 letter to Treasury Secretary William Simon, Staats asserted: "Current economic conditions and the extensive government use of deficit financing

have accentuated the need to the federal government to provide better overall financial reports that show clearly for the benefit of Congress and the public the major aspects of its financial position and operations."

Conversion of the federal government's accounting procedures to accrual accounting would infuse new insight and perspective into federal financial management. It would give American citizens the opportunity to understand, perhaps for the first time, the true nature of the nation's financial affairs. ■

#### 1976 NATIONAL ISSUES CONFERENCE

The 1976 National Issues Conference will be held February 27-29 in Washington, D.C. Speakers will include U.S. Rep. Millicent Fenwick, House Republican Conference Chairman John Anderson, former Federal Trade Commission Chairman Lewis Engman, Deputy Federal Energy Administrator John Hill, former Federal Bureau of Investigation Director William Ruckelshaus, and syndicated columnist Robert Novak. If you have not yet received conference information, mail the coupon below to Ripon Conference, 1609 Connecticut Avenue, N.W., Washington, D.C. 20009.

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