

The Virginia
NEWS LETTER

The Dilemma Virginia Faces: Public Needs vs. Public Costs

By Charles S. Robb

In my race for lieutenant governor in 1977, I got a break with a three-way Democratic primary, and I got another break when the Republicans didn't choose businessman Walter Craigie as their candidate for lieutenant governor. But, when it came time to run for governor in 1981, I knew I'd need more than a few breaks, especially against Attorney General Marshall Coleman, the Republican candidate. I'd need a united Democratic Party.

So I asked former U.S. Sen. Bill Spong to chair a commission to reform our party structure and see if we couldn't put behind us the old Henry Howell versus Andrew Miller factionalism, that had been dividing us for over a decade. I asked several respected Democratic leaders from each camp to serve



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on the commission. We recommended and then implemented a number of changes that helped reposition us as a party, and we ended up as united as a political party ever gets.

Of course it didn't hurt also that we were tired of losing. And it didn't hurt that former Gov. Colgate Darden was willing to come out of a long political retirement, just weeks before he died, to place my name in nomination. That was an important signal.

Even with all of the stars in alignment, however, we had to find a way to hold on to the true believers who'd stayed with the Democratic Party through good times and bad. We had to find a way to attract and invigorate as many new and independent voters as possible. And we had to get many who'd left the party—or felt that the party



WELDON COOPER
CENTER FOR PUBLIC SERVICE
University of Virginia

had left them—to return to the party they had once supported and believed in.

And one of the ways campaigns try to attract voter interest is with a campaign slogan. Some slogans are eminently forgettable and some simply don't ring true or seem relevant; but every now and then a campaign comes up with one that connects with the electorate, or seems to. I thought our tag line, in 1981, fell into this latter category. As I recall, it was Julia Sutherland, our deputy press secretary, who came up with the phrase, "a Virginia Future Worthy of Her Past." I liked it as soon as I heard it and we adopted it as part of our official campaign logo. It conveyed the message I wanted to convey, and it was easy to remember.

Virginia has been blessed with governors from both parties, who led in the face of stiff opposition, because they understood the present value of the future.

Managing the Public Purse

Managing the public purse well may not guarantee success, but failing to manage the public purse well can almost guarantee failure—perhaps not immediate and cataclysmic failure, but failure nonetheless.

We've experienced the consequences of poor fiscal management and of taking the easy route. In the 1980s and early 1990s national deficits skyrocketed. And with those deficits came increased debt. And with that debt came greater obligations to pay interest on the debt. Last year our nation spent \$230 billion on interest on the national debt—a debt which had grown to nearly \$6 trillion. To put that in some perspective, the federal government last year spent only \$38 billion on education. So we spent almost six times more on interest on our debt than we did on schools. All because we told the American people they could have tax cuts and they could have popular programs without sacrifice.

Fortunately, we finally began to come to grips with our profligacy. Beginning with the budget summit in 1991, which many believe cost President George H.W. Bush his job, and later with the deficit-reduction package in 1993, which many believe cost the Democrats control of both houses of Congress, we began to restore fiscal sanity to our federal budget.

But it wasn't until 1999 that we had our first real budget surplus in a generation, and actually began paying down our national debt. And America prospered.

Of course, I use the term surplus in its narrow sense, meaning that we took more than we spent. We balanced the budget, at least for a moment. In a broader sense, however, we still don't have a true national surplus, because we still have unmet needs, both in Virginia and in the nation, that we haven't identified a way to pay for.

What are some of those unmet needs nationally?

We need more money for our nation's defenses. We have critical short-term needs for operations and maintenance and we have substantial long-term needs to create an agile and lethal military capable of defending our nation in far-flung 21st-Century battlefields.

We have never fully funded Head Start or special education. We haven't undertaken a nationwide effort to build and modernize schools since the 1950s. Our classes are too large, and our teacher salaries are too small.

More than 42 million Americans are without health insurance, including 10 million children.

Prescription drugs are essential to modern medicine, but Medicare doesn't cover them. Providing that coverage will cost an estimated \$300 billion over the next ten years.

Social Security's Unmet Needs

But by far the largest unmet need on the national level is Social Security. In 2008—just seven years from now—the baby boomers will start retiring. And by 2014, the amount paid into the Social Security fund will not be enough to cover the costs of the benefits. So in 2014, Social Security beneficiaries will start looking to someone to pay their benefits.

To give you an idea of the magnitude of the challenge, consider that this year Social Security will take in \$70 billion more than it pays out. By 2038, Social Security is scheduled to pay out \$1 trillion more in benefits than it will take in that year in revenues.

I found an interesting illustration of the size of that shortfall on the Internet recently. If you counted non-stop without eating or sleeping it would take you approximately 23 days to count to a million. To count to a billion would take a lifetime, a long lifetime—95 years or so, and just counting to a trillion would take almost 200,000 years—or almost 2,000 centuries.

Another sobering figure is the amount of our federal budget that will be consumed by

spending on just three popular programs aimed at seniors: Social Security, Medicare, and Medicaid. In 1965, these programs accounted for just 15 percent of the federal budget. This year, they will account for 43 percent.

And in 2040, they are projected to account for 80 percent, leaving only 20 percent for everything else. That won't happen, but how are we going to keep it from happening? What will future generations think of our stewardship?

What have we done to keep our children out of this jam? We're giving ourselves a \$1.6 trillion tax cut at the federal level.

The Dilemma in Virginia

And we face a similar dilemma here in Virginia. We have an almost dysfunctional transportation system that hurts our economy, frustrates our citizens, and keeps too many parents sitting in traffic rather than at the dinner table. We have a public school system that's falling behind.

While Virginia state government promises to pay 55 percent of the costs of our schools, it actually pays only 40 percent, a difference of about \$1 billion. And while some communities can make up the difference, many can't. Our students deserve better, our teachers deserve better, and we deserve better.

Our flagship state colleges and universities are at risk of running aground, saved for the moment only by the selfless generosity of their alumni. These are public institutions, and they shouldn't be forced to rely to the extent that they do on private donations.

We continue to hear about hated property taxes. We can and we should upgrade our Commonwealth's tax structure. We can and we should eliminate regressive and unfair taxes. But we should be honest about what will replace them and how we'll do it. Sure, we can do away with our reliance on an antiquated property tax system. But we have to replace it with a tax structure that is more progressive, asking more of those who can afford more.

But we cannot and we should not in our zeal to get rid of taxes, also get rid of the government that Virginians expect and deserve. We cannot and we should not eliminate the promise of improved schools, better roads, and quality health care. We need strong, principled, honest leadership if we're going to provide a future for our Commonwealth that is, in fact, worthy of our past. We need to remain focused

on our Commonwealth's long term interests.

I believe to my core that Virginia's best hope for the long term remains rooted in a return to fiscal responsibility.

I took a lot of kidding on my penchant for thrift. But Virginia's legacy of fiscal conservatism has served us well, through the boom times and the lean. Fiscal conservatism allowed us to tighten our belts when necessary and invest in our future when possible. But the fiscal conservatism of two decades ago has, in recent years, become warped. The fiscal conservatism personified by the late Harry F. Byrd Sr., was anchored by three principles: raise what you need, which was known as pay-as-you go; raise only what you need; and spend what you raise wisely.

Tax Cutters vs. Budget Balancers

Today, there are two distinct classes of those claiming the label as fiscal conservatives: There are the tax cutters, and there are the budget balancers. Too often today, the tax cutter just wants to cut taxes, regardless of the consequences, even if those consequences include shortchanging core government responsibilities or increased borrowing. But the budget balancer is the epitome of Virginia's long and distinguished history of sound fiscal management. Budget balancers are focused on making sure we pay for the government we want, and they're willing to raise taxes if we are willing to pay for what we want.

What they won't do is borrow to cut taxes. The reason for this is both fiscal and moral. It's fiscal because no dollar of taxpayer money is less productively spent than paying interest on the national debt. And it's moral because we should not be asking our children to pay tomorrow for the government services we're enjoying today, especially when we have the ability to pay for them ourselves. What distinguishes the budget balancers from the tax cutters is that the budget balancers are willing to make tough choices. In my mind, fiscal conservatism is inextricably intertwined with making tough choices.



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Borrowing to pay for tax cuts or borrowing for popular programs is easy. Cutting popular programs or raising taxes is not. Yet often that's what's required to balance the budget. But as long as the long-term view is the one from here to November, I remain concerned that Virginia and the nation will fall further and further behind.

Like all Virginians, like all Americans, I don't want to see that happen. And it doesn't have to. Our forebears created a government where the people govern. We, the people, decide our own futures. This new century can again be America's century, and Virginia can lead the way, as she's done in the past. Leaders from our Commonwealth helped forge this great nation, and we can help fashion a brighter future.

We can invest in our schools, providing all our children the equality of opportunity that should be the birthright of every American.

We can continue to build our economy so that every citizen can know the dignity of work, and can be accorded the dignity they have every right to expect.

We can awaken the spirit of citizenship, inviting the spectators to reenter the arena of democracy.

We can recommit ourselves to eliminating the discrimination that demeans us and to realizing the dream that one day we will all be judged on the "content of our character."

The wonder of our nation is that these goals, and more, can be achieved if that is the will of the people.

As Mr. Jefferson wrote in his *Notes on the State of Virginia*, the people "are the ultimate guardians of their own liberty."●

ABOUT THE AUTHOR: Mr. Robb served as Virginia lieutenant governor, 1978-82, as governor, 1982-86, and U.S. senator, 1989-2001. This is an adaptation of remarks he made recently at the University of Virginia's Center for Governmental Studies' Governors Conference. The conference is co-sponsored by the Weldon Cooper Center for Public Service.

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