

Term Limits Will Help Control Fiscal Pollution

by Amy K. Frantz

In his chapter from *Limiting Leviathan*, “The Case for Congressional Term Limits is the Same as the Case for Pollution Control,” Dr. Dwight Lee argues that we need limits on terms in office just as we need (and have) limits on pollution. Without such controls, people will make decisions that are individually rational but collectively harmful.

Polls indicate vast support for term limits while voters continue to return incumbents to office election after election. Dr. Lee compares this seemingly illogical action to our actions in the absence of pollution control laws. Just as opponents of term limits argue that restrictions are not needed because voters can impose term limits now by voting against incumbents, opponents of environmental controls could argue that people could protect the environment by purchasing only products from businesses that don't produce air pollution.

The problem with that argument, says Dr. Lee, is that products from firms that take steps to control pollution would be more expensive. Consumers who ignore environmental concerns will pay lower prices. The cost to the environment (more pollution) is greater than the benefits received by the consumer (lower prices), but that cost is spread over everyone, and can be ignored. Without pollution controls, we will act in ways that are individually rational but collectively irrational.

Voters' decisions are similar to the consumer who ignores environmental concerns. Most voters support reducing federal government spending in general, which Dr. Lee refers to as controlling “fiscal pollution.” But when choosing their own representative, they vote for the one who can bring home the most bacon, which is typically an incumbent with greater seniority.

If a representative can gain approval for a project in his or her own district, the benefits from this spending project are local, while the cost of such a project is spread over all taxpayers. Just as with the consumer and pollution control, the cost to all taxpayers of out-of-control government spending is greater than the benefit of the local project, but because the cost is spread over everyone, it is ignored. Voters select representatives who benefit them, but harm the public interest.

Voters are willing to accept term limits if the same limits are placed on all representatives. Unless term limits are imposed nationwide, voters will continue to act in a way that seems to benefit them individually, ignoring the overall contribution to fiscal pollution.

Dr. Lee examines the historical connection between the growth of federal spending and the percentage of incumbents in the U.S. House of Representatives who are reelected. Over the last

century, as the percentage of incumbents reelected has risen, the amount of government spending as a percentage of Gross National Product (GNP) has also risen.

A larger federal government has obviously led to longer congressional terms. “The more of the nation’s income that is under political control, the more valuable a congressional seat becomes,” and the more incentive for an incumbent to seek reelection.

Dr. Lee also demonstrates that longer congressional terms have led to a larger government. The longer a representative is in office, the more biased he or she becomes in favor of increasing federal spending. A study by James Payne, a political scientist, found that for every one witness appearing before a House or Senate committee opposed to increased federal spending, 145 testified in support of increasing spending. Those who receive benefits from federal programs have an incentive to lobby Congress to continue that spending. The cost of the spending is spread out over all taxpayers, who do not have the opportunity or incentive to appear before a committee in opposition to more federal spending. Another study by James Payne, using National Taxpayers Union spending scores, shows that representatives tend to become bigger spenders the longer they serve.

Dr. Lee also takes on the argument that what we really need to curb government spending and long congressional terms is campaign finance reform, not term limits. Large contributions and expensive campaigns are a result of larger government, which makes a congressional seat more valuable to the incumbent and those with access to the incumbent. With so much at stake, politicians and interest groups will find a way around any new campaign finance restrictions, just as they have found loopholes in existing campaign finance laws. Also, it is unlikely that Congress will enact genuine campaign finance reform. “Term limits can bring about what campaign finance reform is supposed to accomplish, but never will — a significant reduction in the ability of incumbents to perpetuate themselves in office.”

Most citizens come to realize that controlling government spending will require some restrictions on their ability to continue reelecting incumbents time and again, just as effective pollution control requires some restrictions on businesses and consumers. Term limits will impose restrictions that limit voters from taking actions that are individually rational, but collectively irrational.

This Institute Brief is one in a series on the chapters of an upcoming book, Limiting Leviathan, edited by Dr. Don Racheter, Executive Director of Public Interest Institute, and Dr. Richard Wagner, Economics Professor at George Mason University and Chair of PII’s Academic Advisory Board. Limiting Leviathan makes a case for limited government and discusses the types of limitations on government that are appropriate and necessary.

The author of this chapter in Limiting Leviathan is Dr. Dwight R. Lee, Ramsey Professor of Economics at the University of Georgia.

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