

APPENDIX A

Summary of the Honest Deal Act

The Honest Deal Act will contain five titles, each addressed to one of the Five Tricks.

This summary can be downloaded from
www.dc-confidential.org/honestdeal.

Title I: Responsibility for Spending and Taxing

To make members of Congress and the president responsible for the gap between spending and revenues that current policies will produce in the long term:

1. The Congressional Budget Office (CBO) shall provide voters with readily understandable information on the size of the financial burdens that current practices will impose upon the people in the long run. The CBO shall have complete autonomy in estimating the size of these burdens.
2. At the conclusion of each Congress and also before each general election, the CBO shall send to citizens a readily understandable letter that states the following kinds of information:
 - a. If Congress and the president act now to close the gap between spending and taxation by increasing income taxes on individuals and corporations, revenues from such taxes will have to be increased permanently by ____%. If they instead act to

close the gap by cutting government expenditures (including Social Security, Medicaid, Medicare, military, and all the other programs), total expenditures will have to be cut permanently by ____ %.

- b. Congresses and presidents now and in the future will have to choose the extent to which they increase taxes or cut spending, and how to do so, but in the end the impacts will be felt largely by individuals. Assuming that the cost is spread equally among the population, the average tax increase or spending cut for a family of four in the current year will be \$____, with similar amounts each subsequent year.
 - c. During the most recent Congress, which began in ____ and ended in ____ [(or in the case of a letter sent before a general election) the current Congress, which began in ____ and will end in ____], legislators have taken actions that increased [or decreased, as the case may be] this amount by \$____ per family.
 - d. The size of the tax increases or spending cuts required to make ends meet will grow larger the longer Congress and the president delay action. If they delay ten years, the size of the required tax increase or spending cut will grow ____ % larger.
 - e. Current spending and taxing policies will not only leave the federal government with insufficient funds to make ends meet but will take funds from future generations to benefit current voters. For more information on the actual impact that the current actions will have on an average person born in a particular year (such as a person born the same year as you, your children, or your grandchildren), see the Congressional Budget Office's Web site at ____.
3. The CBO shall, to the greatest extent possible, have a copy of this letter delivered to each individual of voting age. The Internal Revenue Service, the Social Security Administration, and other government agencies that provide information on benefits shall also include the letter with their own mass communications to the public.
 4. To fill in the blanks in its letter, each year the CBO shall adopt a long-term budget model that projects revenues and spending

under current practices. The CBO will make its budget model available to the public in a form conducive to its use in assessing the fiscal impact of various legislative proposals.

Title II: Responsibility for Debt Guarantees

To make members of Congress and the president responsible for the risks that the debt guarantees inflict upon the public:

1. A Debt Guarantee Honesty Commission shall be established. At the end of year one of its operations, the commission shall adopt a list of all existing debt guarantees, explicit and implicit.
2. The commission shall then divide the debt guarantees into three groups to be the subject of proposals made at the end of years two, three, and four. At these times, the commission shall propose:
 - a. whether the guarantee could and should be eliminated;
 - b. if the guarantee is to be continued, how to set a market-based fee for it, with the fees assigned individually for systemically important (too-big-to-fail) institutions and, to the extent possible, for other debtors as well; and
 - c. whether to phase in the discontinuance of the guarantee or a market-based fee and, if so, how.
3. The House and the Senate shall vote on each year's proposals en masse on a fast-track, no-amendment, no-filibuster basis.
4. From the end of year four onward, the Federal Reserve Board shall annually recommend to Congress whether to explicitly guarantee the debts of any institution whose failure would present a systemic risk or whose debts have otherwise become explicitly or implicitly guaranteed. The question for the board would be whether the debts of the institution are explicitly or implicitly guaranteed rather than whether the institution itself is presently at risk. If the board so determines, it shall also recommend how to set a fee for the debt guarantee. The House and the Senate would be required to vote on all such recommendations for the year en masse on a fast-track, no-amendment, no-filibuster basis.

Title III: Responsibility for Federal Mandates

To make members of Congress and the president responsible for the burdens that mandates inflict upon the public:

1. The standing rules of the House and Senate shall be amended to allow each legislator one challenge in each Congress concerning a provision in a floor bill that would harm states or localities failing to do the federal bidding. The challenge would take the form of a point of order and state how the bill should be amended to avoid the harm.
2. The challenge would be resolved by a roll call vote with no debate. Each successful challenge would result in the bill being amended and yield the legislator issuing it another challenge without limit.

Title IV: Responsibility for Regulation

To make members of Congress and the president responsible for major regulations:

1. A major regulation (defined as including regulations that either increase or decrease the regulatory protection available to the public) shall not take effect until approved through the Constitution's legislative process.
2. The House and Senate shall each hold roll call votes on whether to approve major regulations on a fast-track, no-amendment, no-filibuster basis. To further ensure that Congress does not kill major regulations by failing to hold roll call votes by the Honest Deal Act's deadline, such failure should automatically cut off appropriations (including those for salaries, travel expenses, staff, and office expenses) for members of either house that do not meet the deadline until such time as that house cures the failure.
3. A petition signed by a majority in either house would add an extra thirty days to the deadline for a final roll call vote in order to allow time for a hearing on the promulgated rule. (This would not usually be necessary, however, because the Honest Deal Act would come with the expectation that both houses hold hearings when an agency *proposes* a major rule so that the legislators are ready to vote promptly after the agency promulgates the final rule. At

these hearings, the time should be devoted to committee counsel carefully questioning witnesses.)

4. Despite the first point, a major regulation may take effect pending a decision by Congress if the president finds need, but shall cease to take effect if the vote to approve the regulation fails in either the House or the Senate.
5. Courts shall not read approvals of regulations as changing the agency's underlying statutory authority. Approved regulations shall be subject to judicial review.

Title V: Responsibility for War

To make members of Congress responsible for decisions to go to war:

1. In the absence of a declaration of war, a president shall submit a report to Congress within forty-eight hours of deploying the military in an area of ongoing or impending hostilities. The report shall detail the reasons for the mission and its estimated scope.
2. Any member of the armed forces ordered into such an area may bring a lawsuit to enforce this reporting requirement. If the president should have reported but did not, a lower court shall issue a declaratory judgment to that effect. The court's decision would be directly appealable to the Supreme Court.
3. Within twenty days from the time the president submits a report or the courts issue a final order declaring the president should have submitted one, whichever is earlier, no funds otherwise appropriated may be used for the mission (except for the purpose of withdrawing the military) unless Congress had declared war or otherwise explicitly authorized the war.