

Why Dilma got impeached and her US counterparts don't

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April 19, 2016

The lower house of Brazil's Congress impeached President Dilma Rousseff on the charge of using accounting tricks to mask the sorry state of her nation's public finances, yet politicians in the United States use trickery for the same purpose and don't get impeached.

The trickery in the US takes many forms. "Our political system has focused exclusively on the 10-year cumulative budget deficit," writes Professor Alan Blinder, a member of President Bill Clinton's Council of Economic Advisors, yet "in truth, however, what happens over the next decade barely matters. Our deficit problem-and it is a whopper-is much longer-term than that." A statute requires the Department of the Treasury to issue an annual *Financial Report of the United States* that does deal with the long term, but Treasury manages to release the report in a way that produces next to no press coverage. No wonder. The 2015 report issued in late February shows that national debt will grow to more than twice gross domestic product over the next 75 years.

The fiscal outlook is actually far worse than these annual reports suggest because Treasury uses gimmicks to minimize the shortfall, as Dr. Jagadeesh Gokhale convincingly shows in "Fiscal and Generational Imbalances and Generational Accounts: A 2012 Update," Cato Institute, Nov. 13, 2012, (especially pages 8, 16, 19).

State and local governments in the United States also use gimmicks to hide the sorry state of their finances, as progressive champions Richard Ravitch and Paul A. Volcker show in "Report of the State Budget Crisis Task Force." AEI resident scholar Andrew Biggs has shown in particular how these governments fail to adequately fund the pension plans for their employees.

US legislators and chief executives escape the fate of President Rousseff although their gimmickry has gone on for decades. The success of their immunity is that the gimmickry is bipartisan, which means that, despite gridlock on other issues, they have managed to write the statutes so that their fraudulent conduct is not illegal.