Engaging the Public in National Budgeting:
A Non-Governmental Perspective

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Overview

**Problem:** Policies required to achieve short-term fiscal consolidation and long-term financial sustainability (i.e., program cuts and tax increases) are unpopular and difficult to enact.

- How can public engagement help?
- What kind of public engagement?
- What can budget officials do to support public engagement? (with examples)
- What can others do to support public engagement? (with examples)
• The main obstacle to building public support for difficult choices on our nation’s finances and future is not public opposition to tax increases or program cuts, nor is it lack of interest; the main obstacle is deeply felt and pervasive mistrust of government.

• “Americans Deliberate Our Nation’s Finances and Future: It’s Not About Taxes--It’s About Trust”
• Viewpoint Learning
A wide--and serious--disconnect between citizens and leaders

**What Citizens See**
- “Black box” of budgeting and decision-making
- Powerful special interests and partisanship
- Little of value being done to address challenges
- Experts are running the show

**What Leaders See**
- People “wanting it all” but unwilling to pay for it
- An uninformed public that has little of value to offer policy making
- Apathetic citizens who do not want to be engaged
- Activists hijack all attempts at public dialogue

Source: Viewpoint Learning, 2004
How Can Public Engagement Help?

• Create a constituency for fiscal responsibility:
  ‣ Better informed and more realistic citizens
  ‣ Build support for responsible fiscal policies that require establishment of priorities, trade-offs and compromise to find common ground

• Encourage good government by improving efficiency, transparency and accountability:
  ‣ Better-functioning democracy
  ‣ Improved citizen oversight
  ‣ Greater trust in government
How Can Public Engagement Help?
(continued)

- Citizens are:
  - Eager to become engaged, but lack opportunities
  - Willing to set aside initial biases and opinions to learn, discuss, debate and compromise
  - Will accept unpopular tax increases and spending cuts but must meet two conditions:
    - Solve the problem
    - Everyone contributes to the solution

*Findings from The Exercise in Hard Choices
What kind of Public Engagement?

• Existing Emphasis in work by OECD and World Bank: Consultation and Control

• But, practical barriers to greater citizen participation multiplied at the national level
  ▸ Distance is the reality: proximity not possible
  ▸ Issues are NOT local: instead are very complicated
  ▸ Scale is a problem: individual citizens cannot have influence
Public Engagement at the National Level

• Improve civic capacity and empowering citizens to make more informed public judgments
• Share information and promote knowledge
• Use technology to attract and appeal to broad audiences
• Adopt multi-pronged effort
  ▶ Government to citizen
  ▶ Government to civil society organization (CSO)
  ▶ CSO to citizen
  ▶ Citizen to citizen
What can budget officials do?

- Make information available
  - *Pre-requisite* to an informed public debate
  - **Virtuous cycle:** Information-transparency-accountability-engagement-more information-greater transparency-improved accountability-more engagement . . . .

- Improve the quality—not just the quantity—of information
  - Accurate, credible, factual, comprehensive, and timely
  - Accessible—presentation and organization
What can budget officials do?
Budget Office Websites

• Best offense:
  ‣ Direct, unfiltered communication to citizens
  ‣ Demonstrates openness and enhances credibility

• Best defense:
  ‣ Information vacuum leads to proliferation of misinformation
  ‣ Official information provides primary reference and a benchmark
Examples: Budget Office Websites

- Passive Information
  - U.S. Office of Management and Budget
  - Australian Commonwealth Budget
  - New Zealand Treasury, Key Facts for Taxpayers
  - Japan Ministry of Finance, Let's Talk About Taxes
  - Department of Finance, Canada, Where Your Tax Dollar Goes
THE PRESIDENT’S 2008 BUDGET

Reducing Deficits Each Year and Balancing the Budget by 2012

The President’s FY2008 Budget reduces the deficit each year and reaches a balanced budget within five years. A strong economy and better spending restraint will help us achieve this goal, while continuing to invest in the Nation’s prosperity and security.

Keeping the Economy Strong

- The Budget makes tax relief permanent to ensure our strong economic growth continues.
- Since the President’s tax relief took effect, increased innovation and investment has created more than 7 million new jobs, and helped boost wages.
- Pro-growth policies that focus on providing quality education, affordable health care, energy security, and making Americans more competitive will sustain economic growth and prosperity for future generations of all Americans.

Spending Taxpayers Dollars Wisely

- The Budget holds the growth in non-security discretionary spending to one percent, well below the rate of inflation.
- Budget reforms, including comprehensive earmark reform and a legislative line-item veto, will help eliminate wasteful and unnecessary spending.
- Sensible reforms are needed to slow the unsustainable growth of entitlement spending.

Combating Terrorism and Protecting the Homeland

- The Budget supports our troops fighting terrorism, strengthens our military for the future, supports our efforts on the diplomatic front and protects our homeland from attack.
- This Budget improves the timeliness and specificity of the information provided to Congress and the American public about the cost of the war.
- It shows the full cost of the war through the rest of the President’s term – and also provides detailed justifications.
Introduction

For the fiscal year ending March 31st 2006, Canada’s federal government collected $222.2 billion in taxes and other revenues.

That represents a bit over 16 per cent of our country’s nearly $1.4 trillion economy.

Here’s a quick overview of where that money went—and how it was raised.

And you can find additional details on specific areas by clicking the More About links that will appear at the bottom of

More about these numbers...
Examples: Budget Office Websites

- Active-Interactive Sites
  - France: Ministry of Economics and Finance
    - BudgetFlash
    - Cyberbudget
  - UK: HM Treasury 2007 Comprehensive Spending Review
Le jeu de simulation en ligne Cyberbudget

Le jeu Cyber-Budget propose à tout internaute d’approfondir ses connaissances relatives à la gestion des finances publiques d’une façon à la fois interactive et pédagogique.

Amené, le temps du jeu, à remplacer le ministre du Budget, vous devrez accomplir successivement quatre missions en conformité avec le calendrier budgétaire : la préparation du budget, sa programmation, son examen par le Parlement et sa gestion.

Au cours des trois premières missions (préparation, programmation et examen par le Parlement), une série d’expéditions ludiques propose de développer votre connaissance de l’environnement budgétaire (ordres de grandeurs, structure, négociations, nouvelles présentations par objectif etc.).

Vous devrez par exemple montrer votre capacité à manœuvrer entre les contraintes du déficit et de la croissance économique (cf. jeu de la Montgolfière budgétaire).

La quatrième mission vous plonge au cœur de la gestion budgétaire puisqu’il s’agit de prendre les commandes du budget de la France en assurant l’équilibre des finances publiques.

Au bout de cette aventure budgétaire, vous ferez le bilan de vos résultats et une surprise attend les meilleurs.

>> LANCER LE JEU <<
What overall budget would you set for government spending up to 2010-11?

There has been steady growth in public spending in recent years, as the Government has delivered significant increases in resources for key areas such as health and education. By 2007-08, public spending is set to rise to over £580 billion, equivalent to around 43 per cent of GDP.

If government spending was to grow in line with the overall economy, it would rise by around 8 per cent in real terms between 2008 and 2011. But you may decide it is better to grow spending at a slower rate, to build up surpluses for leaner years, pay back debt or reduce tax rates for individuals and businesses. Alternatively, given the challenges facing the UK and its public services in the decade ahead, you may choose to raise public spending more rapidly, which is likely to require increases in tax rates.

Set your budget

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<th>Percentage change over 3 years (allowing for inflation)</th>
<th>2010-2011 total budget (£ billion)</th>
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Proceed to spending review
Examples: Government-Sponsored Active Listening/ Public Education

- **Electronic Discussion (asynchronous)**
  - France: [Les Forums](#) -- How to reduce the public debt

- **On-Line Public Consultation**
  - Canada: [Consulting with Canadians](#)
  - Hong Kong: [Tax Reform](#)
Politique budgétaire : comment réduire l'endettement de la France ?

Le débat d'orientation budgétaire s'est tenu comme chaque année à la fin du printemps au Parlement, il a lancé les travaux pour le budget de l'année prochaine.

Ce débat a été l'occasion pour le Gouvernement de présenter les grandes lignes de son projet de budget, qui sera soumis à l'automne aux assemblées, et plus largement de débattre sur les orientations des finances publiques et sur les solutions pour mieux gérer l'État.

A cette occasion, le Gouvernement a détaillé son engagement de désendettement de la France pour la période 2007-2010. Ce sujet nous concerne tous : c'est pour cette raison que nous avons voulu nous mettre à l'écoute de vos avis et de vos réactions. Dans la perspective d'une action de long terme contre le fardeau de la dette, vous êtes donc invités à partager vos interrogations et suggestions et à proposer des solutions pour accélérer le désendettement de notre pays.

Pourquoi un forum sur le budget et le désendettement ?

La dette publique française a atteint un niveau très important : elle représente plus de 1 000 milliards d'euros, soit plus de 66 % du produit intérieur brut, c'est-à-dire 66 % de la richesse nationale produite en France en une année. Cette dette, qui est le fruit de vingt-cinq années ininterrompues de déficits publics, ne doit pas être léguée à nos enfants et petits enfants. Pour réduire la dette, il n'y a qu'une solution durable : réduire le déficit. Cela suppose soit de baisser la dépense publique, soit d'augmenter les impôts. Ces choix ne sont pas neutres du point de vue de leurs conséquences budgétaires, économiques et sociales.

L'intérêt du forum est précisément de susciter un débat parmi les citoyens pour que le budget et les choix qu'il sous-tend soient placés au cœur du débat.
Invitation by the Honourable Jim Flaherty, Minister of Finance, to Pre-Budget Web Consultations

February 7, 2007

As Minister of Finance, I welcome advice from Canadians on our country’s economic and fiscal policies. This is particularly important as we prepare this budget and future budgets. Budgets must reflect the priorities of Canadian families and hard-working taxpayers.

Last year nearly 6,000 Canadians participated in the online consultation process. People provided a wide range of responses touching on everything from tax reductions to infrastructure investments. We are again looking for your ideas and insights as we prepare Budget 2007.

We also invited Canadians to participate in the development of our long-term economic plan called Advantage Canada. Advantage Canada sets out a bold and exciting course for a strong, united and outward-looking Canada. I encourage you to take a close look at this plan and other relevant information elsewhere on this site.

In closing, let me say Canada’s New Government seeks to deliver a budget that is forward-looking and delivers results that can make a positive difference in your life and that of your family. I am confident your ideas and advice will help us build a stronger, safer and better Canada.

Thank you.
Consultation Document & Leaflets

Viewing of documents below requires Adobe® Reader which can be downloaded at www.adobe.com. In case you have problem showing all the characters when printing, please use the "Print as image" function in Adobe® Reader.

Contents of Consultation Document

A Letter from the Financial Secretary

Executive Summary

Reforming Hong Kong's Tax System

Chapter 1 Is Tax Reform Required in Hong Kong?

Chapter 2 Broadening the Tax Base: What Are Our Options?

Chapter 3 The Case For GST

The GST Framework

Chapter 4 What is GST And How Does It Work?

Chapter 5 A Proposed GST Framework For Hong Kong

GST Impacts, Tax Relief And Other Compensation Measures

Chapter 6 Households: Impacts and Offsets

Chapter 7 Business And Other Organisations: Impacts and Offsets

Chapter 8 Options For Returning the Funds from GST to the Public

Economic & Industry Sector Implications

Chapter 9 Economic and Industry Sector Implications

Consultation

Chapter 10 We Seek Your Views

Appendices

Supplementary Information Leaflets

- Tax Reform and Households
- Small Business
- Wholesale and Retail Sector
- Import/Export Trade and Logistics Sector
- Financial Services Sector
- Property Sector
- Tourism and Hospitality Sector

Hard copies of the Consultation Document and Supplementary Information Leaflets can be obtained at the Public Enquiry Service Centres of all District Offices.
What Others Can Do
Non-Governmental Public Engagement Activities

- Civil Society Organizations
  - International Budget Project -- Coalition of Analytic and Advocacy groups
  - U.S. Concord Coalition Fiscal Wake-Up Tour -- public education and outreach
  - U.S. California Next Ten -- interactive, educational website
Building Your General Fund Budget for 2011-12

The Challenge presents you with policy options that allow you to build your own state budget for 2011-12.

This is a simplified version of the state’s General Fund budget. It has 7 spending categories and 4 revenue categories (shown in the 1st column).

The 2nd column shows the 2006-07 budget that has been adopted by state lawmakers.

The 3rd column shows what spending would look like 5 years from now if no policy changes are made.

The last column shows what the 2011-12 state budget would look like with your choices.

You can see a summary of the budget you are building at any time by clicking on “Summary/Details” in the far left menu.

Where Does the Budget Data Come From?
Informal Public Engagement: Unorganized Initiatives

"A few years ago the debate was about whether the media controlled politicians or whether politicians controlled the media... Now it is about how we are all responding to the explosive power of citizens, consumers and bloggers.”

Chancellor Gordon Brown, Davos, January 25, 2007

- Google search for “United States Budget”--57,100,000 hits
  - Wikipedia United States Budget Process = 3rd resource
  - Similar results for other countries

- Blog search “United States Budget”--149,000 postings

- The Budget Graph
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Public Engagement: Conclusion

• **Goals**
  ‣ Build civic capacity and budget/fiscal literacy
  ‣ Good government/better budget outcomes

• **Budget Officials’ Role**
  ‣ Satisfy information needs of a public audience
  ‣ Provide reliable and comprehensive information in accessible and usable form

• **A Cautionary Note**
  ‣ Design issues: harder to inform and educate than to tell citizens what to think
  ‣ Consultation a better vehicle for public education than representative participation
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