



November 15, 2008

## **It's Time to Demand Transparency**

*By Sarah McIntosh*

Thomas Jefferson once said, "We might hope to see the finances of the Union as clear and intelligible as a merchant's books, so that every member of Congress and every man of any mind in the Union should be able to comprehend them...and consequently to control them."

Apparently, the Federal Reserve and Ben Bernanke do not agree.

Despite agreeing in September that they would comply with Congress' request for transparency in the \$700 billion bailout of the banking system, the Federal Reserve will not disclose the recipients of nearly \$2 trillion in emergency loans. The bigger problem with this is that the Fed is refusing to disclose what securities the banks are pledging in return for the aid.

It's important to remember that the \$2 trillion is not some special money tree that the Fed has, but is taxpayer money. At a time when many Americans may be struggling it's especially important to think about the consequences of government spending.

But how can we adequately judge government spending when we do not know where the money is going?

In September Treasury Secretary Henry Paulson called for transparency when discussing the purchase of distressed assets under the Troubled Asset Relief Program (otherwise known as TARP or the bailout plan). He told lawmakers that, "We need protection. We need transparency....We all want it."

The idea of transparency is reverberating around Congress and local legislatures around the country. But what is transparency? On a micro-level it can mean many things, but in general it is providing clear information. And, although Jefferson did not use the terms in his quote, he was clearly getting at the same thing.

Government does not create money (well actually they do print the money and have caused a lot of inflation). But, the money that government spends is first taken from individuals. In a representative democracy, people should have the right to know where the money that is taken from them is spent. Why? First, because it is the individual's property and by taking it away the government is prohibiting the individual from using the funds he or she has accumulated. Second, because a cornerstone of representative democracy is being able to hold representatives of the people accountable. If the people do not know how their money is being

spent, then how do they know if they should “reward” or “punish” those they have elected?

There have been some lawsuits filed under the U.S. Freedom of Information Act seeking to force disclosure by the Fed. Hopefully, that will produce some information.

But, demands for transparency should not stop there. Transparency should be a key component of any government unit that spends taxpayer money. As times get tighter for the average American, this is going to become even more important.

People across the nation are starting to take a closer look at their finances, hoping to find ways to cut down. It’s called budgeting and it requires that people track their spending and spend time evaluating their spending habits.

Taxpayers should be able to do the same with government spending. But currently, it’s nearly impossible to do so. The state of Kansas has developed a website called Kanview which looks at state spending. This is a step in the right direction, but it needs to happen at all levels of government, from Congress down to the very local levels of government.

Later this year the Flint Hills Center for Public Policy will formally announce the unveiling of a new website Kansasvotes.org which not only provides bill tracking and summaries but also reveals how lawmakers have voted on bills. This is another step in the right direction toward transparency and government accountability.

From the first days of this country, the founders recognized the integral need of the people to have knowledge and understanding of their leaders and their government. Now, perhaps more than ever, it’s time to demand that transparency. *Sarah McIntosh is Vice President of Programs for the Kansas-based Flint Hills Center for Public Policy. A complete bio on Ms. McIntosh can be found at [www.flinthills.org/content/view/24/39/](http://www.flinthills.org/content/view/24/39/). She can be reached at [sarah.mcintosh@flinthills.org](mailto:sarah.mcintosh@flinthills.org) To learn more about the Flint Hills Center, please visit [www.flinthills.org](http://www.flinthills.org).*