HOUSE OF REPRESENTATIVES—*Wednesday, June 10, 1992*

The House met at 10 a.m.

Bishop P.A. Brooks, the New St. Paul Tabernacle Church, Detroit, MI, offered the following prayer:

God of all power and goodness, we thank You for our Nation and for this Congress. We ask Your blessing upon every Member of this assembly. Teach us how far we are from reaching any millennial age of perfected politics. Make us aware of such tyrannies of law or labor, of wealth or of corporate power as should be resisted by a spirit of doing justly.

May our ultimate reliance in America not be placed in legislation nor knowledge alone or even in material power but may rely on Your guidance in directing each Member of this historic congressional body to perform their task with compassion for the entire Nation with all of its ethnic groups with their needs.

May we not be insensitive to the issues of education for our children—adequate medical care for the aged—housing for the homeless.

May they persevere in resolving the problems of the unemployed in our troubled cities.

May they not falter in addressing the drug problem as well as protecting our environment from industrial pollution.

May their legislation correct the inequities of our justice system.

And finally, may each citizen contribute to that sum of collective righteousness which alone exalts and preserves a nation through Jesus Christ, our Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. PENNY. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. PENNY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 277, nays 122, not voting 35, as follows:

[Roll No. 180]

YEAS—277

Ackerman
Alexander
Anderson
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Annunzio
Applegate
Archer
Aspin
Atkins
Bacchus
Barnard
Bateman
Bennett
Berman
Bevill
Bilbray
Blackwell
Borski
Boucher
Boxer
Brewster
Brooks
Broomfield
Browder
Brown
Bruce
Bryant
Bustamante
Callahan
Cardin
Carper
Carr
Chapman
Clement
Clinger
Coleman (TX)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Costello
Cox (IL)
Coyne
Cramer
Darden
de la Garza
DeFazio
DeLauro
Dellums
Dicks
Dingell
Dixon
Donnelly
Dooley
Dorgan (ND)
Downey
Dreier
Duncan
Durbin
Dwyer
Early
Eckart
Edwards (CA)
Edwards (TX)
Engel
English
Erdreich
Espy
Evans
Fascell
Fazio
Fish
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank (MA)
Frost
Gaydos
Gejdenson
Gephardt
Geren
Gibbons
Gillmor
Gilman
Glickman
Gonzalez
Gordon
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Harris
Hatcher
Hayes (IL)
Hayes (LA)
Hertel
Hoagland
Hochbrueckner
Horn
Horton
Houghton
Hoyer
Hubbard
Huckaby
Hughes
Hyde
Jefferson
Jenkins
Johnston
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kopetski
Kostmayer
LaFalce
Lancaster
Lantos
LaRocco
Laughlin
Lehman (CA)
Lent
Levin (MI)
Lewis (GA)
Lipinski
Lloyd
Long
Lowey (NY)
Luken
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDermott
McEwen
McGrath
McHugh
McMillen (MD)
McNulty
Mfume
Miller (CA)
Mineta
Mink
Moakley
Mollohan
Montgomery
Moody
Moran
Morrison
Mrazek
Murtha
Myers
Natcher
Neal (MA)
Neal (NC)
Nowak
Oakar
Oberstar
Obey
Olin
Olver
Ortiz
Orton
Owens (NY)
Packard
Pallone
Panetta
Parker
Pastor
Patterson
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pickle
Poshard
Price
Rahall
Rangel
Ravenel
Ray
Reed
Richardson
Rinaldo
Ritter
Roe
Roemer
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Sangmeister
Sarpalius
Sawyer
Scheuer
Schiff
Schulze
Schumer
Serrano
Sharp
Shaw
Sisisky
Skaggs
Skeen
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NJ)
Snowe
Solarz
Spratt
Staggers
Stallings
Stark
Stenholm
Stokes
Studds
Swett
Swift
Synar
Tallon
Tanner
Tauzin
Taylor (MS)
Thomas (GA)
Thomas (WY)
Thornton
Torricelli
Towns
Traficant
Unsoeld
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Walsh
Waters
Waxman
Weiss
Whitten
Williams
Wilson
Wise
Wolpe
Wyden
Wylie
Yates
Yatron

NAYS—122

Allard
Allen
Armey
Baker
Ballenger
Barrett
Barton
Bentley
Bereuter
Bilirakis
Bliley
Boehlert
Boehner
Bunning
Burton
Camp
Campbell (CA)
Chandler
Clay
Coble
Coleman (MO)
Coughlin
Crane
Cunningham
Dannemeyer
DeLay
Dickinson
Doolittle
Dornan (CA)
Edwards (OK)
Emerson
Ewing
Fawell
Fields
Franks (CT)
Gallegly
Gallo
Gekas
Gilchrest
Gingrich
Goodling
Goss
Gradison
Grandy
Hancock
Hansen
Hastert
Hefley
Henry
Herger
Hobson
Holloway
Hopkins
Hunter
Jacobs
James
Johnson (CT)
Johnson (TX)
Klug
Kolbe
Kyl
Lagomarsino
Leach
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Machtley
Marlenee
Martin
McCandless
McCollum
McCrery
McMillan (NC)
Michel
Miller (OH)
Miller (WA)
Molinari
Moorhead
Morella
Murphy
Nussle
Oxley
Paxon
Porter
Pursell
Quillen
Ramstad
Regula
Rhodes
Ridge
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Santorum
Saxton
Schaefer
Schroeder
Sensenbrenner
Shays
Shuster
Sikorski
Smith (OR)
Smith (TX)
Solomon
Spence
Stearns
Stump
Sundquist
Taylor (NC)
Thomas (CA)
Upton
Vucanovich
Walker
Weldon
Wolf
Young (AK)
Zeliff
Zimmer

NOT VOTING—35

Abercrombie
Anthony
AuCoin
Beilenson
Bonior
Byron
Campbell (CO)
Cox (CA)
Davis
Derrick
Dymally
Feighan
Hefner
Hutto
Inhofe
Ireland
Johnson (SD)
Lehman (FL)
Levine (CA)
Lowery (CA)
McDade
Meyers
Nagle
Nichols
Owens (UT)
Riggs
Sanders
Savage
Slaughter
Torres
Traxler
Washington
Weber
Wheat
Young (FL)

□ 1029

So the Journal was approved.

The result of the vote was announced as above recorded.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. (Mr. MONTGOMERY). Will the gentleman

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

from Texas [Mr. SMITH] please come forward and lead the House in the Pledge of Allegiance?

Mr. SMITH of Texas led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

A CALL FOR AMERICA TO JOIN THE ENVIRONMENTAL MOVEMENT

(Mr. TORRICELLI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TORRICELLI. Mr. Speaker, there is a new commitment around the globe, a commitment that it is time to end the environmental abuse, time to control emissions and preserve the forests, a time to be certain that the next generation and those that follow will enjoy this environment that has been given to us.

Only one thing, however, is wrong by this commitment. The nation that began the conservation movement earlier in this century, the nation that established the highest standards for emissions and technology is not included.

George Bush made a judgment that all other nations who will reach for these high standards and preserve the environment for the future will not include the United States. It is to his eternal shame. And our generation and this country will never be forgiven, if the American people do not demand that America join this movement.

BALANCED BUDGET AMENDMENT

(Mr. SMITH of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Texas. Mr. Speaker, passing the balanced budget amendment to the Constitution is the right action for the wrong reasons.

It is right to break the Federal Government of the habit of spending more than it takes in, but it is unfortunate that Congress has become addicted to spending and borrowing and taxing. It is regrettable that Congress must be forced to exercise self-discipline.

For decades, Republican candidates, Republican officeholders and Republican Presidents have embraced a balanced budget amendment. Democratic leaders have opposed it. Democratic leaders say it will not work. Yet 49 States have balanced budget requirements.

They say it will hurt essential Government programs. But the budget can be balanced if annual spending is limited to a 3-percent increase and if government overhead, not people or programs, is targeted.

Democratic leaders say the balanced budget amendment can't be enforced. That is true, if they ignore the will of the people and their own oath of office to uphold the Constitution.

Members of Congress should listen to the people who put them in office. More than three-fourths of all Americans approve of the balanced budget amendment.

IN FAVOR OF THE BALANCED BUDGET AMENDMENT

(Mr. PENNY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PENNY. Mr. Speaker, today and tomorrow this House will debate the balanced budget amendment to the Constitution. I intend to support this amendment because I am convinced that it will make it more difficult for this Government to deficit spend.

Once implemented, the balanced budget amendment will require a three-fifths vote of the Congress, a 60-percent vote for us to borrow. However, we need to debate more than a balanced budget amendment. We need to debate thoroughly those tough choices that we have to make if we are going to get this budget back in the black.

If we adopt a balanced budget amendment, it will not take effect until 1998. A vote on this amendment will mean little if we do not also adopt as soon as possible a budget reduction package to get us back in the black between now and then. A vote on the balanced budget amendment is not enough because a balanced budget amendment will not make the tough choices for us.

NEW PANEL WOULD RECOMMEND RULES AND PROCEDURES FOR SELECTION OF PRESIDENT IN THE HOUSE

(Mr. ROBERTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROBERTS. Mr. Speaker, today I am introducing legislation leading to new rules for the House of Representatives in choosing a President. My resolution would direct the Speaker of the House and the minority leader to appoint a panel of three preeminent constitutional scholars to recommend rules and procedures the House will follow if the election is thrown into the House of Representatives as outlined in amendment 12 of the U.S. Constitution.

With a Presidential election in a three-way race, the threat of a deadlocked election becomes very real. The House of Representatives lacks rules to deal with this kind of crisis. It is absolutely critical that we act calmly now to establish rules—before high emotions of a close election make adopting rules impossible.

The House rules dealing with selection of a President under the 12th amendment must be fair so that all Americans will have confidence in the outcome. For the House to select the President would be traumatic enough. We cannot afford to have a public perception that the deck is stacked for one candidate or another. This should be a bipartisan effort. It should be undertaken quickly as a signal the House is ready to face up to its responsibilities.

There are a number of questions and concerns the panel would be charged with reviewing. These would include but not be limited to the following:

The Constitution reads that each State shall have a single vote. How do congressional delegations determine how they vote? Who votes and represents the State's congressional delegation? What will be the specific House procedure to cast or count the vote?

Is the process secret or public, both with respect to how individual Members vote and how States cast their vote?

What happens in the event a delegation is deadlocked?

Is a majority or a plurality required, both within the State's vote and in the full House?

The panel would be expected to develop its recommendations as expeditiously as possible and would provide a report of their recommendations to the Speaker and the minority leader by August 7, 1992.

Mr. Speaker, this House can ill-afford to mishandle this situation. I urge the swift adoption of my resolution to see that the House is prepared to handle the Presidential election should it become necessary.

THE CRIME OF THE U.S. JUSTICE DEPARTMENT

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, a great crime was committed in the Demjanjuk case relative to the trial where he was charged with being the infamous Ivan of Treblinka. The crime, as it turns out, was not Demjanjuk, a retired auto worker from Cleveland. It was a crime of the U.S. Justice Department that knew as early as August 1978 that the real Ivan was Ivan Marchenko, not Demjanjuk.

Our Justice Department chose to prosecute, more like persecute Demjanjuk for that count. This is not wrongful prosecution, Members. This is a felony.

And Allen Ryan and Neal Sher of the Office of Special Investigation can sue me, but I say they should go directly to jail for what they did to that man. If there is any justice left, our Congress will investigate if there is still any justice left in our Justice Department.

Let me close by saying this: When Congress allows the rights of one indi-

vidual to be trampled on, Congress endangers the ultimate rights of all Americans.

GET THE FACTS RIGHT

(Mr. GUNDERSON asked and was given permission to address the House for 1 minute, to revise and extend his remarks and read from a printed document.)

Mr. GUNDERSON. Mr. Speaker, some of my colleagues may have noticed this statement in the Washington Post this morning. I thought I would take time to bring it to their attention because every once in a while there is an allegation that is so incorrect in its facts that we have to come to the House floor and respond to it.

Mr. Phil Sokolof, whoever he is, and I wish I would have the chance to meet him, is suggesting that somehow or another this Congress is using our kids as a dumping ground for the dairy farmers of America.

I wish his facts were true, if he is going to make those allegations. He suggests that we mandate through the National School Lunch Program that all kids have to drink whole milk. If he would read the law, he would find out that is not true at all.

All we do mandate is that every school lunch program has to offer an option of different milk fat contents, one of which is whole milk.

He also goes on to suggest that somehow or another this Congress has 488 million pounds of butter in storage, purchased from dairy farmers. Yes, that is true. It is true because the American dairy industry has moved away from fat.

We ought to take a look at the facts, my colleagues. The dairy industry is a modern, low-fat industry. This is simply wrong.

□ 1040

A BETTER TRADE POLICY, NOT A BALANCED BUDGET AMENDMENT

(Mr. APPLEGATE asked and was given permission to address the House for 1 minute.)

Mr. APPLEGATE. Mr. Speaker, once that balanced budget amendment is passed and put into effect, the first thing that Congress is wanting to do is to increase taxes, cut spending, or do a little bit of each. We do not have to do that. One of the keys in resolving this problem, to offset these taxes and cuts, is in our trade policy. We are exporting our American jobs. No jobs, no taxes, no balanced budget.

Some want to open the markets to Mexico and China now, bring in more of these cheap products. I will tell the Members, we cannot compete in today's market with today's laws. We must also help to offset these subsidies by helping our own industry. If we do not look out for No. 1, if we do not look for American industry and American jobs, then we are doomed to deeper economic woes.

Mr. Speaker, in this House as we contemplate what we are doing, we had better make sure that first of all we stand up for Americans.

THE BALANCED BUDGET AMENDMENT AND THE LINE-ITEM VETO, PROTECTION FOR ALL AMERICANS

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, the Congress is about to embark on the most important debate, perhaps, of this century in trying to establish for the first time a balanced budget amendment to the Constitution of the United States. Fifty, almost, of our States have this concept embedded in their constitutions, and it works. It will protect senior citizens and Social Security, it will bring back fiscal responsibility, it will engineer an economic recovery the likes of which we have never seen, and will guarantee that in the near, not far, future the prosperity for which we all yearn will become a reality.

If a Governor of a State like ours in Pennsylvania has the ability to line-item veto and to bring about a balanced budget, should not the President of the United States have that same power to have before him a document which will demand a balanced budget amendment, and then to have the extra authority to line-item veto other instances in the budget which will guarantee that balanced budget? It will protect all Americans.

SUPER 301, OPENING DOORS TO AMERICAN PRODUCTS

(Mr. MAZZOLI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAZZOLI. Mr. Speaker, Super 301 is not a high-potency lubricant which we spray on hinges so doors open more freely, that is, unless the doors are trade doors in Japan and other nations of the world which have been closed to United States goods, United States exports. Then Super 301, which is in fact a provision of the 1988 trade bill, which was included in the reauthorization of H.R. 5100 adopted yesterday by a subcommittee of the Committee on Ways and Means, then Super 301 is, indeed, a lubricant, because it will open doors to U.S. products.

I am happy to report again, Mr. Speaker, that reinstatement of the 301 provision of the 1988 trade bill is in H.R. 5100, reported favorably yesterday by the Ways and Means Subcommittee. I am a proud original cosponsor of the bill. I hope it passes and passes very soon.

RADIO BROADCAST COMMISSION DENIED ACCESS TO CHINA

(Mrs. BENTLEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BENTLEY. Mr. Speaker, for several months now, the Commission on Broadcasting to the People's Republic of China has been evaluating several proposed legislative initiatives that would expand United States radio broadcasting to China, Vietnam, and North Korea. Clearly, this monumental task requires a certain degree of on-site inspection.

Last Friday, the Commission announced its decision to cancel a scheduled factfinding visit to China. In classic fashion, the Beijing Government said that a nonofficial visit would be permissible as long as certain rules were adhered to. One Commission member was to be denied entry outright, while others in the group—which includes journalists, scholars, and former U.S. ambassadors—were given prescribed roles of behavior that a schoolteacher might give to a group of 7-year-olds on a school outing to the Baltimore Aquarium. Rule layered upon rule inevitably leads to the construction of a brick wall. As such, the Commission will not be going to China.

Mr. Speaker, the clumsy diplomacy exercised by Beijing comes as no surprise. What does come as a surprise, however, is the continued willingness of many in this country to wring their hands over the issue of increased broadcasting to China or Vietnam. When are we going to realize that the ongoing survival of these regimes is directly related to their own pathetic attempts to keep their citizens in the dark?

REQUESTING A REVIEW OF THE DEMJANJUK CASE

(Ms. OAKAR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, the Demjanjuk family are my constituents, and I have never, ever gotten involved with this case, but I think the case of John Demjanjuk has raised enough question marks. I believe that because of the oversight that the Committee on the Judiciary has, that they should look into this situation.

All of us abhor the terrible, terrible war crimes, the most evil crimes of all time. However, I think there is an obligation to assure that all evidence is accurate, in that the proper people responsible are brought to justice, so I would like to see the Committee on the Judiciary that has the oversight take a look at this case.

A DEMAND FOR REASONABLE REDISTRICTING

(Mr. HOLLOWAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOLLOWAY. Mr. Speaker, I want to address an issue that I think we have to address next year. Last September 24 I introduced H.R. 3344, a bill to amend the Voters' Rights Act of 1965 making the preclearance requirements applicable to the voting rights as they exist today, in the 1990's, rather than 30 years ago.

I want to show the Members the congressional reapportionment map of Louisiana. If this is what we intended in the 1965 Voters' Right Act, I am a monkey's uncle. The Fourth District of Louisiana runs into six of the eight major markets in Louisiana. It runs like a snake through the whole State.

I have to say that I am going to fight this issue, and I am going to fight this issue through next year. Let us update the Voting Rights Act. Let us bring the States up.

Our legislature operated with a shotgun to their heads. They operated out of fear in drawing this plan. My Sixth District is drawn nearly as badly. I just simply want to say, let us create congressional districts that are drawn sensibly, the way they should be, and not create districts that were never intended to be.

THE NEED FOR A BALANCED BUDGET AMENDMENT

(Mr. PASTOR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PASTOR. Mr. Speaker, this debate is born out of desperation. In the last 7 years this body has struggled to enact statutory balanced budget requirements. Attempts to impose spending limits by Gramm-Rudman I and II, and by negotiated agreements between the President and the Congress, have failed because of our insatiable thirst to spend money we do not have. We even fought a war—the Persian Gulf war—off budget.

Do we need to amend the Constitution to balance the budget? Of course, we do not. Will we balance the budget without an amendment? Probably not. Will an amendment help us to achieve a balanced budget? Maybe.

We now have before us several choices for a balanced budget amendment. Of primary concern is the future of Social Security. I view Social Security as a covenant between the people and their Government; a covenant that should not be broken unilaterally. Therefore, Social Security must be self-supporting and off-budget. I also believe that the principle of majority rule need not be abandoned in order to achieve sound fiscal policy. Finally, the responsibility for developing a comprehensive Federal budget rests with the President. That need not and should not change.

I will vote for House Joint Resolution 496, the only choice that meets these criteria—protect Social Security, preserve majority rule, retain Presidential responsibility—to amend the Constitution to provide a balanced budget of the U.S. Government. The next step will be to agree on the enforcement mechanisms that will allow for the tough decisions.

A BALANCED BUDGET AMENDMENT WILL PRESERVE ENTITLEMENTS

(Mr. CUNNINGHAM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CUNNINGHAM. Mr. Speaker, we are going to be voting on a balanced budget amendment. We tried to pass a cap of no more than 2½ percent on every item last year, and not a single one passed. The House cannot chair itself. We are spending $3 billion per day. All the entitlements put together, we spend more on the interest of the deficit than we do on that.

We need to get back to a balanced budget. Can the Members imagine what this country could do with $1.3 billion a day? Both Republicans and Democrats get reelected by taking home the bacon, the pork. We cannot control ourselves in this House without a balanced budget amendment. We need to protect Social Security and those things, but if we get to a balanced budget then we will actually have more money for the entitlements that all of us hold dear.

I do not believe this House can police itself and cut the spending, because the name of the game is to get reelected and take home the bacon.

□ 1050

We need to run the House more like a business, a capital gains reeducation, reduce foreign aid to only those countries that benefit the United States directly.

SUPREME COURT BOWING TO ELECTION YEAR POLITICS

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, in school we all learned that there were three independent branches of Government, that our forefathers and our foremothers were wise enough to demand that there be checks and balances, and that was the genius of this system.

Today, unfortunately, we only have two branches left. The Supreme Court is gone.

I was horrified to read that the Supreme Court, I think acting very politically, yielded to pressure, and is now not going to hear the case on clinical violence until next session, after the elections. Do Members suppose it could be because they are afraid American women would be very incensed if they did what they promised to do in order to get on the Court? I think so.

I think it is outrageous that we continue to tolerate letting people cut off women's access to health care by picketing, jeering, and sealing off different clinics around America. I am sure the Supreme Court is going to say that is OK, but they do not want to do it until after the election.

I think that is very sad, and I am sure our forefathers would not be pleased.

AGRICULTURE EXPORT LOAN GUARANTEES

(Mr. LANCASTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANCASTER. Mr. Speaker, the scandal of Iraq subverting agriculture export loan guarantees to the acquisition of arms continues to grow. Chairmen GONZALEZ and ROSE are pursuing this scandal within the jurisdiction of their respective committee and subcommittee. But, Mr. Speaker, it is time to appoint a special prosecutor to get to the bottom of this rotten mess.

Despite President Bush's Executive order prohibiting commerce with Iraq, the United States Government has paid millions, $360.7 million at this time, to an Italian-owned bank to make good on loans Iraq left unpaid after its invasion of Kuwait. Since the early 1980's, Presidents Reagan and Bush have used a sleepy little agriculture program to tilt in favor of Iraq in its war with Iran. Under this program, loan guarantees were subverted and exporters of agricultural products were required to purchase arms for the Iraqi's in return for getting the export business. When those loans came due and were unpaid by Iraq, the Bush administration has used hard-earned tax dollars to pay them.

Mr. Speaker, I am incensed by the abuse of this program, and incensed even more that we are making good on loan guarantees that were abused, but I am most of all upset that the Bush administration can pay $360.7 million to a foreign bank, while at the same time refusing to provide a paltry $30 million for emergency loans to small U.S. businesses directly impacted by Desert Shield/Desert Storm deployment in communities across this country. Congress authorized and appropriated those funds, but the Department of Defense stubbornly refuses to transfer those funds to the Small Business Administration to implement this con-

gressionally mandated program of assistance.

Let's put a special prosecutor in place who will leave no stone unturned, until every viper is exposed and killed. Furthermore, let's make certain the Agriculture Loan Guarantee Program is hereafter administered by USDA in a way which cannot be subverted as was done in this instance.

CLARIFICATION OF THE RECORD CONCERNING COMMENTS ON HOUSE POST OFFICE INVESTIGATION

(Mr. ROSE asked and was given permission to address the House for 1 minute.)

Mr. ROSE. Mr. Speaker, it has come to my attention that certain remarks that I made on the House floor on May 28 were not properly reported in the daily CONGRESSIONAL RECORD, specifically portions of the words that I spoke on the floor following the unanimous consent request extending the reporting deadline for the House Post Office investigation. They were not correctly reported.

A review of the videotape of my comments makes it clear that what I said was:

> And to this point, while there have been allegations, Madam Speaker, I have seen no evidence of any so-called ghost employees at the House post office.

These words were neither revised or edited, and I would therefore like the permanent RECORD to reflect these words as I actually spoke them. Apparently the Official Reporters of Debates did not modify the text of an earlier prepared statement to reflect where my spoken words varied from the text.

I, therefore, ask unanimous consent, Mr. Speaker, that the permanent edition of the CONGRESSIONAL RECORD be corrected to accurately reflect my words as spoken on the floor during the May 28 discussion.

The SPEAKER pro tempore (Mr. MONTGOMERY). Is there objection to the request of the gentleman from North Carolina?

Mr. WALKER. Mr. Speaker, reserving the right to object, I do so first to thank the gentleman from North Carolina for correcting the RECORD on this point. I, as the gentleman knows, have long believed that there is a need to make certain that the CONGRESSIONAL RECORD is accurate in terms of what was done on the floor rather than what we wish might have been done or as remarks may have been prepared. So I want to thank the gentleman for that, and I just want to make certain that the import of this would seem to me to be that what the gentleman is saying in the remarks that will now be in the corrected RECORD is that you have seen no such evidence of ghost employees? That does not mean the task force may not have gotten some information along this line, but you are reflecting your own personal viewpoint, is that correct?

Mr. ROSE. If the gentleman will yield, the gentleman is absolutely correct.

Mr. WALKER. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

SUPPORT FOR STENHOLM BALANCED BUDGET AMENDMENT

(Mr. RAY asked and was given permission to address the House for 1 minute.)

Mr. RAY. Mr. Speaker, my colleagues and 50 million or 60 million people who are looking at C-SPAN today, I want you to take a look at this chart right here to my right. The 1993 budget is $1.5 trillion. The 1993 estimated income is $1.15 trillion. The shortfall in the deficit for the next year is $350 billion. The national debt is $3.8 trillion. Interest on the debt while I speak is $200,350,000, and that is $26 million per hour, $200 billion per year.

Mr. Speaker, H.R. 5333, the Stenholm balanced budget amendment, is the first step in the process of a balanced budget amendment and 292 Members are signed up. The train is about to leave the station, and we are looking for a lot more Members to sign up today, and I urge them to do so.

PRESERVE OUR NOBLE CONSTITUTION

(Mr. SCHEUER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHEUER. Mr. Speaker:

> We the people of the United States, in order to form a more perfect Union, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, to ordain and establish this Constitution for the United States of America.

We all recognize these words. They are the opening words to the greatest political document ever written, the U.S. Constitution. Throughout our history, it has been the Constitution which has provided us with a framework for our Government and our society. Through both good times and bad, political hysteria, and even through a Civil War that divided us, it was the Constitution that held our democracy together.

We hold the Constitution in great reverence and we don't take changing it lightly. In the past 200 years we have amended it 16 times. The House has only voted on 10 constitutional amendments since I arrived here in 1964. The Constitution was not intended to respond to the political whims of the times. It was intended to be a framework by which to govern.

Some would now have us change the Constitution by adding a balanced budget amendment. There is considerable outrage in this country over the size of the budget deficit, outrage which I share, but the balanced budget amendment is not the solution. The balanced budget amendment is merely a hysterical reaction to our current spending problems, and reaction to current events is not a valid reason to amend the Constitution.

A couple of years ago the Supreme Court ruled that flag burning was protected speech under the first amendment to the Constitution. The country, as well as many Members, were outraged. There was a cry to amend the Constitution. "Change the first amendment," some said.

Well, we did not amend the Constitution. We did not respond to the hysteria of the moment. I voted against that amendment as I will vote against this amendment, because that is all the balanced budget amendment is, a response to the hysteria of the moment. Mr. Speaker, I have too much respect and too much love for the Constitution to saddle it with this amendment.

We all know what the problem is here. It isn't that the Constitution won't let us balance the budget. It is that we can't, or won't, balance the budget. Through 12 years of Republican administrations the President has yet to submit a balanced budget, or anything close to it. And the Congress hasn't done much better. Neither the Congress nor the President have had the guts to make the tough decisions necessary to balance the budget. The balanced budget amendment would be a cover, a shield, to cover up for the lack of leadership shown by Government.

A balanced budget amendment is not the answer to the deficit. More responsible spending is the answer. The balanced budget amendment is an insult to the Constitution. Vote "no" on House Resolution 290.

□ 1100

BUSH ADMINISTRATION FAILING LEADERSHIP TEST ON UNCED

(Mr. PORTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, in 1984, the Reagan administration went down to the U.N. Conference on Population and Development in Mexico City and told the world that voluntary family planning was no longer needed. In a moment, all the work of 25 years under Republican and Democratic adminis-

trations alike was undone and U.S. leadership on population was lost.

In 1992, the Bush administration has gone down to the U.N. Conference on Environment and Development in Rio de Janeiro and told the world that concerns about global climate change, preservation of the rain forests and the world's biodiversity, and protection of the oceans are no longer serious concerns of the United States.

Does this reflect American values? The leaders of American business and industry I know are people of vision who care deeply about the kind of planet they leave for their children and grandchildren.

At a time when the world hungers for leadership and inspiration to bring us together working for a better life on this planet for all people, at a time when U.S. influence in the world has never been greater, this administration is proving an embarrassment.

BALANCED BUDGET AMENDMENT INEVITABLE

(Mr. BENNETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BENNETT. Mr. Speaker, if you have been here a long time, you have got a right to philosophize. I will philosophize this morning by saying that although I feel it is unfortunate we have to have a balanced budget amendment, I think it is inevitable that we should, because practice shows that we cannot live within our present constitutional provisions.

I vigorously hope that everybody will be behind a constitutional amendment, and that it will work.

Now, to think that this is going to leave our Government just like it was will not be realistic. The process has to be changed. It will be a situation in the future where States will have a greater part to play in their Government, and I am not so sure that is not a good idea. I believe we have a federated government, and what we are doing now is not working. So we should get something that makes our federated Government work.

I hope everybody will band together to get a good constitutional amendment and make it work.

THE REAL COST OF A BALANCED BUDGET

(Mr. BLACKWELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BLACKWELL. Mr. Speaker, I rise today to voice some real concerns coming from my congressional district about the balanced budget amendment.

In this year of heated political debate, an amendment to our Constitution to balance the Federal budget seems to have crept up behind us from nowhere, and is about to swallow this great body, sending us into days of confrontational debate.

Well, Mr. Speaker, I implore my colleagues to further examine the amendment offered by Mr. STENHOLM before we put the poison pen to the sacred paper that represents the heart and soul of this great Nation.

Make no mistake. Adoption of this misguided proposal will put the nail in the coffin of the millions of elderly Americans who rely on Social Security every day as the bulk of their financial existence. At what cost, Mr. Speaker, must we achieve this short-sighted, so-called fiscal responsibility?

We have seen it so many times during the course of the last 12 years. The implementation of heinous economic policies which at times seem to be nothing more than a smokescreen to cloud the unrestrained cutting of our Nation's social programs.

I urge my colleagues, on behalf of the children, the poor, and the elderly, who so often fall in the cracks of such thoughtless policies, to recognize the potential for the destruction of our Nation's Social Security system.

FUTURE GENERATIONS MOST AFFECTED BY BALANCED BUDGET AMENDMENT

(Mr. CARPER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARPER. Mr. Speaker, a word or two in response to what we just heard from my friend, the gentleman from Pennsylvania.

There are many of us who are being called by a variety of special interest groups, some of them very powerful, lobbying against consideration of an amendment to the Constitution to, first, require the President to propose a balanced budget; and second, to make it somewhat more difficult for the Congress to unbalance that budget.

There is one group we have not heard from in this debate. We have not heard from my 2-year-old son, Ben, and we have not heard from my 4-year-old son, Christopher. We have not heard from any of your children. We have not heard from the grandchildren of the senior citizens who are calling on us to not adopt this balanced budget amendment.

That next generation, those young kids, need to be heard from. They are not members of a special interest group. They do not have a PAC. They do not write or phone us. But they have lives to live, and we are undercutting their future if we allow the tide of red ink to continue.

We need the kind of restraint that this amendment provides for us. We do not need an economic straitjacket. We do need leadership from the President. We do need to make it more difficult for Congress to unbalance the budget.

I have been here for 10 years. I came here not convinced that we need this kind of restraint. We do. I am a believer. The experience of the past 12 years should have convinced us all.

SACRIFICE NEEDED FOR THE GOOD OF ALL

(Mr. HAYES of Louisiana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYES of Louisiana. Mr. Speaker, this Government is both broke and broken. Fifteen cents on every dollar that you pay in taxes goes toward unproductive debt service, and it is broken because the mechanism of change does not function.

So we look back two centuries to a Constitution framed by people who, next to their signature, put the simple statement, "On public service," public service reflecting what they thought to be the best interests of a nation and not necessarily the whims or desires of those who, on electing them, felt that their individual needs outweighed the collective need.

There are people who will be harmed by tough decisions, and those who are to be harmed are going to have to commit an individual sacrifice so that subsequent generations will have what those Framers referred to as the blessings of liberty bestowed upon them. If we cannot sacrifice enough to balance the budget, then I assure you, instead of doing some harm to some, we will do total harm to all.

CONSTITUTION MUST FORCE US TO MAKE HARD DECISIONS

(Mr. BURTON of Indiana asked and was given permission to address the House for 1 minute.)

Mr. BURTON of Indiana. Mr. Speaker, we heard this morning some people say that if we pass a constitutional amendment to balance the budget, we will be trivializing the Constitution of the United States.

Yesterday, the gentleman from California [Mr. PANETTA] said that we were showing a lack of guts by trying to pass a constitutional amendment to balance the budget. The fact of the matter is, I say to my colleagues, we have not had any guts in the past. We have not decided to prioritize spending around this place, I say to my colleague, the gentleman from California [Mr. PANETTA], and that is the reason we are in the fix we are in today.

Ten years ago we brought in $500 billion in tax revenues. Now it is over $1 trillion a year in tax revenues. Yet, we are still running $400 billion a year into the tank.

As the gentleman just said on the floor before me, we are leaving a ter-

rible legacy to the future generations of this country. Why? Because we do not have any guts. We have not had any guts to make priorities a priority around this place.

We have to make our decisions, and since we cannot do it on our own, we have to put some teeth into the Constitution to do it for us, to make us make those hard decisions.

PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 290, PROPOSING AN AMENDMENT TO THE CONSTITUTION TO PROVIDE FOR A BALANCED BUDGET

Mr. STENHOLM. Mr. Speaker, pursuant to the unanimous consent agreement offered by the gentleman from Missouri [Mr. GEPHARDT] and the order of the House of Thursday, June 4, 1992, I call up the resolution (H. Res. 450) providing for the consideration of the joint resolution (H.J. Res. 290) proposing an amendment to the Constitution to provide for a balanced budget for the U.S. Government and for greater accountability in the enactment of tax legislation, and ask for its immediate consideration.

H. RES. 450

Resolved, That immediately upon the adoption of this resolution the House shall resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 290) proposing an amendment to the Constitution to provide for a balanced budget for the United States Government and for greater accountability in the enactment of tax legislation, all points of order against the joint resolution and against its consideration are hereby waived, and the first reading of the joint resolution shall be dispensed with. After general debate, which shall be confined to the joint resolution and which shall not exceed four and one-half hours, to be equally divided and controlled by Representative Brooks of Texas, Representative Fish of New York, and Representative Stenholm of Texas, or their designees, the joint resolution shall be considered for amendment under the five-minute rule. No amendment to the joint resolution shall be in order in the House or the Committee of the Whole except for the following amendments, which shall be considered only in the following order, and which shall not be subject to amendment:

(a) an amendment in the nature of a substitute by, and if offered by, Representative Fish of New York, or his designee. This amendment shall be debatable for no longer than one hour to be equally divided and controlled by the Member proposing the amendment, or a designee, and a Member proposing the amendment, or a designee, and a Member opposed thereto;

(b) an amendment in the nature of a substitute by, and if offered by, Representative Barton of Texas, or his designee, which may be offered notwithstanding the adoption of the amendment in the nature of a substitute as made possible under section 1(a). This amendment shall be debatable for no longer than one hour to be equally divided and controlled by the Member proposing the amendment, or a designee, and a Member opposed thereto;

(c) an amendment in the nature of a substitute by, and if offered by, Representative Brooks of Texas, or his designee, which may be offered notwithstanding the adoption of the amendments in the nature of a substitute as made possible under section 1(a) or section 1(b). This amendment shall be debatable for no longer than one hour to be equally divided and controlled by the Member proposing the amendment, or a designee, and a Member opposed thereto;

(d) an amendment in the nature of a substitute by, and if offered by, any Member, which shall be the text of any comparable joint resolution as passed by the Senate, and which may be offered notwithstanding the adoption of the amendments in the nature of a substitute as made possible under section 1(a), section 1(b), or section 1(c). This amendment shall be debatable for no longer than one hour to be equally divided and controlled by the Member proposing the amendment and a Member opposed thereto;

(e) an amendment in the nature of a substitute by, and if offered by, Representative Stenholm of Texas, or his designee, which may be offered notwithstanding the adoption of the amendments in the nature of a substitute as made possible under section 1(a), section 1(b), section 1(c), or section 1(d). This amendment shall be debatable for no longer than one hour to be equally divided and controlled by the Member proposing the amendment, or a designee, and a Member opposed thereto.

At the conclusion of consideration of the joint resolution for amendment, the Committee shall rise and report the joint resolution back to the House. If more than one of the amendments in the nature of a substitute have been adopted in the Committee of the Whole, only the last such amendment shall be considered as having been finally adopted and reported back to the House. The previous question shall be considered as having been ordered on the joint resolution and such amendment thereto, to final passage without intervening motion except one motion to recommit, with or without instructions.

SEC. 2. If the Committee rises on any day without coming to a final resolution on the joint resolution, the House shall, on the next legislative day, following House approval of the Journal, immediately resolve itself into the Committee of the Whole on the State of the Union for the further consideration of the joint resolution.

SEC. 3. If a comparable joint resolution has been passed by the Senate, it shall be in order at any time after House consideration of H.J. Res. 290 for Representative Stenholm or his designee to move for immediate consideration of such Senate Joint Resolution and to move for concurrence in the passage of such Senate Joint Resolution, with or without amendment but, if with an amendment, then such amendment shall strike all after the resolving clause and substitute therefor the text of H.J. Res. 290 as passed by the House.

SEC. 4. Consideration, in accordance with the provisions of this resolution, of the joint resolution and any comparable joint resolution passed by the Senate shall be a matter of highest privilege in the House and shall take precedence over any other motion, business, or order of the House, and the House shall proceed with such consideration to final passage, without the intervention of any other motion, order, or business, except as otherwise provided for in this resolution.

□ 1110

The SPEAKER pro tempore (Mr. MONTGOMERY). The gentleman from Texas [Mr. STENHOLM] is recognized for 1 hour.

Mr. STENHOLM. Mr. Speaker, for the purposes of debate only, I yield 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], the distinguished chairman of the Committee on Rules; also for purposes of debate only, I yield 15 minutes of my time to the gentleman from New York [Mr. SOLOMON], pending which I yield myself such time as I may consume.

Mr. Speaker, all time yielding during debate during House Resolution 450 is for the purpose of debate only.

Mr. Speaker, the rule which 218 Members of this body discharged on May 20, House Resolution 450, allows for a full debate of the major alternative proposals for a balanced budget amendment to the U.S. Constitution. By unamious consent, that rule already has been amended to expand the general debate time from 4½ hours to 9 hours, with the relative division of the time maintained as stated in House Resolution 450.

House Resolution 450 allows for the following: All points of order are waived; there will be 9 hours of general debate, divided equally between Mr. STENHOLM, Mr. BROOKS, and Mr. FISH.

It will be in order to consider of the following five amendments in the nature of substitutes, in king-of-the-hill fashion:

First, a substitute offered by Mr. FISH, ranking Republican of the Judiciary Committee, or his designee. Debatable for 1 hour.

Second, a substitute offered by Mr. BARTON, or his designee. Debatable for 1 hour.

Third, a substitute offered by Mr. BROOKS, chairman of the Judiciary Committee, or his designee. Debatable for 1 hour.

Fourth, a comparable BBA already passed by the Senate, if any. Debatable for 1 hour.

Fifth, a substitute offered by Mr. STENHOLM, principal sponsor of House Joint Resolution 290. Debatable for 1 hour.

Of course, passage of any amendment in the nature of a substitute can be accomplished with a simple majority vote. Final passage of the constitutional amendment, however, requires a two-thirds vote.

A motion to recommit, with or without instructions, is permitted. However, according to the rule, any instructions must be confined to the language of one of the amendments offered in the Committee of the Whole, since the language of the rule refers in each instance to "an amendment." In short, the rule does not allow any member to offer a new amendment through instructions in the motion to recommit.

Once begun, consideration of House Joint Resolution 290 is a matter of the highest privilege and must be com-

pleted without the intervention of any other motion, order or business.

In drafting this rule, the supporters of House Joint Resolution 290, the Stenholm-Smith amendment, had two fundamental concerns. First, we wanted to ensure fairness on this extremely important issue of amending the Constitution. We felt it was imperative that there be a full airing of all views within this body about the subject. We felt that it is important that there be fair representation along party lines, as well as some representation of the degree of support among House Members.

Second, we felt that the amendments chosen should reflect the leading ideas for balanced budget amendments. That was why a slot was reserved for the Barton-Tauzin amendment which, by far, has the next highest amount of support in the House of Representatives. While the chairman and ranking Republican members of the Judiciary Committee, the committee of jurisdiction, did not have balanced budget proposals, we felt it was important to reserve for them, or their designees, the option of offering amendments.

This rule is fair, it is complete, and it has already been supported by 218 Members who signed the discharge petition. I urge all of my colleagues to support House Resolution 450.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, I thank the gentleman from Texas for yielding me time. He has been honorable and candid throughout the process and I appreciate the way he has handled the situation.

Mr. Speaker, I cannot support the rule. The division of time is unfair and other elements of the rule are unusual and unjustified. Frankly Mr. Speaker, I am surprised at some who do support the rule. Members of the minority advocating a rule that limits the motion to recommit comes as a real surprise to me. I think I will just have to file this one away.

But I am a realist. The gentleman from Texas filed a discharge petition, got his 218 signatures the very same day, and here we are. I know this rule will pass and most Members are eager to debate the constitutional amendment, not the details of the rule.

Mr. Speaker, I do not support a constitutional amendment to require a balanced budget. I hasten to add: today's deficits are unacceptable. We increase the national debt at the rate of $1 billion a day. Deficits of this size are a drag on economic growth. Deficits of this size lower our standard of living, weaken our competitive position, and constrain our ability as a nation to answer our domestic and international needs.

The size of the deficit is the problem. If we are borrowing too much, the solution is real deficit reduction. There can be no substitute. No mandate established in the Constitution, no pretty new procedure set forth in the law of the land, can do the work of real changes in our spending habits and our tax policies.

The best face proponents put on the constitutional amendment is that it will fortify our will to do the right thing.

A balanced budget, however, is not always the right thing to do. Even the proponents admit as much.

The spending cuts and burdensome tax hikes necessary to reach a balanced budget this year would cripple an already weak economy. No one seriously calls for $400 billion in immediate deficit reduction. In fact, every constitutional amendment I have seen allows a transition period. The transition period is an admission it is wrong to insist on a balanced budget this year.

If we agree it would be dangerous to balance the budget today, balancing the budget may also be dangerous tomorrow and it ought not to be required by the Constitution.

We borrow much too much. What we spend it on may be wrong as well. But it is not always wrong to borrow.

Every State issues bonds of some sort, even States with balanced budget constitutional amendments.

Proponents say that families and businesses must balance their budgets. In fact, good businesses borrow to expand and modernize. Decent families borrow to buy a house or a car or to pay for their kids' education. There is nothing wrong with borrowing for good purposes.

Yes, we have mismanaged our fiscal policy. Yes, we must cut spending. Yes, we ought to pay for today's consumption with our own dollars, not our children's. And yes, we need stiffer backbones.

But even if we need a legal mandate to mend our ways and reduce the deficit, I still deny we ought to enshrine in the Constitution the goal of a balanced budget. To propose an amendment, knowing that it should not always be enforced, is the worst form of cynicism.

Mr. Speaker, I urge a "no" vote on the rule.

Mr. Speaker, I reserve the balance of my time.

PARLIAMENTARY INQUIRY

Mr. SOLOMON. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his inquiry.

Mr. SOLOMON. Mr. Speaker, the reason I ask for the parliamentary inquiry is that I was a little confused about the debate time that is being allowed under this rule. I did not hear it when the Clerk read it.

How much time is being allowed for general debate on the bill?

□ 1120

The SPEAKER pro tempore (Mr. MONTGOMERY). There are 9 hours on the bill itself and 1 hour on this resolution, and the Chair recalls that the gentleman from Texas [Mr. STENHOLM] controls the time. He yielded 15 minutes to the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. In regard to my parliamentary inquiry, Mr. Speaker, I was just reading from the June 4, 1992, CONGRESSIONAL RECORD, a statement by the gentleman from Missouri [Mr. GEPHARDT] in which he said:

> I ask unanimous consent that the period of general debate provided for in House Resolution 450, if adopted, be expanded to 9 hours, to be equally divided.

I just wanted to point out that it is not the minority that asked for this. Therefore, I think it was a fair request by the majority leader to expand the time.

Mr. Speaker, I yield myself 4 minutes and yield to the gentleman from Oregon [Mr. SMITH], a driving force behind this amendment.

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLOMON] may ask for unanimous consent to control the time, and then he can designate the individual.

Mr. SOLOMON. If that is necessary, Mr. Speaker, I ask unanimous consent to be able to control the time that has already been allocated to me by the distinguished gentleman from Texas [Mr. STENHOLM].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SOLOMON. Mr. Speaker, I yield myself 4 minutes and yield to the gentleman from Oregon [Mr. SMITH], the driving force behind this amendment, along with the gentleman from Texas [Mr. STENHOLM].

Mr. SMITH of Oregon. Mr. Speaker, I thank the gentleman from New York [Mr. SOLOMON], my friend, for yielding to me.

As my colleagues know, this is going to be a great day for us in this House and a great day for this country.

This is a fair rule; as my colleagues have heard, the time is divided on a bipartisan basis. It could not be any fairer.

Mr. Speaker, at the end of it all tomorrow we are going to vote for a balanced budget amendment to the Constitution of the United States. We are going to pass it. We are going to follow what 77 percent of the American people want.

I ask my colleagues, "Isn't that what this is all about? Representative government?" For once, Mr. Speaker, Congress is going to look out into the future in the long term, not react to just the short-term programs.

This is change. This is change. People are demanding change in America.

We want change as well. We are going to nullify this Government. We are going to suggest that the President of

the United States offer a balanced budget and the Congress offer a balanced budget. This is unification of the President, the executive, and the legislative branch.

So, is it wrong to control deficits and the debt? If that is dangerous, then let us be dangerous. It is going to be a great day for America, and it is going to be especially a great day for our children.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman from Oregon [Mr. SMITH] for his statement.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair informs the gentleman from New York [Mr. SOLOMON] that he received unanimous consent to control the time which has already been allocated to him by the gentleman from Texas [Mr. STENHOLM]. The gentleman from New York [Mr. SOLOMON] does not have to stand up after yielding time to the gentleman from Oregon or other Members. He controls the time, and he may sit, stand, or whatever he wants to do.

Mr. SOLOMON. I thank the Chair. I had yielded myself the time, and then yielded to the gentleman from Oregon, but, if I might, then I will continue, under my request, to yield myself 4 minutes.

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLOMON] is recognized for 4 minutes.

Mr. SOLOMON. Mr. Speaker, in rising to support this rule and the balanced budget amendment, I would like to really pay tribute to the gentleman from Texas [Mr. STENHOLM] for his tireless efforts in bringing this issue finally to the floor.

I hate to say it, Mr. Speaker, but America does not trust its own Congress anymore. America knows that Congress will not, it cannot, control Government spending. That is why poll, after poll, after poll shows that the American people want a balanced budget amendment to the Constitution. And they want it now, not tomorrow, not next year.

Mr. Speaker, this was the first resolution I introduced when I came to this Congress in 1979, along with the gentleman from Texas [Mr. STENHOLM]. Things were already bad then. But I never dreamed that we would soon have a $400 billion annual deficit piled onto a $4 trillion total deficit.

Mr. Speaker, the deficit is a disgrace. I say to my colleagues, "The blame belongs right here, and, ladies and gentlemen, the American people know it. You know it if you go home outside this beltway every single weekend like I do. The people are not going to be fooled by gimmicks like budget summits, and they're not going to be fooled by statutes that can be ignored, or bypassed or overturned. They want enforcement provisions and guarantees that we will not simply raise taxes to allow more spending."

Mr. Speaker, if the American people do not get these things, they are going to throw a lot of us out this coming election; and we will deserve it, believe me.

I want to commend my classmate, the gentleman from Texas [Mr. STENHOLM], for getting this amendment on the floor. We are going to pass it tomorrow, and it is going to go to the Senate. The American people are going to demand that the Senate pass it too.

So, I urge support of the rule, and I urge support of the balanced budget amendment.

Mr. Speaker, I reserve the balance of my time.

Mr. STENHOLM. Mr. Speaker, I yield 1 minute to the gentleman from Missouri [Mr. VOLKMER].

Mr. VOLKMER. Mr. Speaker, I rise in support of the rule and in strong support for a constitutional amendment to balance the budget. I, personally, have introduced such an amendment to the Constitution in each Congress since first being elected to the House of Representatives in 1976.

Over the last decade, Congress has tried repeatedly to curb deficit spending. But as we have seen, Gramm-Rudman I, Gramm-Rudman II, and the 1990 Budget Enforcement Act, all have failed in their intent to tame the deficit.

With passage of this amendment, we have the opportunity to give Congress and the President the backbone to make the tough, necessary decisions to balance the budget. This Constitutional amendment will not allow Congress to continue along its current path of amassing an uncontrollable budget deficit.

I urge my colleagues to support the Stenholm amendment and force Congress and the President to act fiscally responsible and balance the budget so that we do not pass a mountain of debt onto our grandchildren.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 10½ minutes to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Speaker, I thank the gentleman from Massachusetts [Mr. MOAKLEY] for yielding this time to me.

Mr. Speaker, I rise today in support of taking an action that I would much prefer was not necessary. I rise in support of amending the Constitution to provide for a balanced budget.

In 1982 and 1990, I voted against such action. I spoke and worked against the adoption of a Constitutional amendment using much of the same rationale of today's opponents contained in speeches on this floor and in editorials in many of our most respected newspapers. I have concluded, however, that my obligation to our future and to our children demands decisive and decidedly different action to affect a change in the way we have been conducting the fiscal business of our country.

I believe our evergrowing annual operating deficits, estimated to be approximately $400 billion this year alone, pose one of the most significant threats to our health as a nation and America's ability to have a vibrant domestic economy and to be competitive in our global economy.

The results of our failure to pay as you go over the past 12 years are staggering. And, although oft repeated, they bear, in my opinion, being reiterated:

First, in a short 12 years, we have gone from a national debt of $914 billion to one of $3.701 trillion—a 400-percent increase. We have now unfortunately become the world's largest debtor.

Second, the national debt has gone from 26.7 percent of the gross domestic product to 52.2 percent, almost doubling it.

Third, net interest on the deficit has increased from 8.9 percent of our budget to almost 14 percent.

Fourth, in constant 1987 dollars, military spending has gone up a third, entitlements and mandatory spending has gone up about 40 percent, interest payments have increased a whopping 118.9 percent, and at the same time, domestic discretionary spending has decreased 4.5 percent.

□ 1130

The only item in our budget that has gone down has been our investment expenditure. The money for education, for health research, for immunization of children, space exploration, Head Start, efficient revenue collection, job training, housing, agriculture, and literally a thousand other priorities that our society needs Government to perform.

I believe, Mr. Speaker, the primary responsibility for this fiscal debacle lies with Presidents Reagan and Bush. Both have failed to present to the Congress, or to the American people, budget plans which merited or received their support. Indeed not even their own party supported them.

The four budgets voted on by the House as Presidents Reagan and Bush submitted them received: In 1985, 1 vote; in 1987, 12 votes; in 1988, 27 votes; and, most recently, 42 votes in 1992. The 1992 vote was a high-water mark when only 25 percent of the President's own party supported his fiscal plan for the Nation. And, of course, neither ever submitted a balanced budget to the Congress.

In response to the President's requests over those 12 years, the Congress, as we all know, has appropriated less money than the President requested. But, in the face of a lack of leadership from the President, collectively the Congress also failed to stem the hemorrhage of red ink that threatens to drown our children, our economy, and our future.

We have attempted, as many have said, numerous legislative fixes over the years, and they have not worked.

My good friend, LEON PANETTA, for whom I have the greatest respect and affection, has correctly stated that what we need to get our fiscal House in order is the courage to make the tough votes required to adopt a fiscally sound budget plan. He is clearly correct. The stark fact, however, is that even in the best of times, we have failed to stem deficits at any time since 1960.

As the Washington Post observed in its editorial opposing a constitutional amendment:

> . . . The interest on the debt is now a seventh of the budget and crowds our other spending. The deficit restricts the economy and the ability to govern, both at the same time.

However, its conclusion was, as is Chairman PANETTA's, that a constitutional amendment "should not become the permanent monument to a temporary failure of political will."

The Baltimore Sun even more harshly characterized the consideration of a balanced budget amendment as a—

> cynical hypocritical gesture, from a bunch of politicians who are in the process of approving a $400 billion deficit.

And they have a point.

But the same editorial goes on to add:

> . . . If this newspaper thought a balanced budget amendment would fulfill its promise, we would back it to the hilt.

They then outline the failure of legislative enactments to curb the deficits and add:

> Given this sad history, a constitutional amendment regulating a balanced budget is increasingly tempting since the present system is bankrupt, since the Nation's security and economic well being are at risk, since large borrowing increasingly divert the Nation's resources to the wealthy, at home and abroad, drastic action is necessary.

This is suggested by the Baltimore Sun, but they balk at an amendment.

I have concluded, too, that drastic action is necessary. And an amendment is the only alternative I see forcing the President, the Congress and the American people to come to grips with the excruciatingly difficult decisions we must make to put our Nation's finances in order.

It is my intention, I say to my colleagues, to support the Gephardt-Bonior-Obey amendment. I am pleased that it does not have a provision for any extraordinary majority for the Congress to accomplish either a balanced budget or spending beyond revenues, if that is required by the national economy or for security reasons. But, I would note that even then one person, the President, and a third of only one House of the Congress can thwart the will of the majority. The minority's ability to impose its will was contemplated and provided for by our Founding Fathers. And although I will support the Obey-Gephardt-Bonior amendment, I regret its exclusion of a significant part of the Government's expenditures from its coverage.

Again, because I believe decisive, some would say drastic, action is necessary, if Gephardt-Bonior-Obey fails to receive the support of two-thirds of my colleagues support, I will support the Stenholm amendment, which I like less because of its requirement for votes of 60 percent of each House to take certain fiscal actions.

If the Stenholm amendment ultimately passes, I will urge the Senate and the conference committee to modify it to make it more workable and more precise, before it is ultimately considered for final passage and transmission to the States.

I am well aware that the sponsors of that amendment are attempting to preclude that opportunity. I hope they fail in that effort. This is a serious step we take, requiring, it seems to me, the most serious consideration at every step of the way, including the conference committee.

Mr. Speaker, as I have told many of my good friends who have asked my view of the balanced budget amendment, I have a great fear that my 5-year-old grandchild's inheritance, and that of her contemporaries, is being robbed by our generation, not just by those of us who sit in this House or those who sit in the Senate of the United States, but by all Americans who expect to "buy now and pay later." That time is up. It is immoral for us to do so. It is as, well, irresponsible and unfair.

A recent GAO report referring to the budget deficits has said that "inaction is not a sustainable policy." The American people agree; and agree emphatically.

That same GAO report, Mr. Speaker, warns that "The economic and political reality is that the Nation cannot continue on the current path" and that "the sooner action is taken to bring the deficit under control and to make the composition of Federal spending more conducive to investment, the less the sacrifice and the greater the benefit."

The amendment will not be a substitute for action, nor a magic provider of courage, as Mr. PANETTA so aptly observed, but, no one should doubt that it will be a compelling mandate for those sworn to preserve and protect the Constitution. And, in addition, it is consistent with the observation made by Thomas Jefferson that:

> The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequences as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts and morally bound to pay them ourselves.

Because of that, when my name is called, I will vote for this constitutional amendment.

Mr. Speaker, I agree with those sentiments. And because I believe the President and we have not met our individual and collective responsibilities to both this generation and the generations to succeed us, this year I will support a balanced budget amendment.

Mr. SOLOMON. Mr. Speaker, I yield 4 minutes to the gentleman from South Carolina [Mr. RAVENEL].

Mr. RAVENEL. Mr. Speaker, let me say to my friends, no two ways about it, this country is in desperate shape. The deficit is going to approach $400 billion this year. We have lost control of it. We cannot tax our way out of it.

Imagine trying to raise $400 billion in taxes in 1 year, 2 years, 3 years, 4 years, or 5 years. We cannot tax our way out of it. We cannot inflate our way out of it. Think about this. If we were to devalue our dollar to try to inflate our way out of it, it would probably cause a revolution in this country.

We cannot cut our way out of it. In this Government, this Congress, the administration and the Government of which I am a part, we do not have the guts or the intestinal fortitude to make the cuts that are necessary.

□ 1140

So if we do not pass this balanced budget amendment today, the basic Stenholm amendment, hopefully improved by the strengthening amendments, we are going to have a financial collapse

Now, how does one occur? What is the only thing that holds financial markets together? It is confidence.

Do Members remember what happened on October 19, 1987, when we were in a lot better shape, for no apparent reasons, and no one has really been able to put their finger on the reason yet. All of a sudden the Dow started going down. And when the bell rang at 4 o'clock, she was down 508 points.

The next day, when the market opened, it continued to go down. And at 11:30 on October 20, 1987, Big Blue, the greatest stock in the world, quit trading.

The same thing can happen to us with the lack of a balanced budget amendment. Any Monday, one of these Mondays when the Treasury goes in there to refinance its debt, something is going to happen in Tokyo, maybe a rumor in France, a bad word in London. There are going to be no bidders.

We are going to try to refinance that $40 billion of debt and pay off those security holders whose debt securities are coming due to cover those checks that were written the previous week, and it is going to be Katie, bar the door.

All those checks that had been written and sent out, they are going to start bouncing and flipping all over the place. We are going to have a financial meltdown in this country.

A lot of people may sneer and say, "It can't happen." Remember back

what happened on October 19 and 20, 1987, just so recently, when we almost had a financial meltdown in this country.

So I am going to vote for those amendments which strengthen the basic Stenholm amendment, and I am going to vote against Gephardt, which is nothing more than a killer amendment. And for gosh sakes, for all America, for the health and wealth and the future of our country, vote against Gephardt and for whatever we come out with hopefully Stenholm strengthened.

The SPEAKER pro tempore (Mr. MONTGOMERY). The gentleman from New York [Mr. SOLOMON] has 8½ minutes remaining, the gentleman from Texas [Mr. STENHOLM] has 11 minutes remaining, and the gentleman from Massachusetts [Mr. MOAKLEY], the chairman of the Committee on Rules, has 16 minutes remaining.

Mr. STENHOLM. Mr. Speaker, I yield 4 minutes to the gentleman from Tennessee [Mr. CLEMENT].

Mr. CLEMENT. Mr. Speaker, I rise in very strong support of the rule and for the constitutional amendment to balance the budget proposed by the gentleman from Texas [Mr. STENHOLM].

Mr. Speaker, I have been in the U.S. Congress now for 4½ years. I remember so well running for the U.S. Congress just 5 years ago. I endorsed the constitutional amendment to balance the budget at that particular time because I felt like we needed it. We did not have $400 billion deficits just 5 years ago, and we did not have this outrageous spending that we have today, and I feel that much stronger than I have ever felt that we must move in that direction.

Mr. Speaker, we must move in that direction, because we are not controlling spending. The executive branch, they have never proposed a balanced budget. Neither has Congress enacted a balanced budget. We have had irresponsibility in both areas.

We also know that everything that has happened has not helped us at all. We know of the fact that we have not shown any constraint at all.

Every one of us, all 435 Members of the House of Representatives, every one of us has a different idea where to cut costs. We have some good intentions. We all want to cut costs, but we all want to cut costs in a different way.

And what happens? Nothing happens, and the budget deficits continue to climb. That is why when I am at home in Nashville, TN, in the Fifth Congressional District, and when I am at townhall meetings, and when I am with business executives, the message is the same: for God's sake, reduce the budget deficit.

Why do we need the balanced budget amendment? Because the American people do not have the confidence in the ability of the Federal Government—both executive and legislative branches—to address the Nation's fiscal problems. Who can blame them? This Government has not balanced an annual budget since 1969.

If we fail to pass a balanced budget, our standard of living, our schools, our infrastructure, our transit systems, our way of life, are in jeopardy.

Our inability to enact a balanced budget from one fiscal year to the next threatens the U.S. potential for economic growth and—just as important—it hinders us from addressing the serious societal problems we face.

Some have argued that the enactment of a constitutional amendment requiring a balanced budget would jeopardize the Social Security trust fund because Congress would loot the trust fund to reduce the deficit. Nothing could be further from the truth. First, there is nothing in the Stenholm amendment that says that we have to raid the Social Security trust fund to balance the budget. However, if any Member proposed to dip into the Social Security trust fund I would vote against it faster than you can blink an eye.

Second, if we continue with business as usual, with deficits hovering around $200 billion, we must ask ourselves what can we do to correct the problem. And what we can do to correct the problem is to pass this balanced budget amendment, support the Stenholm language, and move us in the direction of economic stability and strength once again.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes to the honorable gentleman from California [Mr. PANETTA], the chairman of the Committee on the Budget.

Mr. PANETTA. Mr. Speaker, we are about to embark on what I think is the most important and serious debate that the House of Representatives can engage in, which is whether or not we are to amend the Nation's most sacred document, our Constitution.

This is a very serious step. It involves obviously implications for the interpretation of this amendment, as well as our court system, as well as the potential for a constitutional crisis. And for those reasons, this is a most serious debate.

We are now talking about the rule to consider that kind of constitutional amendment. It would seem to me that such a rule ought to provide for very open debate. It ought to allow for amendments and consideration of all substitutes. It certainly ought to allow for discussion of enforcement of this kind of constitutional amendment.

Let me share with Members my greatest fear here. My greatest fear is that this amendment does not represent change at all, and that the American people will understand that. That, in effect, what we are doing is relying on the same old gimmick, the same old scam, which is to adopt an amendment that does not involve serious choices in order to convey a message back to our constituents that somehow we are really serious about balancing the budget.

I have looked at this amendment, and I urge all Members to look at the amendment. There is nothing in the amendment that says how we get to a balanced budget. Nothing in here says that. The only way you get to a balanced budget is to make tough choices on policies.

□ 1150

I had urged the authors of this amendment to allow us to debate policy decisions, to debate enforcement at the same time that we debate this constitutional amendment. That is the way to deal with this issue.

The answer was no, no. We want to talk about the constitutional amendment, but we do not want to talk about the policy decisions. We want to talk about the constitutional amendment, but we do not want to talk about enforcement.

Does that not say something to the American people about whether or not this is real, when the authors want to talk about a constitutional amendment but they do not want to talk about the choices that we need to make in order to truly balance the budget?

Second, if we are going to deal with an amendment, should we not know what is in that amendment? We have not seen a finalized copy of this amendment in the RECORD until today.

There are six major changes in this amendment from the one that was proposed by the gentleman from Texas—six major changes. Is that the way we are going to change the Constitution, is to sneak into the RECORD six changes that involve judgments about whether or not we can determine receipts and outlays?

Let me just mention one, section 6:

> The Congress shall enforce and implement this article by appropriate legislation which may rely on estimates of outlays and receipts.

That means this is not a balanced budget amendment, if we are going to rely on estimates of outlays and receipts. We could end up at the end of the year being out of balance and not in violation of this amendment.

In addition to that, it requires that the Congress pass what? Legislation to implement it. If I have heard it once, I have heard it 1,000 times: "We don't want to rely on legislation. We want to rely on the Constitution, because legislation doesn't work here."

And yet what do we have here, an amendment that depends on legislation to make it work. For goodness sakes, this is changing the Constitution of the United States. Let us do it with care.

We are about to embark on this debate without a full debate on policies

and choices, without the full opportunity to be able to consider enforcement and other options and without equal time divided between both sides.

Those who argue for a constitutional amendment argue that this is the ultimate answer for guts, for spinelessness, for the budget, for the future, and for our children. This is a bad way to start off that kind of debate.

For that reason, I intend to oppose this rule.

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from North Carolina [Mr. COBLE].

Mr. COBLE. Mr. Speaker, I thank the gentleman for yielding time to me.

I proceed along this constitutional amendment path very deliberately, very cautiously. I do not rush to the Constitution with amendment pen in hand just for the sake of amending this time-honored document. But this Congress and this country is in financial distress, Mr. Speaker. And we are in this precarious position because the Congress of the United States lacks the resolve, lacks the discipline to get our fiscal house in proper order.

We have not come to this precipice overnight. For many years this Congress has been content to collect $5 million, spend $10 million, and then ask incredulously why we are plagued with deficits. How long, oh, how long can we continue to walk this delicate line? Not very long, I fear.

As we pursue this constitutional amendment course, admittedly we are assuming some risks, but I believe we have no other choice.

Some opponents hoist their flags of fear by claiming such an amendment will be detrimental to Social Security. This is the fear tactic approach at its lowest level.

This amendment, Mr. Speaker, will in no way adversely affect Social Security. And if it did, I would abandon my support thereof.

A country music singer some years ago recorded a song depicting the free and easy life, which included a daily diet of free bubble-up and rainbow stew. My colleagues, the days of free bubble-up and rainbow stew are about to come to an end.

To prepare for this day of judgment, we need to be armed with some sort of defense.

We obviously lack the discipline to correct this problem upon our own motion. Nothing less than a constitutional mandate will suffice, in my opinion.

I am willing to assume the risks involved by casting my vote in favor of the balanced budget amendment.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I agree with both the gentleman from Massachusetts, Chairman MOAKLEY, and the gentleman from California, Chairman PANETTA. This is a lot of rhetoric.

It would be a real amendment if it said Members are personally liable for any moneys that were spent over and above our receipts. It does not.

Now Members could go home again, like they did with Gramm-Kemp, Gramm-Latta, Gramm-Rudman, Gramm-Bankrupt, and all those Gramm deficit programs and say, "I voted to balance the budget."

Let us get off it. The American worker is telling us quite clearly today, "Take your balanced budget amendment and shove it up your deficit."

They are saying, "Do your job. You have enough laws on the book. Stop the illegal trade, incentivize the Tax Code, reform the policies that are sending our jobs to Mexico and Singapore, give America a chance."

Our Government is structurally bankrupt. No one in Washington, nor America's Government, is listening except a little guy by the name of Perot. And while we are all laughing, he is going to clean everybody's clock. Because, my colleagues, no law can accomplish what a bunch of lawmakers do not have the courage and will to enforce. And this does nothing to balance the budget of our country.

My colleagues may not agree with me, but I am going to say it again: Stop paying for the defense of Japan and Germany, stop paying all this foreign aid, stop these policies that are sending our jobs to Mexico and Singapore, incentivize our Tax Code to recycle American dollars and invest in America.

We will balance the budget, not just with restraints that say "Cut spending or increase taxes." My colleagues, this amendment says, "Increase taxes." We will do more to balance the budget by creating jobs than we will do with these political speeches that will be made subsequent to this debate today.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. Mr. Speaker, I am interested in this rule. For one thing, it brings forward some of the most important measures that we could possibly deal with and says they are unamenable. For each individual amendment, it is a completely closed rule.

None of these constitutional amendments, none of these extraordinarily important proposals are subject to amendment at all.

I think that is in error. It is, of course, also an inconsistency that is of deficit proportions.

For Members on the Republican side to be supporting this rule which says that none of these constitutional amendments can themselves be subject to any amendment really does underline how idle have been some of their arguments previously about closed rules. None of these amendments is subject to amendment.

There are very controversial provisions. For example, I am told in the newest version that has been brought forward, and the chairman of the Committee on the Budget tells me we just got to see this late yesterday or early today, under the proposal of the gentleman from Texas and others, if we want to raise spending for national security, it takes a majority. If we want to raise spending for anything else, it takes three-fifths.

□ 1200

In other words, if the Members wanted to send some more troops to Western Europe, they would only need a majority, the same as they do now. If they wanted to do unemployment compensation, it will take three-fifths. It will constitutionalize the bias in American policy in favor of overseas spending.

Now, if it was national security narrowly defined, it would not be debatable, but national security has meant troops in Europe. Aid to Russia is justified, not as an act of pure charity, and I think there is a case to be made for it, but under the constitutional amendment, if adopted, if we want to unbalance the budget by sending a couple of billion dollars of food aid to Belarus, the Ukraine, and Kazakhstan, we could do it by a majority. But if we wanted to deal with the problems of communities in America faced with a crushing burden under the Clean Water Act and needing help in building sewers, if we wanted to deal with unemployment compensation, if we wanted to do something about middle-income children trying to go to college without breaking themselves, it would take three-fifths. No domestic program would qualify for that majority. Only programs in which we had substantial spending overseas, which are justified as national security, would be there.

Members have a right to say we want to give a constitutional edge to the overseas spending that I believe has been the most serious cause of our problems, but why do they bring forward a rule that says we cannot even deal with that? Why should not that be subject to amendment?

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, I have a lot of respect for the gentleman. The Committee on Rules and the majority leadership could have brought out a rule at any time and done exactly what the gentleman is asking for. They refused to do it, and the gentleman from Texas [Mr. STENHOLM] had no choice but to pursue the course he did.

Mr. FRANK of Massachusetts. Mr. Speaker, I would ask the gentleman for 1 additional minute.

Mr. MOAKLEY. I yield 1 additional minute to the gentleman from Massachusetts.

Mr. SOLOMON. If the gentleman would yield, I would ask him, is that a fact?

Mr. FRANK of Massachusetts. No, Mr. Speaker, I agree with the gentleman. That is true. They could have. What the gentleman from New York has said is, he will act, when he has a chance, the same way as the Committee on Rules, and I did not say that was a bad thing in and of itself. All I said was, it undercuts the indignation with which the gentleman occasionally clothes himself in these debates. What he has said I subscribe to.

Mr. SOLOMON. I thank the gentleman.

Mr. FRANK of Massachusetts. All the gentleman has done with this rule is what the Committee on Rules would do with that rule. But I would ask the gentleman to remember that it cannot be good for 1 day only. This is not a going out of business sale, this is a statement of principle. If these closed rules the gentleman says are okay now, because that is what the Committee on Rules would do, spare us the indignation, the lamentation, and the weeping and rending of garments when the Committee on Rules does exactly what the gentleman is now justifying.

We are left with the fact that in the amendment to the gentleman from Texas [Mr. STENHOLM], three-fifths to increase domestic spending, a majority to increase overseas spending, under the guise of national security; not, I think, an appropriate thing to put in the American Constitution.

If the gentleman would continue to yield, I would say to the gentleman this rule is four times fairer than yesterday's unemployment rule, which allowed no amendments. This allows four.

Mr. STENHOLM. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. EDWARDS].

Mr. EDWARDS of Texas. Mr. Speaker, it is a fact. This year the Federal Government will spend more in interest on the national debt than we will spend on education, the environment, law enforcement, aid to the cities, and transportation. This is not fiscal policy, this is fiscal insanity.

The enormous Federal deficit is devastating our children's future and mortgaging our economy. The deficit is economically and morally wrong, and it is time to do something about it. It is time to pass a balanced budget amendment to the Constitution. The amendment is not a new idea, but it is an idea whose time has come. The balanced budget amendment is a modern-day bill of rights that will protect our children from being drowned in a sea of debt, a debt which they did not create but one which surely they will be forced to pay. We charge today, they pay tomorrow. That is wrong. In the real world, using someone else's credit card is called theft. In government it is called deficit spending. We cannot allow that double standard to continue.

Some would say that the budget amendment would trivialize the Constitution. I would suggest that a $4 trillion deficit can only be considered trivial by those willing to pass the buck to the next generation.

Some would say that the constitutional amendment might create a constitutional crisis. I would suggest that the experience of 49 States convincingly proves otherwise.

Some would say that perhaps a change in process will not change policy. I would suggest that is naive. Just look at the dramatic effects we have had by changing the base closing commission. If process is unimportant in this House, why is a seat on the Committee on Rules such a coveted assignment?

Some would say, "All we need is a little more political will." I would suggest that type of wishful thinking has failed for 23 years. The truth is that this process drives good people to make bad decisions.

Finally, in an effort to protect the status quo, some would even go as far as to try to terrify senior citizens into thinking that their Social Security would be taken away. I would suggest that is nothing more than a cruel hoax. In fact, the greatest single threat to the Social Security system is the huge Federal deficit which devours Social Security dollars, leaving nothing but IOU's in its wake for the elderly.

Our choice is clear. It is a choice of the status quo or a choice for change. It is a choice for a legacy of debt or a legacy of fiscal responsibility.

I urge Members to vote for this rule and for the Stenholm amendment, if not for ourselves, then for our children; if not for this generation, then for the next generation. The time for a balanced budget amendment has come.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the previous speaker made great sense up until the point where he talked about the coveted seat on the Committee on Rules. On the Republican side, we are drafted, kicking and screaming, and dragged up there and forced to serve.

Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, if the gentleman from New York wants to give up his seat on the Committee on Rules, I will be glad to take it.

Mr. Speaker, this is the most important debate we are probably going to face in our lifetime. Those who are paying attention today I hope will realize that this is a very significant time in Congress.

I would like to respond to two things that were said by my colleagues on this side of the aisle who oppose the Stenholm amendment and this rule. The gentleman from Maryland [Mr. HOYER] made some partisan comments, and I think this debate should rise above partisan politics. It is extremely important for the Nation and for future generations of this country. He said that the Presidents of the United States, the last two, have not submitted balanced budgets, and the responsibility for these terrible deficits lies at their doorsteps.

I do not want to make this partisan, but I do want to set the record straight. The fact of the matter is, when Ronald Reagan took office we were bringing in $500 billion a year in tax revenues. The top tax rate was cut from 70 percent to 28 percent, and because of that and other steps that were taken we are now bringing in over $1 trillion a year in tax revenues, in fact, close to $1.3 trillion. So the problem is not that we do not have enough revenue to spend, the problem is, we are spending too much. Spending is totally out of control, and that requires both parties, the Republicans and the Democrats, to work together to solve that problem.

The gentleman from California [Mr. PANETTA] indicated that this was a terrible step we were making without taking our time to think it out. We have been thinking about this for years and years and years. The gentleman from Texas [Mr. STENHOLM] has been working on this for I don't know how long, since I came to Congress. Today his dreams and our dreams are coming to fruition.

The fact of the matter is, this is not going to be done in a haphazard manner. It takes two-thirds of the House, two-thirds of the Senate, to pass it, and then it has to be ratified by three-fourths of the States. This is going to be scrutinized very thoroughly before it becomes a part of our Constitution.

Let us get at the real problem facing us. Spending is out of control. This chart that we have here shows just how bad it is. The last time we had a balanced budget was in 1969. If the Members will look at the chart, and I hope everybody in this Chamber and everybody in America who is paying attention will look at it, you can see those big red lines going down further and further and further. We now have a $399 billion, almost a $400 billion deficit this year alone.

Two years ago we had a $220 billion deficit and we were told if we raised taxes with a budget summit agreement by $181 billion, we could get control of the deficit. So what happened? This Congress and the administration worked together and we raised taxes on the backs of the American people by

$181 billion. What do we have today? A $400 billion deficit. The national debt has gone from $1 trillion 10 years ago, and it took us 200 years to get there, to $4 trillion 10 years later.

Can you imagine that snowball is getting so big so fast? It is hard to believe. We are like a railroad train going downhill at 400 miles an hour, and what is at the end of the tracks? A 10-foot solid concrete wall. Who is going to suffer? The young people of this country, the future generations.

It has been said on this floor already that one of the largest expenditures in the budget is the interest on the national debt. It is $316 billion a year.

□ 1210

That is $7,500 for every family of four in this Nation. Every family of four, the interest alone is costing you $7,000 this year alone.

And what are we doing to the future generations? What kind of debt are we acquiring for them? In 1965 each American's share of the national debt was $1,666. Today, every man, woman, and child in this country is responsible for almost $20,000, $20,000 they owe to the Government just to cover the national debt.

The problem we have, my friends, is that nothing has worked. We have been working on this for years, and every single avenue we have approached to solve the deficit problem has not worked. We passed Gramm-Rudman-Hollings. It did not work. They said it had teeth in it, but it worked but for a very short time, and the deficit continued to rise unabated.

We proposed what was called the 4-percent solution a couple of years ago, I and some of my colleagues, and what it would do was limit the growth in spending to no more than an increase of 4 percent per year for the next 6 years. If we had passed that, economists tell us with a natural growth, a normal growth in the economy we would have had a balanced budget in 5 to 6 years. We could not even get that bill out of committee. It never saw the light of day.

We have tried everything in the book. We have fought every pork barrel project that comes to this floor. Last year amendments I supported cut $711 million out of Federal spending. It was not even a drop in the bucket.

So if we are going to solve this terrible economic crisis that we are facing, if we are to solve the problem that is facing the future generations of this country, we have to pass the balanced budget amendment. It is the only game in town.

Mr. STENHOLM. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. GEREN].

Mr. GEREN of Texas. Mr. Speaker, I thank the gentleman from Texas for yielding time to me.

Mr. Speaker, I rise in support of the balanced budget amendment and the rule that gives Members of Congress an opportunity to go on record and make a clear statement of their position on Federal deficit spending, a clear statement of whether they favor the policies and practices that have brought us a $4 trillion debt and mortgaged the future of countless generations of Americans or whether they want change, want to force fiscal discipline on the Federal Government, and want to protect children from greedy ancestors.

A balanced budget requirement is a very simple concept. Some try to make it complicated, but it really is not. A balanced budget requirement says simply that if you want something, you have to pay for it. If you are not willing to pay for it, you do not need it. You cannot charge it to others. You cannot charge it to your children, and you cannot charge it to their children.

It is against the law to take someone else's credit card and charge purchases without his permission, but that is what we have been doing for the last 30 years. The Federal Government has had the credit card that belongs to our children, and over the last 30 years it has stolen them blind.

Mr. Speaker, this is not only bad economics, this is just plain wrong.

Mr. Speaker, the halls are filled with legions of lobbyists today fighting hard to kill the balanced budget amendment. Why? Well, the answer also is very simple. They want us to spend more money, money that does not belong to them, money that belongs to their children and to their children's children.

Mr. Speaker, these children do not have high-paid lobbyists, but they deserve representation in the halls of Congress, and they need protection. I ask my colleagues to vote against these special interests who are filling our halls today. Vote for our children. Vote "yes" on the rule and vote for the balanced budget amendment. It is the right thing to do.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Utah [Mr. ORTON].

Mr. ORTON. Mr. Speaker, I rise in opposition to the rule on House Joint Resolution 290. I signed the discharge petition to bring a balanced budget amendment to a vote on the floor of the House of Representatives because that was the only option available to move it forward. However, the rule under which we debate this bill does not allow for amendments to perfect the resolution. Amending the Constitution of the United States is very serious and we should be certain that the resolution we pass is absolutely essential and appropriate. I have just one major disagreement with the Stenholm amendment—the enforcement mechanism.

Currently, only a simple majority of both Houses of Congress is required to authorize and appropriate spending and to pay for it by borrowing rather than increasing taxes. This is what is called business as usual and results in ever increasing deficits and a national debt approaching $4 trillion. The theory of the Stenholm amendment is that by requiring a three-fifths supermajority to approve excess spending or increase borrowing, it would be more difficult to deficit spend and be easier to balance the budget.

I am not persuaded that the most efficient enforcement mechanism is to make legislating the very difficult decisions more difficult by requiring a supermajority. In fact, it is possible that the unintended result may be to further divide government into factions and giving special interests even greater power over the legislative process. Further, there is no guarantee that requiring a three-fifths supermajority to bust the budget will actually result in balancing the budget.

What happens under the amendment if our budget projections prove erroneous and we end a fiscal year with outlays exceeding receipts? Nothing. We are in violation of the constitutional amendment and presumably would have to increase the debt ceiling or the United States would be in default. Suppose we cannot achieve a three-fifths majority vote to increase the debt? We could raise revenues, but suppose we cannot achieve a majority vote to increase taxes? A constitutional crisis would arise which would require judicial intervention to resolve. The only way to avert the crisis is to build a coalition or supermajority necessary to take legislative action. Great power would lie with each factional special interest necessary to reach the crucial three-fifths majority needed to act.

The three-fifths supermajority created in the bill as an enforcement mechanism to force a balanced budget may in reality make it more difficult to agree on how to balance the budget.

I believe a more effective enforcement mechanism is already available within the Constitution and budget statutes—a majority vote of both Houses of Congress subject to veto of the President. The balanced budget amendment which I have filed, House Joint Resolution 504, relies upon a constitutional majority of both Houses to waive the balanced budget but requires approval of the President by allowing for a veto. Further, a real look-back provision requires Congress to balance actual receipts and outlays or face an automatic sequestration of outlays to eliminate a budget deficit.

I will vote in favor of the Stenholm amendment today because in spite of the risks created by a three-fifths majority rule, continuing to spend hundreds of billions of dollars more than we have is the greater risk to our future. We must act and act now. I urge you to vote "no" on the rule but to

support the balanced budget amendment.

The SPEAKER pro tempore (Mr. MONTGOMERY). The gentleman from Texas [Mr. STENHOLM] will have the privilege of closing debate. He has 2 minutes remaining. The gentleman from Massachusetts [Mr. MOAKLEY] has 2 minutes remaining and the gentleman from New York [Mr. SOLOMON] has 1½ minutes remaining.

Mr. MOAKLEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield myself the balance of our time.

Mr. Speaker, we've heard almost every excuse in the book about why we should not enact a balanced budget amendment. And the opponents blame Presidents Reagan and Bush instead of themselves, for this hemorrhaging red ink.

Well, Members, when Mr. STENHOLM and I first came to this Congress, the existing tax structure was bringing in about $500 billion to the Federal coffers and Congress was spending about $550 billion.

Then came 8 consecutive years of solid economic growth, and 21 million new taxpaying jobs and hundreds of thousands of new big and small businesses that more than doubled revenues without raising taxes.

But while revenues doubled—from $500 billion to $1 trillion—spending by this irresponsible Congress nearly tripled to $1.5 trillion.

Mr. Speaker, that's how we got into this unconscionable sea of red ink. Congress did it. And Congress will continue to do it unless we enact this constitutional amendment; to force this Congress to do what the American people have to do—live within our means. For God's sake, please vote "yes."

Mr. DREIER of California. Mr. Speaker, today the Federal Government will spend $1 billion we don't have. Every day this year the Government of the United States will borrow $1 billion to spend beyond its means, shifting onto future generations the burden of paying for our excess. By year end, we will have added another $400 billion to our $3 trillion national debt.

Mr. Speaker, these numbers are incredible. And yet, they are used so casually around here that I'm afraid they have lost their impact. The fact that we are passing on trillions of dollars of debt, with annual interest payments approaching $200 billion, should compel us to immediately put Government spending in line with revenue. Tragically, it appears that won't happen without the discipline of a constitutional amendment requiring a balanced budget.

Congress has demonstrated time and again its bias in favor of short-time political gains, at the expense of long-term responsibility. Statutory balanced budget requirements have been adopted, and routinely violated. We've had Gramm-Rudman in 1985, Gramm-Rudman II in 1987, and more recently, the 1990 Budget Enforcement Act, which promises a balanced budget by 1995. Regrettably, it seems that we will never achieve a balanced budget without constitutionally required fiscal restraint.

I understand the concerns raised by critics among the media, academia, interest groups, and many of my colleagues in this Chamber. We know what is in this resolution. But I, too, am concerned about what is not in the resolution.

For example, the resolution does not have a tax limitation provision, although the voting rules on a tax increase are changed. The voting base is changed from a quorum majority to the whole membership. A rollcall vote is required on each bill that would increase total receipts. I support Congressman BARTON'S amendment which states that total receipts may not increase at a rate higher than the rate of increase in national income without the approval of three-fifths of the total membership of each House on a rollcall vote.

The resolution does not include a definition of taxes. User fees could be the revenue gimmick of the next decade. Also, it limits spending, but does not address off-budget items and unfunded liabilities. For example, guaranteed loans are not expenditures, but grants and direct loans are.

Just as troubling, the resolution does not guarantee a balanced budget. It only requires that estimated outlays equal estimated receipts. In recent years, the actual deficit has exceeded the estimated deficit sometimes by as much as $100 billion. There is no enforcement mechanism to address this dilemma. Who are we going to put in jail if Congress does not comply?

In spite of these problems, Mr. Speaker, I have decided to support the resolution because it will have enormous economic benefits, and it is the height of cynicism to oppose it based on the conniving and irresponsible behavior of future Congresses.

The economic benefits of a balanced budget amendment include increased domestic savings, lower interest rates, increased investment, less reliance on foreign sources of capital, and improvement in our balance of trade, not to mention its impact on the economic future of our children. Every year we run a $200 billion budget deficit means another $7,000 or more in extra taxes that the average child will have to pay over a lifetime just to meet the interest payments on that 1 year's borrowing.

Mr. Speaker, Government resources needed to address current problems, and invest in our future, are being drained to make interest payments on the national debt. And future generations of Americans, who are unrepresented here today, stand to inherit not only our massive debt, but a weakened U.S. economy, and a lower standard of living.

As Thomas Jefferson said:

> The question of whether one generation has the right to bind another by the deficit it imposes is a question of such consequences as to place it among the fundamental principles of government.

I agree, and I believe the balanced budget amendment represents a statement of principle worthy of inclusion in our Constitution.

Recently, I met with former Budget Director Roy Ash and I would like to enter into the RECORD some important concerns on this issue.

STATEMENT OF ROY ASH, JUNE 2, 1992

The public's infatuation with Ross Perot and Congress' overeager embrace of a constitutional amendment to balance the federal budget spring from the same troubled waters—deep seated frustration with the workings of government. In desperation, each of these responses is the call for an heroic "Hail Mary play" to break the impasse.

Both proponents and supporters of such acts of desperation undoubtedly hold sincere visions of the results they intend to achieve. But these visions are understandably idealized. Not considered are the almost certain, and serious, unintended consequences that will be unleashed, certainly by amending the constitution to balance the budget.

Let's consider just two of these unintended consequences concerning the budget. Senator Simon's bill, S.J. Res. 18, would require that annual federal "outlays" (cash paid out by the government) not exceed "receipts" (cash received) for that year. That would seem a clearcut way to balance the budget. But what else would it do, even though unintended?

The government pays out its cash to meet obligations incurred by earlier actions, sometimes years earlier. Such liability-incurring actions would be the issuance of bonds requiring life-of-bond interest payments, the purchase of airplanes to be paid for when delivered, commitments to make Social Security payments, guarantees of international obligations, etc., etc. But what will happen under the proposed amendment when the bills for these commitments become due and previous outlays during the year have already "used up" all the year's receipts? Is government bond interest not to be paid? Will aircraft builders be told to keep their planes, there's no money? Will Social Security recipients be told, "we're sorry", maybe next year"?

By this well intended constitutional amendment, we will have made all financial obligations undertaken by the U.S. Government merely contingent ones, to be paid if and when cash is available! And since cash is paid out months and years after the legal liabilities are incurred, who can tell at the time of obligation whether or not the budget will balance in future years and cash will, in fact, be available? The creditors will be required to take that risk. Thus, with adoption of this amendment, we will have dealt a serious blow to one of this country's basic secrets—the inestimable value of its sovereign full faith and credit. Concerned as we are by Congressional members writing a few thousands of dollars of checks with no money in their personal accounts, will they now write billions of dollars of uncovered checks on the nation's accounts?

Then, there is the House version of the proposed amendment, H.J. Res. 290. It would require that at the beginning of each year the President and the Congress agree on a level of expected receipts for that year and limit outlays for the year to those expected receipt levels. Suppose the President and Congress don't agree; it wouldn't be the first time. One may want to raise taxes and spend more; the other may want to reduce spending or even reduce taxes. Nothing, even the constitution, can force them to agree. Has the Congress or has the President violated the constitution? Who goes to jail, so to speak, for the offense of not agreeing? This is just one of many bases for court intervention if the amendment is adopted.

The very imbedding of any principle in the Constitution not only opens the way for, but invites, open-minded litigation in the federal

courts. Will the federal courts, including the Supreme Court, become the country's budgeteers? In addition to the Administration's Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) will we now have an SOB (Supreme Court Office of the Budget) making fiscal policy for the nation? If so, the federal district courts and Supreme Court would be determining tax policy, i.e., who pay taxes, what kind and how much, and spending policy, i.e., which federal programs would be canceled and which kept and at what levels. (A special court staff of not over 500 people would probably be sufficient to do the job.)

These two possible unintended consequences, alone, are enough to reject outright the idea of a constitutional amendment. And there are other equally troubling possibilities, ranging from unintended effects on our defense capability, to the likely prospect of regulatory spending, i.e., requiring business to spend directly for programs (such as for medical costs) that otherwise would be paid by government, to the greater relative ease of raising taxes rather than reducing expenditures as a way of achieving budget balance. Furthermore, as those of us who have been in the business know very well, any amendment in the arcane field of budgeting can be circumvented by so many technicalities that the Constitution of the United States itself will have been trivialized.

So let's save the Constitution; let's save the best credit rating in the world; let's save our courts from an impossible task; and in the process save the American people from the unintended consequences of a well meant idea.

□ 1220

Mr. STENHOLM. Mr. Speaker, I yield 2 minutes, of the remainder of my time, to the gentleman from Delaware [Mr. CARPER].

Mr. CARPER. Mr. Speaker, I have to comment on the remarks of the gentleman from New York.

We too frequently flail only the Congress for our Governments shortcomings in restoring fiscal responsibility. This is a shared responsibility.

If you look at the States where some fiscal sanity reigns today, what do you have? Governors who lead, chief executives who provide leadership in this area, and legislators who work with those chief executives. We need that here. We have not had that here in the 10 years that I have been a Member of this body.

I have been talking with a number of our colleagues in the last day regarding some of their concerns about the Stenholm amendment. I want to address a couple of those concerns at this time.

One is that we should not address economic issues in the Constitution. Well, let me just say that a long time ago, 200 years ago, Thomas Jefferson said that if he could make one change to the Constitution it would be to inhibit or prohibit borrowing by the Government.

Further, we have in the Constitution already provisions for the treatment of interstate commerce, for taxation, for appropriations, for property rights, and for coinage, to mention a few. Those are, I believe, economic matters. They are appropriate in the Constitution as is our amendment.

The second concern that has been raised is with regard to Social Security. I believe that we should not open a loophole in this amendment big enough through which we can drive exemptions for literally every single entitlement program. That is not what we want to do. For those of us who want to protect Social Security, we may do that. We may continue existing law by including in any statutory enforcement package that we adopt a preemption from sequestration for Social Security. If you think that Social Security should be exempted from sequestration, simply, vote with us on the enforcement statute to do that.

Let me close by addressing enforcement statutes. Will we need one if we pass this amendment? You bet we will. The vote tomorrow on this amendment is not the last vote. It is one of the first critical votes in terms of racheting down the deficits in the years ahead.

The gentleman from California [Mr. PANETTA] and others will offer to us an enforcement package which is being crafted already. It is imperative, it is imperative that those of us who support this balanced budget amendment support his efforts with the same sincerity and enthusiasm with which we are supporting the balanced budget amendment.

Mr. MOAKLEY. Mr. Speaker, I ask unanimous consent that I may reclaim the 2 minutes I yielded back.

The SPEAKER pro tempore (Mr. MONTGOMERY). Is there objection to the request of the gentleman from Massachusetts?

Mr. SOLOMON. Mr. Speaker, reserving the right to object, with all due respect, and I have great respect for my friend, we were yielded half of the time, and we had that right to close with our half of the time. It would be unfair. The gentleman should have used time and allowed us to close.

Mr. Speaker, I would have to object to the gentleman's request.

The SPEAKER pro tempore. Objection is heard.

Mr. STENHOLM. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 326, nays 91, not voting 17, as follows:

[Roll No. 181]

YEAS—326

Alexander	Fish	Machtley
Allard	Flake	Manton
Anderson	Ford (MI)	Markey
Andrews (NJ)	Ford (TN)	Martin
Andrews (TX)	Franks (CT)	Martinez
Applegate	Frost	Mavroules
Archer	Gallegly	Mazzoli
Armey	Gallo	McCandless
Aspin	Gaydos	McCloskey
Atkins	Gekas	McCollum
Bacchus	Gephardt	McCrery
Baker	Geren	McCurdy
Ballenger	Gibbons	McDermott
Barnard	Gilchrest	McEwen
Barrett	Gillmor	McGrath
Barton	Gilman	McHugh
Bateman	Gingrich	McMillan (NC)
Bennett	Glickman	McMillen (MD)
Bentley	Goodling	McNulty
Bereuter	Gordon	Meyers
Bevill	Goss	Michel
Bilbray	Gradison	Miller (OH)
Bilirakis	Grandy	Miller (WA)
Bliley	Green	Molinari
Boehlert	Guarini	Mollohan
Boehner	Gunderson	Montgomery
Boucher	Hall (OH)	Moody
Boxer	Hall (TX)	Moorhead
Brewster	Hamilton	Moran
Broomfield	Hammerschmidt	Morella
Browder	Hancock	Morrison
Brown	Hansen	Mrazek
Bruce	Harris	Murphy
Bryant	Hastert	Murtha
Bunning	Hatcher	Myers
Burton	Hayes (LA)	Natcher
Bustamante	Hefley	Neal (NC)
Callahan	Henry	Nowak
Camp	Herger	Nussle
Campbell (CA)	Hobson	Oakar
Carper	Hochbrueckner	Oberstar
Carr	Holloway	Olver
Chandler	Hopkins	Ortiz
Chapman	Horn	Owens (UT)
Clement	Horton	Oxley
Clinger	Houghton	Packard
Coble	Hoyer	Pallone
Coleman (MO)	Hubbard	Parker
Coleman (TX)	Huckaby	Pastor
Collins (IL)	Hunter	Patterson
Combest	Hyde	Paxon
Condit	Jacobs	Payne (VA)
Cooper	James	Pease
Costello	Jefferson	Penny
Coughlin	Jenkins	Peterson (MN)
Cox (CA)	Johnson (CT)	Petri
Cramer	Johnson (SD)	Pickle
Crane	Johnson (TX)	Porter
Cunningham	Johnston	Poshard
Dannemeyer	Jones (GA)	Price
Darden	Jones (NC)	Pursell
de la Garza	Jontz	Quillen
DeFazio	Kaptur	Rahall
DeLauro	Kasich	Ramstad
DeLay	Kennedy	Ravenel
Derrick	Kleczka	Ray
Dickinson	Klug	Reed
Dixon	Kolbe	Regula
Donnelly	Kolter	Rhodes
Dooley	Kyl	Ridge
Doolittle	LaFalce	Riggs
Dorgan (ND)	Lagomarsino	Rinaldo
Dornan (CA)	Lancaster	Ritter
Dreier	Lantos	Roberts
Duncan	LaRocco	Roe
Early	Laughlin	Roemer
Eckart	Leach	Rogers
Edwards (OK)	Lehman (CA)	Rohrabacher
Edwards (TX)	Lent	Ros-Lehtinen
Emerson	Levin (MI)	Rose
Engel	Lewis (CA)	Rostenkowski
English	Lewis (FL)	Roth
Erdreich	Lightfoot	Roukema
Espy	Lipinski	Rowland
Ewing	Lloyd	Russo
Fawell	Long	Sangmeister
Feighan	Lowery (CA)	Santorum
Fields	Luken	Sarpalius

Sawyer	Solarz	Valentine
Saxton	Solomon	Vander Jagt
Schaefer	Spence	Volkmer
Schiff	Spratt	Vucanovich
Schulze	Staggers	Walker
Sensenbrenner	Stallings	Walsh
Sharp	Stearns	Weldon
Shaw	Stenholm	Whitten
Shays	Stump	Williams
Shuster	Sundquist	Wilson
Sikorski	Tallon	Wise
Sisisky	Tanner	Wolf
Skaggs	Tauzin	Wolpe
Skeen	Taylor (MS)	Wyden
Skelton	Taylor (NC)	Wylie
Slattery	Thomas (CA)	Yatron
Smith (FL)	Thomas (GA)	Young (AK)
Smith (NJ)	Thomas (WY)	Young (FL)
Smith (OR)	Thornton	Zeliff
Smith (TX)	Torricelli	Zimmer
Snowe	Upton	

NAYS—91

Abercrombie	Hertel	Roybal
Ackerman	Hughes	Sabo
Andrews (ME)	Kanjorski	Sanders
Annunzio	Kennelly	Savage
AuCoin	Kildee	Scheuer
Beilenson	Kopetski	Schroeder
Berman	Kostmayer	Schumer
Blackwell	Lehman (FL)	Serrano
Borski	Lewis (GA)	Slaughter
Brooks	Lowey (NY)	Smith (IA)
Cardin	Marlenee	Stark
Clay	Matsui	Stokes
Collins (MI)	Mfume	Studds
Conyers	Miller (CA)	Swett
Cox (IL)	Mineta	Swift
Coyne	Mink	Synar
Dellums	Moakley	Torres
Dicks	Nagle	Towns
Dingell	Neal (MA)	Traficant
Downey	Obey	Traxler
Durbin	Olin	Unsoeld
Dwyer	Orton	Vento
Edwards (CA)	Owens (NY)	Visclosky
Evans	Panetta	Washington
Fascell	Payne (NJ)	Waters
Fazio	Pelosi	Waxman
Foglietta	Perkins	Weber
Frank (MA)	Peterson (FL)	Weiss
Gejdenson	Pickett	Yates
Gonzalez	Rangel	
Hayes (IL)	Richardson	

NOT VOTING—17

Allen	Dymally	Levine (CA)
Anthony	Hefner	Livingston
Bonior	Hoagland	McDade
Byron	Hutto	Nichols
Campbell (CO)	Inhofe	Wheat
Davis	Ireland	

□ 1250

Messrs. WEISS, PETERSON of Florida, EVANS, and SAVAGE, Mrs. COLLINS of Michigan, and Messrs. COYNE, KOPETSKI, SCHUMER, and ABERCROMBIE changed their vote from "yea" to "nay."

Mr. ALLARD and Mr. SLATTERY changed their vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed without amendment joint resolutions of the House of the following titles:

H.J. Res. 442. Joint resolution to designate July 5, 1992, through July 11, 1992, as "National Awareness Week for Life-Saving Techniques"; and

H.J. Res. 445. Joint resolution designating June 1992 as "National Scleroderma Awareness Month".

The message also announced, that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2507) "An act to amend the Public Health Service Act to revise and extend the programs of the National Institutes of Health, and for other purposes."

The message also announced, that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1306) entitled "An act to amend title V of the Public Health Service Act to revise and extend certain programs, to restructure the Alcohol, Drug Abuse and Mental Health Administration, and for other purposes."

The message also announced that the Senate has passed a bill and joint resolution of the following titles, in which the concurrence of the House is requested:

S. 2703. An act to authorize the President to appoint General Thomas C. Richards to the Office of Administrator of the Federal Aviation Administration; and

S.J. Res. 273. Joint resolution to designate the week commencing June 21, 1992, as "National Sheriffs' Week".

The message also announced, that pursuant to Public Law 102-240, the Chair, on behalf of the Republican leader, appoints Mr. Ed Hamberger of Maryland and Mr. Robert Krebs of Illinois, as a member of the National Commission on Intermodal Transportation.

PROPOSING AN AMENDMENT TO THE CONSTITUTION TO PROVIDE FOR A BALANCED BUDGET

The SPEAKER pro tempore (Mr. MONTGOMERY). Pursuant to House Resolution 450, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the joint resolution, House Joint Resolution 290.

□ 1255

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution, House Joint Resolution 290 proposing an amendment to the Constitution to provide for a balanced budget for the U.S. Government and for greater accountability in the enactment of tax legislation, with Mr. THORNTON in the chair.

The CHAIRMAN. Pursuant to the rule, the joint resolution is considered as having been read the first time.

Pursuant to the order of the House of Thursday, June 4, 1992, the gentleman from Texas [Mr. BROOKS], or his designee, the gentleman from Missouri [Mr. GEPHARDT], will be recognized for 3 hours; the gentleman from New York [Mr. FISH] will be recognized for 3 hours; and the gentleman from Texas [Mr. STENHOLM] will be recognized for 3 hours. The Chair will attempt to rotate recognition in a manner mutually agreeable to the managers.

The Chair recognizes the gentleman from Missouri [Mr. GEPHARDT].

Mr. GEPHARDT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, today and tomorrow, we will have an important and I hope constructive debate about the Constitution, our fiscal problems, and our responsibilities as leaders of a country that is being buffeted by the complexities of a new world. We are living in an era of change as vast as that which greeted Truman following the end of World War II. The fight against communism, the central operating principle of government for the last 45 years, is over.

The Berlin Wall is down. The bipolar world is gone. The economy is global. New economic superpowers have arrived, and are arriving, to our east and our west. The age of presumed prosperity is behind us, and much of our economic strength is depleted.

Our capacity to respond to these changes and challenges is handcuffed by an enormous and growing enslavement to deficit spending.

So, we need to talk today and tomorrow about how we got into this mess, and how we're going to fix the problem.

In the years following World War II, the American economy was the envy of the world. It produced goods and services and food in abundant quantities. Our economy funded a humane public agenda that raised the incomes and aspirations of a growing middle-class and improved the lives of the underclass. We had problems from time to time, but we grew and we produced jobs and we created opportunity.

In contrast to the arguments of the Republicans, Government spending and indebtness was not—was not—out of control prior to President Reagan.

Virtually every year since 1948, government debt as a percentage of GNP went down; it shrank from a high of about 90 percent to a low in 1980 of about 27 percent. Throughout those years, and throughout the 1980's, Congress appropriated less than what nine successive administrations requested. But something happened in 1981 that drove Government debt as a percentage of GNP back into the stratosphere. What happened in 1981 was the enactment of Reaganomics, and it had the predicted and predictable effect of driving this country to the brink of bankruptcy.

Democrats warned in 1981, as we have warned every year since, that a day of reckoning would confront this country.

We warned that excessive tax cuts for the rich, wasteful military spending, and neglect of the middle class would someday combine to diminish our abundance and dampen our prospects.

We warned that high deficits, reduced investment in public works, huge trade imbalances, and a stagnant standard of living for middle-class people would hurt us not just individually but nationally. We lived a paper prosperity and existed on fool's gold.

Our predictions about Reaganomics, unfortunately, have been more than borne out.

Since the Republicans took over the White House, our national debt has more than tripled, despite repeated promises by candidates Reagan and Bush that they would balance the Federal budget.

Our national debt now stands at $4 trillion. Servicing this debt requires interest payments of $300 billion per year.

This is money that could be better spent on increasing our competitiveness, fighting hunger and homelessness, sending our kids to college, fighting crime, and countless other important tasks.

Because of our large deficits and weak economic performance, companies are having trouble finding the capital to finance their operations at attractive rates.

Industry after industry is seeing some of its brightest stars either looking overseas for financing or falling prey to foreign investors who are shopping around for bargains. Productivity, economic growth, and job creation are at record low levels in the post-World War II era.

We have seen America's position as the world's largest creditor erode to that of being the largest debtor.

During this period, we have amassed more than $1 trillion in merchandise trade deficits—with no real end in sight.

Our budget and trade deficits have increased our appetite for foreign capital to keep our economy afloat. In excess of 30 percent of our long-term bonds and notes are purchased by foreigners at our Treasury auctions. These are sales we make from a position of weakness, rather than from a position of strength.

We are now incapable of strengthening the economic fiber of our country—in areas like education, job training, and research—and meeting our obligations overseas.

This may suit a President without a domestic agenda, but now even a foreign policy presidency cannot command the resources required for America's role in the new world order.

During the 1980's Democrats tried to preserve the Nation's priorities as our resources diminished and Presidential leadership evaporated. Two recessions, a savings-and-loan crisis, and slow economic growth added billions in deficit spending even as we cut essential services to the American people.

Disingenuously, the supply-siders called our dark predictions: "politics."

And now, like Claude Raines in "Casablanca," some of the most ardent supporters of Reaganomics find themselves shocked, shocked that deficits could be so high.

But the truth is different: They knew the consequences all the time, and they decided to cover them up.

In June 1981, amidst the negotiations over the Reagan tax cut, Dick Darman and David Stockman paced the parking lot near the West Executive Office Building. According to Mr. Stockman's book, Mr. Darman said: "I don't know which is worse, winning now and fixing up the budget mess later, or losing now and facing a political mess immediately."

Darman answered his own question: "Let's get at it. We win it now, we fix it later."

"In the end," Stockman writes, "we chickened out." And now the chickens have come home to roost. Our country cannot function with an annual $400 billion deficit, and in these extraordinary circumstances extraordinary measures are required. Now Congress will consider a constitutional amendment requiring the President to submit, and Congress to enact, balanced Federal budgets.

If the amendment is ratified, the Constitution will return the finances of Government to a condition that existed until the 1970's; there will be a rebuttable presumption in good economic times that we should spend no more than we take in.

If a balanced budget constitutional amendment is to be adopted, it must embody the right policy, it must require Presidential leadership, it must protect Social Security, and it must preserve the principle of majority rule.

Our balanced budget amendment, by embracing these values, represents a far better, more thoughtful and effective approach than any other existing proposal.

And it establishes a basic contrast between congressional leaders, who care deeply about the fiscal condition of the country, and the thoughtless profligacy of President Bush.

I have opposed amending the Constitution in this way, even as I have worked with my colleagues to reduce the deficit.

Following the budget summit, where we actually reduced future indebtedness by nearly $500 billion, only to see the deficit rise further, I concluded that we need the moral color of constitutional authority to get this job done.

Adoption of a well-drafted amendment, and an effective enforcement tool, is a necessity, however difficult, if we hope to restore our books to balance and preserve opportunity for our children.

Our amendment alters a two-century-old formula, written by the Founding Fathers, that gave Congress exclusive control of the purse strings; this is a power and responsibility that must now be shared equally with the President.

There is no more important, yet less understood, element of my amendment than the provision which protects Social Security.

And there is no more powerful opinion expressed by the so-called fiscal realists than the idea that the budget cannot be balanced unless Social Security is brought into the mix. Those who repeat this myth remind me of the saying: "The trouble with people is not that they don't know but that they know so much that ain't so." It ain't so.

There are a number of credible scenarios for balancing the Federal budget without cutting Social Security benefits. And there are a number of persuasive and powerful arguments for ensuring that we follow this course.

Social Security represents as important a compact with the elderly as interest payments represent to the holders of Treasury debt.

This is a unique, self-financing, pension insurance program. It enjoys universal support, because every American holds the card. They pay in because they have been guaranteed benefits, and the trust and support they bring to this program should not be based on an ephemeral commitment.

Their trust flows from the fact that this program has performed as promised; we have virtually eliminated impoverishment as the inevitable result of aging because we have stood by this program and made it stronger.

Twice during my tenure here, we have raised Social Security taxes and cut Social Security benefits—not to balance the budget, but to ensure the solvency of the program.

Elderly people who depend on Social Security stood by these reforms because these changes were devoted to stabilizing the program. What they cannot abide, and what we should prevent by this amendment, is the use of the trust funds to accommodate the mistakes of the fiscal mismanagement of the 1980's.

Let me remind you who this program serves by telling you a story I will never forget. Not long ago, I participated in an event in my district during which a room filled with seniors in my district were served a nourishing lunch. These people weren't poor, and they were proud. They are members of my mother's generation—veterans of World War II and the Depression.

They told me stories of their worry and their concern about meeting prescription drug bills on a monthly Social Security benefit that must also ac-

commodate rent and energy bills. Some of them wrapped food from the lunch table with napkins so they wouldn't have to spend money for dinner.

I overheard two gentlemen in the restroom talking about pooling their pocket money so they could share a dinner for one at a local restaurant that offers a weekend special.

I think we should recognize their struggle and honor their dignity, and we reject the argument that exempting Social Security represents pandering to an interest group.

Balancing the budget under any circumstances will be difficult, but I think we have to find a way to do it without denying hope and sustenance to the senior citizens of this land.

Let me conclude with these thoughts. This country has made tough decisions before. This country is too great and too important to let it slide further. We must embark on an unprecedented change in our country's priorities. Military spending must be dramatically cut, but jobs must be found for the workers who built our weapons and new uses must be found for the factories which forged them.

The Tax Code must be revamped, made more progressive, and changed to collect more revenue.

Government spending programs must be cut and then altered to reward results. Agencies and ideas devoted to cold war aims must be honored and then retired. We need a total, national commitment to embracing the new world, and then conquering it—for all the good America can provide as a partner and as a leader for positive change.

But the truth is this: We can never seize command of this defining moment until we reconcile our finances. The balanced budget amendment can become the driver, the spark, the impetus for the changes we know we must make. That is why I have introduced an amendment, and that is why I will urge my colleagues to support it when we vote on this issue tomorrow.

□ 1310

Mr. Chairman, I reserve the balance of my time.

Mr. FISH. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. GRADISON].

Mr. GRADISON. Mr. Chairman, I have seldom heard such a disappointing beginning to such an important debate. We have heard very little about the pros and cons of a constitutional amendment, and we have heard very little that has a basis in fact about why it is needed.

Indeed, the distinguished majority leader, in the process of trying to blame Republicans and Presidents Reagan and Bush for problems which he knows were not at their feet, has contradicted himself at least once. At one point he appeared to say that this problem began in 1981 with Reaganomics. At another point he talked about the presumption, which existed and, indeed, it did prior to the 1970's, that budgets in good times should be balanced.

I say to my colleagues, we cannot have it both ways. We have analyzed this in the Committee on the Budget. And while there may be disagreement about what should be done, there certainly is no disagreement about the fact that the principal reason we have a budget that is spiraling into deficit and getting worse year after year is the portion of the budget, the so-called entitlements, which are not subject to annual appropriation and review.

Indeed, and I find this amazes my constituents, two-thirds of the U.S. Government's budget is not even subject to annual review by the Congress. It is on automatic pilot.

One other point which I think worth mentioning that was not mentioned by the distinguished majority leader is that throughout this entire period of the 1980's, which he so roundly condemns, it was his party who ran this place. And Indeed, it is his party which currently has a 101-vote margin in the House of Representatives.

The distinguished leader on the other side pointed out that he, to use his words, "worked with my colleagues to reduce the deficit." Frankly, with friends like this, who needs enemies.

Let us talk about what happened twice last year and then again last night, the attempt to pass out of this House a needed bill for unemployment compensation without paying for it. What in the world does that do but to increase, not reduce, the deficit. And who led the fight to tear down the firewalls this year, the firewalls which assure us that any savings in defense are used to reduce the deficit, not to increase other forms of spending? And what is the next bill after this amendment is acted on which this House is likely to consider, a supplemental appropriation bill with several billion dollars of spending which again is not paid for, which only would increase the deficit.

Much was made, and I think properly so, about Social Security. It is an issue which deserves our attention. I am personally confident that what we heard can best and most fairly be described as just scare tactics.

Social Security is on a sound actuarial basis. Its condition is measured over a 75-year period. It is properly financed. It will be protected no matter what we do with regard to a balanced budget. But trying to listen carefully to what was said by the majority leader, I did have some difficulty trying to understand who speaks for the Democratic Party on the subject of Social Security.

Within the last 24 hours, the person that I assume is the leader of the Democratic Party in this country, their nominee for the office of President of the United States, has also spoken about Social Security. And he wants to increase taxes on Social Security beneficiaries. Is that the view of Democrats in this body? Is that their view of the future of Social Security? Is that the hidden agenda of their party when they try to talk about Social Security in the context of a balanced budget amendment?

I said at the outset, Mr. Chairman, that I thought that this discussion was off to a disappointing start. I would like to bring it back to the question of the constitutional amendment itself. I want to do so by addressing six basic questions. There may be other questions on Members' minds, but I think these are six which are on all of our minds.

First of all, who wants this amendment? For the past several weeks the distinguished chairman of the House Committee on the Budget, who opposes this amendment, has issued warnings about the severe spending cuts that would be required to balance the budget in 5 years and the kind of stern budgetary enforcement that would be necessary. That is proper. It is within the chairman's prerogatives. It helps to further the debate. I welcome it.

But I do want to urge upon my colleagues that they recognize that the chairman in this regard is not speaking for the full House Committee on the Budget. I hope that was clear from the "Dear Colleague" letter which was recently sent to all Members of the House, signed by a bipartisan majority of the House Committee on the Budget, 20 members of our 37-member committee who indicated that they will support this constitutional amendment. And I anticipate when the final vote is taken, the number may exceed the 20.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. GRADISON. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, I thank the gentleman for yielding to me.

Since he places great emphasis on a majority of the committee taking a position, I guess I would ask, when a majority took a position on a budget resolution, why did the gentleman then not support that budget resolution?

Mr. GRADISON. Mr. Chairman, in my view that was a meaningless budget resolution, and it was written in a way which was intended to cover up the fact that the chairman did not have a majority on the resolution. It did not offer us one budget. It offered us two. One with the firewalls, one without.

It was a very clever ploy. I understand that, and I respect the way in which the game was played, but in my view a straight up or down vote on that budget resolution would have shown in that case as well as in the case of this

constitutional amendment, that the chairman, in all fairness, was not speaking for the committee as a whole.

Frankly, the views of the members of the Committee on the Budget are important here because if there is any group in this body that is willing to make the tough choices involved in dealing with the deficit, it is the members of that committee, including our chairman.

That is why we serve on that committee. But in my view, before we have a fighting chance of dealing with this, we have to pass this amendment first.

□ 1320

My second question is, Is balancing the budget a good idea? We are not talking about an occasional deficit. The kind of situation that we have had occasionally might be tolerable. After all, during World War II we ran huge deficits and they were obviously justified, considering the stakes. This was also true during the Great Depression of the 1930's.

The problem today, however, is that our deficits are large and chronic, compared with the level of national savings. One reason for this, as recently noted by columnist Robert Samuelson, is that in the early 1960's peacetime deficit spending became philosophically acceptable. Before that time, administrations and Congresses avoided large deficits as a matter of course. Deficits were taboo. No statute or constitutional amendment required this prudent behavior. It was simply the tradition. But by the mid-1970's deficit spending had become the rule rather than the exception.

I repeat what I said earlier, this did not begin when Ronald Reagan was sworn in as President of the United States.

There are plenty of sound economic reasons for preferring balanced budgets, and they have been described many times and in many places, and I need not elaborate on them.

Deficits drain the pool of national savings which would otherwise be available for the investments that will provide for future economic growth and higher living standards. This means that standards of living will fail to rise as quickly, and may even decline, that interest rates will be higher, and that debt service will consume more and more of the budget, as it is doing today, thereby restricting the amount of resources that can be devoted to other needs. Finally, the Federal Government has committed itself to future obligations, and Social Security is the main one, that we will be unable to meet or have great difficulty in meeting if we continue on this current deficit path.

I want to stress this point, because some of the lobbies opposing this amendment have indicated that the amendment will force a reduction of Social Security and Medicare benefits. The reality is just the opposite. If these deficits continue, Social Security and Medicare will be put in very serious jeopardy in the long run.

My third question is, Can Congress balance the budget without an amendment? Sure it can. The gentleman from California, Chairman PANETTA, has drawn up three potential paths for getting us there. One may disagree with some of those paths, as I do, but they do lead toward balance. There are other ways to balance the budget, and I would expect, whether we approve this amendment or not, that we will begin increasingly, as we should, to focus on how to get us where we all want to be in 4 or 5 years.

My fourth question is, Will Congress really do it? Our recent experience, to say the least, is not encouraging. We had Gramm-Rudman-Hollings I and Gramm-Rudman-Hollings II a few years ago, and then gave them up. We had the 1990 Budget Enforcement Act, which was supposed to reduce the deficit by $500 billion over 5 years. I have not seen that happen. The deficit now is larger than it was when we took that action later in 1990.

In candor, most observers of the scene expect that that so-called 5-year agreement will collapse at the end of this year.

The conference report on the budget resolution recently approved was not very comforting, either. After Congress criticized the President for the deficit, as the majority leader just did, the congressional budget resolution approved by this House fails to stop the flow of red ink. In fact, in some cases—and defense comes immediately to mind—the resolution did not even indicate what spending path we should follow after the first year.

The fifth of my six questions is, Will the constitutional amendment get us a balanced budget? I think the only fair answer is, by itself, of course not. The amendment is simply a statement of principle, that principle being that the Federal budget should be in balance.

The final question: If that is the case, why should we have an amendment? Because that principle is important. Again, it might not matter if our attitude were the same as it was in the 1950's, when large deficits were avoided as a matter of course, but running chronic deficits destroys our political system, not just our economic system. This becomes clearer when we review how these chronic deficits came about.

As Herbert Stein has pointed out, the first warning came during the winddown of the Vietnam war. This was the time when the term "peace dividend" first came into use. Stein served on a special task force of President Nixon's Domestic Policy Council that was assigned to figure how to allocate the peace dividend.

As it turned out, the money was already committed to a variety of domestic programs that were created or expanded during the Johnson administration. Most of these were entitlements. The Domestic Policy Council recognized this as early as 1969, leading DANIEL PATRICK MOYNIHAN, the Council's director, to say that the peace dividend was "as evanescent as the morning clouds over San Clemente."

Prof. Allen Schick has quantified this phenomenon. He notes that in 1964—the last year before significant Vietnam escalation—55 percent of the Government's outlays went for purchases of goods and services, 25 percent to transfer payments, and less than 10 percent to grants to States and localities. By 1975, transfer payments had grown to 40 percent of outlays, and grants to States and localities had grown to 15 percent. By fiscal year 1997, payments to individuals will be 60 percent of the budget.

This has occurred, and this point is often lost sight of, while defense spending has declined, as a fraction of both the budget and the economy, and defense has consistently declined—with only two brief exceptions—since the end of the Korean war; not the Vietnam war, the Korean war.

To put it simply, the growth of Government spending—and, hence, the growth of Federal deficits—is principally the result of domestic spending, mostly entitlement transfer payments.

Consequently, Americans now are routinely getting substantially more Government service—through domestic programs—than they are paying for. This distorts any reasonable choice between how much government Americans want and how much they are willing to pay for. It's like asking someone if they want to pay for the free lunch they've become accustomed to.

It also feeds the impression that the Government is separate from the present generation of Americans, because today's Americans are receiving significant Government services which will be paid for by future generations.

This amounts to a distortion of the political system as embodied in the Constitution. That's why asserting the principle of fiscal balance through a constitutional amendment is appropriate—because ultimately it is a political issue, as well as an economic one. It has to do with the balance of relations among generations of Americans, as well as between the Government and the governed. That is a balance of powers that the Constitution most fundamentally addresses—and it is a balance that would be further endorsed by this amendment.

Mr. STENHOLM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today we begin a debate of historic proportions. Tomorrow we will have the opportunity to conclude this debate with a vote of vision and courage for our children and for our grandchildren. I am confident that this

body will accept the challenge to send to the 50 States a proposed amendment to the U.S. Constitution requiring a balanced budget. Let us truly let the people decide.

Part of the reason my confidence is bolstered today is the result of the vote we cast yesterday on H.R. 5333, which proposed yet another statute requiring a balanced budget. In the past when we have considered these meaningless statutory votes they have passed overwhelmingly, generally with a 400-plus vote, but yesterday we ended our wink-and-nod approach to fiscal irresponsibility, by a vote of 199 for, 220 against. We said that the crisis our country is moving toward if we continue to ignore our mounting deficits is too serious just to pretend to fix it.

I congratulate my colleagues for saying that they are ready to get serious about these votes. I am not surprised by the change of political sentiment this year, because I have seen new and renewed enthusiasm among our cosponsors.

□ 1330

This year we have a record level of 278 cosponsors of House Joint Resolution 290, including 119 Democrats and 159 Republicans. There are 14 Members who previously voted against the amendment who now have become so convinced of its necessity that they are current cosponsors. There is a group of freshman Members, both Democrat and Republican, who have pushed this issue forward over the last hump of resistance.

But obviously, we did not get to this place overnight. Now Senator LARRY CRAIG, TOM CARPER, BOB SMITH, and I have spent literally hundreds of hours with each other, with outside groups, with other Members during the past 8 years nurturing this language through the many evolutions to the point where we find ourselves today. We could not have developed this kind of internal support absent the leadership of Senator PAUL SIMON and our House colleagues, OLYMPIA SNOWE and JIM MOODY, nor could we have reached the place we are today without the assistance of the balanced budget coalition led by the National Taxpayers Union.

I include for the RECORD a membership list of this coalition at this time.

The list referred to follows:

THE BALANCED BUDGET AMENDMENT COALITION,
June 5, 1992.

AN OPEN LETTER TO MEMBERS OF THE HOUSE OF REPRESENTATIVES

The undersigned organizations urge you to vote for and support the Balanced Budget Amendment, H.J. Res. 290, as introduced by Representatives Stenholm, Smith, Carper, and Snowe.

H.J. Res. 290 has broad bipartisan support (278) total House cosponsors) and certainly holds the greatest potential for House passage. In 1990, a similar amendment fell just seven votes short of the two-thirds required for passage.

The need for this Constitutional Amendment has become obvious. Last year's federal budget deficit reached a record high of $269 billion. This year's deficit is estimated at an incredible $400 billion and FY '93 is presently expected to produce a deficit in excess of $350 billion.

Together, FY '91, '92, and '93 will add a total of $1 trillion in new federal debt. This shocking achievement contrasts sharply with the fact that it took 200 years for the federal government to accumulate the first $1 trillion in national debt.

We can no longer afford to postpone the passage of an effective Constitutional restraint on federal debt. In FY '93 alone, the cost of financing a $4 trillion plus national debt will exceed $315 billion in interest payments, the largest single expenditure in the federal budget. The time for action is now.

H.J. Res. 290 is a sound amendment that has evolved through years of work by the principal sponsors. It provides the Constitutional strength to make balanced federal budgets the norm, rather than the rare exception (once in the past 30 years), and it offers the proper flexibility to deal with national emergencies.

H.J. Res. 290 is also designed to make raising federal taxes more difficult. I would require a majority of the whole number of both houses of Congress—by roll call vote—to enact any tax increase. This adds accountability as well as an appropriate focus on spending restraint.

Unless action is taken now, federal debt and deficits will continue to cripple our economy and mortgage our children's future. For those important reasons, we urge you to pass H.J. Res. 290, the Balanced Budget Amendment.

Sincerely,

National Taxpayers Union; National Cattlemen's Association; Associated Builders & Contractors; American Farm Bureau Federation; Concerned Women for America; Americans for a Balanced Budget; American Legislative Exchange Council; International Mass Retail Association; National American Wholesale Grocers Association; Independent Bakers Association; National Independent Dairy Foods Association; Irrigation Association; Motorcycle Industry Council; American Supply Association; American Machine Tool Distributors; American Tax Reduction Movement; National Lumber & Building Material Dealers Association; National Truck Equipment Association; Door & Hardware Institute; Steel Service Center Institute; American Association of Boomers; National Grange; U.S. Federation of Small Businesses; Associated Equipment Distributors; Beer Drinkers of America; Truck Renting and Leasing Association; American Bakers Association; National Association of Homebuilders; National Association of Plumbing-Heating-Cooling Contractors; American Subcontractors Association; Howard Jarvis Taxpayers Association (CA); Connecticut Taxpayers Committee; Alliance of California Taxpayers & Involved Voters (ACTIV); Citizens for Limited Taxation (MA); United Taxpayers of New Jersey, Citizens Against Higher Taxes (PA); North Carolina Taxpayers Union; Texans for Limited Taxation; National Taxpayers Union of Ohio; Iowans for Tax Relief; Hands Across New Jersey; National Taxpayers United of Illinois; Tax Accountability '92 (IL); Angry Taxpayers Action Committee (IL); Northwest Ohio (Toledo) Taxpayer Action Network; Cleveland Taxpayer Action Network (OH); Alameda County Waste Watchers (CA); Taxpayers United of Minnesota; Texas Association of Concerned Taxpayers (TACT); West Virginia State Taxpayer Action Network; El Paso Voters Coalition (TX); Akron Taxpayers Alliance (OH); San Jose Family Taxpayers Outreach (CA); Taxpayers United for the Michigan Constitution; Taxpayers United for Assessment Cuts (MI); Delaware Taxpayer Mobilization Corps; Floridians for Tax Relief; Macomb County Taxpayers Association (MI); Florida State Citizens Against Government Waste; Tax PAC, Inc. (NY); Westchester Taxpayers Alliance (NY); South Carolina Association of Taxpayers.

And yet, all the efforts of the people I have just mentioned would have never happened at all were it not for the American people who repeatedly, year after year, have expressed their desire for a balanced budget amendment. We saw again just yesterday in the Washington Post that by more than a 4½-to-1 margin respondents to the Post-ABC poll expressed their support for a constitutional amendment requiring a balanced budget. I wish the Post would be more responsive to its readers' interests in the development of their editorials.

Why does the public care about the $400 billion deficit and the near $4 trillion we have accumulated? Because they understand far more keenly than Congress, apparently, and than the President seems to have understood for the past two decades that deficits are hurting them far more than any hypothetical budget cuts might.

When adjusted for inflation, the current year's deficit will be equal to the total Federal budget of 1965. This year will be the 23d consecutive year and the 31st out of the last 32 that the Government spends more than it takes in.

Fifty-three years out of 61 does not mark a short-term trend. It does mean that by the end of this year the national debt will top $4 trillion. That means that the Federal Government has charged $45,000 in debt on the account of each and every household in America. We have borrowed half-a-trillion of that from foreign investors. The United States is now the largest debtor nation in history. This long-term, institutional problem requires a long-term, constitutional solution: An amendment to the Constitution that requires the President and Congress to run a balanced budget.

A balanced budget amendment will not solve our deficit problem by itself. That is not what it was intended to do. This amendment will give us a necessary tool for fiscal responsibility—the very same tool which Thomas Jefferson recommended slightly less than 200 years ago. It will give us a constitutional reason to find the courage to make the tough choices necessary to

balance the budget. Too often, when faced from all sides with demands for more spending and less taxes we have taken the easy way out by borrowing more money. by raising the threshold of difficulty for deficit spending, this amendment would prevent anyone in the executive branch or in Congress from ducking responsibility for the deficit. under the amendment, spending may not exceed revenues unless Congress authorizes the excess by a three-fifths vote. Just as importantly, the President must submit a balanced budget every year.

History has proven that statutes and procedural requirements have failed. Congress has voted over 500 times to waive the Budget Act since 1978. We passed a statute in 1978 when our debt was $776 billion. We tried again in 1979 when the debt was $828 billion and in 1982 when the debt was $1.1 trillion. The debt was $1.8 trillion when we passed Gramm-Rudman in 1985, and had increased to $2.3 trillion when we passed Gramm-Rudman II in 1987.

Amending the Constitution is a serious step that should never be taken lightly. But a process that politically rewards such deficit spending cannot be tolerated any longer. Deficit spending has become an intractable, ingrained problem. Nothing short of a change of constitutional dimensions will change the Government's attitude toward spending beyond its means.

Our children and our grandchildren truly deserve no less than the passage of this amendment and are beginning to worry about their future rather than our present.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The Chair is advised that the gentleman from California [Mr. PANETTA] is serving as the designee of the gentleman from Texas [Mr. BROOKS].

The Chair recognizes the gentleman from California [Mr. PANETTA].

Mr. PANETTA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, clearly we are embarked on what I believe is the most serious debate that the House of Representatives can engage in, which is the question of whether or not we amend the Nation's most sacred governing document to require a balanced budget. I think what this represents, when we get to the bottom line of all of the arguments that are going to be made, is that there are many Members here who are willing to make a giant riverboat gamble with our economy and with our Constitution in order to inject courage into cowards and to place a spine into the spineless.

I would just remind my colleagues that the Constitution already provides power to the people to deal with the gutless and those who are cowards when it comes to deciding issues related to our economy. It is called the right to vote, the right to vote. We do not have to change the Constitution to try to force courage into this institution. The people can do that through the right to vote, because as we take up this constitutional amendment, every Member and every constituent has to ask some very basic questions.

First, is this really the only alternative? Is this really the only alternative left or is this just another excuse for failed leadership, because that is the argument? When we get through all of the arguments here, the bottom line is that we have tried everything else, why not try the Constitution.

Well, what happens if the Constitution does not work? Should we go and ask for a papal edict, or maybe we should ask for leashes to be placed on every Member who does not do the right thing in terms of decisions. Or maybe we ought to ask that we have a bomber fly over the Capitol and threaten to drop a bomb on the Capitol. I mean how far do we stretch this when we are trying to deal with people who are elected to be leaders, to make the right choices, to do the right things?

The second question: Is this amendment designed to be enforceable, does it have teeth, or is this just another cover to get Members through the next election with the hope that maybe somebody else, some other President at some other time, maybe 5 years down the road when perhaps this will be ratified, maybe at that point there will be enough guts and enough courage to do the right thing?

□ 1340

I guess the last question is: Will this, in fact, force the tough choices that need to be made in a responsible fashion, or are we going to end up creating greater gridlock by placing this in the Constitution, by creating not only a governmental crisis, not only an economic crisis, but a constitutional crisis that will then wind up placing the most sensitive decisions about our economy not in the hands of the elected representatives of the people where it belongs but in the hands of the unelected judges of the Federal courts? No other industrialized nation, no other industrialized nation has placed their economy in this kind of straitjacket. Is that what we are going to do as we approach a new century where we have to compete with every other country? Are we going to tie our hands as we try to deal with the $5 trillion economy?

Those are the fundamental questions that have to be asked, because, my colleagues, as Budget chairman, whether this amendment passes or not, ultimately it will be the responsibility of the committee that I have the honor to be in charge of, ultimately it will be the responsibility of that committee to implement this kind of amendment.

Make no mistake about it, I deeply believe that the deficit is the greatest crisis we confront in this country. We are a country that is starving for resources right now, and no matter where you look throughout the country, whether it is the needs of inner cities or whether it is the problems of health care or whether it is the problems of education, whether it is the problems generally of our ability to kind of get out of this recession, it relates fundamentally to the deficit that confronts us, because we do not have the savings base, we do not have the investment base to be able to truly strengthen our economy. So it is a fundamental problem.

But I do not think we ought to kid people about why this problem is not being addressed. As many of you know, and I have been involved with many Members here, in every effort to confront this issue, whether it was Gramm-Rudman or whether it was budget summit or whether it was the 1990 budget agreement, the bottom line is that it is not easy to deal with this issue. It is not easy. You cannot achieve this through magic solutions. You cannot achieve this through gimmicks.

The only way you reduce the deficit is through tough votes on issues, tough votes. If you are not willing to take on the constituencies that are out there that have to be told the truth about the nature of our budget, if you are not willing to take on those constituencies, a constitutional amendment is not suddenly going to produce a midnight conversion.

What are we looking at? Because one of my concerns, frankly, in this debate is that we need to have an honest debate about the choice that confront us if we are going to balance the budget.

Whether you are for or against a constitutional amendment, put that to the side for a moment. Because if we are going to balance the budget, you have got to deal with certain fundamental realities regarding the nature of that budget. I regret that we are not having that debate at the same time that we are debating a constitutional amendment. But at some point we are going to have to enter that debate.

Let me discuss what those realities are. Because the public is entitled to know it; you are entitled to know it. Somebody here has to speak the truth about the real choices that have to be made.

The Congressional Budget Office has told us very clearly that to achieve a balanced budget by 1997 or by 1998, for that matter, you are looking at having to reduce in spending or raise in revenue, or a combination of both, somewhere between $580 billion to $600 billion, probably in excess of $600 billion now, because if you move the date to 1998, the deficit is larger that year because of health care costs.

But let us assume for the sake of discussion that we are looking at $600 bil-

lion in deficit reduction. How do you achieve $600 billion in deficit reduction? First, you need to look at the nature of the Federal budget.

The nature of the Federal budget, that $1.5 trillion Federal budget, look at how it is made up so you then look at where the decisions have to be made. Over 14 percent is now interest payments on the debt. It is one of the fastest-growing parts of the Federal budget, $214 billion. Deposit insurance is $89 billion. Add those two up. It is about 19 percent of the Federal budget just in interest and one deposit insurance. You cannot touch deposit insurance.

What is next? The entitlement programs. The entitlement programs now make up almost 45.4 percent of the Federal budget, $682 billion. What is the largest part of those entitlement programs? Social Security retirement, and disability make up almost 52.4 percent of these entitlements.

You talk about the growth in entitlements, the large part of that growth has taken place in that area, retirement and disability.

Medical costs make up now 31.4 percent of the entitlements, Medicare and Medicaid.

The rest are about 16 percent of the entitlement.

So you are looking at the greatest portion of entitlements being wrapped up in two areas, retirement, disability, and medical costs. If you want to deal with entitlements, you have to deal with those areas.

Defense makes up about 19.3 percent. It has been on a downward trend but clearly it is still a big chunk of the budget, and nondefense discretionary is now 16.4 percent .

If you look at where the deficit is, even if you got rid of all nondefense discretionary, you still would not deal with the deficit. So if you want to confront how you do it, we have suggested several ways to get there.

Let us assume you do not want to raise taxes. The President does not want to raise taxes. A lot of Members do not want to raise taxes. We are going to take it all out of spending. If you take it all out of spending, that is $600 billion over 5 years. Fifty percent of it has to come out of entitlement programs. You are looking at at least $300 billion that have to come out of entitlements. You cannot get the $600 billion unless a big chunk of it does not come out of entitlements. And if you are going to get $300 billion in entitlements, let me ask you: Where are you going to get that kind of savings? It has got to come out of the key areas. Medical care, Medicare, Medicaid represent about $114 billion of that savings. You have got to get about $100 billion out of the retirement and disability programs. How else are you going to get $300 billion in savings? It is not going to fall from the sky.

You have got to deal with target prices on agriculture.

Now, look, those are the real decisions. That is why people have not balanced the budget, because they have not had the guts to make decisions about whether or not we control health care costs, whether or not we deal with the growth in retirement programs or whether or not we deal with farm price supports. That is where the decisions are, and if you go home and you tell people, "Look, I do not want to cut your benefits," and you think a constitutional amendment is suddenly going to allow you to go back and say, "oh, by the way, the Constitution now says that I have to cut your benefits," baloney.

You have got to now get another chunk out of nondefense discretionary of about $135 billion. That means essentially you have to have a hard freeze on nondefense discretionary, and you have got to get another chunk out of defense, about 31 percent, which means a deeper cut in defense beyond where the President wants to go. Now, that is if you want to do it on the spending side.

If you want to do it with a portion in revenues, which I believe is probably the correct proportion, doing two-thirds in spending and a third in revenues, you can reduce some of the cuts in entitlements and some other areas. Then you have to answer the question: How do you raise the revenues? You are talking about the need then to raise in revenues about $200 billion.

To do that, you either have to limit tax deductions, you have got to increase tax rates, particularly on the wealthy, you have got to do a gas tax, or you have to do a value-added tax or a combination of all of those. Now, that is assuming you are willing to do revenues in addition to the spending cuts that I talked about.

Because if you want to limit some of these spending cuts, you have got to raise additional revenues.

The last choice is to do it 50–50, basically to $300 billion in spending savings and another $300 billion in revenues. But clearly that means you have to have larger tax increases to do that.

□ 1350

Now, my friends, those are the choices. There is no easy waste-fraud-and-abuse gimmick that you can use. I wish there was. We would have used it a long time ago, and you know it.

Oh, there is some waste, fraud, and abuse, probably in some of the very programs you have to go after to get some savings, but you cannot just do it all on waste, fraud and abuse.

You cannot do it all on growth. I am always surprised at how the administration says, "Oh, a portion of this can be dealt with through growth in the economy."

We assume the highest growth level. Let us assume a 4-percent growth level. There is not an economist who thinks we are going to see a 4-percent growth over the next 4 years, but let us assume we have a 4-percent growth.

The Congressional Budget Office says that at best that produces about maybe $90 billion to $100 billion in savings over 5 years.

Add to that the cap on entitlements that is proposed by the administration. What CBO says to us is that will produce maybe another $20 billion, $25 billion.

At best you are looking at $125 billion based on growth and a cap on entitlements. That leaves you $475 billion short.

Where is that going to come from? It is going to come from here, as I have shown you on the chart. Those are the choices.

If you are not willing to make those choices, there is not a constitutional amendment in the world that is going to give you the guts to do it. That is the bottom line.

Mr. Chairman, we do not need a constitutional amendment, we really do not. What we need is leadership.

The fact is that we enacted and carried out the largest deficit reduction package in the history of this country. In 1990, when the President of the United States said, "Let's sit down and develop a deficit reduction package of $500 billion," we did it. It was not easy. It took a lot of work, but we did it, working at it with the President's help and with the help of the leadership. That was not smoke and mirror. That was real, and we did not need a constitutional amendment to get it done. It took leadership from the President and from the Congress and that is the way you balance budgets.

In the end, it comes down to this. Members are going to say we support a constitutional amendment. We are willing to take this risk. We are willing to take this riverboat gamble because we think that tying this institution up in a three-fifths vote requirement plus a constitutional crisis, plus putting it into the courts, all of that crisis might just force leadership. That is really the argument.

This is designed to be a gun at our heads.

I am not willing to take that risk, Mr. Chairman. I am not willing to take that risk because I do not need a constitutional amendment to make the right choices. I believe the Constitution gives us all the power we need now if we are honest with ourselves and honest with the American people. Maybe that is not a good political statement to make in the short term, but it is the truth, and the people of this country know it.

Mr. Chairman, I reserve the balance of my time.

Mr. FISH. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. MICHEL], the Republican leader of the House.

Mr. MICHEL. Mr. Chairman and my colleagues, first I want to applaud the

gentleman who preceded me in the well. I feel privileged in following him even though we will vote on opposite sides of the issue. But that does not necessarily mean that I have to stand here today condemning what he just said. There is so much truth in what he did say, particularly with respect to the candid way in which he laid out for us the problems with which we are confronted with by way of this humongously grown government and the difficulty in making expenditure cuts, and yes, the real key issue of making tough choices.

I guess maybe some of the most exhilarating moments that I have enjoyed in this House were in my more junior years when on the Appropriations Committee I would come to the floor with an amendment on a bill to cut a ticklish, touchy program, maybe carrying the day, and go home that night feeling I really had accomplished something worthwhile.

The gentleman from California also said you cannot balance the budget all on waste, fraud, and abuse. I am reminded of the time I came to this floor with an amendment on HEW Appropriations saying, "Let's cut waste, fraud, and abuse, by $500 million." I got rolled 2 to 1, and I would think, "Ye gads, what has happened to this House?"

There was one thing that changed it, however, from the gentleman's home State. There was a thing called proposition 13 out in California. They were against tax increases at that time out there and, boy, they let it be known in no uncertain terms. Three days after that vote, we had our appropriations bill on the floor again and I came up and this time I upped the ante. "Let's cut waste, fraud, and abuse by a billion dollars," and it passed by 3 to 1. I said at the time how quickly the message comes across the country all the way from California to change the mind-set around here.

Yes, I guess that is really what has to happen.

I want to say to the gentleman, I appreciate the time he has spent in the Budget Committee and the kinds of things with which he is confronted. It does come down to making tough choices.

Mr. Chairman, some constitutional amendments spell out specific rights so there can be no mistakes about them. The first 10 amendments to the Constitution come under that category. Other constitutional amendments expand already existing rights, the 19th and the 26th amendments, dealing with women's suffrage and the 18-year-old vote are such amendments.

But some constitutional amendments, at least one, are frank concessions of failure. Americans are not too proud to admit it when we make mistakes, and we try to correct them as best we can.

The 21st amendment, repealing the 18th amendment on prohibition, is a classic case of admission of failure. I believe that the proposed constitutional amendment on a balanced budget comes under the category of recognizing failure.

It is not, in my view, a failure of any one party, although our current system of divided government certainly played a major role. It is not an exclusive failure of any specific branch of government, although the executive branch and the legislative branch have failed to show real leadership here. It is instead what might be called a systemic failure, a failure of our democratic system in all its complexity, and perhaps because of that very complexity.

The politicians blame each other about the deficit. And the people blame the politicians. But when the Constitution refers to "We, the people," it means all of us, elected officials and those who elected them. There are no outsiders in our system of government. Each of us is part of "We, the people." No American citizen is outside the responsibility of how our system works. Each of us, elected officials and other citizens, bears a different kind of responsibility for the American system of government. Over the many years I have been in the House I have heard many calls for a balanced budget, but very, very few calls from folks who say, "I want a balanced budget, and the first thing I want you to do is make a deep cut out of my particular favorite item in the budget."

Everyone is for a balanced budget in general, but no one wants his or her specific item to be cut.

Some say what we need is a whopping tax increase to balance the budget. But such a call is in the realm of fantasy, in today's circumstances. We can raise taxes until the cows come home and we will never ever balance the budget, unless we cut spending.

At this point we might hear, "But you politicians are supposed to have the guts to make those cuts."

The answer, plain and simple, is those who call for guts on the part of the politicians are the first to criticize them if they vote for tough budget cuts.

The gentleman made mention of how we worked together with the leadership on both sides of the aisle a few years back to craft a deficit reduction package. The proposition we brought to the floor of the House was roundly condemned because it contained some rough reductions and tax increases. It went down the first time because we had some of those real touchy items in there—not many, just a couple.

□ 1400

Brother, did we hear from everybody under the Sun. We have to assume that each and every one of you elected by your constituencies were reflecting the views of those folks back home or you would have never voted in that way.

I heard: "I am getting too much heat from home, the phones are ringing off the hook, my goodness, look what you did by freezing this thing that I have become so accustomed in Federal expenditures to benefit people back home."

Well, critics say even if we have an amendment, we will still have to make the very same tough cuts we are not willing to make now. So what good would an amendment do?

My answer is this: The amendment process demands that three-quarters of the States approve the proposed amendment if we pass it here. That means the question leaps over the beltway and goes directly to the people. We tried to balance the budget from inside the beltway without the force and moral authority of the constitutional imperative to guide us. And as the farmer said when asked for directions, "You can't get there from here." We have got to begin anew.

So that is why we are considering the proposed amendment.

Let me say this about the scare tactics being employed by some of the opponents of this proposed amendment. Social Security will not, repeat will not, be affected by a constitutional amendment any more than it is under current law.

I am voting for this proposal not because I think it is all that good in itself but because I perceive a universal failure to make the tough calls.

Let us therefore give the American people a chance to tell us, through a constitutional process, what they want done about the budget deficit. We in Washington have not decided, so now let us have the people decide. But whatever happens, let us stop all this nonsense about outsiders. There are no political outsiders in the United States except for those who deliberately fail to participate in the duties of citizenship.

We the people are all inside the Constitution. We the people have to make the tough choices. We have not made them on the deficit, so let us try a new approach and constitutionally mandate what we have not been able to do.

The CHAIRMAN. The gentleman from Illinois [Mr. MICHEL] has consumed 8 minutes.

Mr. STENHOLM. Mr. Chairman, I ask unanimous consent that my time be divided with the gentleman from Oregon, and that every other time he be recognized in my stead as my designee.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Chair will recognize the gentleman from Oregon [Mr. SMITH] as the designee of the gentleman from Texas [Mr. STENHOLM] as requested.

Mr. SMITH of Oregon. I thank the gentleman for yielding.

Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman and Members of the House, I first want to thank my dear friend, CHARLIE STENHOLM, for his bipartisan thoughts in this whole matter and yielding me, as cosponsor of the Stenholm-Smith amendment, the time that he has. He has been most gracious. Working with him for the last 10 years has been a joy.

One of the great things you receive when you come to this body is the endearment of friends that you make. And they are lifelong friends, as we all know.

Mr. Chairman, I came to this Congress 10 years ago, and at that point I deeply believed that deficit spending was stifling economic growth, was burdening our children with mountains of debt, and limiting our national potential to try to provide prosperity for all of us.

So I joined my friend and colleague, then LARRY CRAIG, and now Senator CRAIG, who was a Member of the House. And we took on the balanced budget amendment as our own and succeeded the esteemed Barber Conable from New York. Some of you may remember him as an outstanding Member of this body.

Later, LARRY CRAIG and I were joined by CHARLIE STENHOLM, TOM CARPER, OLYMPIA SNOWE, and others and came within seven votes, as you know, of passing a balanced budget amendment to the Constitution a few years ago. This time, together we have constructed a broad, bipartisan coalition in support of this amendment, and I am very, very proud of that effort, whatever the outcome of this debate.

Mr. Chairman, in 1982 I was shocked and angered at a $1 trillion debt when I arrived here. Well, I am four times more angry today than before because the debt, my friends, is $4 trillion. I am particularly angered about the cavalier way in which the Congress, and, yes, in some cases the President, has assumed deficit financing to be the plaything of the rich and the powerful and not the scourge it represents to future generations. This country and this Congress are not supposed to be about the game of chasing down pork, grabbing what we can and damning future generations with our irresponsibility.

We are not operating in a vacuum. Our actions do have consequences to others. Our country and our people have a great past, and we ought to protect it. But we owe as much to the future America and its people because they will have to live with the consequences of our decisions.

Today, the need for a balanced budget amendment to the Constitution is greater than it has ever been in the history of this country.

Recently—some like to quote the General Accounting Office—recently they issued a report about the impact of continued deficits. Let me quote them:

> Failure to reverse these trends in fiscal policy and the composition of Federal spending will doom future generations to a stagnating standard of living, damaging U.S. competitiveness and influence in the world, and hamper our ability to address pressing national needs.

Well, that ought to be a definite alarm for every Member of this body. Sadly, it may not be.

Some Members still believe, I suppose, that there is some fundamental worth in deficit spending. And that attitude, by the way, is wearing very thin on the American people.

Mr. Chairman, the American people think this Congress is a joke. In fact, 77 percent of them disapprove of the job that Congress is doing. They see a body that has abused its credit, the House bank; abused its privileges with the Nation's drug laws, the House post office; and would not even pay the tab at its own restaurant.

The American people are justifiably angry and confused that the Congress cannot address the real problems and touch their real problems and their lives.

Well, today we cannot only address something that matters to the American people, we can address the most threatening problem we face as a Nation.

The balance budget amendment could well be the most important piece of legislation you will ever consider as a Member of the House of Representatives.

Mr. Chairman, the Stenholm-Smith amendment, balanced budget amendment, is simple and straightforward. It would require Federal budgets be balanced by 1998; running deficits require a three-fifths vote on each side, on each House, and three-fifths vote would be required to raise the Federal debt limit. Taxes could be raised only by a constitutional majority. We make exceptions for declared war and military conflict, and we require that the amendment be enforced by statute, thus taking it out of the court system.

The balanced budget amendment would put this country back on the path to fiscal sanity. We are long, long overdue.

Remarkably, some still oppose the amendment.

There are numerous arguments, misleading and contradictory, but basically they come down to two points after you have heard the scare tactics, "This is going to go into the courts or it is going to make huge taxes; we are going to ruin Social Security." You have to get by all that and basically you have two points. Some say that the amendment will not work, and the others say, "My goodness, it is so draconian that it is going to be worse than deficit spending itself."

Well, Mr. Chairman, I fail to see how something that will not work can be draconian. I have put that contradiction aside, and opponents are wrong on both counts. The amendment will work, Mr. Chairman, because it is already working. Think of it; were it not for this discussion, Mr. PANETTA's staff would not be focusing on the deficit and offering these harsh, harsh decisions.

The major networks would not be offering time to Presidential candidates to discuss the deficit, and we would not be here today discussing the very issue.

Opponents of the balanced budget amendment know it would work, and that is exactly why they oppose it. And the amendment would not be draconian. To suggest otherwise is, again, crying wolf. Assuming a reasonable growth consistent with past recessions, the budget can be balanced without cutting taxes, without cutting Social Security and without raising taxes. It can be done.

□ 1410

Now, make no mistake about it. Balancing the budget will require that we control spending. It will require discipline, and it will require tough choices. Without a balanced budget amendment, these tough choices will never, never be made, and without it it is business as usual, which this country cannot afford.

Above all, Mr. Chairman, the balanced budget amendment will change the psychology of the way we do business here. The typical big spending, pork barrel way we work will be reformed. Unlike the way we operate today, the bill will become due and payable. Gone will be the time-honored practice of grappling for every scrap of pork we can find. The new measure of effectiveness will be, not how much we can spend, but how much we can save. This amendment will radically change the way Congress operates, and, if there is one thing the American people want, it is to radically change the way Congress operates.

Mr. Chairman, the question in the end ought to be this: "Whose side are you on? Are you on the side of special interests? The status quo? The irresponsible pork barrel spending that got us into this budget mess? Or are you on the side of our children, our grandchildren, and the generations that follow them to whom we have already left a $4 trillion debt?"

Mr. PANETTA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first of all, I have a great deal of respect for the gentleman from Oregon [Mr. SMITH], but when he starts saying to the American people that we can balance this budget based on growth, not touch anything in the retirement area, particularly Social Security, and not have to raise taxes, he is engaging in smoke and mirror ar-

guments that just are not true, just are not true.

Mr. Chairman, the American people ought to be told the truth if we are going to balance the budget. The reason we have not balanced the budget is because we are not telling them the truth; and it does not help, very frankly, for the gentleman from Oregon [Mr. SMITH] to say that somehow we can reach for these answers out of the sky and balance the budget.

Mr. SMITH of Oregon. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Oregon.

Mr. SMITH of Oregon. Mr. Chairman, I thank the gentleman from California [Mr. PANETTA] for yielding to me, and, as my colleagues know, I have been criticized for a lot of things, but never, never have been criticized for trying to misstate the truth, as the gentleman has done.

So, Mr. Chairman, let me say to my friend: I'm not misstating the truth. I am being helpful because your assumptions, my friend, are $600 billion over the 5-year period, and I can suggest that because your assumptions are so low, history doesn't indicate that on growth in this country. They are $300 billion too high.

Now, if you accept my assumptions, which are the average of about 3.2 percent in growth over the next 5 years average, over the last 22 years you'll get to $300 billion rather than $600 billion.

Mr. PANETTA. Mr. Chairman, let me take my time back. Even with 4-percent growth, if we assume 4-percent growth, we only get about $100 billion over 5 years out of that $600 billion.

Mr. SMITH of Oregon. Will the gentleman yield?

Mr. PANETTA. No. I say to the gentleman, you're assuming less growth now at 3.2 percent, which means less that we can take off the budget.

I just want to ask the gentleman, Where are you going to get the other $475 billion?

Mr. SMITH of Oregon. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Oregon.

Mr. SMITH of Oregon. Mr. Chairman, I am going to suggest to the gentleman from California [Mr. PANETTA] that by using the caps that he has already agreed with with the President, by providing, not only increased people, but also CPI for Social Security and for all the other mandated programs——

Mr. PANETTA. Reclaiming my time, Mr. Chairman, the gentleman wants to limit CPI on Social Security?

Mr. SMITH of Oregon. And limiting defense spending, and limiting foreign payments——

Mr. PANETTA. That is fine.

Mr. SMITH of Oregon. We can get to 1998 without the draconian babblings of the gentleman from California.

Mr. PANETTA. Reclaiming my time, Mr. Chairman, the gentleman suggests that we ought to limit CPI.

Mr. SMITH of Oregon. No. I said attaching CPI to Social Security and all the mandated programs, allowing us to grow at 3.2 percent per year for the next 5 years, capping defense spending, which is a conservative program, limiting foreign payments, we can get there without the gentleman's ideas about a draconian——

Mr. PANETTA. Again I want to take my time back because, if the gentleman from Oregon [Mr. SMITH] is saying we ought to limit all CPI to 3.2 percent——

Mr. SMITH of Oregon. No, no, no, I did not say that.

The CHAIRMAN. The gentlemen will direct their remarks to the Chair.

Mr. SMITH of Oregon. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Oregon, but I would like to ask for the clarification. The gentleman is suggesting that we ought to limit all CPI to 3.2 percent.

Mr. SMITH of Oregon. I did not say that.

Mr. PANETTA. Well, what is the gentleman saying?

Mr. SMITH of Oregon. I said, "If you allow 3.2 percent growth, which has been the average of growth over the last 22 years, down cycles, up cycles in this country, not your 2.6——

Mr. PANETTA. I say to the gentleman, you're spending money. How about saving money?

Mr. SMITH of Oregon. Now wait. I am trying to answer the gentleman's question.

Mr. PANETTA. All right.

Mr. SMITH of Oregon. Then I am saying, if you allow Social Security with increased people, which it will have, as well as cost of living, cost price index, you can do that. If you do that to all other mandated programs, assuming a 3.2-percent growth, not your low figure, and by 1998 you can balance the budget without taxes, and you will not infringe upon Social Security.

Mr. Chairman, nobody is suggesting we infringe upon Social Security.

Mr. PANETTA. Mr. Chairman, the gentleman is telling me we can get $600 billion in deficit reduction——

Mr. SMITH of Oregon. No.

Mr. PANETTA. Through providing 3.2 percent growth.

Mr. SMITH of Oregon. No, I am saying to the gentleman, your assumptions are wrong to begin with, that the problem is $300 billion, not $600 billion that the gentleman is using in his remarks.

Mr. PANETTA. Mr. Chairman, we have the Congressional Budget Office which has told us we need $600 billion over 5 years. The gentleman is probably taking the right pitch here, which is to say, "I don't accept those numbers, I don't accept those numbers. I want to accept fewer numbers, and then I can deal with it easier."

But the fact is that the Congressional Budget Office is pretty good in telling us what the targets are. It is $600 billion, and we cannot do that through growth, and we cannot do that through saying that we are just going to limit growth of some kind. We cannot do that by saying we are not going to deal with retirement programs, and we cannot do that by saying we are not going to deal with taxes.

Mr. Chairman, that is the fact.

Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. SYNAR].

Mr. SYNAR. Mr. Chairman, the self-abuse that has been practiced by Congress over these past few months has been very hard to comprehend. It is even more difficult to understand the complete failure of certain Members to rise above the fray and show true leadership.

It is not leadership to enshrine the failure of Congress by approving a constitutional amendment and make future Congresses pay the price for our failure as an institution. Worse than the impact on future Congresses is the impact on the American people.

We are asking the American public to believe that this simple amendment is the equivalent of the changing copper into gold. A simple amendment, it is claimed, will provide backbone and moral authority where there has been none.

This simple amendment will ensure that all programs desired by the American public are funded and paid for within the confines of a balanced budget.

Somehow a number of Members have managed to delude themselves and others into thinking that if just one more power is given up by Congress maybe the American public will like us better.

Has it ever occurred to Members who support this amendment that maybe we would have a better approval rating if we simply spent time actually doing our job? More importantly we should be addressing the real problems of today's world.

This is one of the most serious votes we can cast apart from a decision on whether we should commit troops to war. I do not believe I am exaggerating.

The debate is not just about dollars and cents. This is about the ability of Congress to respond quickly and with flexibility to the crises in our Nation and also of the world.

The amendment simply does not meet the standards we should be setting for ourselves in Congress for approving legislation.

Even the chief sponsor has publicly admitted that there may be problems with interpretation and enforcement of the amendment. His response has been to suggest last minute changes to the

original amendment. But the changes only reinforce the flaws of the amendment. There are still a number of serious deficiencies that are only exacerbated by the simplicity of this solution.

First, the amendment does not set out any process concerning judicial review.

Unless Congress exercises its authority to preclude judicial review, this amendment, as any amendment, will be subject to litigation. Contrary to other amendments, however, this one purports to control the constitutional budget functions of Congress.

Delay in the budget functions of Congress can lead to chaos and have an undue economic impact on the entire national economy.

The minimal explanation of terms invites litigation. There is no comprehensive definition of the terms used in the amendment. The terms are all encompassing and do not seem to allow for any future statutes that permit exceptions, a contention put forward by supporters.

Without a defined enforcement mechanism, there are several possibilities including the inability to enforce the amendment. A court could refuse to review the amendment deeming it a political question—similar to the War Powers Resolution.

The judiciary may decide to take jurisdiction and dictate to Congress how and when the budget is to be completed.

Second, the amendment could lead to a significant increase in Presidential power.

A President could blackmail Congress into passing only their programs. A President could refuse to submit agreed estimates of outlays and receipts unless Congress agreed to their programs.

Third, the House will be ruled by a minority of Members.

The amendment permits only a minority of Members, two-fifths of the House membership, to control the House. Three-fifths of the membership is required for a specific excess of outlays over estimated receipts.

Furthermore, the new changes permit a simple majority to approve deficit spending for military actions that constitute national security. Once again, domestic concerns are given short shrift. Three-fifths is required for any deficit spending for domestic emergencies.

Panama, Grenada, and the Persian Gulf could be financed with a simple majority ease; recovery from Hurricane Hugo, the San Francisco earthquake, and the recession require super majorities. This is an insult to the domestic needs of this country.

Fourth, if the amendment passes, we would be adopting minority rule not for an extraordinary function of Congress but for the most basic responsibility of the Congress.

There is no question that Congress has to accept responsibility for the failure to pass a balanced budget. Every one has trouble voting against those programs that constituents demand and desire.

But it has also been a result of a failure of leadership on the part of the President who has failed to ever present a balanced budget to the Congress.

The President can continue to submit budgets that require deficit spending as they have continually done and then expect Congress to bear the wrath of the public for either raising taxes or cutting popular programs.

It may be politically popular in the short-term future to vote for this amendment and I am sure that a yes vote will make a wonderful political commercial.

But this is not a matter of political expediency and it is not a popularity contest. That type of reasoning has led us to the present situation of not having a balanced budget.

The fundamentals of shared power and majority rule—these are the consequences of the vote today. The integrity of this institution is at risk—as it has been many times this year. Members should reject these amendments and get back to the job they are supposed to do.

□ 1420

Mr. FISH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, 2 years ago supporters of a balanced budget amendment in this body came very close to mustering the two-thirds affirmative vote the Constitution requires. This week, as we revisit a critically important issue, we note with regret that the Nation's need for the discipline of constitutional change is greater than ever. A projected deficit for the current fiscal year in the $400 billion range significantly exacerbates the heavy burden our enormous national debt imposes on our children and grandchildren. When we shirk our responsibility to pay our own bills, we unfairly transfer the costs of our self-indulgence to our descendants.

Decisions to amend the Constitution must not be made lightly. If a legislative remedy exists, that obviously is preferable to a change in our fundamental charter. Some argue that we should utilize the legislative process to balance the budget before resorting to a constitutional amendment. We have. Legislation has not worked.

Huge deficits have proved intractable in spite of the 1974 Budget Act, the 1985 Gramm-Rudman-Hollings Act, and the 1990 Budget Reconciliation Act. Congress has waived the constraints of the Budget Act hundreds of times. The experience with Gramm-Rudman-Hollings is strong evidence that Congress encounters virtually insurmountable pressures to circumvent deficit ceilings when those ceilings lack constitutional statute. And in the fall of 1990 Congress completed an arduous effort to come to grips with the deficit—cutting $500 billion over 5 years—only to see the deficit rise in the next fiscal year.

A balanced budget amendment is needed to overcome the current prospending institutional bias of the Congress. It is far easier for an individual legislator to vote for spending increases and lower taxes than it is to support a balanced budget. Today, those who advocate spending for particular programs are in a stronger position to influence Congress than those who seek to restrain the growth of spending. A new or expanded program may have a major impact on particular constituent groups but only a minimal impact on the deficit. The advocates of spending possess a focused interest that facilitates action—in contrast to the more diffuse public interest in resisting specific increases in expenditures. It is for this very reason that I support—as a needed enforcement mechanism—a line-item veto tailored specifically to this amendment.

The problem, of course, is that projects may add little to the deficit—when viewed in isolation—but have a major impact when viewed collectively. The balanced budget constitutional amendment—by making it more difficult to engage in deficit spending—encourages Members of Congress to view the overall consequences of particular spending decisions. The proposal is to require a three-fifths vote of each House, of its total membership, before outlays may exceed estimated receipts.

Economic matters clearly fall within the Constitution's purview. The treatment of interstate commerce, taxation, and property rights provides examples of a constitutional design that gives substantial attention to economics. The argument that our Constitution must maintain neutrality on economic issues disregards the reality of a fundamental charter that incorporates economic choices. An expression of preference for adherence to balanced budget principles would have sounded superfluous two centuries ago—but is far from superfluous today.

A constitutional amendment protects future generations—those who will bear the burden of an increased public debt but who cannot participate in decisions to increase that debt. The requirement of a three-fifths vote of the total membership of each House to increase the public debt represents a recognition of the impact of debt increases on generations unrepresented today in our political institutions. Laws increasing the public debt should reflect a broader consensus of our society than ordinary legislation.

The balanced budget constitutional amendment should require a three-

fifths vote of the total membership to increase taxes. Such a provision is appropriate to discourage reliance on tax increases alone to bring the budget into balance.

The United States undoubtedly will confront situations justifying deviations from the norms that underlie this constitutional amendment. The proposed amendment does not bar deficit spending, public debt increases, or new taxes, but rather incorporates special voting requirements in order to do so. In a national emergency or period of economic dislocation, the proposal should contemplate that Congress will vote to take the appropriate action—whether that involves engaging in deficit spending, raising the debt ceiling, or altering the tax burden. The important point is that decisions to deviate from economic norms will be made—in the national interest—with greater care and thoughtfulness.

The understandable reluctance to amend the Constitution, if legislation will solve a problem, must now give way—in my view—to a recognition that legislation has not prevented runaway deficits. I call upon those who have been skeptical about such an amendment in the past to join with me now in supporting constitutional change. We simply cannot afford to lose more ground in our effort to bring Government spending under control.

□ 1430

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Georgia [Mr. BARNARD].

Mr. BARNARD. Mr. Chairman, I rise today in support of the Stenholm balanced budget amendment, and I urge my colleagues to do the same.

Someone once said that there is nothing so great as an idea whose time has come. Well, this is the time and this is the place to discuss a real way to balance the budget.

The idea of a balanced budget was first proposed by Thomas Jefferson in 1789, who said, "The public debt is the greatest of dangers to be feared by a republican government." That was true then. And now—203 years later—his wisdom is truer than ever as we face a tripling of our national debt in 10 years and an increase of nearly $400 billion each additional year.

Have we no thoughts or concern for the future generations of this country? We are so thoughtful today of those who are aged, those who are infirm, those who are disadvantaged, those who are unemployed. And we should be. But do we have no concern for the aged and the infirm and the unemployed of the next generations? And do we have no concern for our children and their children who will face interest payments equal to 50 percent of the annual budget to pay for our borrowed compassion?

The time is now to answer these questions. We have tried hit-and-miss solutions during the past 8 years. Gramm-Rudman I, Gramm-Rudman II, budget summits with the White House are all examples of failed efforts to bring discipline to our budget decisions.

Without some constitutional enforcement of a balanced budget, I am convinced we will never get there. We will always find some excuse, some worthy program to fund, some national emergency to address—to avoid gut-wrenching decisions. With the amendment before us this week, we can achieve the discipline we need, yet provide for serious and Nation-threatening contingencies.

In reviewing the mail and telephone calls coming into my office opposing the amendment, I am shocked and disappointed. Maybe I should not be because each group has a reason. If their interest is spending, they want to protect their particular programs. If it is taxes, they want to avoid sharing any more in the deficit reduction.

Yet I am shocked by the irresponsibility of these groups who continue the old theme of looking after their interest today, and to heck with the generations that follow.

Some 15½ years ago I came to Congress thinking that we were here to solve problems. We had a deficit then, and we have one today that is nearly 10 times as great.

Solving problems means that everyone involved must participate in the solution. By doing this, no one group will suffer alone, but all will participate in the sacrifices that must be made. But that does not seem to be the way the system works. The system seems to protect everyone's interests and postpone the day of reckoning—a vicious cycle which spirals the deficit upward and simultaneously makes it harder to bring spending under control.

Such cowardice is not what this country is about.

Our forefathers began the Constitution "We the people." They understood that this country stood or fell on the American people standing together.

The single outstanding attribute that has made this country great has been the character of our people standing together in time of conflict. We have a great record of coming together in time of war, time of crisis, time of need.

My friends, we are in a crisis today. There has never been a time when we were in greater peril. No, it is not a war. But it is of such economic consequence that we are in just as much danger as if we were in a war. We are destroying the country bit by bit by inviting foreign investment, encouraging the trade deficit, driving down incentives for businesses to make capital investments, and discouraging personal savings.

I am confident that we as a nation—and we as its leaders—can pull our country out of debt. Yes, it will hurt. The opponents are absolutely right when they say a balanced budget will cause more pain than most people imagine.

Our people will have to realize—and Congress and the President will have to tell them—that the Federal Government can no longer be all things to all people. We are, without a doubt, looking at cuts in defense, cuts in domestic spending, cost containment of entitlements, and increased revenues. There is no magic pill.

Mr. Chairman, before I close, I want to look ahead to some other budget changes which have been a long time in coming. I hope with a new sense of commitment to budget reform, we can enact a 2-year budget, an operating budget versus a capital budget, and a review of entrenched entitlement programs.

Combined with a balanced budget amendment, these changes will result in a profound reordering of the budget process which will put Congress on a rational, orderly system for making the fiscal decisions for generations to come. If we are all willing to do our part and make sacrifices, we can accomplish the task at hand—and rescue our great Nation from irreparable harm.

Let's start by forcing discipline on our budget system. Vote for the Stenholm substitute and set in motion for all time to come an economic policy that made sense 203 years ago and makes sense today.

Mr. PANETTA. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. MATSUI], a member of the Committee on the Budget.

Mr. MATSUI. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, about a month ago we met late one evening and we talked about a potential constitutional crisis and how the vote we were going to take that night was one of the most important we would take in terms of the Constitution. That was the issue of whether or not to comply with the subpoena that Judge Wilkey imposed upon the House. I think that issue is so minimal compared to the issue we have before us today that I hope my colleagues will not look upon this issue politically but will look upon it in terms of what might happen 10, 15, 20, 50 years from today.

I think this vote may be more monumental than any of us will ever have taken in the House of Representatives.

In addition, I would like to make one comment so that there is no misunderstanding about what we are doing today. Whatever vote we take today will not balance the Federal budget. It will not reduce the deficit by one penny. It will have no impact on the spending programs and taxing programs of the Federal Government this year. It has nothing to do with the deficit this year.

Many Members will use this vote for political cover back home and say, "I voted for a balanced budget, but my colleagues were the ones that did not support what I wanted to do." But we have heard that over and over again, have we not?

I would like to just mention what the gentleman from Oregon said. He lamented that he came to the Congress in 1982 and now, in 1992, 10 years later, the national debt went from $1 to $4 trillion. That is true. It has. It went up by that amount.

The increases we have had over the last 10 years, I might just mention to the gentleman, have been these four items: Interest on the national debt, which we know we cannot affect; second, defense spending—we have had enormous defense spending over the last 10 years and most of these Members that support this balanced budget amendment have supported every increase in defense over the last decade; third, Medicare, the health program for senior citizens; and fourth and last, tax cuts.

Those are the four items that have contributed to the $4 trillion deficit. And so if we want a constitutional amendment, if we want to cut the deficit, we are going to have to cut interest on the debt, which I am sure we will not, Medicare, which I am sure politically most Members will not. And who is going to support a tax increase after all those tax cuts over the last decade? And defense, yes, we are cutting the defense budget but not nearly as much as would be necessary to make any dent in the deficit.

Let me conclude by making an observation. The gentleman from New York [Mr. FISH], who we all have a great deal of respect for, said we have tried statutory means to balance the Federal budget, Gramm-Rudman, the Budget Act of 1990. And he said, "They didn't work." So now we need a constitutional amendment.

Mr. Chairman, the reason those other items did not work, it was not because it was statute. It was because of a lack of leadership in the White House and in the Congress. And just because we have a constitutional amendment, it does not mean that all of a sudden we are going to have a backbone and we are going to have leadership.

It is going to require honesty and truth to our constituents. It is going to require making tough decisions and maybe taking a political risk of defeat in an election. That is what is required to the American public, not a constitutional amendment that will add garbage to a wonderful, beautiful document that is over 200 years old.

What we need is leadership. Unfortunately, this will not contribute to that.

Mr. FISH. Mr. Chairman, I yield 4 minutes to the gentleman from North Carolina [Mr. MCMILLAN].

Mr. MCMILLAN of North Carolina. Mr. Chairman, this part really should not be so difficult.

If Jefferson or Madison could have anticipated the failures in leadership that have produced annual deficits and accumulated debt which have sapped our economic strength and placed unacceptable burdens on ourselves and our children, they would have passed a constitutional mandate 203 years ago without much question.

To those who say the Constitution is too pure to amend for budget purposes, I would like to cite the 16th amendment, which was passed overwhelmingly in 1909 and ratified in 1913, establishing the income tax. Is a balanced budget less important?

The Constitution vested the power to spend in Congress alone in one sentence. They did not foresee that the balance of powers would become an imbalance of powers in favor of Congress and result in an annual game of political chicken that rewards the special interests at the expense of the national interest.

The amendments we consider today will codify a basic value and economic imperative for our Nation. It is the only practical means we have to force the achievement of a balanced budget by 1997 and thereafter.

There are those who say the issue is not constitutional but one of leadership from the White House and this House. Ideally, I agree, but it has not happened in 25 years and promises to get worse.

Congress has been unwilling to say "no" to the chorus of demands placed on it. So long as Congress or the President can simply increase debt to avoid tough decisions about limiting spending, it will continue to do so. We need a constitutional imperative around which to rally.

Balancing the budget will not be easy. That is why it has not happened in recent times. But it will be done if we constitutionally set a goal of balance by 1997 and every year thereafter.

There is no better argument for a constitutional mandate than the chorus of opposition coming from special interest groups all across the land. What they oppose is not a balanced budget amendment, as they assert, but its subsequent practical effect. Congress would be forced to make spending and tax decisions, year in and year out, and none of these groups want those decisions to be made to their disadvantage. They prefer the status quo.

I believe that this Congress has the will to adopt the mandate of a balanced budget. Without an amendment, Congress will not have the collective will to make the tough decisions.

This action will decide the question of whether and when to balance the budget and force Congress to resolve the question of how.

It is interesting that the House-adopted budget for fiscal year 1993 does not begin to reflect the courage to balance the budget by 1997. But the prospect of the passage of this amendment already has the Budget Committee looking at ways to reduce the fiscal year 1993 deficit by $38 billion in order to get on track for balance by 1997. That's it in a nutshell.

I intend to vote for most of these constitutional proposals but I urge my colleagues, particularly on the Republican side of the aisle, to put aside differences in detail in the end and vote for the Stenholm-Smith proposal because it is the only one with sufficient bipartisan support to carry the day.

□ 1440

Mr. SMITH of Oregon. Mr. Chairman, I yield 5 minutes to the gentlewoman from Maine [Ms. SNOWE], who is a primary sponsor of this balanced budget amendment to the Constitution.

Mr. FISH. Mr. Chairman, I yield 1 additional minute to the gentlewoman from Maine [Ms. SNOWE].

The CHAIRMAN. The gentlewoman from Maine [Ms. SNOWE] is recognized for 6 minutes.

Ms. SNOWE. Mr. Chairman, I thank the gentleman for yielding. First of all, I want to commend the leadership and fortitude of the gentleman from Texas [Mr. STENHOLM] and the gentleman from Oregon [Mr. SMITH], and I have been very pleased to be part of this effort here today in bringing out the Stenholm constitutional amendment.

Mr. Chairman and members of the committee, as we begin to debate the various constitutional amendments today, we should all recognize that Congress has institutionally and politically arrived at a historic crossroads. Two years ago the House of Representatives debated the merits of a balanced budget amendment. That amendment was defeated, and look how far we have come. We are $700 billion further in debt, and once again debating the feasibility of a constitutionally mandated fiscal approach. In short, we are here again because Congress has utterly failed. It would be wise, I believe, to recognize that failure and begin to address the solutions.

How much proof do we need? How much debt is finally too much? Should we stand at the door and welcome catastrophe when it strikes?

In 12 short years the deficit exploded from $78 billion to more than $350 billion. The combined deficits of fiscal years 1991, 1992, and 1993 will add an additional $1 trillion. Gross interest payments on the national debt will exceed all the spending on domestic discretionary programs. Sixty-one percent of all personal income taxes will be paid for debt service payments. Fifty-eight percent of national savings in this country is consumed by the Federal Government because of its debt service and debt payments. This is in spite of all that we have done, Gramm-Rudman

I, Gramm-Rudman II, the budget summit agreement of 1990, the longstanding laws on the books to require a balanced Federal budget, which included the Revenue Act of 1978, the Byrd amendment of 1978, the Humphrey-Hawkins Act of 1978.

I offered, along with some of my colleagues, as part of the 1992 group in 1985, prior to Gramm-Rudman, a package, the only budget that was scored by CBO; not even the budget offered by the Committee on the Budget was scored by CBO, and our budget would have achieved $274 billion in savings over 3 years, but it was to be rejected by the Congress because they were not prepared to make any deficit reductions, even in the good years.

Make no mistake about it, this spending binge has put the United States on a very dangerous and uncharted course. We have no way of knowing how bad things will get if we continue on this path and we continue with business as usual.

In recent weeks many people have raised some questions about the implementation of a constitutional amendment. Skeptics ask, "What if appropriations exceed estimated revenues? What if the President and Congress underestimate the amount of Federal revenues in a fiscal year? What if it requires budgetary adjustments as a result of a contracting economy, or inaccurate estimates?"

Well, welcome to the real world. That is exactly what most of the States in this country have been confronting. Amidst a serious recession and unprecedented loss of revenues, the Governors and State legislators are making the tough decisions. They are deciding how much Government people are willing to afford in the difficult times.

What is their magic formula? What secret do they have to be able to reach agreement in these difficult times? Like Members here today, every Governor and every State legislator is required to swear to protect and defend and uphold their constitution.

We are required to uphold the Constitution of the United States. Their commitment to defend the very foundation of their States ensures fiscal responsibility. Who among us is suggesting that we are going to violate our oath of office by not upholding the Constitution of the United States? I say without question we will do it because our solemn oath demands that we will do it.

And some have claimed that a balanced budget amendment will force cuts in Social Security. Such arguments are scare tactics, designed to raise doubts about a program that workers pay for through taxes. I do not favor cutting Social Security, since it is a unique program, with individuals receiving benefits based upon the contributions they pay into the system.

To threaten Social Security benefits would be to threaten the bond between retirees and the Government system they supported throughout their working years. No reading of the balanced budget amendment would suggest that this would happen. Social Security must continue to be the foundation on which workers can depend on in their retirement years. Efforts to produce a balanced budget will require a thorough examination of other Government spending, and reductions in wasteful, low-priority, and unnecessary Federal programs.

Some are saying, "A constitutional amendment is too inflexible to respond to a downturn in the economy." Can those people tell me what we have been able to do to respond to this recession? Nothing, because we have a $400 billion deficit, so we are not able to help people who are unemployed, we are not able to address the growth issue or make more investments in our infrastructure because we do not have that ability as a result of the massive debt.

According to a recent New York Times article, economists now believe that our deficit and debt have contributed to our Nation's inability and inflexibility to rebound aggressively from this recession. Or look at the most recent GAO report, in response to Senator BRADLEY and his concern about the deficit and what we ought to do. I quote:

> Failure to reverse these trends in fiscal policy and the composition of Federal spending will doom future generations to a stagnating standard of living, damage U.S. competitiveness and influence in the world, and hamper our ability to address pressing national needs.

I would say to the Members that we are jeopardizing our preeminent position as a global economic power. I say that is utterly unacceptable. And in the final analysis that is the basic difference between the opponents and the proponents of this amendment.

□ 1450

For those Members who find this an acceptable legacy to bequest future generations, then oppose the balanced budget amendment, but for those who do not want to be part of that legacy and consign future generations to a lower standard of living, then join with us in supporting the Stenholm amendment.

Yes, Mr. Chairman, there is a deficit in this institution which exceeds even these astronomical dollar amounts. It is a deficit of will, responsibility, and of courage.

I, for one, want our children to live, work, and thrive in a nation free from the slavery and bondage of debt. Our generation owes that much to the next.

Mr. PANETTA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just say briefly to the gentlewoman from Maine, we swear to uphold the Constitution now and to perform our duties now. And in my reading of the Constitution, it requires us now to make tough choices. I do not need a constitutional amendment to make tough choices. Maybe the gentlewoman does. I do not know.

Ms. SNOWE. If the gentleman will yield, I have made some tough choices here, Mr. Chairman.

Mr. PANETTA. I do not need a constitutional amendment to do that.

Ms. SNOWE. That is right, but we have now reached a point here where we have to make a decision of whether or not we are prepared to face the problems, and yes, it does require adhering to the Constitution if we should pass this, and the States then ratify it as a constitutional amendment, and then we have the enforcement mechanism. In our language that would require all of us to decide how that amendment will be implemented, and we will make the tough choices that the gentleman has been describing.

Mr. PANETTA. I trust the gentlewoman is true to her word that she has made tough choices, and I believe she has, and I do not believe she needs a constitutional amendment to make touch choices. And I believe that our constituents think that we do not need a constitutional amendment to make tough choices, because they elected us to come here and make tough choices, not wait for a constitutional amendment to tell us what to do.

Ms. SNOWE. The deficit is too much. At what point do we decide?

Mr. PANETTA. Mr. Chairman, I yield 11 minutes to the gentleman from Kansas [Mr. SLATTERY].

Mr. SLATTERY. Mr. Chairman, first let me say that I share the frustration of those who are here today advocating the passage of this constitutional amendment. I would just point out that as far as I am concerned, deficit reduction is this Nation's No. 1 priority, and in my voting here in the last 10 years I have tried to vote in that manner. I share, like I say, the absolute exasperation of the gentleman from Texas [Mr. STENHOLM], and all of the others who are supporting this amendment. I have stood in this well on a number of occasions advocating freezes, tough budget medicine.

Recently I took the floor to express opposition to the change in the earnings test on Social Security. That passed the Senate by a voice vote and that would have cost the taxpayers $27 billion. The version that passed here overwhelmingly passed by a vote of 360 to 50.

So as far as I am concerned, this measure is not going to work. I have been tempted to vote for this, and I will share that with my colleagues, because frankly I am a little tired of trying to defend my vote in opposition to it, because this is so politically popular in an election year. So it is easy to vote for this, go home and say when asked what are you going to do to deal with the deficit, "Well, I voted for the

constitutional amendment requiring a balanced budget."

First let me say this constitutional amendment does not require a balanced budget. Let me say that again. This constitutional amendment does not require a balanced budget. It merely requires that three-fifths of the Congress would be required to deficit spend. A majority right now is required to deficit spend, of course. So when we talk about the three-fifths, we are talking about 261 votes in this body being needed to deficit spend.

Well, Mr. Chairman, I have gone back and done a little research, and guess what I found? I found that in 1991 every, every appropriation measure that this body passed was passed by more than 261 votes, not one had fewer than 261 votes. So then I went back to the previous year and I thought maybe we would find a number of appropriation bills that had passed with less than 261 votes. Guess what I found? I found that in 1990 only one appropriation bill, which was the D.C. appropriation bill, got less than 261 votes. And then we had the real tough deficit reduction package, the omnibus reconciliation bill that got 227 votes, and do you know why? Because it contained some revenues, and it contained some tough medicine on entitlements, so we could only find 227 brave souls to vote for that.

Now I went back to 1989 and in 1989 I found only that the Commerce, Justice, and State appropriations and the D.C. appropriation got less than 261 votes that this measure would require. That is why, my friends, I say this constitutional amendment will solve absolutely nothing when we talk about spending.

Now the second concern I have about this is the whole idea of enshrining in the Constitution of this great democracy minority government. The concept of majority rule in a democracy is fundamental, and I do not want to enshrine minority government in the Constitution.

My friends on this side of the aisle who aspire someday to be in the majority, I am amazed that you want to turn the future perhaps over the minority. That does not make a lot of sense to me at all.

The third concern I have, and I think is shared by many Americans when they reflect on this ill-conceived idea is the idea of turning tax-and-spend policy in this country over to the unelected judiciary. Think about it. Do we really want the Supreme Court of the United States to be setting tax-and-spend policy in the event that we have some kind of gridlock here? I certainly do not.

Let me clarify something about Social Security. The gentleman from Illinois and others have said that Social Security is not involved, somehow we are going to be able to solve this without touching Social Security.

I have read this constitutional amendment and I have confirmed this with the principal author. The fact is this constitutional amendment before us does include all outlays and all receipts. That means Social Security is on the table, and let there be no doubt about that.

Now granted, in future years a Congress may elect to take Social Security off the chopping block, and I will confess to my colleagues that as one Member I believe that Social Security is going to have to be a part of the final solution of this horrible deficit mess that we find ourselves in. And those who have studied this issue carefully I think would come to the same conclusion.

Let me also now talk about how we would game this amendment. For those who think this is so tough, let us talk about how you would just completely skirt it, and it would be very easy, my friends. At the end of the legislative year what would we do? We would have a measure down on the floor to fund Medicare or to fund Social Security or to fund the Veterans' Administration or to fund agriculture, or to fund transportation in this country, and the vote would be a very simple one, my friends, very simple.

Tonight, Mr. Chairman, we have a choice to make. We are either going to meet our obligation to the Social Security and Medicare recipients of this country or we are not, yes or no. And to do it we are going to have to deficit spend. Now what would happen? Three hundred and sixty votes would be up there in a heartbeat to pay Social Security and Medicare. And do you know what? You start the next year then with today's numbers with a $400 billion deficit if you paid for everything else except Social Security. And then you have this constitutional amendment hanging over your head saying to balance the budget.

Then you are into the game of finding three-fifths to raise the debt ceiling, three-fifths. And you know what I think would happen? When you find the 261st vote to get your three-fifths majority to raise the debt ceiling, that person is not going to be coming to the leadership saying please cut a program in my district for my vote. That Member will not be saying that. The Member will be saying, "You want my vote? This is the price," and up goes the spending.

So I contend that this amendment is going to do absolutely nothing to deal with our problem.

Now let us talk about a solution. I have two charts here that I want to refer to only for the benefit of historical perspective. A lot of people think this problem started 50 years ago, or 20 years ago.

□ 1500

I submit to you, my friends, this problem really started in 1980–81. At that time something happened. The Holy Grail that has been referred to earlier today must have been destroyed that year, and the reason I say that is because when you look at this chart you can see that in 1945 the debt of this country as a percent of gross national product was 111 percent, 111 percent. This institution, working with Presidents of both political parties, worked hard and responsibly to reduce this Nation's debt as a percentage of gross national product until 1980, when it was 26.8 percent, a tremendous achievement. Guess what happened. In 1980 and 1981, because of the changes, political changes, in this town, as you can see, the trends have moved in the other direction until today the debt as a percent of gross national product is 52 percent. It has doubled nearly since 1980.

During that time, I went back and looked over Presidential vetoes on spending issues. Do you know what I found? I found that in 8 years President Reagan only vetoed one annual spending bill, and five supplemental spending bills.

Then I went back to see what President Bush has done. Do you know what I found? I found that he has not yet vetoed a major appropriation bill because of spending. He has vetoed them because of abortion.

I happen to believe very strongly in strong executive leadership, and I am not suggesting that this responsibility lies solely with the President of the United States. It does not. This Congress has passed the spending bills and, therefore, must share responsibility for the outcome. But I believe in strong executive leadership, and as far as I am concerned we are not going to solve this problem until we have a leadership in the White House that will send this Congress a balanced budget and accept responsibility for the aggregate spending level of the country. That is why I think part of the solution must be a constitutional amendment empowering the President to set the aggregate spending level for the country, and then the Congress can adjust the spending priorities within that limit.

The other part of this solution must, my friends, be the election of Members of this body who are committed to doing whatever is necessary to solve this most urgent problem facing the country.

For those who say that they can solve it without a dime in additional revenue, they are not telling you the truth. For those who say they can solve it without cutting entitlements including Social Security, they are not telling you the truth either.

I think it is time for us to be honest with the American people about the kinds of tough choices that we face.

As to this constitutional amendment, in conclusion, Mr. Chairman, let me just observe what the noted conservative columnist James J. Kilpatrick

had to say about this amendment last year, and I agree with it. He said:

This amendment is a paper tiger. It does not growl; it merely meows. The fearsome teeth are false teeth. The oratorical wind that blows from Capitol Hill brings the sound of clacking gums. Congress does not need a constitutional amendment to balance the Federal budget. What it needs, excuse the homely word, is guts. Backbone. Courage.

That is what we need. That is what a President and a Congress need. And then and only then are we going to solve this problem.

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. MOORHEAD].

Mr. MOORHEAD. Mr. Chairman, I rise in support of a constitutional amendment to balance the budget. Since I have been in Congress, I have been constantly aware of our deficits. I voted against legislation that would expand the increasing budget deficits we face every year. Unfortunately, too often, my vote on the side of fiscal conservatism has been a vote with the minority of Members of Congress.

The Constitution provides the fundamental framework to guide the decisions of Congress and the President, and it is high time that we move in this direction. Opinion polls over the past decade have found that the overwhelming majority of Americans favor a balanced budget amendment as a means of controlling the size of the Federal Government. With a national debt of about $4 trillion, there is a desperate need for discipline at the national level. I believe the balanced budget amendment is a statement of principle and conviction that will promote this conviction that will promote this discipline and should have been implemented a long time ago. Without the constitutional amendment, Congress will never have the inclination nor the backbone to make the tough choices on how to restrict Government spending.

Mr. Chairman, I agree with the gentleman from Kansas that there are other better ways to accomplish this, but in 20 years in the Congress, I have never seen a Congress that was willing to make those tough choices. Sure, we can do it ourselves. We should do it ourselves. But in 20 years that I have been here, I have not seen this Congress willing to do it, and unless we are willing to do it, we have to find some support in the Constitution or elsewhere to make us do it.

There are no simple solutions to the Federal deficit problem. They are possible only if all branches of Government are willing to take responsibility for their actions. Such responsibility is a matter of trust for Government by demonstrating that we are spending taxpayer's money wisely and with accountability. We have here before us an opportunity to improve the integrity of our budget process. It is critical that we establish a fundamental commitment to the principle of a balanced budget if we are to succeed in reversing the deficit's long-term upward trend.

In the past 18 years, Congress has enacted the Congressional Budget and Impoundment Control Act of 1974, Gramm-Latta, Gramm-Rudman I, Gramm-Rudman II, and the 1990 Budget Enforcement Act. During this 18-year period, our national debt has climbed steadily in spite of these legislative efforts. The last time the Federal budget was in balance was in 1969. Since that year, deficit spending has added $2.8 trillion to America's national debt, accounting for nearly 90 percent of today's total debt. Since the 1930's dozens of proposals have called for laws or constitutional amendments that would require a balanced budget or limit the size or growth of the Federal budget or of the public debt. Over 30 such measures have been proposed in each of the past several Congresses. Proposed constitutional amendments to require a balanced budget have been considered on only four occasions in Congress. In 1990, the House came within seven votes of the two-thirds necessary to take this historic step. It was just not enough.

During the debate over the budget summit legislation of 1990, the argument was made that a tax increase was needed to cut the deficit. Instead of using the money obtained to reduce the debt, it was used for more spending, as many of us on the minority side of the aisle predicted.

I understand that there are weaknesses in this amendment. One of the problems with this amendment is that with a three-fifths vote, we can go into further debt. I understand that, and that is a real weakness here. But it is a strong step forward.

I wish we could go all the way, with, of course, some kind of loophole for extreme emergencies such as war or other things of that kind, but we do need to take this step now, as minor as it may be; although it may not solve all of our problems, it is a positive step to show the American people that we care, we want to do something about it, and we are determined, we are determined as a Congress that we are going to move toward a balanced budget, and we mean it now.

Although a lot of blame has been placed on the President for our deficit problem, the real truth is that it is Congress that initiates every single spending bill. The Congress has been controlled by one political party for 40 years. Now is the time to end this party's control.

I could not support the budget resolution approved earlier this year because once again, it does nothing to reduce the deficit or eliminate wasteful Government spending. Federal spending as a percentage of gross domestic product is expected to climb to more than 25 percent this year, its highest level since World War II. Taxpayers are facing $400 billion in annual deficits, nearly $300 billion in annual interest payments and a total of $4 trillion in national debt. If the debt burden continues, it will cripple the ability of future generations to make the necessary improvements in education, health care, housing, and other domestic needs that we hear so much about from this body of Congress.

Among my constituents in California, there is overwhelming support for a constitutional restraint on the ability of the Federal Government to continue to run up huge budget deficits. The Federal Government has run deficits over the past three decades. The interest on our nearly $4 trillion debt has become the single largest item in the Federal budget. This debt burden continues to slow down our economy and stifle our ability to make investments in the future. We must put an end to this budget crisis by putting a stop to the rampant growth in Federal spending. Every effort must be made to cut wasteful spending and reduce the deficit.

Even with a balanced budget amendment in place, we still have to make the tough choices to bring spending in line with revenues. Whenever Government spending is financed, resources are taken out of the productive sector of our economy and transferred to the Government. Federal borrowing certainly imposes economic costs, forcing up interest rates and soaking up credit that could have been used to finance expansion of the Nation's capital stock. But taxes, too, impose economic costs, such as reducing incentives to work, save, and invest, thereby lowering economic growth and discouraging job creation. According to Dr. Alice Rivlin, former Director of the Congressional Budget Office:

If Americans are to live better in the future, they need to save more and channel those savings into productivity-enhancing investment. If, instead, they continue to use their relatively low private savings to finance ongoing expenses of government, they are likely to get low investment, stagnant productivity growth, continued trade deficits and growing obligations to send interest, dividends and profits overseas.

As long as deficits continue to grow untethered by Congress, interest payments will consume every growing percentage of future budgets, a burden that will be unfortunately, borne by tomorrow's taxpayers—who are our grandchildren of today. Every dollar of deficit spending places a financial burden upon future generations.

Thomas Jefferson said of deficit spending:

The question of whether one generation has the right to bind another by the deficit it imposes, is a question of such consequence as to place it among the most fundamental principles of government.

Unless action is taken now, Federal debt and out of control deficits will

continue to cripple our economy and mortgage our children's future. We must adhere to the will of the American people and put into place a constitutionally mandated balanced budget.

Mr. STENHOLM. Mr. Chairman, I yield such time as he may consume to the gentleman from Maryland [Mr. MCMILLEN].

Mr. MCMILLEN of Maryland. Mr. Chairman, I rise in support of the balanced budget amendment.

I originally cosponsored the amendment because I believe our burgeoning budget remains the single most important issue facing Congress. Given the failure of the last 12 years, passage of a balanced budget amendment would be an important step toward ending the present era of fiscal irresponsibility.

Since coming to Congress in 1987, I have been a strong advocate of reforming our budget process and reducing wasteful Federal spending. I supported, and voted for, the Stenholm amendment 2 years ago. I believed then, and I believe now, that passage of the amendment would bring some common sense into our system of government—the same type of common sense that every American family must utilize when they pay their bills every month.

Interest payments on the Federal debt are now the third largest expenditure in the entire Federal budget, and will reach $214 billion this year alone. That's $214 billion we are not spending on education, or infrastructure or investing in our future.

Having said this, I have strong concerns over how the amendment is drafted. Specifically, I am concerned that there is no distinction made between operating deficits and capital financing requirements. In other words, investment debt is treated the same as consumption debt. This encourages short-term thinking, and skews fiscal decisionmaking.

This is not a new issue. The General Accounting Office, in a 1989 report, proposed an alternative presentation to the unified budget which more accurately reflects these accounting realities. Basically, the proposed capital budget would separate disbursements for physical capital and credit flows from the operating budget. Aggregate totals of the capital and operating budgets would be provided, but the distinctions between the two uses of funds would be set out in all summary presentations.

The bottom line, is that this kind of distinction encourages cost-effective investment to meet longer term needs, and avoids the economic pitfalls of short-term budgeting. I am concerned that the amendment as drafted will have the effect of squeezing legitimate investment spending, particularly after 12 years of consumption and neglect.

Nevertheless, I support the resolution because I believe we are better off with the amendment than without it. There are certain fundamental problems with the current spending patterns that desperately need to be addressed. Furthermore, the Stenholm resolution would eliminate a lot of the budget chicanery practiced by both the administration and the Congress by counting all items on- and off-budget, and by penalizing unrealistic budget assumptions.

In conclusion, let me just say that I am understanding of the criticisms of the balanced budget amendment. However, the Federal budget deficit is simply out of control, and there is no end in sight. For 12 years we have had nothing but fiscal gridlock. If a political solution to this problem cannot be achieved, we need to seek alternate solutions before this country is completely bankrupted.

In his inaugural address of 1801, Thomas Jefferson stated that:

> The honest payment of our debts, I deem (one of the) essential principles of our Government and consequently (one) which ought to shape its administration.

These words were never truer than today. I urge my colleagues to support the balanced budget amendment.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, I have to say I was not sure this day would ever come. As one who has always supported the balanced budget amendment, indeed each of the Members representing my district for the last 40 years—Armistead Selden, Walter Flowers, and RICHARD SHELBY—have supported it, I was not sure I would serve long enough in the House to see this matter brought to the floor and voted on.

I am gratified that today we see Members from both sides of the aisle, the joint leadership, and even this frankly spendthrift, if not bankrupt administration have now seen the need for fiscal discipline which can apparently only be imposed by amending our Constitution in this fashion.

I understand that many will say that if Congress and the President wanted it, we would have a balanced budget today, amendment or no. This may be true, but it is also irrelevent.

In every case it is true that if people invariably acted correctly, there would be no need for laws or constitutions to compel or restrain action. The world in which we live is far from perfect and we who serve in Government accurately reflect that fact. Thus we have need of laws and constitutions.

I understand that some economists oppose this measure. While I appreciate their attempts at a balanced prespective, I am also reminded that economics is not called the dismal science for nothing. Obviously if they knew as much as they would have us believe, we would not have the economic and financial problems which necessitate this measure.

Even supporters of the amendment question how it will be made to work, how it can be enforced. I would suggest that my home State, Alabama offers a model, one interestingly enough suggested by the august Brookings Institute when my State sought its advice on reorganizing State finances.

We made it a criminal offense, punishable by fine and imprisonment for a State official—

> To draw any warrant or other order for the payments of money * * * unless there is in the hand of the treasurer money appropriated and available for full payment of the same . . . any person violating any of the provisions of this amendment shall, on conviction, be punished by a fine of not exceeding $5,000, or by imprisonment in the penitentiary for not more than 2 years, one or both and shall also be grounds for impeachment.

In conclusion, I urge all of my colleagues to join in support of this measure, recognizing that it will be but the first step on the long road back to fiscal responsibility. I also ask that those of the American public, which says it overwhelmingly supports this measure, do not think this process will be easy or painless. Sacrifices will be felt in every home.

Do not be fooled by those who say we can easily balance this budget just by cutting waste and fraud, or cutting welfare and foreign aid. If the solutions were easy and painless they would have been implemented long ago.

We have a great country, we have a strong basic economy, and we need only show the will and commitment to solve this problem, to show that we can rise to the challenge—that we can leave to our children and grandchildren a heritage of freedom and responsibility, not one of debt and servitude.

□ 1510

Mr. PANETTA. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. DOWNEY].

Mr. DOWNEY. Mr. Chairman, rarely do we get a chance to see something that is bad constitutional law, bad economics, and bad politics wrapped into a series of proposals.

The Constitution that the Founders gave us was the architecture for our Government and its amendments provide and enumerate the rights and responsibilities and the privileges of our citizens. For 200 years our predecessors here in the House and in the other body have been loathe to amend the Constitution. They asked themselves the question, "Is there no other way to accomplish the goal that we seek? Is the national emergency so great that only the amending of the Constitution will solve that problem?"

We face a great emergency with this debt, but the remedy is not a constitutional amendment, because all the tools to solve the problem of the debt we currently have. What we lack is the requisite political will.

Why is this bad constitutional law? Because it elevates to a position of constitutional privilege the idea of three-fifths rule. Since we were children in grade school, the idea of majority rule has been engrafted on all of us. The idea of majority rule recognizes that it provides for a consensus to achieve a majority.

This backhanded attempt to deal with majority rule undermines one of

the most fundamental principles of American Government. It will provide for a willful minority to dictate to the wishes of a majority.

The waiver authority embodied in the amendments is especially ludicrous. If by theory we need a constitutional amendment to balance the budget, we raise it to a level of immutability by making it an amendment to the Constitution. All the other amendments, speech, freedom of the press, the ending of slavery, cannot be waived by a 60-percent majority. If it is so important that it needs to be enshrined in the Constitution, then do not waive it as a principle.

Economically speaking, a balanced budget is not a goal of a national government. The goal of a national government in terms of economy would be full employment with stable prices. That may or may not be achieved by the establishment of balance between outlays and revenues.

Indeed, since we are not here now repealing the business cycle, the reality would be during a period of recession that we may want to deficit spend in order to increase aggregate demand. This amendment would prohibit this. This amendment would force us to continue the legacy of Herbert Hoover who wanted to see the budgets of the United States balanced in the middle of a recession. It is preposterous. It attempts to repeal the most fundamental laws of Keynesian economics.

Finally, it is bad politics.

Mr. Chairman and my colleagues, will any of you stand up who are here part of the 284 prepared to change the notch that will cost $325 billion over the next 30 years, or those of you who would like to eliminate the Social Security earnings test for $27 billion? Surely you cannot be the same people who want to balance the budget and yet spend these hundreds of billions of dollars. That would be hypocrisy.

Do you know why Ross Perot does so well, my friends? Because he speaks clearly and plainly to the American people. He does not say to the American people, "I want to balance the budget, but I really would like to give you the notch. I would really like to give you the earnings test. I really would like to do these things."

When you speak out of both sides of your mouth, my colleagues, you breed disrespect in the body politic and you undermine this great institution.

Please reject the sophistry of a balanced budget amendment. Please embrace the reality that the only way to achieve a balanced budget when it is necessary is by difficult choices.

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentlewoman from Kansas [Mrs. MEYERS].

Mrs. MEYERS of Kansas. Mr. Chairman, I rise in strong support of a balanced budget amendment to the Constitution. I believe such an amendment is absolutely necessary in stiffening the spine of Congress to make those difficult decisions we have been ducking for years, and forcing elected leaders to carry through on a plan to balance the Federal budget.

Back in 1984 when I was first elected to Congress, the citizens of the Third District of the State of Kansas sent me to Washington with a clear mandate—eliminate the deficit and balance the budget. Today, this issue remains the No. 1 priority among my constituents. Despite adopting several laws stating there should be a balanced budget, passing Gramm-Rudman-Hollings I, Gramm-Rudman-Hollings II, and the 1990 Budget Act, we have a record deficit of $400 billion this fiscal year, and are farther from balancing the budget than we have ever been. The national debt that we have been building for the past 32 years is now nearly $4 trillion, and climbing fast. We have been digging a hole that is now so deep that the very idea of balancing the Federal budget presents an insurmountable task to some. However, if we do not take action now, if we listen to those who say that we need to balance the budget, but not today, we may never be able to get out of that hole. Tragically, our children and our grandchildren—the entire future of our Nation—will suffer the dire consequences of such lack of will.

Mr. Chairman, to those who oppose a constitutional amendment requiring a balanced budget because they claim such action does not make those tough choices, I must disagree. While the measures we will be voting on do not include specific spending reductions or revenue increases, a constitutional amendment eliminates the escape hatches that have been built into every deficit reduction plan we have ever passed. A simple waiver of the Budget Act, which Congress has done more than 500 times since 1978, has provided Congress the ability to ignore the statute that says we shall not deficit spend. When an amendment is added to the Constitution that requires a balanced budget, Congress and the President's proverbial feet will be held to the fire.

There is no doubt that the decisions and choices Congress will have to make to balance the budget will be tough. As I listen to the debate, I am reminded of the old adage about the man who wants to go to Heaven, but does not want to do what he must to get there. In the past few weeks I have been deluged with calls and letters from various groups who claim they support a balanced budget, but vehemently oppose a constitutional amendment, because our Nation is in crisis. They say we cannot balance the budget now because many important programs would suffer reductions, programs that must be fully funded to avert national disaster. While I support the purpose and existence of many of these programs, I believe we must look at the big picture. Congress is always going to balance the budget tomorrow, pushing the deadline for reducing the deficit out a few more years, and then another few more years, with a balanced budget just around the corner. Mr. Chairman, such thinking is how we got into this mess in the first place.

Eliminating the deficit and balancing the Federal budget will require Members to make some politically unpopular decisions. Some of our constituents have been concerned that a balanced budget amendment will hurt Social Security. I say that one of the biggest threats to the Social Security system is the deficit and the debt and that is because we are investing Social Security reserves in U.S. bonds. Now, I do not believe anything dishonest or evil is happening with the Social Security reserves. They are being invested in U.S. bonds so they will earn interest, and all of us would want such a large sum to earn interest. However, because of the deficit and the debt, I am not completely comfortable about the reserves. It is appropriate to invest the reserves in U.S. bonds, but only if there is money available to redeem those bonds when we need the money. And this means we simply must get our financial house in order, eliminate the deficit, and reduce the debt.

Everybody wants a balanced budget, but only if it is balanced on the back of the other guy's program. Mr. Chairman, it is time for Members to fess up to their constituents and tell them there is no other guy's program. We are all in this together, and everyone will feel the pinch. However, I believe the American people are willing to make those kinds of sacrifices to ensure their children and grandchildren inherit the kind of country we would all like to leave them—not a future shackled by the debts of the past.

Mr. Chairman, I would like to extend a sincere thank you to the Members who have labored so diligently in bringing a constitutionally balanced budget amendment to the floor, particularly Mr. STENHOLM, Ms. SNOWE, and Mr. SMITH of Oregon, who have kept the torch burning on this vital issue. As I voted in 1990, I will vote today for a balanced budget amendment to the Constitution, hopeful that we have those additional few votes needed to prevail. Furthermore, to the distinguished chairman and members of the Budget Committee, this Member pledges her support in adopting those tough policies to carry through on the promise we are making today.

□ 1520

Mr. SMITH of Oregon. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. WYLIE], who 25 years ago, introduced a balanced budget amendment to the Constitution.

Mr. WYLIE. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman from Texas [Mr. STENHOLM] and the gentleman from Oregon [Mr. SMITH] for their tenacity and hard work and for this opportunity to speak about the most serious problem facing our Nation today.

Of course, I rise in support of the resolution calling for a constitutional amendment to balance the budget, and, yes, Mr. SMITH, I am proud to say that I have introduced a resolution similar to the Stenholm-Smith resolution in every Congress since I came here to serve in 1967.

As a member of the State Legislature of Ohio, I was familiar with a constitutional amendment to balance the budget, and it worked in the State of Ohio. Make no mistake about it, a constitutional amendment to balance the budget is popular with people all across the Nation. In my January questionnaire, 75 percent of all those who responded favored an amendment to the Constitution that would require that the Federal budget be balanced except in time of war or economic necessity.

I do not believe that the constituents of my district are much different than the constituents of the districts of other Members of this body.

I repeat for emphasis, the most serious problem facing our country today is the huge budget deficit and the size of the public debt. As has been stated earlier, the interest on the national debt is expected to total $316 billion next year, or $7,005 for every family of four in the United States.

The sum of $316 billion is more than the total revenues for the Federal Government in the year 1976, just 15 years ago. In little more than a decade, we have passed five statutes intended to create a balanced budget or enforce some budgetary discipline. We tried Gramm/Rudman, but it was not allowed to work. We had a budget summit agreement, and it too has not worked. I think the time has come for us to do something different and drastic about the deficit and to me the only hope is a constitutional amendment.

Financing the Federal debt has, in my judgment, caused the recent stagnant economic growth and has done more harm to our economy than any other single factor. Senior citizen groups have organized a postcard campaign saying a balanced budget amendment would endanger their benefits. I respectfully disagree because I know that a stable economy, having a dollar that retains its value, would help the senior citizens. As interest payments on the debt continue to crowd out private sector and other Federal spending, it most assuredly adversely affects Social Security benefits. I think to pass the balanced budget amendment is to preserve and protect the Social Security system.

In addition, budget deficits certainly adversely affect our young people. If we do not pass this balanced-budget amendment to balance the budget, I think it means Congress will still be unable to come to grips with the massive budget deficits.

That will impact adversely on the standard of living of our children and our children's children.

I think a balanced budget amendment is looking to a brighter future economic amendment. Forty-nine States have balanced budget amendments, and not one State has ever suggested repealing the State constitutional amendments.

Since I have served in Congress, a balanced budget amendment has come up for a vote in the House and Senate four times. In 1982, the Senate passed a balanced budget amendment on a vote of 69 to 31. In the House, however, it failed to receive the necessary two-thirds' majority.

In 1986, when the amendment came up again in the other Chamber it failed to achieve the two-thirds majority required by one vote. The House voted on this amendment in 1990 when it fell only seven votes short of the necessary two-thirds majority. The fact that we have not been able to pass a balanced budget amendment has been a great disappointment to me. I would like to be able to say that the last Congress in which I served will always be known as the one which passed a balanced budget amendment to the Constitution which was quickly ratified by the 38 States, as I know it will be if presented to them.

My "yes" vote will be one of the easiest I have ever cast.

The CHAIRMAN. Is the Chair's understanding correct that the gentleman from Kansas, [Mr. SLATTERY] is controlling the time as designee for the gentleman from Texas [Mr. BROOKS]?

Mr. SLATTERY. This gentleman does, Mr. Chairman.

Mr. Chairman, I yield 6 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today to express my commitment to vote for the spending cuts and revenues necessary to reduce the national debt. At the same time, I feel compelled to discuss my deep concerns about amending the Constitution in an effort to obtain a balanced budget.

The supporters of this amendment remind me of rival gangs steadily escalating their weapons. Gramm-Rudman, Gramm-Rudman II, budget summits, constitutional amendments, supermajority votes.

The frustration of the supporters of these proposals is real, and we all share it. They argue that we have tried everything else, and nothing has worked. But they are wrong.

Through all the procedural fixes, the deficits rose, and the national debt soared out of sight; $4 trillion now, and, under the budget submitted by the President this year, $6 trillion 5 years from now.

The supporters of this amendment say we've tried everything, and now we must amend the Constitution of the United States. They say all the other proposals, legislative rather than constitutional, have failed. Despite all the changes we've enacted in the budget process, the red ink flows deeper and deeper.

The proposed constitutional amendments spring from the notion that we have the target in our sights and simply need new weapons to bring it under control.

The fact is that we don't need any new weapons. We haven't tried everything. We have not tried the one thing that is sure to work. We need to get in close and slug it out—working on spending cuts and revenues needed to reduce the deficit.

That's our challenge. Instead of choosing new weapons, we need the courage to do the work it takes to reduce the deficit.

This amendment won't solve the deficit problem, because it doesn't deal with the deficit problem. The Constitution of the United States did not cause the deficit. Nothing in the Constitution prevents us from cutting spending, or getting entitlements under control, or bringing revenues and spending into balance.

It is the performance on the budget, not the process, that is the problem. During the debate on the defense authorization bill last week, the gentleman from Massachusetts [Mr. FRANK] made this point. It is easy to cut the budget in general, but it does no good. It is hard to cut the budget in specific, but that is the way to a balanced budget.

None of the speeches on this floor today, none of the outrage we express over a $4 trillion debt and $400 billion deficits, none of the constitutional amendments, will balance the budget. We can't balance the budget when we refuse to reduce military spending. We can't balance the budget until we get serious about cost controls in health care.

Mr. Chairman, the Constitution's not out of balance, the budget is. The President and the Congress need to exercise the powers and responsibilities provided under the Constitution, and not hide behind fake constitutional fixes to our country's fiscal problems.

A balanced budget amendment poses a significant threat to our system of government established by the Constitution as well as the strength of our economy. At the same time, a balanced budget amendment will provide another gimmick and excuse for us to avoid dealing with the budget deficit.

If Congress and the President fail to agree on a balanced budget, it could fall upon the courts to develop a balanced budget. As Robert Bork has argued:

The results of such an amendment would be hundreds, if not thousands, of lawsuits around the country * * *. By the time the Supreme Court straightened the whole matter out the budget in question would be at least four years out of date and lawsuits involving the next three fiscal years would be climbing toward the Supreme Court.

Just a few months ago my home State of Maryland went through an extended battle over how to balance its budget in the face of a deficit caused by the recession. They cut programs, and they raised taxes. Their job was made even more difficult by Federal mandates. The balanced budget amendment, which we are considering here today, will almost certainly lead to additional Federal mandates.

The people of this Nation have little confidence that a constitutional amendment will work to bring about a balanced budget. A recent survey of the citizens of the Third Congressional District of Maryland found that 60 percent of them believe a constitutional amendment will not succeed in balancing the budget. We'll just invent new ways of taking expenditures off budget or counting receipts twice or other curative scorekeeping to avoid dealing with the deficit.

In conclusion, Mr. Chairman, we do not need more budget and accounting gimmicks. I agree with the Baltimore Sun in calling the balanced budget amendment a cynical, hypocritical gesture. What we need is Presidential leadership and congressional courage.

□ 1530

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. CLINGER].

Mr. CLINGER. Mr. Chairman, I rise with some trepidation in support of the constitutional amendment for a balanced budget, trepidation because I do share the concerns that have been expressed here this afternoon about the risks, substantial risks, that we may be encountering if this amendment is adopted. But I think, Mr. Chairman, that the risk of continuing on the course that we have been on for far too long is a far greater risk because it really threatens the livelihoods of our children. It puts us deeper into debt. So, I think that this is a risk we cannot afford not to take.

But one of the risks, Mr. Chairman, that we have to face and we are going to have to deal with after passage of the balanced budget amendment is how we go about reducing the deficit without doing irreparable harm and damage to the economy and to the future of the country. Mr. Chairman, I would suggest that one way to reduce that risk, or at least one of the risks that may be inherent in the adoption of this amendment, would be to adopt capital budgeting. If we are to have a balanced budget amendment, and I hope that we do have a balanced budget amendment, then I would hope that we will also have enough sense to do what the States who now live with balanced budgets in their deliberations have done, which is to adopt a capital budget.

Mr. Chairman, under our present budgeting process we have an exclusive focus on a single cash based total, and that leads to really unsound, in my view, deficit reduction strategies. States, on the other hand, distinguish between spending for capital investments and spending for operating expenses, and they focus upon the latter in their balanced budget deliberations. Under the present Federal budget structure, however, it is very difficult, if not impossible, for the President and the Congress to apply deficit reduction efforts in a way that balances needs for operating expenses with needs for capital investments.

So, Mr. Chairman, this single number focus of Federal deficit reduction efforts is based upon a highly questionable premise that all outlays are the same, whether for capital investments or for operating expenses. This is clearly not the case. Capital outlays, whether they are for buildings or for loans, produce future streams of benefits to the Government or to the economy. The benefits may be cash flows, as in the payback of loans, or user fees. They may be facilities to carry out Government operations or other economy returns.

The point is that there is a substantial difference between operating expenses and capital expenditures, and failure to recognize the critical distinction between capital investments and operating expenses complicates economic policy making extraordinarily. Officials cannot readily discuss and set public policy.

Second, under the current, cash-based budget, there is a budget bias against capital programs, which could lead to uneconomical decisions. Under present budget scorekeeping rules, a $10-million outlay to construct a building—a capital investment—in a given year contributes to the year's deficit the same as a $10 million outlay for vehicle or airplane fuel costs—an operating expense. This scorekeeping practice front-end loads the costs shown in the budget for the acquisition, since the project will have sizable startup cash payments. Such a capital project is also at a disadvantage during budget deliberations when competing with an alternative means of acquiring the use of a building that would have lower front-end costs, such as leasing, but which has significantly higher long-term costs. This could lead decisionmakers to select the leasing option even though it would entail larger, long-term costs without the sizable benefit of eventual ownership. In a sense, it requires a capital asset to have a 1-year payback to be able to compete equally with current operating programs—a clear manifestation of the budget's focus on short-term thinking.

It is also obvious that scoring capital expenditures over the useful life of the capital improvement rather than in the year authorized will greatly ease the task of realizing a balanced budget. So I support the balanced budget amendment and also urge my colleagues to move toward a capital budget after its amendment is adopted.

The CHAIRMAN. The gentleman from Wisconsin [Mr. MOODY] is recognized to control the time.

Mr. MOODY. Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama [Mr. ERDREICH].

Mr. ERDREICH. Mr. Chairman, in the 200 plus year history of our Constitution, it has been amended 27 times. Today, I rise in support of amending it for a 28th time, to balance our Federal budget by adopting the Stenholm amendment.

I proposed and cosponsored legislation similar to this since I was first elected to Congress. It made good sense then and it makes good sense now.

My proposal would make our country live within its means, as every family must. Even stronger than the Stenholm amendment, my proposal links any increase in the budget to a similar increase in our economic growth.

We have all heard balancing the budget will not be easy. But hardworking Americans face the challenge of balancing their own budget every day. It's past time the President and Congress do the same.

The Federal Government must eliminate its deficit spending. The red ink spending levels must stop. We must ensure that our children and our children's children are not saddled with a towering Federal debt.

I was pleased to be one of the first to sign the discharge petition to push this to a vote and I urge my colleagues to support this amendment.

There are some today who say we should not do this. But go home, look your child and your grandchild in the eye, and explain your vote to them. Let us vote for this amendment for a brighter future for America.

Mr. MOODY. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. VALENTINE].

Mr. VALENTINE. Mr. Chairman, I thank the gentleman from Wisconsin [Mr. MOODY] for yielding this time to me.

Mr. Chairman, we need a balanced budget amendment because we have tried every other approach to resuscitating our economy that our creative minds could conjure up—but the deficit and the debt have grown larger.

We have tried the huge tax cuts of the early Reagan years. We have tried Gramm-Rudman-Hollings several times. We have tried budget summits and bipartisan budgets agreements.

What have we achieved? An enormous and growing deficit, the disdain of the general public, and a permanently weakened economy.

We are all addicted—Government and people. The Congress has demonstrated time and time again that we will spend our children's money freely for short-term comfort—whether it be political or economic. It is always easier to hand out benefits than to say no.

The record of Presidential leadership is even worse. The President is the only individual who can propose a budget to Congress. But for 12 years the Nation has been subjected to Congress-bashing rhetoric dished out by Presidents who have never come close to proposing even one balanced budget.

The last two Presidents have abdicated their responsibility to lead, squandering the only pulpit in the country with the power and prestige to build a national consensus. All for political gain. Presidential hypocrisy on the deficit crisis is staggering—and so is the long-range damage to the country.

Some critics of this legislation charge that the idea is sound but that this is the wrong time to cut spending drastically. Whether they are right or wrong, we have proven that there is no good time to take this medicine.

We have not balanced the budget in bad times. We have not balanced the budget in good times. We have not balanced the budget at any time.

As some opponents have observed, we already have the ability to reduce the deficit. They are right, but we have not done it. Why should the American people believe that we have suddenly acquired the will to balance it now without being forced by the Constitution to do so?

The Nation is at an economic crossroads, and neither fork looks smooth. But our choice is not difficult because we have already been down one of the paths—and it is a dead end of growing deficits, growing debt, growing national rage at our political institutions, and shrinking resources to meet the urgent needs of our citizens.

Let us take a new path. Let us take the balanced budget road and see where it leads.

In the short run, it will surely lead to more painful choices. In the long run, though, it will lead to a sound economic foundation that will once again unleash the power and energy of the American people.

□ 1540

Mr. GEPHARDT. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. GEJDENSON].

Mr. GEJDENSON. Mr. Chairman, the folks that brought you the ice cream sundae diet now bring you a constitutional amendment to solve all of our woes. It will be painless, it will be quick. We will reinvigorate our economy, if we can only change the Constitution.

Well, let us take a look at what this will bring us. It will bring us Government gridlock that will make the last 4 years look like a swift operating machine. It will now take not 51 percent of the Congress to run this institution, it is going to take 60 percent. That minority that is needed to get to 60 percent will extract its toll.

Every time you come to the floor with a budget, you are going to have to find 60 percent of the Members of the House of Representatives to be able to pass it. It is hard enough to govern when you want 51 percent. It is hard enough to govern when the issues are there and framed with the options of a government in front of you.

But that is not what we are going to do. We are going to end up with a system that makes the multiparty governments of Europe look like swift operating machines. We are going to take the strongest democracy in the world and create a crippling economic program in the Constitution.

Now, it seems to me there are times when you need debt to expand, and there are times when you need to get rid of debt to make sure that it does not hobble your economic future. But the one thing that is clear is that you do not want to put this in the Constitution.

It is interesting, my colleague, the gentlewoman from Connecticut [Mrs. KENNELLY], gave Members a nonconstitutional option that would require the same number of votes in the House to be able to get a balanced budget. But, no, that was not good enough, because this week's ice cream sundae diet says we have got to do it in the Constitution. That unless we lock in with the freedom of speech, the separation of church and State, and the other great theories that were placed by our Founding Fathers and later amendments, unless we put it in there in the Constitution, it is not good enough.

Well, Mr. Chairman, we are tinkering with the most important country in the world. If there is gridlock in some of the countries in Europe and Asia, if governments fall on a regular basis because of their inability to come together with an economic program across the face of this Earth, it is irrelevant. It is not relevant to what happens in most instances, as it is when we do that to the United States of America.

The Japanese have a debt ratio that is greater than ours. If you take a look and put this program on the Japanese or the Americans or any other prosperous economy, you can end up destroying the very economic activity that has given this great democracy strength.

It is to say to a young family beginning their lives that they have to buy their home for cash. It is to say to a business that is about to expand into a new market that they cannot borrow.

Now, is our deficit too high? Absolutely right. And let us take a look. Let us go back and take a look at those that gave you Gramm-Latta, those that gave you supply-side economics.

Mr. Chairman, I can remember the debate on supply-side economics. The President told us it was going to balance the budget by 1982 or 1983 at the latest. If we were only to follow this new and interesting economic program, it would solve all of our woes. We could expand defense spending and cut taxes. It would invigorate the economy. The deficit would be gone.

Well, let us see what it gave us. It gave us a change from being the largest creditor nation to the largest debtor nation. We created less jobs in the 1980's than we did in the 1970's.

Mr. Chairman, there was a commercial on TV a couple of years ago with an elderly gentleman getting up and saying, "We did it the old-fashioned way; we earned it."

There is no excuse. There is no option other than the old-fashioned way, a President who is willing to come down and fight for programs that will bring this country in the right direction, and a Congress that works with him.

No constitutional amendment, no set of laws, will change that for us. But what it can do is make it more difficult for even a President who has a program to make it work.

Mr. Chairman, any Members who have spent any time here, think of the times we pass bills by 218 votes, and then think of the need to get 10 percent, 45 more votes, for the passage of those bills. It will be that much more difficult to have an economy and a program pass this Congress.

Mr. FISH. Mr. Chairman, I yield 3½ minutes to the gentleman from Florida [Mr. MCCOLLUM].

Mr. MCCOLLUM. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, we are here today to debate the issue of the balanced budget amendment. As we do that, I think it is important to reflect on the big picture in question: Why do we need this so badly? Why do we need to have an amendment to the Constitution of the United States to force this issue?

I think it is really quite simple. There is a book out now by a fellow named Larry Burkett called the Coming Economic Earthquake.

Now, I do not subscribe to everything in his book nor agree with everything he says, but I think his analogy is right on the money. He is talking about our economy and the debt that we have out there, this $4 trillion overhang, and the interest payments we have on that debt.

He said nobody can say for sure when an earthquake is going to occur in California along the fault line. You

cannot be sure when the really big one is going to come, like in San Francisco, but we all know that it is going to happen.

Well, I would say to my colleagues that that is the same thing, and he is quite right in making the analogy that we are dealing with when we are dealing with this debt overhang and the interest payments we are building up on that with the accumulated deficits of $300 billion and $400 billion a year. We do not know when we are going to have an economic calamity, we do not know when it is going to fall, whether it is next year or 10 years from now, but we all know we cannot continue to accumulate these deficits and this huge debt and have this huge interest payment without having a calamity at some point. We all know we need a device to force this body and the other body to get together and set the priorities that have to be set to stop this deficit spending.

The interest payments on the U.S. debt this coming fiscal year will be almost, and will maybe exceed, the amount of the largest items in the budget. It will be as great or almost as great as the entire amount spent on defense, the interest payment alone. It will be as great or almost as great as the entire amount spent on Social Security. If it is not this coming fiscal year, surely the next fiscal year, at the rate we are going, it will be greater than any single item in the budget.

□ 1550

And within about 7 or 8 years, surely by the end of the decade, at the rate we are going the projections by good experts show that the interest payments on the Federal debt will exceed the entire amount of the Federal budget projected for fiscal year 1993 or about $1.2 trillion. And then we surely will have that earthquake at some point close to that time because we cannot sell the bonds and the bills and the notes. We need the device of a constitutional amendment to force this body to act.

There are those who are going to argue as to whether we ought to have supermajorities over the question of raising taxes to get there to balance the budget, and I certainly favor forcing that issue, if we can. I do not favor raising taxes to do it.

There are those, and I will support the Kyl amendment, who think we ought to have provisions that force us to look at the spending side in certain ways and have a line-item veto. I will support that, but I do not know if we have the votes out there for those.

I do believe we have a chance to pass the Stenholm amendment, the Smith and Snowe amendments, and I strongly support that amendment and I urge my colleagues to vote for that amendment, when the time comes.

We need the device to force this issue. We should not be afraid to face it. We must set the priorities. It will not do the job. We still have to come back and get together and balance the budget and make the decisions between cutting this program or not that program or eliminating this program or, as some argue, we ought to increase taxes, we will have to face that.

I do not favor certain procedures and methods and so forth that my colleagues might on the other side of the aisle. The point is, the constitutional amendment does not decide that. We will debate that another day. But we need the amendment to force the issue.

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. GUNDERSON], a longtime supporter of the balanced budget amendment to the Constitution.

Mr. GUNDERSON. Mr. Chairman, the gentleman from Oregon is exactly correct. When I first stood in this well as a Member of Congress, the very first piece of legislation I ever cosponsored was the balanced budget amendment, because I wanted history to know that we had a problem.

I regret to tell my colleagues that 10 years later that problem has gotten only a lot worse. Today, we are looking at a $204 billion payment on interest on the debt because this Congress does not have the discipline to live within its means. The problem we have down here in this well is that every Member says we cannot do this because think what is going to happen.

I would like to spend just a second telling my colleagues what we cannot do because we have done this, because we do not have the discipline to live within our means.

Today, we will spend 21 percent of the interest, 21 percent of the budget on interest on the national debt. I have been told if we get over 25 percent, we can never recover economically and pay that off.

Let us talk about this in terms of some programs. Let us talk about social programs. The amount we paid in 1991 on interest on the national debt, two times the amount of money we spent for all of the Medicare programs in this country, for health care for the senior citizens. They are upset about a balanced budget. They ought to be upset about what we are doing around here because we do not have any money to spend on their programs because we spend it all on interest.

Four times what we spend on Medicaid, 13 times what we spend on SSI, 24 times what we spend on NIH, we spend on interest annually on the national debt. Thirty-five times what we spent on chapter 1 programs for educationally disadvantaged, 36 times as much money is spent annually on interest on the national debt as we spend on all Pell grants with which we send students to education at our higher education institutions.

My colleagues, we cannot afford not to pass the balanced budget for the future of our social programs.

Mr. GEPHARDT. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. KANJORSKI].

Mr. KANJORSKI. Mr. Chairman, all day I have sat here in the Chamber or watched this debate on television in my office. I wonder whether we all know that what we are really debating is a fundamental change in the Constitution of the United States.

This is not a political election. This is not an issue that should be taken lightly, and I do not wish to suggest that many of those Members who argue for this amendment today are not of the most sincere nature, because I believe they are.

If this amendment passes today, I would ask the 290 Members who have to vote for it to join me in introducing a constitutional amendment tomorrow for quality education, for a clean environment, and for a guaranteed economic prosperity. Then when we pass that amendment, the Congress can adjourn and no longer affect and excite the American people and the media because we as a nation will have reached utopia.

What we are doing today is to fundamentally change the balance of power as framed by the drafters of the American Constitution. We are attempting to gain political will and leadership, and yes, guts. The price we are paying is the destabilization of the most magnificant constitutional document ever drafted by the minds of men.

We are doing it with political rhetoric, not recognizing that we, in talking about protecting the economic future of our children and grandchildren, are not worried about the political freedom and liberty of not only our children and grandchildren but the magnificent document that has led to the freedom of virtually the entire world over the last 40 years. With one economic swipe, one political expediency, we are going to cast a vote to say we can solve the problem by firing a silver bullet.

What I challenge my friends on the Republican side of the aisle and in my own caucus; if they can vote for this constitutional amendment, why do they not just take 30 or 60 days and bring back a balanced budget? We have had years to do that. We cannot do it. We cannot do it without either raising taxes or cutting expenditures. And to do either requires political will and political leadership that this Congress has not expressed, but most certainly, my friends on the Republican side, do not tell me that Mr. Reagan or Mr. Bush has reflected that leadership to this House or to the American people, not once. Not 1 year in the 7½ years that I have been here have we ever seen a balanced budget from either President Reagan or President Bush. The

only thing they are guaranteeing is that in their next term they will not have to submit a balanced budget because this amendment will not take effect for approximately 4 years.

If we do not have the political will in this country, as reflected in this institution and in the Presidency of the United States, to be balance the budget, then we should decide now to call a Constitutional Convention, because what we are saying is that the Founding Fathers failed. What we are concluding is that the separation of powers between the executive and the legislative is in gridlock, not working, and fundamentally flawed. And if it is, let us go to a parlimentary form of government.

Instead today and tomorrow many Members are going to cast a vote to change the fundamental rights guaranteed to the American people under the Constitution, and they are going to do it with the idea that they are going to save our democracy, instead of solving a financial and economic problem which is great, and which needs our attention, but is solvable.

This action will create a political crisis 4 or 5 years down the road, and the death of the most important instrument of democracy ever conceived by man.

I want to talk to a few Members in this Congress today because some Members have not decided how they are going to vote. I want to tell them something. I have only one daughter. I would prefer that she live in poverty but free, instead of living in wealth and be enslaved. And that may very easily be the fundamental decision we make here today. If we adopt this amendment, we will upset the balance of power the Founding Fathers set up in the original Convention, and the original Constitution, and it can never be brought back together again.

I would predict to my colleagues, that they would not want to be in Washington, DC, on October 1, 1997 or 1998, because if we delude ourselves that this amendment is going to create political will or political leadership, I think we miss the whole purpose of political life.

I ask those conscientious Members of the House who have not made a final and fatal decision, to consider it carefully so we can preserve the Constitution.

□ 1600

Mr. FISH. Mr. Speaker, I yield 30 minutes to the gentleman from Texas [Mr. BARTON], and I ask unanimous consent that he be allowed to control that time.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BARTON of Texas. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Chairman, I rise in support of the Stenholm amendment. I also rise in support of the Barton amendment to the Stenholm amendment.

Mr. Speaker, I was somewhat surprised and somewhat disappointed to have heard the first speaker in this debate, the majority leader, frame the debate in the manner in which he did. The majority leader took great pains to blame Ronald Reagan for a whole host of ills—a man who, in my opinion, so ably served our country for 8 years.

There are some issues that come along that are so important that they in my opinion should go beyond and above politics. This is one of them.

This issue cries out for bipartisanship support. I was elected, along with the gentleman from Texas, in 1984. In 1984, I told my constituents, as I believe everyone else did who ran that year, that we had a very serious problem. It was called an unbalanced budget, and referred to as a deficit problem. That year our deficit was $185 billion, which represented 5 percent of the gross domestic product. We had a total debt of $1.3 trillion and we paid $111 billion in interest that year.

Today, in 1992, after the gentleman and I have served in this House for 8 years, disappointingly, our deficit is no longer $185 billion, it is $400 billion, which represents 6.8 percent of gross domestic product. We have a $3.1 trillion national debt, instead of a $1.3 trillion national debt, and we pay $199 billion a year interest on that debt.

Much has been said lately about family values in America.

Let me assure each of my colleagues that a balanced budget amendment is a family issue because it will have a profound effect on each of our children and grandchildren.

Each of my colleagues professes to care about families. Well, a family of four today owes more than $3,000 in interest alone on the debt.

A member of my staff will be a father very soon. His child, at the very moment it is born, will owe more than $12,000 as part of his or her share of the Federal debt.

And it is getting worse.

By the time my staffer's child reaches the fifth grade, it will owe more than $22,000.

Upon college graduation, his child will owe $41,000.

And when the child starts a family of his or her own, the first born will owe in the neighborhood of $80,000 if we stay on our current pace. And, Congress has done nothing to make me believe that it will curb its current spending policies without an amendment to the Constitution.

Is this the legacy we want to leave our sons and daughters, our grandsons and granddaughters? Do we want them to be burdened by exorbitant debt from the moment they are born?

It isn't just the future of our children which is threatened by our string of deficits.

Many opponents of a balanced budget amendment have used scare tactics against senior citizens, claiming the amendment would threaten senior citizens.

This is nothing but demagoguery and misrepresentation.

Those who are trying to prey on the fears of our senior citizens should be ashamed of themselves.

The integrity of the Social Security trust fund would not be threatened one bit by a balanced budget. I have worked as hard as anyone in the House to ensure benefits for older Americans and I can assure you that I would be the last to support this provision if I thought senior benefit programs would be negatively affected.

However, it will be threatened by mounting debt, which will continue to debase the currency and undermine the very foundation of our economy.

Let us do what needs to be done for our American families. Let us pass the balanced budget amendment.

I believe the Democrat majority has firm control of whether a meaningful constitutional amendment passes or fails. In 1990, they held such power, and the amendment failed by just seven votes.

Regrettably, the majority party will, in my opinion, hold the same power again.

However, I am hoping for a surprise. Just maybe the Speaker and majority leader won't have control of enough right-minded Democrats.

Mr. Speaker, Mr. Majority Leader, I hope your party will surprise me. More importantly, I hope you'll surprise the American people who pay in the neighborhood of $3,300 per family each year to defray the interest on the national debt.

I recently read a quote by Thomas Jefferson who envisioned congressional spending run amok: "I wish it were possible to obtain a single amendment to our Constitution * * * taking from our Federal Government the power of borrowing."

Maybe, you'll surprise Mr. Jefferson, too.

Mr. MOODY. Mr. Chairman, I yield 3 minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I will start with a quotation, since one of the gentlemen in the well before me invoked our forebears who wrote the Constitution. I would invoke the spirit of Thomas Jefferson in two letters.

> I wish it were possible to obtain a single amendment to our Constitution, I mean an additional article, taking from the Federal Government the power of borrowing.

Since the gentleman before me mentioned enslavement, Thomas Jefferson further said:

To preserve our independence, we must not let our rulers load us with perpetual debt. We must make our election between economy, liberty, profusion, servitude.

Here is perpetual debt. This is what we are creating, $1 billion a day of additional debt this year, $3.5 trillion of accumulated debt, interest payments, gross interest payments. We hear a lot about the net payments. What about the gross ones? We are paying ourselves a lot of interest, over $250 billion in interest payments this year. That is more than all of the discretionary programs of the Federal Government combined, once we back out the military. That is more than 12 or 14 times what we spend on all the education programs of the Federal Government in the United States of America. That is more than 14 times what we are spending on our crumbling infrastructure.

Where does that money go? It goes into the pockets of the wealthy, both wealthy Americans who need tax-exempt investments, and wealthy corporations, and wealthy foreign interests, who own a substantial portion of our debt. It is a special little tax exacted upon average American taxpayers, an incredible transfer of wealth to the most wealthy people in the world.

When I first came to Congress, when I ran for Congress, I opposed a balanced budget amendment. I said:

That is a gimmick. We do not need a gimmick. Surely the 535 elected leaders and the President of the United States know the depth and breadth of this problem, and the magnitude, and they can get together and reason, begin to deal with it, because we cannot go on piling debt on debt.

That was $1.5 trillion of debt ago. I have only been here 5 years, so we have only added $1.5 trillion of debt during those 5 years. That is more debt than in the entire first 200 years of our Nation.

A lot of people preceded me in the well to say we have the tools. It is true, we have the tools. They go on to say, "We just lack the will." It is true, we lack the will. Certainly the last two Presidents have lacked the will. They have been great on promises, but they have not delivered. In fact, the sum total of the budgets passed by the Congress and the appropriations of the Congress under President Bush and President Reagan have been less in terms of creating debt than those two Presidents had asked for. We rearranged the priorities, however.

We must get this under control. I urge my colleagues to join me in a constitutional amendment to balance the budget.

The CHAIRMAN. Does the gentleman from Wisconsin [Mr. OBEY] control the time as the designee of the gentleman from Texas [Mr. BROOKS]?

Mr. OBEY. Yes, I do, Mr. Chairman.

Mr. Chairman, I yield 11 minutes to the distinguished gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, as has been stated on more than one occasion, this is a significant moment when we come together, and the action that we take will have enormous impact upon this country. I find it even fascinating that one of the principal architects of the legislation proposed for us to act upon today has stated openly, and I admire the candor, that the gentleman is not aware of what the total implications of the act will be, not aware. That should cause us all pause. I will come back to that.

We are here talking about a balanced budget amendment, but when we remove the bumper sticker slogan, what we are really here to talk about is grappling with the deficit. I rise as one who over the years has been significantly concerned about the deficit, and I would assert, and am prepared to defend, and part of the only group in this Congress, the Congressional Black Caucus, that has offered a true plan to address the deficit, because we address the question of the deficit not in rhetorical and simplistic terms. We thought one had to address the issue of the deficit with reason and intellect.

We started with a clear, reasonable question: What contributes to the deficit? Answer: One, a rapidly rising military budget, because the military budget is capital intensive, not labor intensive.

We offered a proposal to this body against the backdrop of the Berlin Wall falling, the cold war over, the Soviet Union demolished, disintegrated. We said, "Cut the military budget. We have been spending in the aggregate $300 billion per year on the military budget to confront a Soviet threat that has now diminished, a Warsaw Pact fight, but the Warsaw Pact no longer exists."

As I said on more than one occasion, Mr. Chairman, we have been spending between 50 and 70 percent of that $300 billion per annum on the Soviet threat and the Warsaw Pact threat. They no longer exist.

□ 1610

We said start off in fiscal year 1993, make a $50 billion cut in the military budget. There is no Soviet Union, no Communist menace, no evil empire, no Berlin Wall. We said bring the military budget down in now-year dollars to one-half that in 4 years. And if you decide to level-spend to the year 2000, do you know how much real money—not smoke and mirrors, not accounting gimmicks, America—do you know how much peace dividend you can accomplish with those simple mathematics from the fiscal year 1993 to the end of this decade? One trillion dollars.

So if a rapidly rising military budget contributes to the deficit, it just makes sense to bring down the military budget. The threat is not there. That Noriega and Saddam Hussein pose a threat five times the threat of the Soviet Union and the Warsaw Pact defies intelligence and understanding, and no one rationally can defend that on the floor. But when we offered this trillion dollar proposal, what was the overwhelming and resounding decision of this body, ostensibly concerned about balanced budgets and deficit reduction? They lacked the courage to stand up, Mr. Chairman, and vote for a military budget that was a post-cold-war budget.

So, in one sense to argue about the deficit and not be willing to address the first concern of how the deficit starts out in my estimation is hypocritical and contradictory.

The second reason that contributes to a spiraling deficit: Major tax benefits to the corporate elite and the wealthy in this country. But we offered a proposal that said let us play Robin Hood. Let us take back money from the rich and the wealthy, the hundreds of billions of dollars that we gave them in tax benefits while we ripped off middle and working-class Americans. We said let us have tax equity, and let us take those dollars back from the wealthy and give them to the middle class and the working class in the form of tax equity.

Overwhelming, resounding response: No. Because the will was not there.

Third, what contributes to the deficit? The recession itself. When people are not working it contributes to the recession, contributes to the deficit. Depending on whose economist you subscribe to, you reduce the unemployment rate by 1 percent and you reduce the deficit by between $18 billion and $35 billion.

But when the Black Caucus offered you a proposal to reinvest in America and create literally hundreds of thousands, millions of jobs, if we just rebuild America's railroads you could create beyond a million jobs in this country, only 77 Members of this Congress were prepared to embrace a program to reinvest in America when America screams out for it.

So you offer a balanced budget amendment, but are not prepared to address a program that fundamentally reduces the deficit. Hypocritical and contradictory.

A fourth contributor to the deficit: The spiraling cost of health care. We spend in excess of $800 billion a year on health care, no control on costs. But rather than us bringing a health care system to this floor that the American people want, deserve, and should have, we are quarreling over who has jurisdiction, and we are at best at the primitive stages of a discussion of health care in this country. We talk about reducing the deficit, but again lack the will to put a program out here.

Finally, the S&L crisis itself contributes to the deficit. Hundreds of billions of taxpayers' dollars to bail out people that ripped them off.

But what did we do? We just said let us take it off-budget, an accounting procedure. We winked to America, but we still took their billions of dollars to bail these people out.

So if you are not prepared to cut the military budget, if you are not prepared to tax the wealthy and give it to working and middle-class people, if you are not prepared to reinvest billions of dollars in America to rebuild our crumbling infrastructure, provide education, provide for health care for the American people that will solve a problem, and generate employment, if you are not prepared to have a major health care system in this country that is real for the American people, and if we continue to slide around and play games with the S&L crisis, you tell me whether or not that is hypocritical or contradictory.

Now I have listened to some of the debate. Let us just discuss that.

"Let us live within our means." What does that mean? Sounds good on a bumper sticker.

Are we living within our means with a $270 billion military budget in a post-cold-war environment? Are we living within our means when we support 20 B-2 bombers at a cost of $44 billion when we have already built 15, and they have not made the case for 15, and you do not need 20 when you do not need 15. How many people voted for that?

Are we living within our means when we want to build star wars, we want to pass a budget with $4.3 billion to build some monument to military madness when we ought to be dealing with peace, when we want to build some mechanism to shoot down weapons when the major threat to this country in nuclear war over the next 10 years would be somebody backpacking a weapon into America. This monument to deployment is an absurdity. Is that living within our means?

Mr. Chairman, comment: "We must force this body to act." Well, let me tell you something, fellows: Mr. Chairman, I have been here before. I have heard this before. When we discussed Gramm-Rudman they said we must force this body to act.

I stood up then and said you are placing a gun to your collective heads. Members said but we need a gun to our heads because we cannot act without the gun. I then rose and said it is one thing to place a gun to your head. It is very psychotic to pull the trigger. And Members said but we will not pull the trigger. We will just scare ourselves.

But remember, in Gramm-Rudman, Mr. Chairman, we actually pulled the trigger of sequestration. But at the last second we ducked so the bullet only grazed us, because we took S&L off budget. We decided that certain programs we would protect so we slided and slid.

Mr. Chairman, you know what this is about. It is about now backing into our paychecks because now we do not have to do the work. We do not have to be held accountable, and accountability is the cornerstone of American politics.

What am I saying? You remember that old commercial where the little kid said, "Here, eat this," and "No, I'm not going to eat it, let Mikey eat it." Well back with Gramm-Rudman: Members were not willing to make the cuts in the military, cuts in programs, or tax the wealthy, so what Members did was to say let us pass Gramm-Rudman so that when pain is visited upon America they could go home and say I did not do it, Gramm-Rudman did it. You and I know if you are not prepared to cut the military budget, if you are not prepared to tax, you are going to hurt America. Whatever these speeches are, that is real. It is illogical to think that you will not. It is absurd and it is fraudulent to think that you will not.

But then we will go home, we will visit pain on America, we will hurt senior citizens, we will hurt poor people, we will hurt the children, we will hurt the farmers, we will hurt the veterans, we will hurt millions of American people, and you know what our colleagues will say as they back into their paychecks? "Incapable of making serious decisions." They will say, "I didn't do it; the constitutional amendment did it."

Mr. Chairman, we should reject this madness. The American people should wake up and stop allowing themselves to be hoodwinked into bumper sticker politics.

There are some people prepared here to lead. This is not leading today.

Mr. BARTON of Texas. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. PACKARD].

Mr. PACKARD. Mr. Chairman, I rise in strong support of the balanced budget amendment to the Constitution. As my colleagues know, this is not the first time we have debated this issue, nor the first time we have voted on this issue.

In 1982, the balanced budget amendment passed the Senate but failed in the House by 46 votes. In 1990 the House voted 279 to 150, with my support, in favor of the balanced budget amendment, falling 7 votes short of the required two-thirds majority.

Mr. Chairman, quite frankly I am baffled by those who say that this amendment is not really needed. Their argument is that the Congress should just get serious about fiscal responsibility and pass a balanced budget. They argue that this body has the political will to make the tough decisions that a balanced budget would require.

On the contrary, the majority leadership has shown its political will in a strange way, by circumventing laws: Gramm-Rudman-Hollings, and the budget agreement of 1990. Even when the Congress passed laws that required a balanced budget, and imposed spending caps, the Democrat majority found ingenious ways to go around these laws.

Since this country has not had a balanced budget since 1969, I find the argument that we don't need an amendment to the Constitution to be weak. Obviously, Congress is not capable of passing a balanced budget, or it would have done so sometime in the past 20 years. The American people are tired of years of excuses. They want action.

In addition, to a mandate that Congress pass a balanced budget, we also need tax limitation. Mr. BARTON's proposal gives the balanced budget amendment teeth. The Barton amendment requires a three-fifths vote to approve a tax increase. This means Congress can not balance the budget on the backs of American people already reeling under a huge tax burden.

This is a fine institution, and I am proud to be a Member of Congress, but I am not proud of Congress's inability to control it's appetite for spending. There must be a line which we are not able to cross—a boundary that signals that we are not able to drive this great country further into debt. We must take away the Congress, ability to mortgage our children's future.

Like any individual, or corporation, or country, Congress must have internal laws which dictate order over chaos: Congress must now create a boundary to guard against the economic chaos that will be the result of endless deficit spending.

I believe that enacting a balanced budget amendment to the Constitution will accomplish this. I urge my colleagues to support Mr. BARTON's amendment.

□ 1620

The CHAIRMAN. The Committee will rise informally in order that the House may receive a message.

MESSAGE FROM THE PRESIDENT

The SPEAKER pro tempore (Mr. HUGHES) assumed the chair.

The SPEAKER pro tempore. The Chair will receive a message.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. McCathran, one of his secretaries.

The SPEAKER pro tempore. The Committee will resume its sitting.

PROPOSING AN AMENDMENT TO THE CONSTITUTION TO PROVIDE FOR A BALANCED BUDGET

The Committee resumed its sitting.

The CHAIRMAN. The Chair wishes to announce that the time remaining for allocation is controlled as follows: by the gentleman from Wisconsin [Mr. OBEY], the designee of the gentleman from Texas [Mr. BROOKS], 1 hour, 22 minutes; by the gentleman from New York [Mr. FISH], 1 hour, 38 minutes; by the gentleman from Texas [Mr. BARTON], 26 minutes remaining; by the gentleman from Texas [Mr. STENHOLM], 1 hour, 11 minutes; and by the gentleman from Oregon [Mr. SMITH], 1 hour, 9 minutes.

The Chair recognizes the gentleman from Oregon [Mr. SMITH].

Mr. SMITH. of Oregon. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Virginia [Mr. WOLF].

Mr. WOLF. Mr. Chairman, almost two centuries ago a great Virginian, Thomas Jefferson, recognized the importance of the Federal Government living within its means:

> The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of Government. We should consider ourselves unauthorized to saddle posterity with our debts, and normally bound to pay them ourselves.

With this Jeffersonian wisdom in mind, we must take up the burden of political responsibility and grapple with the deficits that threaten us now and threaten to overwhelm our children and grandchildren. It is often said that a parent will walk through fire to save his children. Well, there are many red hot issues we will have to handle in dealing with the budget deficit but we must brave this firestorm to put out the towering inferno of debt that threatens the future of our children as well as our own.

Many say Congress cannot act responsibly, get deficit spending under control, and attain balanced budgets. But, for the sake of our present well-being as well as that of our children we must not accept this defeatist mentality. The American people have always risen to the occasion in time of crisis. Recently, I saw a bumper sticker that said, "If the people will lead, the leaders will follow." The American people support a balanced budget amendment. By passing a balanced budget amendment we will have the opportunity to allow the people—through the ratification process—to also take a lead in this process. We will then need to follow their lead and start the process of balancing the budget now.

When Vaclav Havel spoke before this body 2 years ago, he spoke of the velocity of changes which have truly been breathtaking in the past few years as the cold war has come to an end. The revolution in Eastern Europe was a triumph of ideas and the commitment of individuals who were often met with chilly receptions by the ruling elites. Yet events that I never thought would happen in my lifetime—the defeat of communism, the fall of the Berlin Wall, and the liberation of Eastern Europe—have progressed in a domino-like effect the likes of which many never expected. While I always had faith my children would live to see this, I didn't think it would happen in my lifetime. We might pause to consider how implausible these events seemed just 10 or 20 years ago. When Ronald Reagan called the Soviet Union an evil empire less than a decade ago, he was ridiculed in the press and by defenders of the status quo. Yet, when the walls came tumbling down, the last laugh was on those who stubbornly defended the virtues of communism and socialism despite the misery of those who experienced the reality.

When Whitaker Chambers wrote "Witness" almost a half century ago, he wrote of the United States being the "losing world" in the superpower struggle. Chambers wrote upon leaving the Soviet Union:

> By any hard-headed estimate, the world I was leaving looked like the world of life and of the future. The world I was returning to seemed, by contrast, a graveyard. * * * I wanted my wife to realize clearly one long-term penalty, for herself and for the children, of the step I was taking. I said: "you know, we are leaving the winning world for the losing world. I meant that, in the revolutionary conflict of the 20th century, I knowingly chose the side of probable defeat. Almost nothing that I have observed or that has happened to me since, has made me think that I was wrong about that forecast. But nothing has changed by determination to act as if I were wrong—if only because, in the last instance, men must act on what they believe right, not on what they believe probable.

Fortunately, Whitaker Chambers was wrong. Good men and women joined together and stood up for what was right, made sacrifices when necessary, and fought the good and noble fight that has brought us a world today in which democracy is rising on almost every horizon around the world. As Whitaker Chambers noted, many "freely made the choice which history is slowly bringing all men to see is the only possible choice—the decision to die, if necessary, rather then to live under communism." As we turn to our domestic problems, such supreme sacrifices are not necessary. Yet sacrifice is a word we must once again become acquainted with as we muster the resolve to deal with many of our seemingly intractable domestic problems.

* * * THE WORST OF TIMES

Recently, we have heard some of our most esteemed colleagues despairing of the ability of Congress to adequately address the Federal deficits. Senator WARREN RUDMAN, who has decided not to seek reelection, has delivered a somber message:

> We're heading toward third-class status at the end of this decade unless we do something about this particular problem of the deficit * * * by 1997, that slice of the federal budget which all people think of as government, the government as we know it, will be under 5 percent. Sixty some percent will be entitlements, 18 percent will be service on the national debt, a small percentage of maybe 14 percent for defense. That will leave a tiny sliver for everything we call government—education, health, highways, crime prevention, foreign affairs and so forth.

Senator JOHN DANFORTH expresses what many of us and many around the country know to be true:

> I think the major cause [of voter discontent] is that deep down in our hearts, we know we have been accomplices to doing something terrible and unforgivable to this wonderful country. Deep down in our hearts, we know that we have bankrupted America and that we have given our children a legacy of bankruptcy.

Recently I read a book entitled, "The Coming Economic Earthquake," by Larry Burkett, a financial counselor from Gainesville, GA. Mr. Burkett compares our current complacency about the deficit with that of people who live in earthquake regions who often develop "a fatalistic attitude toward the eventuality of a major eruption—until they actually experience one." Burkett writes, "The same attitude prevails among those who have not experienced an economic earthquake. Those who lived through the Great Depression still remember and shudder at the thought. And those born after the Depression have a rude awakening in store." Mr. Burkett makes another comparison: "I truly believe the debt and deficits represent the greatest threat to our Nation since World War II, perhaps longer. At least then we had a visible enemy; we're dealing with a cancer in the government now."

If we allow this cancer—the deficit—to continue to grow we will be killing our future. There simply will be no money for the many needs facing this country. No money for crime prevention or restoring our inner cities; no money for cancer or health research, no money for highways or education; no money for the long-term health care needs of the elderly or victims of Alzheimer's disease; and no money for increasing our economic competitiveness through job training or adjusting to a peacetime economy. When we look around at all the great needs in this country, with roads, inner cities, and families falling apart, we will have eliminated our ability to respond. And who will be hurt under this kind of scenario? We will be spending three times more on interest payments on the deficit than we will be able to spend on helping the American people. In any kind of dramatic crisis, those of modest- and middle-class means and the elderly living on fixed incomes are the ones least able to cushion the blows of hardship. Spending beyond our means will catch up with us sooner or later. Like a cancer, this problem threatens our very existence as we know it if we don't cut it out and start the healing process.

HOW SERIOUS IS THE PROBLEM?

The deficit for 1992 is estimated to be approaching $400 billion—almost double what it was 2 years ago when everyone was very concerned about the deficit. Even if we totally eliminated the defense budget this year we could not balance the budget—we would still come up $100 billion short. The net interest on the debt is now the third biggest item in the budget following only defense and Social Security and could soon move into first place. Yet when it comes to the deficit it seems that Congress has acquired an acute case of deficit inattention disorder.

Our national debt is at $4 trillion. The New York Times recently reported,

Spending more than $4 for every $3 collected, the United States Government is hemorrhaging red ink at a record pace this year—about $1 billion a day, or $11,574 a second. * * * All the personal Federal income tax paid by people living west of the Mississippi fails to pay even the interest on this staggering sum, which has quadrupled in scarcely more than a decade. Interest payments on the debt are 15 percent of the Federal budget, compared with only 10 percent a decade ago.

John Trucillo, an economist for the National Association of Realtors, estimates that Federal deficits increase mortgage rates by as much as one-half percent more than they should be right now. These extra percentage points mean that many Americans simply cannot afford to buy a home. All of this means a lot of money that is truly wasted. Not one penny will go to educating our children or to finding a cure for cancer or for rebuilding our cities and roads. As we look around at so many of the problems that face us today, we will be left holding an empty check book and some worthless IOU's.

As Lee Iacocca recently pointed out in a graduation address, "Debtors can't be leaders. It's the guy holding the IOU's who calls the shots; the other guy is called a hostage." We must start trying to gain the release of the American people from the tyrant called deficit spending.

Some additional facts to focus your attention on the magnitude of the problem include the following:

The deficit today is approximately equal to the entire Federal budget in our bicentennial year, 1976. The outlays in 1976 equaled $371 billion. (Fiscal Year 1993 Budget Supplement.)

The deficit is rapidly approaching the amount of money collected in Social Security taxes. Social Security estimated taxes equal $410 billion in 1992. (Fiscal Year 1993 Budget Supplement.)

Total U.S. debt burden hit $10.6 trillion in 1991. This amounts to almost $50,000 for every man, woman, and child in the United States and is almost twice the nation's GNP. (Tax Foundation.)

The Federal Government spent approximately 40 percent of individual income tax revenue on net interest payments in 1991. (Citizens for a Sound Economy.)

Peter Grace of the Grace Commission and founder of Citizens Against Government Waste predicts that by the year 2000, Federal interest payments alone will consume all Federal income tax revenues. In other words, our children and our grandchildren will be paying off tomorrow what Congress spends today.

The average two-income family with two children will pay $4,822 in income taxes this year and 58.1 percent of their income taxes will go towards interest payments on the gross Federal debt. (Citizens for a Sound Economy.)

The national debt now represents 64 percent of GDP compared to 28 percent in 1972. (Larry Burkett per Treasury figures.)

The Federal debt of $4 trillion means that every American owes some financier somewhere in the world $16,063 and just the interest on the 1992 deficit will add an additional $1,159 to the per-capita debt burden of every American. This level of debt means a smaller pool of potential wealth for future generations and it means that our children and grandchildren will not enjoy the same standard of living that we have today. (Tax Foundation.)

As the father of five children, I am very concerned that with our current spending patterns, we are mortgaging the future of our children. And while we often talk about how we are drowning the next generation with our debts—as if that were not bad enough—today's swelling deficits could drag us down in the undertow also. Michael Boskin, the Chairman of the Council of Economic Advisors, stated that if the individual income tax rate kept pace with Federal spending in order to balance the Federal budget, revenues from individual income taxes would have to be 78 percent higher than they are currently to eliminate the deficit. Mr. Boskin pointed out that such an increase would inflict enormous damage on the U.S. economy.

Perhaps we have gotten so used to speaking about billions and trillions that few of us stop to think what these figures really mean—we have been numbed by the numbers. Everett Dirksen once said, "A million here and a million there and first thing you know, you're talking about real money."

We need to recognize that this is real money we are talking about—whether it be $1,000, $1 million, $10 million, or $10 billion. We often hear people argue that a program is just $10 million or $100 million and that this is a drop in the bucket of the deficits.

But just to put these numbers in perspective, $100 million equals the median income of approximately 2,500 American families. That means that what 2,500 families earn by the sweat of their brow—many working overtime, many spending too much time away from their families—we cavalierly throw away as just $100 million. And to give you an idea of the difference between millions, billions, and trillions—the Tax Foundation explains it well:

A million seconds have elapsed in less than 12 days, a billion seconds took more than 31 years to tick away, and a trillion seconds ago was back in the Stone Age, in the year 29,697 B.C.

One more reality check—$1 trillion in tightly bound $1,000 bills would produce a stack nearly 63 miles high. We must get some perspective here before the numbing numbers totally disable our economy or our will to do anything. Our future and our children's future depends upon us seriously grappling with the hard choices we will have to make to get Government deficit spending under control. We hear a lot about the peace dividend but the fact is we have already spent the dividend and then some.

By the year 1999, if current trends continue, we may very well be met with a bankrupt disability fund, a crumbling Medicare system and a gravely threatened Social Security system. While some have argued against the balanced budget amendment claiming erroneously that it would require cutting Social Security, the fact is Social Security recipients are much more threatened under the status quo in which we are heading toward national bankruptcy. As our debts increase, inflation threatens to reappear and swallow up the long-term savings of the elderly and others who live on fixed incomes. Our Social Security surpluses, supposedly being built up now to pay for the retiring baby boomers, are being eaten up by the deficit. The IOU's that will await many baby boomers may not be worth the paper they're written on. If we want to avoid what former Social Security Administrator Dorcas Hardy has called social insecurity, we must secure these funds from the ravages of the deficit so that our present and future retirees can have peace and security in their later years and not be forced to live nervously on economic fault lines.

HOW BUSINESS AND ACADEMIC LEADERS VIEW THE DEFICIT

Recently, I wrote to economists and business leaders across the country to ask their opinion on the severity of the Federal budget situation. The responses indicated a deep concern about the problem, and a need for appropriate congressional action. I have excerpted the responses below, but would be happy to make available to other Members the full texts.

It is my firm belief that continued deficits and the enlarging total debt will inevitably lead to lower standards of living for the citizens of our country. * * * We are mortgaging the future of our country, and the citizens will, at some point, have to bear the burden.—Edwin L. Artzt, Chairman and CEO, Procter & Gamble.

Suppose you're a financial counselor and a couple comes to you in the following financial situation: Their income is $3,000 a month, but they're currently spending approximately $4,000 every month. They have run up credit card debts of $20,000, have a home loan of $200,000, a second mortgage of $50,000 and a line of credit (tapped out) of $10,000. * * * What advice would you give them? The situation is not easily salvageable with this couple since it means a total commitment to a different lifestyle. They had a lot of fun getting into debt, but getting out won't be so much fun. With their options rapidly running out they must either cut back and start liquidating assets or face certain bankruptcy. What happens to a country that cannot just file for bankruptcy and start all over again?—Larry Burkett, President, Christian Financial Concepts.

The effects of the debt are insidious. The implications are lower private investment and greater foreign indebtedness than would be the case with a smaller deficit, but no one can come up with numbers that measure the reduction in investment or increase in foreign indebtedness. All that we can see are stagnating living standards.—George M.C. Fisher, Chairman and CEO of Motorola, Inc.

Yes, I believe that we have a serious problem in our chronic inability to balance our government's spending and revenues. The resulting deficit is a drain on our national savings, a drain that prevents our country from investing adequately in any of the makings of a strong economy—factories and machinery, new housing for growing population, or an adequate balance of debits and credits with our international trading partners. As a result, our productivity and competitiveness have already suffered, on the present trajectory they will continue to be impaired.—Benjamin M. Friedman, Harvard University.

The real problem this country faces is not the debt but the level of spending, and the level of spending is a major problem regardless whether it is financed by taxes or by a deficit. A deficit is simply a form of concealed taxation.—Nobel Laureate Milton Friedman, Hoover Institution.

I believe that the deficit has resulted in high real rates of interest in the medium and long-term markets, and a corresponding increase in the cost of capital for U.S. companies. The impact of the higher cost of capital is the U.S. companies are less competitive than their foreign counterparts. * * * I have numerous contacts with business executives and government officials throughout the world, and to them, the budget deficit is a sign of their country's irresponsibility in fiscal management and an inability to prudently govern itself. * * * It is difficult to provide world leadership when the country can't put its own house in order.—Joseph Gorman, Chairman of the Board of TRW.

The deficit problem is insidious because it is not likely to result in a sudden shock or cataclysmic event that would make clear the need for corrective action. Rather, our sustained fiscal imbalance implies a steady erosion of our potential for growth in productivity. The effects in any one year may be small, but over time they will accumulate to a significant shortfall in living standards from what would otherwise have been possible.—Federal Reserve Board Chairman Alan Greenspan. 1

There is a growing realization that the deficit is sapping the vitality of the American economy. * * * Numerous reports indicate that the pattern of steadily improving living standards that we have enjoyed has slowed with the economy and may be declining. We are concerned that, as a result, future generations of Americans are unlikely to be afforded the same quality of life that we have today.—William Howell, Chairman of the Board of J.C. Penney.

The day of reckoning will come, of course. Historically, nations which accumulate debt beyond their ability to service it, repay in debased currency. This would be a tragedy for America. At some point, those who serve our Federal government will decide that they love their country enough to prescribe the bitter medicine that will heal, even if reelection is not the reward.—Former OMB Director G. William Miller.

The implications for the economy of this enormous debt include: a diversion of more than half of private savings away from productive private investment just to finance the national debt; requiring nearly 20% of Federal outlays each year just to pay the interest on the Debt. This year, for example, interest payments will almost equal domestic discretionary spending; by 1998, they could exceed defense outlays.—John W. Snow, Chairman and President of CSX Corp.

A second problem caused by the large federal deficit is that it greatly restricts the ability of the federal government to respond both to the nation's pressing domestic problems and to its international challenges. For example, rebuilding our decaying infrastructure, responding to the needs of the environment, reforming and improving the level of education within the U.S., and responding to the radically changed environment internationally are all affected by the need to control federal spending because of the huge federal deficit.—Alex J. Mandl, Chief Financial Officer of AT&T.

Deficit financing raises interest rates. Investors demand higher interest rates to hold more and more government securities in their portfolios, and this pushes all interest rates higher. * * * Congress and the Administration have to adopt a leadership role in educating the voting public about the dangers of deficit financing, and then make tough choices about cutting spending. * * * We should want to be assured that such goals as a good education, adequate health care, employment, and home ownership remain attainable for those yet to be born.—Allen E. Murray, Chairman and CEO of Mobil Corporation.

When does the size of the federal deficit and the magnitude of the Federal debt become a serious problem? I would submit that that day has already arrived. Homeownership has fallen since the middle years of the 1980s, and homelessness has become a growing problem in all major cities; average real weekly earnings of workers in the nonfarm business sector has declined over the past 20 years, and unhappiness with the state of the U.S. economy is greater among the public than at any time in the postwar period; our government keeps telling us that we cannot afford to do the things we need to—dealing with crime and drugs on an effective scale, rebuilding our bridges and highways, providing adequate medical care for the poor, and overhauling our educational system. But the fact is that we could afford to do these things and more if we were willing to make the tough political decisions necessary to eliminate the federal deficit.—Lyle Gramley, Chief Economist, Mortgage Bankers Association of America.

One measure of the severity of the situation is the fact that in 1991 Federal borrowing to finance the deficit represented over 85 percent of the total U.S. credit market, up from just 36 percent in 1988. Federal borrowing is soaking up most of the money that would otherwise be available for economic expansion, limiting the ability of industry to create jobs and build wealth.—James McDivitt, Senior Vice President, Rockwell International.

There are now about 100 million households in the United States. * * * The federal budget, thus, is about $15,000 per household, the deficit is about $4,000 per household, and net interest payments on the prior debt is about $2,000 per household. * * * Do you value the federal services that you receive by as much as $15,000 a year? Do you prefer to increase your future liabilities (and those of your children and their children) by as much as $4,000 each year.—William A. Niskanen, Chairman of the Cato Institute.

HOW TO START DEALING WITH THIS PROBLEM

"Any government, like any family, can for a year spend a little more than it earns. But you and I know that a continuation of that habit means the poorhouse." These words were spoken by Franklin Roosevelt over a half century ago. If we could once again get both Democrats and Republicans to follow this tune, happy days certainly would be here again. How are we to govern in order to achieve these happier days?

This will not be an easy task and like the task of defeating communism, it will have its skeptics. Yet I believe in the resolve of the American people to unite and do the right thing and overcome the frustration that is often characteristic of free and democratic institutions. The cold war was a long and often lonely battle for those committed to the fight, yet we stayed the course for the long term, made sacrifices and prevailed—no easy task. And once again, plain and simple, there are no short cuts here, no painless solutions, no hot fudge sundae diets. The work that needs to be done requires hard choices, setting priorities, casting in our lot for long-term planning with sacrifices along the way, and an honest and extended discussion with the American people about how to get our house in order.

We must be open and committed to finding new ways of dealing with our Nation's needs and problems—new ways that stretch our trillion dollars plus of revenues further than we do today. A trillion dollars, as I noted earlier, is a lot of money. We should be able to find a better way to spend this vast wealth to adequately provide for the security, safety, and health of our Nation in more effective ways.

In tackling the budget, first, we should lead by example by calling upon Congress to freeze our own salaries, freeze our operating budgets for a year, and freeze the budgets for Government agencies for 1 year allowing growth only for inflation. President Bush was right when he said "government is too big and it costs too much." Sacrifice must begin at home or to be more precise, in this House.

The Secretaries and agency heads in the Federal Government should be charged to target reductions by adopting more efficient methods of delivering services. We must focus more on outcomes rather than the dollar inputs.

A recent book, "Reinventing Government," that is being touted by those on the left and the right illuminates many

of the cost-cutting ways that we can actually provide better government with less, not more, money. New thinking such as this is how we can lead by example—embracing new ways of solving problems and challenging ourselves to reject the old orthodoxies of many of our failed yet seemingly immortal programs.

It is simply disgraceful that programs once created in Washington never die—no matter what the need for them or how ineffective they are in responding to their mission. President Bush has proposed the elimination of 246 outdated or ineffective programs and over 4,000 unnecessary projects. Yet not a single one of these proposals has been enacted.

As Budget Director Darman has written, "It is as if even discretionary programs are entitlements—guaranteed, somehow, that they will be immortal." The immortality of any and all Government programs, no matter what their results, is one orthodoxy that must not stand.

Next we must pass a balanced budget amendment. This will be the single most effective means of curing the deficit inattention disorder in Congress. The balanced budget amendment will focus our attention like no other legislative means available. This measure will force Members of Congress as well as the American people to squarely address our spending priorities.

Although some have attacked the concept of initiating this process and have called it an easy vote, serious lawmakers recognize this is only a start—an effort to frame the terms of the debate, to put limits on the Federal credit card, to in effect cut up the Federal credit card, and to acknowledge that the bucks stop here and now.

Many who previously opposed a balanced budget amendment have recently come to the conclusion that this is the only measure that will impose some restraint on the runaway spending habits of Congress. Former Congressman Bill Frenzel recently testified before Congress:

> I think you should adopt the balanced budget amendment simply because you have proved you cannot do anything else * * * if Congress does adopt a balanced budget amendment, it must begin preparing fiscal policy now. We need a fiscal plan in place immediately so that the abrupt disruption will not take place. There is an implied challenge here to those who vote for the balanced budget amendment * * * And here, the final caveat. If you do it, you had better mean it. The public will not embrace you because of one vote. They have seen all the budget scams of the past 20 years. A vote for the balanced budget amendment, cast in the hope of non-ratification by the states, is only going to cause the Congress' public approval to sink lower.

Columnist George Will has also joined the ranks of balanced budget amendment supporters:

> I have hitherto argued against a balanced budget amendment on the ground that it is wrong to constitutionalize economic policy. Since then there have been 2.9 trillion reasons for reconsidering—the 2.9 trillion dollars added to the nation's debt. My mistake was in considering deficits merely economic rather than political events. In fact, a balanced budget amendment will do something of constitutional significance: It will protect important rights of an unrepresented group, the unborn generations that must bear the burden of the debts.

Not surprisingly, those who are the biggest pork barrel spenders in Congress are now squealing hysterically that the balanced budget amendment will end life as we know it. I will let others tell you of the faulty methodology and misrepresentation of facts upon which these critics of an amendment have based their doomsday findings, but one thing the critics of the amendment fail to point out is that the balanced budget amendment must be ratified by three-quarters of the States. This will only be done if the people truly support this measure. This is no easy sell. This process will involve millions of people across the country. The ratification process will occur in the context of a nationwide debate among the people of this country. The people will be an integral part of the process—a refreshing change—a kind of sunshine law for the national budget.

The Congress should also provide the President with the line-item veto, something that 43 Governors, including the Governor of Virginia, is able to exercise to cut wasteful spending.

Yet these measures are only a start. We will also have to start addressing how to balance the budget now. I would suggest that the President call together Senator RUDMAN, former Representative Bill Frenzel, former Office of Management and Budget Director Jim Miller, and others to put together a workable balanced budget scenario that can begin to be implemented first thing next January.

This process will be about setting priorities and making hard—but fair choices. Among these choices, we will have to look at long-term entitlement reform that ensures and protects the needs and rights of the most needy among us. Director of the Office of Management and Budget, Dick Darman, has pointed out that mandatory programs have taken over the Federal budget, now amounting to almost two-thirds of the budget. They also account for most of its growth and they do not come up for annual review by the Congress. Yet the public is largely unaware that almost two-thirds of the Federal budget is—at present—beyond effective control.

Yet we cannot credibly reform entitlements until we have reformed our discretionary spending habits and that is why efforts such as the recent pork barrel rescissions are so important in sending the message that we have a commonsense notion of priorities that focuses on providing essential services.

But since the tables will be turning come November and we will have many new Members, the practical realities tell us that the real work of dealing with the budget will not come until next January after the 1992 elections. However, once we are back in session in January and the President has these recommendations, the President should keep Congress here, cancel any recesses, and start the hard work of how to implement the balanced budget amendment.

In times of rapidly doubling deficits, the American people deserve our redoubled resolve and commitment to give serious attention and extensive time to a long-term solution to getting government spending under control. This effort will require sacrifice, discipline, and undivided attention to this matter. As my colleague BILL GRADISON has pointed out:

> It is sometimes said that few voters would favor balancing the budget if they truly understood what it would cost them in terms of the higher taxes or reduced services needed to achieve it. Yet it could also be said that few would favor letting the deficits continue if they truly understood how much it was costing them in terms of lost future income, consumption, and living standards.

I call upon my colleagues to join in getting this message out to the American people. The American people can no longer afford our inattention to the serious disorders threatened by our looming budget deficits.

Mr. OBEY. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. HUGHES].

Mr. HUGHES. Mr. Chairman, I rise in opposition to all of the constitutional amendments.

There has been a lot of debate about the causes of our economic quagmire, and there are many. I do not think it serves any purpose for us to try to rehash what went wrong in the 1980's that brought us to where we are.

Many of us on both sides of this issue are in the well arguing that many of the policies that were set in the 1980's such as the tax cuts and the excessive military buildup, arguing that we would be here one day with a kind of economic doldrums and the crises that we face in this country today.

I really believe that balancing the Federal budget would be the best economic growth package that the Congress could pass. I also believe that the so-called balanced budget amendments before us today are just gimmicks. They will do more harm than good and that they clearly contain no mechanism for actually producing the balanced budgets that I think we all really seek.

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There should be no question in anybody's mind, certainly not in the minds of the American public, that the borrow and spend policies of the past 12 years have left our Nation mired in

debt and struggling under anemic growth. The long painful recession we are experiencing now in my judgment is in large measure due to the irresponsible policies that we have seen of late.

Spend now and pay later is a great philosophy while you are in the "now" part of it. Unfortunately, we have reached the later part of it where we have to pay for what we spend and we have, indeed, mortgaged the future of our children and our grandchildren, and it is kind of scary what has happened in this country.

The citizens of our country are aware of the fact that the spending binge is over and "feel-good" politics is no longer acceptable, and yet that is what we have once again.

The balanced budget amendment is misnamed. It should be named the feel-good amendment once again, because there is no mechanism for balancing the budget. There is no mechanism. The only mechanism that exists for balancing the budget is for making the tough choices on spending and on taxes.

I have heard a lot of debate today about what needs to be done and the failure of leadership, and there is enough failure to go around.

You know, I hear Members on this side in particular talking about the Congress. Well, the Congress has a role to play, but the budget process begins, as my colleagues know on both sides of the aisle, with the President. The President submits a budget and that begins the budget process.

I have not seen a balanced budget offered since I have been here under any President. I have served under four Presidents. I have not seen one balanced budget amendment. I have not seen one budget submitted that is anywhere near in balance.

It is ironic at a time when we are talking about a budget deficit that is approaching $400 billion, we hear a lot of rhetoric about putting something into the Constitution that will balance the budget.

Well, the Constitution does not provide any impediments for us to do our work. There is enough leadership here in the Congress to provide basically the kind of budget priorities, the sorting out that we need to do, to bring those deficits down.

Frankly, I am saddened to hear that some of the proposals would take off the table any area of the budget, whether it be entitlements or military or the nondefense domestic part of the budget. No part of the budget can be taken really off the table for us to try to get down to the hard task of balancing the budget.

What this amendment would do in the final analysis would clutter the Constitution with economic policy that I am not really sure I understand in the final analysis what it means.

For instance, I know that there are six provisions being offered to amend the Stenholm amendment coming to the floor. I just saw that a little while ago.

I am not so sure what revenues mean. I am not so sure how we are going to deal with off-budget items.

We took some testimony in the Judiciary Committee a number of years ago from the Congressional Research Service on what would be required, and they were talking in terms of something like 14 to 15 pages would have to go into the Constitution to define the terms and basically to determine whether it is on-budget, off-budget, independent agency expenditures, 14 or 15 pages.

You know, if we put into the Constitution every time we had a crisis, political, social, or economic in this country, we would have a Constitution that would be 100 pages long.

Can you imagine what that would do to our basic fabric, our organic law that we all revere? It would decimate it.

The Constitution is for fundamental rights, a division of responsibility that is in Government. It was never meant to be the repository of whatever we want to put there because we cannot figure out how to deal with a crisis in this country.

The final point I want to make is that do you really want to send to the unelected Judiciary the responsibility for sorting out tax and spending priorities? Is that what you want. Is that what you want to do to representative Government in this country?

I cannot believe that my colleagues would do that. It would be a major realignment of power over which you would have no control as the elected Representative of the people in trying to sort out priorities, because all you could say would be, "Well, the Constitution requires us to have stalemate. Let the courts sort this out."

Is that what you want? I do not think so.

Mr. Chairman, I would urge my colleagues to vote against all the amendments.

Mr. BARTON of Texas. Mr. Chairman, I yield 9 minutes to the distinguished gentleman from Washington [Mr. MILLER], one of the chief sponsors of the Barton-Tauzin-Miller tax limitation amendment.

Mr. MILLER of Washington. Mr. Chairman, I thank the gentleman from Texas for yielding me this time.

Mr. Chairman, this is a long debate, and it should be. This is a historic debate for those who are watching here and watching on television, and it should be a long debate, because we are dealing with some momentous issues, whether to amend the Constitution. That is always important.

We are also dealing with a fiscal crisis such as this Nation has never faced, and that is worthy of a great debate.

Now, when I first came to Congress back in 1985 with my colleague, the gentleman from Texas [Mr. BARTON], at that time the deficit was a huge problem. Many of us sponsored an amendment to the Constitution to require a balanced budget, and we did not get anywhere; but as the years have gone on and as the interest on the debt has piled up, support has grown so that this year there is a debate not only on whether to have a constitutional amendment requiring a balanced budget, but what kind of constitutional amendment.

The traditional amendment offered by my colleagues, the gentleman from Texas [Mr. STENHOLM] and the gentleman from Oregon [Mr. SMITH], which I support, basically says that if you are not going to have a balanced budget, you have to have a three-fifths vote of both Houses of Congress, with exceptions such as an emergency for war.

But there are additional alternatives this year. My colleagues, the gentleman from Texas [Mr. BARTON], the gentleman from Louisiana [Mr. TAUZIN], the gentleman from New Jersey [Mr. PALLONE], and myself and over 100 others have sponsored an amendment that says, yes, we should require a three-fifths vote to have an unbalanced budget, but we should also require a three-fifths vote if we are going to raise taxes at a rate greater than the increase in national income.

Now, why have we added that? Why have a tax limitation? Why tie it to the growth of national income?

You have been hearing this debate about all the ills and evils that flow from deficits, the string of unbalanced budgets going back to 1969. You have been hearing about the growth of the interest on the national debt to where it is passing discretionary domestic spending, but something else has happened in the last 40 years.

Back in 1950, the total Government spending of this country at all levels, Federal, State and local, came to 25 percent of our national income. Since 1950, it has been rising steadily, slow during the Reagan years, rising again to where now it is up to 43 percent of our national income going to Government services, and two-thirds of that for Federal Government services.

How many people in this country feel they are getting Government services worth almost half their incomes?

□ 1640

Not many, I believe. And what does it say about our country, this growing percentage? What does it say about the choices we make? What happens if that 43 percent rises to 50 percent, as it surely will under the present system in several years? When it passes 50 percent, what does that say about our economy in terms of individual choice and free enterprise when Government spends over half the income?

And when it gets up to 60 to 70 percent, of course, then you are approach-

ing what the former Communist governments of Eastern Europe spent on government services.

So that is why Messrs. BARTON, TAUZIN, PALLONE, and myself and over 100 others have sponsored a balanced budget amendment that also makes it more difficult to raise taxes.

Now I want to talk about some of the arguments that have been made against our balanced budget amendment and others that I have heard as I have listened here, and they really follow a pattern. I think it is worth taking some time to go over these arguments.

Argument No. 1: We have heard the Constitution should not be amended lightly; it is better to leave economic policy to the legislative and executive branches. Now, there are some truisms there. Of course, the Constitution should not be amended lightly. The issue here is how important is it to have a balanced budget? How important is it to have a tax limitation?

Of course, the President and Congress want to be able to form economic policy without constitutional guidance. The Bill of Rights, the first 10 amendments to the Constitution, include the premise that freedom of speech, press, religion are important enough to be included in the Constitution. So important they should be included in the Constitution.

The premise is we cannot trust Congresses and Presidents to protect those freedoms. And we who propose a balanced budget amendment and tax limitation amendment say, "Yes, fiscal integrity and economic freedom are so important that it should be included in the Constitution after 23 straight years of failing to provide a balanced budget and after 40 years with a rising percentage of our national income going to Government services."

The second argument that we hear against these amendments is that it somehow violates our democratic principles to limit majority rule with three-fifths vote requirements.

Well, let me tell you something. In our democracy sometimes we have majority rule requirements and sometimes we have different requirements. We have a two-thirds requirement in the Senate for approval of treaties. Why? Because the Founding Fathers said treaties are so important.

We have a two-thirds requirement in the Senate for impeaching a President. Do you know even if both Houses vote unanimously, they still cannot abridge freedom of speech because that is so important?

It gets back to what is important. How important is the principle? And when the principle is important enough, yes, we sometimes limit majority rule.

We have heard the argument, "Oh, my goodness, a balanced budget amendment will require the courts to enforce it, it will bring the judiciary into this question." My goodness, the judiciary has been interpreting and enforcing the Constitution since we have had a Constitution. Every year there are court decisions on the Bill of Rights and other constitutional amendments.

Finally, the argument that, "Oh, you don't need an amendment. Just go ahead and balance it. That is not a problem." Well, in the ideal world that is what ought to happen. But it has not happened for all these years. That is why we need the fiscal discipline these amendments are going to offer. That is why we are saying, "All right, constitutions and constitutional amendments, when we have human frailties and human limitations," and, boy, we have had frailty when it comes to balancing the budget, that is why over 200 years ago Thomas Jefferson, one of the Founding Fathers, said if he had to add one amendment to the Constitution, it would be this one. Two hundred years later, let us follow Jefferson's advice.

Mr. STENHOLM. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee [Mr. TANNER].

Mr. TANNER. I thank the gentleman for yielding this time to me.

Mr. Chairman, I have been an original cosponsor of this constitutional amendment approach to the Federal budget since I arrived in Washington 3½ years ago. I did so because I think it is not only good business but because over 40 States in our Union have constitutional requirements.

Sad to say that the Budget Act, since it was enacted in 1974, has been waived over 600 times and it seems obviously and painfully clear to me that a mere statute will not accomplish the purpose for which we have set our course today.

There is one thing that is also equally abundantly clear to me, and that is simply this, Mr. Chairman: We must take whatever measure we can as a people, not as a Congress whose blame there is to share here, not as a President who has not submitted a balanced budget, but as a people to take the partisan political posturing out of the decisionmaking process that protects the financial integrity of our country.

That is what must be necessary. I quite frankly do not care if someone is a Republican, Democrat, an Independent, or, as we say at home, a Mugwump. We are all Americans, America's financial future is in peril, and the Constitution of our country is our common anchor as citizens of the United States.

For that reason I hope that this vote will carry the day and we will pass this constitutional approach to the balanced budget amendment.

Mr. OBEY. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. SCHUMER].

Mr. SCHUMER. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in opposition to all of these amendments.

You know, my colleagues, the 1990's seem to be the decade of quick cures and cheap gimmicks. This is one of them. That is at the top of the list.

There is no miracle diet here. If you do not exercise, if you do not eat less, you can take any miracle pill you want, you are not going to lose weight. No pain, no gain.

Similarly, here, if you do not cut spending or you do not raise taxes, you are not going to reduce the budget deficit. It is no wonder that some who are for this amendment fought tooth and nail to prevent an actual budget from being presented with this balanced budget amendment. That is simple, because they know that we could not pass one.

So we will pass this nostrum, we will pass this amendment, and then we will come back here and if Congress does not have the will, which it has not so far, to raise taxes because this side will say we cannot raise taxes, or to make the spending cuts because both sides will say we cannot make the spending cuts, we will not obey the Constitution. Then what will happen? Will the courts then order the Congress to pass this balanced budget? Nobody has the answer to that question. And if Congress does not, will Congress be held in contempt?

Ladies and gentlemen, that is a very serious and sad joke. Because we are unable to deal with the real problem, we come up with a fakery; we say, "Oh, yes, we will tie our hands and we will do it 2 years from now or 4 years from now or 6 years from now."

□ 1650

Mr. Chairman, we have heard that before. We heard that with Gramm-Rudman. It did not work. We have heard it with all these other things. We are like an image running away from reality.

One of my colleagues before, the gentleman from Oregon, said that this amendment represented the search for the Holy Grail. Well, my colleagues, if we pass this amendment, we are not the Knights of the Roundtable. We are more like Monty Python's Flying Circus. We are avoiding the reality and making a spoof, a joke, of the kind of things we should do.

The 1990's are something else, my colleagues. They are the era of the scapegoat.

Let us talk realistically to the American people. When we ask, "Do you want a balanced budget," they all say, "Yes," and tell us, "Yes."

When we say, "Do you want your taxes raised, or do you want your spending cuts from programs that affect you," they all say, "No."

And Congress reflects that. On this kind of issue, where the money goes, Congress should reflect the American people.

But unfortunately none of us, whether it be Congress or the American people, have come to grips with the necessity that we must balance our budget, and that is why we run away from doing it and come up with decisions and gimmicks and nostrums that will postpone doing it and make us feel good for a few years while things get worse and worse and worse.

Mr. Chairman, I say to my colleagues, "If you want a balanced budget, my colleagues, stand up and say, 'Yes, I vote to cut the following 20 programs, and some of them affect me and my constituents,' and, if you want to balance the budget, my colleagues, say, 'I will vote to raise taxes, and some of them affect me and my constituents.' But don't say, 'We'll do it 3 years from now because this amendment will force us to.' It will not force us or the American people to face the hard realities."

Mr. Chairman, only the impending economic crisis will do that. Only real leadership will do that. All the speeches about this amendment should be sucked back in, and the energy should come out with speeches in every corner of America telling the American people they must face the reality of fewer programs and paying more if they want to balance the budget.

Mr. Chairman, it is not cheap, it is not easy, but it is the only thing that will do the job.

Mr. BARTON of Texas. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Minnesota [Mr. RAMSTAD].

Mr. RAMSTAD. Mr. Chairman, I thank the gentleman from Texas [Mr. BARTON] for yielding this time to me.

Mr. Chairman, I rise to bring this debate back to reality. As a cosponsor of the balanced budget amendment, I strongly support the Stenholm amendment. I also support the Barton-Tauzin tax limitation approach because it does the one thing the other substitutes do not. It protects the American taxpayer from a Congress addicted to spending for a political high.

I ask, "Why shouldn't Congress bring Federal spending under control or be forced to go on record to increase the tax burden on the American people?"

I have been in Congress, as a new Member, for only 18 months, but that is long enough to convince me that the only way to instill fiscal discipline here is to deny Congress more money to spend. The problem with the deficit is not that Congress taxes too little, but that it spends too much.

This year revenues alone will reach $1.2 trillion. How can anybody argue that $1.2 trillion is not enough money to sustain the Federal Government? Congress must simply cure its addiction to spend, and, as Senator RUDMAN said recently, "Time is running out."

Mr. Chairman, this past weekend I held a special town meeting in my district. Three hundred people gave up their Saturday morning to discuss the budget deficit. They came because they cared about the future of their children and grandchildren, because they could not understand why the Congress cannot do what every household in America must do every day, balance the budget. People are sick and tired of business as usual that has caused this fiscal crisis. People are sick and tired of a $400 billion deficit. It is no wonder our economy is sluggish when our debt service alone comes to $310 billion from the Federal budget.

Mr. Chairman, history has shown that Congress is both institutionally and politically incapable of balancing the budget. Congress is showing that it needs the force and moral authority of the Constitution to balance the Federal budget.

Mr. Chairman, I urge my colleagues to put politics aside for the sake of the country and vote for the American taxpayer, for the Stenholm and Barton balanced budget amendments.

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from northern California [Mr. HERGER].

Mr. HERGER. Mr. Chairman, I rise in strong support of adopting a constitutional amendment to require a Federal balanced budget. Today may be a turning point in our history. Will we change the course of our Nation, or will we continue on the spending binge which is destroying the standard of living of every American?

Mr. Chairman, the last time we considered a balanced budget amendment, in the summer of 1990, the House failed to adopt it by a mere seven votes. Since then more than a half a trillion dollars worth of additional debt has been placed on the backs of future generations because Congress continues spending more money than it takes in.

Indeed the last 2 years illustrate why only a constitutional amendment would solve our deficit problems. We have all heard the rhetoric about Congress needing to make the tough choices in order to balance the budget. That same rhetoric led us to the budget summit agreement in 1990, which was supposed to insure a balanced budget within 5 years and adoption of the largest tax increase in American history. Did making that tough choice work? Certainly not. The deficit is far higher today than on the day the agreement was passed. Already the largest item in the Federal budget is interest on our nearly $4 trillion debt, or a full 21 percent of our total Federal spending.

Mr. Chairman, we simply cannot tolerate $316 billion annual interest payments which buy us nothing at all. Interest on our national debt currently consumes more Federal dollars than even our national defense. Imagine how many jobs we could create if we had an additional $316 billion in investment capital available to our small businesses this year.

Without a balanced budget amendment, there is no constraint on the ability of Congress to overspend. By pushing the cost of present consumption into the future, Congress only buys short-term popularity for itself. In the long term, however, this overspending is putting America in hock to foreign investors who are financing much of our spending spree. Without a balanced budget amendment, we would be even more dependent on overseas investors. Can we afford to be sending a growing share of our capital to Tokyo, London, Berlin, and Riyadh?

My colleagues, let us adopt a balanced budget amendment and protect the independence of future generations of Americans.

Mr. OBEY. Mr. Chairman, I yield 5½ minutes to the gentlewoman from California [Mrs. BOXER].

Mrs. BOXER. Mr. Chairman, I rise in support of the Gephardt/Obey balanced budget amendment. The Gephardt amendment represents a step in the direction of fiscal sanity without setting up a prescription for deadlock and a frontal assault on Social Security. In short the Gephardt amendment is tough yet pragmatic and compassionate.

All across the Nation, people are expressing anger at the failure of the Government to make the tough choices. And we must spare our children and grandchildren the burden of a crushing debt.

The Stenholm amendment requires a supermajority to waive a balanced budget requirement. I worry deeply about that because in case of disaster we need to act quickly and decisively.

This is significant for California because we do have more than our share of natural disasters. In the past few years, California has seen some extraordinary disasters—powerful earthquakes in Coalinga and San Francisco, and a raging fire in Oakland. We were fortunate to be able to provide emergency relief with substantial votes. But, that does not mean it will always be the case. For example, after the Los Angeles crisis, the vote to rebuild Los Angeles was 244–162. Under Stenholm, 261 votes would have been needed to pass this critical emergency relief bill. As the noose tightens a supermajority will be tougher and tougher to get. Under the Stenholm amendment, California—or any other State affected by a severe drought, a flood or a hurricane—would need to muster not a mere majority but a supermajority. This is unfair, undemocratic, and dangerous.

Another point is that under Stenholm, it would be easier to cut funding than to raise revenues. For example, it is easier to cut funding for lung cancer research than to increase the tax on a pack of cigarettes. It is easier to cut out childhood immunization than to raise taxes on someone making $10 million a year.

This is not fair—plain and simple.

The Gephardt amendment protects Social Security from spending cuts. Social Security is one of the largest Federal programs, and a tempting target for budget cutters. But Social Security should be treated differently because it is different. It is a trust fund into which we pay our fair share and we expect the fund to be there when we retire. We do not expect it to be tampered with.

Families USA released a study yesterday that shows that if cuts were made on a pro rata basis, the Stenholm amendment would have a devastating effect on the elderly. According to this study, each California beneficiary would lose an average of $1,041 dollars in 1995. The State of California would lose $4.2 billion in Social Security payments in 1995 and that will hurt our seniors, 70 percent of whom earn less than $30,000 a year. And our California economy, which is already in trouble, will suffer as these billions which are now spent are taken out of the economy.

Gephardt would have a much more immediate impact than Stenholm because it moves us toward a lower deficit sooner. It pushes the President and Congress to begin the process immediately. And we can. The first steps toward eliminating the deficit are fairly obvious. For too long, we have been picking up the tab for the defense of our allies in Europe and Japan. It is time to bring those resources back home. Of the $150 billion we could save, we should devote a portion to deficit reduction—say $75 billion a year.

The next step is to attack overhead costs in all Federal departments. That can save about $30 billion per year.

Congress last considered a balanced budget amendment 2 years ago. I was among those who supported a statutory approach which called for an immediate submission of a balanced budget by the President and by Congress. At the time of that vote, the deficit figure was $153 billion. That figure represented a substantial reduction from the Reagan-era high of $221.2 billion, strongly indicating that the deficit was moving in a downward direction.

Now the deficit is $400 billion and interest on the debt is the fastest growing item in the budget. The statutory solution I supported never even passed the Senate.

We must act. The Gephardt proposal is responsible, is compassionate, is pragmatic, and correct.

Mr. Chairman, I urge its passage.

□ 1700

Mr. BARTON of Texas. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma [Mr. EDWARDS], the distinguished chairman of the Republican Policy Committee.

Mr. EDWARDS of Oklahoma. Mr. Chairman, I rise in very strong support of the Barton-Miller balanced budget amendment. As chairman of the House Republican Policy Committee, I am pleased that house Republicans have taken a position strongly supporting the Barton amendment as the best version of a balanced budget amendment being offered because it not only requires a balanced budget, but also requires the support of 60 percent of House Members in order to raise taxes. The most effective way to balance the budget is to cut spending, not raise taxes on the people.

Mr. Chairman, the deficit is out of control. We have a $400 billion deficit and pay $200 billion a year in interest. Unless we take drastic action now, action like amending the Constitution to prohibit budget deficits, we face the very real possibility of economic disaster.

The Barton-Miller amendment is the best version of a balanced budget amendment that this House can pass, because it attacks not just the budget deficit, but the cause of the deficit—too much Federal spending. With the Barton amendment in place, Congress will have no alternative except to cut spending or break the law. Borrowing will violate the Constitution, taxing will require approval of 60 percent of Congress. The only thing left is to cut spending intelligently.

A balanced budget amendment is not a new idea. Ten years ago, I helped lead the fight in the house for a balanced budget amendment, and we were very nearly successful. If we had passed a balanced budget amendment then, and abided by its restrictions, we would be operating under a balanced budget today and the national debt would be over a trillion and a half dollars lower. We should have done it then; we should do it now.

Some of the speakers today have expressed fear about tampering with the Constitution. The Constitution is a living document. It is meant to move and grow as the country faces new goals and challenges. This process represents democracy at its best. It involves us, as the representatives of the people, and, ultimately, it will involve the American people themselves, deciding whether they want their Constitution to require a balanced budget. It's a little arrogant of some of the speakers today to presume to know better than the American people. It's a little arrogant not to give the people a chance to have a voice. It's a little arrogant to presume that only Congress is smart enough to determine how and when the Constitution ought to be amended.

A balanced budget amendment that requires 60 percent majorities to increase taxes is a good idea. I think the American people agree. If they don't, nothing will happen. So to the opponents of this amendment I ask: What are you afraid of?

Support the Barton-Miller balanced budget amendment. Let us force this Congress to balance the budget by cutting spending and holding the line on taxes.

Mr. STENHOLM. Mr. Chairman, I yield 4 minutes to the gentleman from Indiana [Mr. JACOBS].

Mr. JACOBS. Mr. Chairman, out in Indiana there is a political philosopher called Abe Martin. One of the things Abe said was that "the Smith family, which dropped out of sight 6 weeks ago, was discovered yesterday living within its means."

That in essence is what this proposal requires of the Government. I want to emphasize "of the Government." Not of the Congress, not of the President, but of the Government.

One hears it said that a 60-percent vote would enable a minority of Members to call the tune on priorities. The minority can decide the priorities of this House; the Supreme Court can decide the priorities of this place?

Balderdash. The only thing the minority can keep the majority from doing under this amendment is borrowing money.

The President has proposed a budget for next year which would spend $1.5 trillion and collect $1.1 trillion.

Now, any fool can see that that is $400 billion too much spending, or $400 billion too little taxation.

□ 1710

So do not talk about balanced budgets. Talk about whether the Government can borrow. And the money the Government cannot borrow we cannot spend.

Now what would we do with $1.1 trillion. Of course, the alarm goes up. "We would cut Social Security." That is absurd. We could stop paying for Social Security benefits entirely and not reduce the current borrowing of the Government one penny because those are dedicated taxes that go into a trust fund and cannot be applied to the Federal funds budget where the red ink is flooding our futures.

No doubt the amendment would mean no appropriations to preserve Lawrence Welk's home, but it would not do away with payments for Lawrence Welk's retirement under Social Security.

The minority would have no control over the priorities, so long as the Government does what it is supposed to do. And that is, live within its means, not borrow.

I hear it said that the first thing to be cut would be social programs. That assertion is falsified by historic events. During the 1960's when the budget was nearly in balance, we had the greatest burst of social legislation since the 1930's. During the 1980's when deficits soared, we had an enormous curtailment of social programs.

The question is not whether you must borrow to cover social needs. The question is who has the most votes in

the Congress and who is in the White House to decide how to spend the money we have. I have been told several times at home, "You must be a conservative." My answer is, "no", I am not willing to spend that much. I list myself as a parsimonious progressive. I will not spend any more than we have to spend, but I will not squander it on star wars, when there are children who are hungry for food, and education, and civility in our country.

Opponents of the amendment insist that all government officials need is will power. One might just as well say, if we drive down the street in our car, we do not need a seatbelt. All we need is the will power to stay seated in case of a collision. Obviously, the frailty of human nature means that we do not have superhuman will power, and that is precisely why Ulysses, in "The Odyssey," imposed will power upon himself by lashing himself to the mast when he sailed past the sweet entreaties of the Isle of the Sirens. He lashed himself to the mast because he understood the frailty of human nature. That was a good example for a constitutional republican democracy.

An intelligent people will use its constitution as a countermeasure against its self-destructive impulses. A pony will eat himself to death if humans do not restrain him. And democracy will eat itself to death without thoughtful constitutional restraint.

Read my constitution. No new borrowing.

Mr. OBEY. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Texas [Mr. BROOKS], chairman of the Committee on the Judiciary.

Mr. BROOKS. Mr. Chairman, House Joint Resolution 290 would propose an amendment to the Constitution that—it is claimed—will somehow magically create a balanced budget each and every year. The goal of a balanced budget enjoys nearly universal support in this Chamber. Unfortunately, I am convinced that this proposal, and the unfounded assumptions on which it is based, are doomed to failure. I would be less concerned—but still distressed—if in enacting House Joint Resolution 290, we were merely enshrining in the Constitution a feel good, benign statement of good intentions. However, every provision of the Constitution has meaning and power, and I fear that this one might produce a host of dangerous and unintended consequences.

Last Congress the House Judiciary Committee's Subcommittee on Economic and Commercial Law, which I chair, held extensive hearings on an earlier version of this proposal offered by Mr. STENHOLM in order to develop a record for an informed vote by the House. The subcommittee heard from a wide array of witnesses that included economists, constitutional experts, and budget officials spanning a number of administrations. The overwhelming majority, conservative and liberal alike, concluded that the proposal would likely lead either to manipulations of the budget process, thus breeding even more cynicism among the American public, or to paralysis in the most vital functions of Government and throughout the economy.

We heard from the current Director of the OMB, Richard Darman, who proudly proclaimed that "President Bush strongly supports passage of a balanced budget amendment to the Constitution." But, when asked why this amendment should not go into effect right away, he immediately began to backpedal, recommending against the dangers of such a precipitous step. Such a stance is consistent with the record of an administration that, along with its predecessor, has paid lip service to the bumper-sticker slogan of a balanced budget while at the same time adding more than $2 trillion to our national debt over the past 12 years.

No less than the Chairman of the Federal Reserve, Alan Greenspan, found that the lack of enforcement provisions in the proposal would create "a mess"—he warned us that the courts would eventually be drawn into the budgetmaking process if there were an impasse between the executive and legislative branches, as there inevitably would be. If that happened, would the American economy simply go on hold while we waited for the briefs to be written and footnoted? Would the capital markets simply suspend trading of stocks and the issuance of Treasury securities as time ticked away?

The real winners from this amendment will be those members of the minority who have always wanted to be in control of the legislative process without the necessity of gaining a majority at the polls. The amendment would require a three-fifths vote of the membership of each House of Congress to pass a resolution for total outlays to exceed total receipts, or to raise the public debt.

Turned around, this means that two-fifths of either House—40 percent—would have a hammerlock on the legislative process. They could extract any demands they wish to in order to permit vital legislation to go forward. Is it any wonder that all but a handful of the minority party in this House should embrace such a scheme? Passing this amendment would give the minority through the Constitution what the voters of this country have denied them at the ballot box for decades: Veto power over the legislative process. This is a cynical proposal, at best, and a raw power grab at most.

It is high time to get down to the business of sound government and sound budget policy. I urge my colleagues to reject House Joint Resolution 290, and to get serious about making hard choices on spending and the programs that truly deserve our tax dollars. We do not have the luxury of yet another illusion or deceptive fix when it comes to our economic future.

The CHAIRMAN. The gentleman from Texas [Mr. BARTON] has 2 minutes remaining.

Mr. BARTON of Texas. Mr. Chairman, I show that I have 12 minutes remaining. There has been a subtraction mistake.

The speakers that I have allocated were: The gentleman from New Jersey [Mr. SAXTON], who had 2 minutes; the gentleman from Washington [Mr. MILLER], who had 8 minutes; the gentleman from California [Mr. PACKARD], who had 2 minutes; the gentleman from Minnesota [Mr. RAMSTAD], who had 2 minutes; and the gentleman from Oklahoma [Mr. EDWARDS], who had 3 minutes. That is 17 minutes.

The CHAIRMAN. Our timekeeper advises me that maybe one of those was posted to another account. The gentleman does have 12 minutes remaining.

Mr. BARTON of Texas. Mr. Chairman, that is what I show also.

Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana [Mr. TAUZIN], chief Democrat sponsor of the Barton-Tauzin-Miller amendment.

Mr. TAUZIN. Mr. Chairman, I rise in support of both the Barton-Tauzin amendment and, of course, the Stenholm amendment to the U.S. Constitution.

The previous speaker alluded to the fact that this process of debating and amending the Federal Constitution to require a Federal balanced budget was something like Monty Python's Flying Circus.

□ 1720

I would beg to differ. If there is a flying circus here, it is the three-ring budget process circus of the House, the Senate, and the White House, that has produced 23 years of unbalanced budgets in a row.

There are many in America who complain about that and say, "You guys are not carrying out your mandates when you come to Congress." Let me challenge that notion. I believe every Member of this House, every Member of the Senate, carries out his instructions when he gets here. The set of instructions we get elected on every 2 years, every 6 years over there, the set of instructions we get from our constituents is to go to Washington and bring back as many of those Federal dollars as we send to Washington, bring them back home, and do something good with them.

We carry out those instructions to a great degree. We do a great job. Every Member, in fact, I must congratulate them, does such a good job of bringing the bacon home that we are bringing back more pigs, unfortunately, than we

are sending to Washington in the form of taxes.

The bottom line is that for 23 years we have carried out that set of instructions well, excellently. What we need in America, very frankly, is a new set of instructions. This balanced budget amendment debate is nothing more, to boil it down, than a question of whether or not we are going to give to the American public a chance to give to Congress a new set of instructions.

What are those new set of instructions? Very simply put, "Quit spending money you do not have. Do what you can for us, defend us, give us good social programs, but do not spend money you do not have." That is a simple new set of instructions the Constitution would provide for us if we give to the people of the country a chance to vote on it.

Is that a worthwhile set of instructions? I guarantee the Members it is. Every child born in America is inheriting today a $16,000 mortgage when he is born in this great country. That is on the debt we are accumulating for those children. Should we not have a new set of instructions for those kids and grandkids and say to them, "We are going to begin balancing our accounts. We are going to begin, in fact, in this Federal system doing something different. We are going to start acting responsibly with the tax dollars we get."

The Constitution is a grant of powers to this country. It grants us two powers today. It grants us the power to spend within budget, and we have the power within the Constitution to spend over budget. The Constitution is a limiting document, and I suggest to all of the Members in this debate that if there is one limit missing in that Constitution, if there is one power that ought to be denied this Federal Government, it is the power to continue to put our children and our grandchildren so deeply in debt that they can never come out from it.

If a Member is a conservative in this body, he ought to vote for one of these two amendments, hopefully the Barton-Tauzin amendment, because it says, "Restrain your tax appetites and instead restrain your spending." I hope the Members vote for one of them. If a Member is a liberal and has watched the ability of this Federal Government to provide social programs to America dwindle as the interest on the Federal debt eats away at our capacity to do for our own people what we should be doing, then as a liberal one ought to join us in this simple new set of instructions to the Federal Government: "Quit spending money you do not have. Quit putting us in debt in America."

Mr. SMITH of Oregon. Mr. Chairman, I yield such time as he may consume to my friend, the gentleman from Arizona [Mr. STUMP].

Mr. STUMP. Mr. Chairman, I rise in strong support of a balanced budget amendment.

The taxpayers of our country have waited years for Congress to bring the national debt under control. In repayment for their patience, the taxpayers have received only phony promises and all-too-real tax hikes. The time has come to face the fact that we will never balance the budget unless forced to do so.

This body has missed countless opportunities to make real headway toward a balanced budget. Instead of making the tough choices on spending, the House has opted for the easy way out—higher taxes and more borrowing. Well, the easy way is bankrupting our country. It is saddling our children and grandchildren with so horrible a debt that they may never be able to pay it off. And, we can no longer avoid taking a stand on this issue.

Those of us who have stood against the tax hikes and the pay raises, the absolutely ridiculous and absurd wastes of tax moneys, knew this day would come.

Mr. Chairman, we can no more avoid this vote than we can avoid the judgment of our children and grandchildren if we fail once again to act. I urge my colleagues to once and for all require Congress to live within the means of the Nation and approve the balanced budget amendment.

Mr. SMITH of Oregon. Mr. Chairman, I yield such time as he may consume to the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Chairman, I rise in support of the balanced budget amendment. I want to commend my good friend, the gentleman from Texas [Mr. STENHOLM], for the work he has done. I support the balanced budget amendment.

Mr. Chairman, I rise in support of the balanced budget amendment and I want to commend Congressman STENHOLM for the work he has done to bring the issue before us today. It provides the strongest and most binding incentive for us to get the Government's ledger into balance. I think approving the balanced budget amendment will help ensure that Congress gives its fullest attention to cutting the deficit.

Thomas Jefferson expressed concern about deficit spending nearly 200 years ago when he wrote these words: "I wish it were possible to obtain a single amendment to the Constitution * * * taking from the Government the power of borrowing." He never could have imagined our situation today. In 1992, interest on the Federal debt will be more than $300 billion. That is more than we are spending on defense. We cannot afford to wait any longer to get Federal spending under control.

Approval of this amendment will not cure our fiscal problems. We are still going to have to make some tough decisions to balance the budget. But it will put into place a binding requirement that should start the process. In the past few years, we have passed budget laws designed to balance the budget, but they have not worked. This amendment to the Constitution will not be so easy to ignore.

Amending the Constitution is not an easy thing to do, nor should it be. The process was set up this way to make sure that only issues of great national importance would survive the congressional vote and ratification by the States. I think bringing the Federal budget into balance is such an issue and approving this amendment is a step we must take.

Mr. SMITH of Oregon. Mr. Chairman, I yield 4 minutes to the gentleman from Kansas, [Mr. ROBERTS] an outstanding Member of Congress.

Mr. ROBERTS. Mr. Chairman, the first question, I guess, is why are we doing this. Do we have a budget crisis? I looked it up in the dictionary, and Webster's defines the word "crisis" as "a decisive moment and crucial in a state of affairs in which radical change is demanded."

With a $400 billion deficit, a $4.1 trillion debt, and that is roughly $65,000 for every family of four in this country, and with Congress unable to control only one-third of our spending and with two-thirds off limits in entitlements, it is clear we have a crisis. With 61 cents of every income tax dollar paid today going to debt service, "crisis' may not be strong enough of a word, and it is a very tough and difficult challenge. I know that. The budget is complex, the needs of the country crucial, and the demands of the American people apparently insatiable. Everyone wants spending cut but not their program.

But, the answer is really basic and simple. We must live within our means. The crisis is now, the time to act is now, but when we ask the Members who oppose this amendment, we hear the cure is worse than the problem, because the problem is so serious. That just does not add up.

The majority leader put the blame for this fix on Republican Presidents, despite the fact that no President ever spent a dime that we did not first authorize and appropriate. Note I said "we." "We" does not include those of us who formed a small but determined band of fiscal conservatives, Democrat and Republican, who have consistently voted against the top dollar appropriation increase and supported freezes and cuts, only then to face arbitrary cuts mandated the Gramm-Rudman and the infamous budget agreement of 1990. That is the point. That is the point.

The gentleman from California [Mr. PANETTA], the esteemed chairman of the Committee on the Budget, and the gentleman from Kansas [Mr. SLATTERY], my friend and colleague who comes down from the reform mountain with tablets of stone and selective fiscal history, say, "This amendment is too simple. It ducks the tough issues and it will not work," now get this, get this, "because the spending bills pass by more than 60 percent anyway, and because two-thirds of the budget is off budget."

LEON, JIM, I know that. I have had the courage to vote "no." Because the majority cannot vote no on spending, our amendment will not work? What will work? Leadership for statutory enforcement? Is that the answer? That is what they have suggested. In the last

10 years we have had five enforcement mechanisms on the books. We have a 1974 budget requirement that we waive every foggy night around this place. This is enforcement? This is a joke. This is like saying. "The house is on fire, but shoot the firemen, because I am a pyromaniac." We cannot even decide when to adjourn around this place.

Mr. Chairman, I am reminded of the old farm couple out on the prairie who, with kids gone, took great solace in listening to the family's grandfather clock as it gently struck the hours late in the evening. One night the clock struck one, two, three, and then four, five, and six. Then the clock went to 9, 10, 11, and 12, and then, and then 13, whereupon the old man rose up straight in bed and said, "Great heavens, mother, wake up. It is later than it has even been before."

My colleagues, the Constitution has heretofore been amended to protect individual rights. With the next generation in danger of paying more than half of what they earn in taxes just to pay off the debt that this country and Congress is spending and accumulating, we are endangering their most precious right of all, their individual freedom. Let us protect the economic rights of the next generation and pass this amendment. It is indeed later than it has ever been before.

Mr. OBEY. Mr. Chairman, I yield myself 9 minutes.

Mr. Chairman, for as long as I have served in this House I have opposed the idea of a constitutional amendment to balance the budget for one very simple reason. When I look around this town and look around the House, I see as many people who remind me of Daffy Duck as I do Thomas Jefferson, and until I think the proportion gets a little better, I am a little reluctant to put the Constitution in the hands or at the mercy of modern-day Founding Fathers.

I recognize that the House has become so frustrated—and in fact I have become so frustrated—about the lack of progress on the deficit that I am willing to live under a constitutional provision which puts the moral force of the Constitution behind the principle of a balanced budget and fiscal sanity.

□ 1730

What I am not willing to do, however, is to, in the process, enshrine the principle of minority rule on the most important issues we deal with; namely, economic issues.

Frankly I think that any amendment before us today which calls itself the balanced budget amendment is actually parading under false advertising, because none of them do that. In fact, if you take a look at the principal amendment before us, the Stenholm amendment, I invite Members to show me one word in that constitutional amendment that cuts a dime off the deficit or cuts a dime off spending. It does not do any such thing. All it says is that if there is to be a deficit other than zero that the Congress will have to reach that judgment with 60 percent of its membership rather than a majority.

Now very frankly, those are the rules which now govern the Senate with respect to most budget actions. I would ask whether or not there is anything in the record of the other body that would recommend their results to us? Do we really think that we will make any progress by turning the House of Representatives into the U.S. Senate in terms of its rules? I doubt it very much.

And so what we have as an alternative in the Gephardt-Obey amendment is something which tries to be more real than the other options before us. Here is what I mean.

Under our proposal the President would be required to submit a budget every year which is in balance. The Congress would not be able to take the budget off zero deficit unless the President first requested that. And if the President requests it, then the House and Senate would have to approve the Presidential request by a constitutional majority of both Houses, not just a majority of those present and voting. So if there are nine Senators off running for President, tough, you still have to have 51 Members, a majority in order to take us off zero deficit.

Our amendment would also provide that in no year could the Congress actually spend more in any budget than the President himself recommended in his budget. That brings to center stage the fact that it is the White House which largely in our system of government determines spending levels anyway.

There are two facts which we ought to keep in mind in this debate. No. 1, no Congress going back to Harry Truman's time has ever changed any President's budget any more than 3 percent. Fact No. 2 is that in the last decade there has been only 1 year when the Congress has appropriated more money than the President asked for, and in the other 9 years we have appropriated less, some $20 billion less in total than the President has asked for.

So what we simply do is ratify in the Constitution what is fact in reality; namely, that the President will set the spending level and we will be able to debate priorities within that spending level.

The next thing our amendment does is to put Social Security off the table in terms of balancing the budget, because Social Security is running very hefty surpluses now, and we do not feel any need to revisit the decision made in the 1990 summit with respect to protecting Social Security.

The other provision in our proposal is that we suggest that we proceed to balance the budget in the here and now, not the hereafter. The Stenholm amendments says let us get there in 1998. What we say is let us put this principle in the Constitution immediately starting with the first year, after ratification, and we have a companion statute which would back it up with a specific set of actions which would be triggered in order to enforce it, to see to it that we did not depart from the targets.

In my view our amendment is really an antihypocrisy approach. This chart demonstrates what our problem is. The fact is the Government debt as a percentage of gross national product was declining since World War II. It was declining from 90 percent of our gross domestic product in 1948 down to 28 percent in 1980. Then what happened is that Ronald Reagan came into office, his policies were adopted—and the policies of his successor—and as Members can see, we then began going in the wrong direction again. So this is a problem which has only been created in the last decade because we are now back up to 55 percent of GNP.

I also would bring Members' attention to two other facts. The President says he is for a balanced budget, and yet he and his predecessor, Ronald Reagan, asked the Congress specifically to approve $1.9 trillion in additional deficits. So what he is simply saying is he now wants a proposal which will apply to every future President except George Bush even if he is elected for 4 more years. He would be the only President who would not have to live under what he is recommending for his successors, and I think that is a joke.

The second point I would make is this: The Secretary of the Treasury was on television this last weekend demanding that Congress pass a balanced budget, and yet today he was meeting with Republican members of my Foreign Aid Subcommittee trying to urge them to include in our aid bill a $500 million provision that would provide for debt relief for foreign countries. I find it odd that we are being told by the White House we have to balance the budget, we have to go into the Constitution to do it, and yet at the same time I am being told, for 3 years in a row now, I am being told that the White House may veto our bill because we do not spend enough money in the area of foreign aid.

So it seems to me that if Members want this White House to live under the rules which they are suggesting for everybody else what they would do is to adopt the Gephardt-Obey amendment. That is the amendment that is real. It is the amendment that makes us balance the budget starting here and now, not only in the hereafter, and it is the amendment that makes clear that unless the President of the United States is centrally involved that we

will not attack this problem successfully in any of our lifetimes.

I am perfectly willing to live under rules which allow the President to set the overall spending limit and allow Congress to debate the priorities. That is in fact what has happened anyway over the past 10 years, and I think our amendment reflects reality, and its gives us the best opportunity do something real. I would urge Members' support it when we vote on it tomorrow.

Mr. BARTON of Texas. Mr. Chairman, I yield myself my remaining 9 minutes.

Mr. Chairman, we are here today hopefully not to attack and talk about our past failures, but to begin to plan for the future and to try to protect that future.

I would point out that the amount of per capita debt that each man, woman, and child in this country owes today is a little over $16,000, and it is expected to rise to $20,000 by the year 1995.

□ 1740

If we do nothing by the year 2000, if one includes publicly held debt on-budget and off-budget and all the guarantees that the Federal Government is committed to, the average family of four in this country will owe $300,000 per family as their share of the total Federal debt. We need to do something about that.

There is general agreement that what we need is a balanced budget amendment to the Constitution. Hopefully, tomorrow afternoon about this time we will vote on a specific amendment with at least a two-thirds majority requiring the budget to be balanced.

The gentleman from New York [Mr. FISH] is going to offer an amendment constructed by the gentleman from Virginia [Mr. ALLEN] and the gentleman from Arizona [Mr. KYL] which says we should limit spending to a certain percent of GNP, and we should give the President explicit authority to use the line-item veto.

The gentleman from Wisconsin [Mr. OBEY] and the gentleman from Missouri [Mr. GEPHARDT] are going to offer an amendment which says we should balance the budget, but we should exempt Social Security when we are attempting to balance the budget.

The gentleman from Texas [Mr. STENHOLM] and the gentleman from Oregon [Mr. SMITH] are going to offer an amendment that says we should balance the budget. It would require a supermajority vote of 60 percent to borrow money, and a supermajority vote of 60 percent to raise the national debt ceiling, but the Stenholm-Smith amendment would only require a simple constitutional majority to raise taxes.

Finally, myself, and the gentleman from Louisiana [Mr. TAUZIN] and the gentleman from Washington [Mr. MILLER] are going to offer an amendment that has everything that is in Stenholm-Smith plus the supermajority 60 percent vote to raise taxes. Barton-Tauzin-Miller is the most balanced balanced budget amendment, and in my opinion, it is the best balanced budget amendment.

Since the principal difference between Stenholm-Smith and Barton-Tauzin-Miller is tax increases, let us talk specifically about the tax-increase provision. Under the current Tax Code, without any additional explicit tax increase, the natural progressivity in the Tax Code results in additional receipts every year. The percent increase is approximately one-eighth of 1 percent per year, or 2 percent over 10 years.

For the last 10 years, we have had additional receipts of $550 billion. For the last 5 years, we have had additional receipts of $285 billion. That is an average per year of $55.5 billion for the 10-year period, or $57 billion per year for the last 5 years.

The high year was $85 billion, between 1987 and 1986, and the low year was a $19 billion increase in receipts between 1981 and 1982.

So without any explicit increases in taxes, we are gaining additional revenues under the existing Tax Code. We have found that when we do explicitly raise taxes, we do not get deficit reduction. We get spending increases. For every dollar increase in taxes in the last 20 years, we have had expenditures go up $1.59.

So when people say that you have to raise taxes to balance the budget, that is simply not true. In fact, we have shown in the past, the previous most recent past, that we can reduce the deficit without raising taxes.

For example, when Gramm-Rudman was passed in 1986, the Federal budget deficit was $221 billion. The next 3 years when Gramm-Rudman was on the books in its basic, undiluted, unreconstituted form, the deficit went down the first year by $71 billion to $150 billion, and then for the next 2 years stayed there, with a deficit of $155 billion in 1988 and $154 billion in 1989.

During that timeframe, Federal spending increased at the rate of 3.2 percent a year, a drop of over 5 percent from its previous increase of 8.7 percent a year.

Gramm-Rudman was eventually changed, and the deficit began to go back up. But while it was on the books in its original form, deficits went down without raising taxes.

The Director of OMB, Mr. Richard Darman, when he testified before the Committee on the Budget several weeks ago on the balanced budget constitutional amendment, gave a series of charts and tables that showed that we could reduce the deficit, and ultimately eliminate the deficit, without raising taxes. Depending on what scenario you used, the budget would be balanced between 1998 and the year 2002.

The chart to my left shows that without touching Social Security, if you freeze domestic discretionary, and you allow the entitlement programs to go up at inflation plus population, that you save $390 billion by 1997. By the year 2002, you save over $2 trillion, without raising taxes. These savings are from the current baseline budget if no changes in current policy are implemented.

I do not think that we have to agree that Mr. Darman's suggestions are the only way to balance the budget. I do not think we have to agree that the assumptions in this report are necessarily the most realistic assumptions, but I think we should agree that the budget can be balanced without raising taxes. In fact, because there is such a concern about raising taxes in this country, many, many people, and many, many interest groups have come out in favor of Barton-Tauzin. The President of the United States, George Bush, sent a letter to the Congress today supporting Barton-Tauzin as his preference for a balanced budget amendment.

The original Stenholm amendment in 1986 had the Barton-Tauzin-Miller 60 percent requirement to increase taxes. Numerous groups around the country are supporting the Barton-Tauzin-Miller tax limitation balanced budget amendment as their preference including the National Tax Limitation Committee, National Federation of Independent Business, American Legislative Exchange Council, Associated Builders and Contractors, Citizens for a Sound Economy, U.S. Business and Industrial Council, Citizens Against Government Waste, Americans for a Balanced Budget, National Cattlemen's Association, U.S. Chamber of Commerce, American Farm Bureau, National Association of Manufacturers, Americans for Tax Reform, and the Free Congress. They all support Barton-Tauzin as their preference for a balanced budget amendment to the Constitution.

In a poll in Nation's Business in May 1992, 91 percent of the people said that they preferred the supermajority vote to raise taxes in a balanced budget amendment, and in that same poll, 70 percent said that they would oppose a balanced budget amendment that did not have such a tax increase provision included.

The National Taxpayers' Union, in a recent poll, showed that 78 percent of their respondents favored a tax limitation balanced budget amendment over the Stenholm amendment.

Finally, I would point out that in order to implement Stenholm-Smith, which itself requires a constitutional majority to raise taxes, we need to obtain a majority vote on Barton-Tauzin-

Miller tomorrow. Barton-Tauzin-Miller is identical to Stenholm in four of the eight sections. It is identical in all but minor terminology in seven of the eight sections. In only one section is there a major difference between Barton-Tauzin and Stenholm-Smith, and that is in the requirement that there be a 60-percent supermajority vote to raise taxes.

So I would hope that tomorrow we get a majority vote on Barton-Tauzin, and then on final passage, if Barton-Tauzin has not received a two-thirds vote, let us all strongly support the gentleman from Texas [Mr. STENHOLM], the gentleman from Oregon [Mr. SMITH], the gentleman from Delaware [Mr. CARPER], and the gentlewoman from Maine [Ms. SNOWE] on their amendment for the two-thirds vote required to pass a constitutional amendment.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. BARTON of Texas. I am happy to yield to the gentleman from California, the chairman of the Committee on the Budget.

Mr. PANETTA. Mr. Chairman, I thank the gentleman for yielding.

The danger I see here is what we call rosy scenario who always shows up again when we try to avoid tough decisions about deficit reduction.

Again, on the Darman proposal, we asked CBO to analyze the Darman proposals. If you use the highest growth level, which is 4 percent, and you add the cap plus demographics plus 2½ percent above that, at max you are talking about savings of about $120 billion to $125 billion. That leaves you $475 billion that you have got to find the deficit reduction. Even if you gave your numbers, which would leave you $300 billion short, the question you have to answer is: Where do you find the additional $300 billion or $400 billion? Where?

Mr. BARTON of Texas. Reclaiming my time, if I could respond to the distinguished Budget chairman, I understand the difficulty of the task. I am simply saying there are scenarios out there that show that we can do it. The chart, which the gentleman cannot see very well, unfortunately, to my left here shows that if we do nothing, we are never going to balance the budget under any scenario, and the gentleman himself has said on the record that a balanced budget amendment may be the only way, even though it is not his preferred way.

I simply say pick your number. You can change those numbers. The time line does extend the less rosy the scenario becomes, but it is possible, and we should do everything we can to balance the budget without raising taxes before we consider tax increases. Barton-Tauzin does not say you cannot raise taxes. It simply says to raise taxes above the rate of growth in the economy you have to have the same 60-percent vote as you would have under Smith-Stenholm to borrow money.

Mr. PANETTA. Mr. Chairman, the last time I heard that promise was in 1981, and the result was a $4 trillion debt.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BARTON] has expired.

Mr. SMITH of Oregon. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. BARTON].

Mr. BARTON of Texas. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. SMITH of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BARTON of Texas. I am happy to yield to the gentleman from Oregon.

Mr. SMITH of Oregon. Mr. Chairman, I thank the gentleman for yielding. Because, you know, I understand the concern of the chairman of the Committee on the Budget when somebody challenges his numbers, and we are challenging his numbers.

The point is here he is relying on CBO, and as I recall, CBO has been off $65 billion every year since I have been here for 10 years.

□ 1750

So let us not identify the CBO as the authority on this issue.

Now, the question the gentleman asked that I think needs answering, if indeed it is $300 billion rather than $600 billion that the distinguished budget chairman has alluded to, then of course over the next 7 years we have with very conservative estimates of growth of the GDP, we have conservatively worked our way out of this without endangering Social Security and without raising taxes.

I hope the gentleman takes that as constructive.

Mr. PANETTA. Mr. Chairman, if the gentleman would yield, I take it as baloney.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BARTON] has expired.

Mr. SMITH of Oregon. Mr. Chairman, I yield 30 additional seconds to the gentleman from Texas.

Mr. Chairman, will the gentleman yield?

Mr. BARTON of Texas. I yield to the gentleman from Oregon.

Mr. SMITH of Oregon. Mr. Chairman, the first time I discussed this, the gentleman from California alluded to my honesty and now he is discussing my effort to add to this debate. I take umbrage at that, I say to my friend. It makes me very angry.

I am going to tell the gentleman this. I do not like for somebody to stand up and call me dishonest and then say that what I have to say is baloney.

I do not call the gentleman from California anything like that. I respect the gentleman. I respect what he has to say. I want the same thing from the gentleman to me.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BARTON] has again expired.

Mr. SMITH of Oregon. Mr. Chairman, I yield 15 additional seconds to the gentleman from Texas.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. BARTON of Texas. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, this gentleman again has the highest respect for the gentleman from Oregon, believes he is sincere in what he is saying, but the gentleman is quoting a source that I believe is unfounded in terms of its honesty with regard to dealing with the deficit.

I honestly think that the gentleman is sincere about wanting to make some tough choices, but I think when we say to the American people that there is an easy way to do this, that we can grow our way out, that somehow there is no pain involved with doing any of this in terms of difficult reduction, we send the wrong message to the American people. That is the message they have been hearing during the eighties. It is the message they are hearing in the nineties, and until we say very directly to the American people that some sacrifice is going to be involved here, we are kidding them and we are kidding ourselves.

Mr. STENHOLM. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Mr. Chairman, H. Ross Perot, that name reverberates and rings across America because we in Congress cannot agree to work together on solving some of this Nation's critical problems.

This deficit, Mr. Chairman, we Democrats and Republicans, liberals and conservatives, the President and Congress, should all be working together to solve, and let me tell you why.

As this deficit eats up, getting close to 20 percent of the budget, that is money that is being taken away from discretionary spending that we can spend on immunizations for children, Head Start programs for children, or we can spend on tax credits to help our businesses, or we can spend it on a Marshall plan to rebuild America and help this country get competitive again; but we need to work together, and this Stenholm amendment to help balance the budget is a good approach. It is not perfect.

I would recommend that we modify it in terms of capital budgeting principles so that we can invest long term in infrastructure, on roads and bridges.

I would also encourage and implore the President to work with us on this. He has come close now to 25 vetoes, not one for spending too much money.

Finally, Mr. Chairman, I would say that I am a little skeptical about this,

although I am an original cosponsor, because we in the Congress need to have the courage and the willpower to vote for some of these cuts.

I led the fight on the space station. We got beat.

We tried to cut an additional four B-2 bombers. We got beat on that.

We tried across-the-board cuts of 2 and 3 percent on appropriation bills, and we got beat on those.

So we need to have the guts in this place to vote for cuts.

Finally, the American people need to be with us. As our distinguished chairman said, the Constitution should say on this balanced budget, not of, by and for the people, but with the people.

This is going to be painful. It is going to involve sacrifice. We need the help of the American people on this tough endeavor and we need to work together, our people, the Congress, the President, liberals, conservatives, Democrats, and Republicans.

Mr. OBEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Georgia [Mr. ROWLAND].

Mr. ROWLAND. Mr. Chairman, I rise in strong support of this constitutional amendment to balance the budget.

Mr. Chairman, the scare tactics that have been used lately in opposition to the balanced budget amendment have no basis in fact.

Fears have been expressed that the amendment would result in massive revenue increases. They're unfounded. There's no rational reason why deficit reduction under a constitutional amendment should encourage such increases any more than any other effort to reduce deficits. In fact, by finally getting these deficits down, the balanced budget amendment should eventually contribute to tax relief for overburdened taxpayers.

Concerns have also been expressed about the possibility of drastic cuts in domestic programs that are essential to the well-being of millions of Americans. This is not going to happen. An essential level of support for these programs will always be secure. This is the political reality. If an essential level of services can be maintained under statutory measures, there is no reason why it can't be done under the balanced budget amendment.

We will sooner or later have to consider more effective controls over the rising costs of entitlements if we are really serious about reducing the deficits. There are a number of things that can be done to achieve this. For example, we can enact a comprehensive health care reform plan that includes more cost-effective measures. Entitlements will have to be considered in any deficit reduction effort. But there is no validity to an argument that suggests we cannot reduce the deficits without depriving people of the essential services they now receive.

To suggest that the balanced budget amendment may be a threat to Social Security benefits is not true. How can anyone say this? The administration and Congress would never renege on Social Security commitments, and all of you know that.

It is ironic that some people who accepted statutory provisions such as Gramm-Rudman and pay-as-you-go as necessary mechanisms for addressing deficit spending and who, in some instances, criticized these measures as too weak, are now expressing alarm about the balanced budget amendment.

Frankly, I do not understand their logic. If it's possible to reduce the deficits in a responsible manner under statutory provisions, why would anyone suggest we cannot do the same under the Constitution?

If you agree the deficits are causing increasing economic hardships for us and our children and grandchildren, I urge you to vote for the amendment. It may be our last chance.

Mr. OBEY. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. DINGELL], the distinguished chairman of the Committee on Energy and Commerce.

Mr. DINGELL. Mr. Chairman, this is the most extraordinary legislative proposal that I have ever seen. It literally requires that the Government be run by a 60-percent vote. If things cannot be done in Washington now, until this amendment is adopted.

Now, a lot of my colleagues are marketing this as a balanced budget amendment. Do not believe that. That is a lot of hooey.

What this proposal is, is simply something which says that any time you want to spend money in this Government, you are going to have to get 60 percent of the vote, which means you cannot get it on partisan lines, so you are going to have to go to the sundry lobbies. You are going to have to go to the defense lobby. You are going to have to go to the antidefense lobby. You are going to have to go to the senior citizens lobby. You are going to have to go to the pharmaceutical or the agricultural lobby, or any other lobby that this country confronts as it goes through its legislative process.

Now, my colleagues are talking about this as something which is going to save the taxpayers money. Do not bet on it. What this literally means is that a $400 billion deficit is going to have to be eliminated. There are two ways to do so. The first way is by increasing taxes. The second way is by cutting expenditures.

Now, we can choose, if we decide to cut expenditures, to cut them 25 percent or thereabouts, across the board. That would make a very nice number, because that would mean that 25 percent of Social Security benefits will go out the window, and 25 percent of the people who are drawing Social Security might wind up losing their benefits entirely; 25 percent of Medicare will be cut and 25 percent of the people drawing benefits under Medicare may cease to draw their checks anymore, or alternatively everyone receiving Medicare may see their benefits reduced by 25 percent, if we choose that kind of mechanism to deal with the cuts.

Now, it may be that we will choose to do away with programs in their entirety. Let us take a look at that, because some of my colleagues who are marketing this as a great idea need to take a better look at the effects of their efforts.

We are going to be spending about $270 billion on defense. Wipe out the entirety of defense, and behold, we cannot balance the budget. Add to that Medicare and you would come fairly close to balancing the budget by wiping out those two programs.

Or wipe out Social Security. Then you could save about $320 billion. That will then assure you that you only have to find about another $80 billion to cut so that you can balance the budget and comply with this requirement.

Now, I do not think the people of this country are going to be satisfied with that result, but you should prepare yourselves for it.

So, some of my young colleagues who are down here talking about what a great idea it is to do this kind of thing, and some of my Republican colleagues over there who are talking about what a great idea it is better first of all understand that the due bills are coming in.

This legislation is going to impact you if it is ratified by the States by seeing to it that you are ratified right out of a job.

Now, having said those things and having warned you about its likely impact, let me add a few other little things. We talked about how poorly Congress is working now. Well, if you have got to get a 60-percent vote to run this institution, imagine how much harder it is going to be to get anything accomplished. You will be converting the House into something very much like the Senate, where everything has to be done virtually by unanimous consent, not by 60 percent. And that is going to be the consequence practically that you confront here.

Social Security is at great risk. Instead now of subsidizing Government to the amount of about $43 billion a year, as Social Security does, you are going to find that Social Security will be compelled to subsidize Government significantly more. What does this mean? Withholding COLA's, the cost of living for Social Security retirees will not be available.

I hope, by the way, that some of my colleagues who are pushing for this will go home and explain that to their voters. And I hope that they are here to explain it also when it happens, because I would like to be here to listen and to enjoy those comments.

□ 1800

This discussion is fiscally irresponsible. This is silly. The problem with voting for a balanced budget is not that anyone here is reluctant to do so; the problem is that nobody here has ever seen a balanced budget submitted to the Congress.

Mr. Bush and Mr. Reagan have been here and said great things about how they were going to balance the budget. Mr. Reagan was going to do it by 1984. Never did, never submitted one.

Mr. Bush is down there saying, "Save me before I submit another unbalanced budget." But last night he got this proposal changed so that it does not affect Mr. Bush during his tenure; an interesting thought.

Now let us look a little further at what this is going to do to the Government. Are you prepared to tell me what you are going to do when we wipe out 25 percent of the Army, or the Navy, or the Air Force? Or what we are going to do when we close 25 percent of the prisons and throw 25 percent of the criminals out on the street? Or when we reduce drug enforcement efforts by 25 percent? That is what this will require. Or it may require the termination of the program in its entirety. It may also require increasing taxes to the amount of about $400 billion.

I think this is a poorly thought out, ill conceived, dangerous proposal. It is one which affords real thought. It also is going to have the practical effect of going a long way toward putting the courts in control of his country. Ambiguities in this legislation are going to be dealt with in the courts. And if you like the idea of the courts ordering tax increases or ordering expenditure curtailments, or some other activity repugnant to the people, then look forward to it happening if this amendment is adopted.

Mr. Chairman, I favor balanced budgets, and, like the Congress over the past 12 years, have voted to cut Mr. Reagan's and Mr. Bush's budgets in 11 out of 12 years by as much as $49 billion.

But this is no way to eliminate unbalanced budgets.

This is one of the worst pieces of legislative flimflam that I have seen in my years in the Congress.

There is nothing to prevent President Bush or President Reagan from submitting a balanced budget. They have never done so in their 12 years in office. Was it a result of a recognition of the real or political impossibility of doing so?

The harsh fact is that the proponents of this proposal have never come forward with a balanced budget.

The Congress has cut the Reagan-Bush budgets every year of the 12 that they have been in office save 1, and the last 2 fiscal years by $18 billion and $9 billion, respectively.

Does this proposal balance the budget?

No; it simply requires a three-fifths or 60 percent late in the Congress to unbalance the budget.

Does it require the President to submit a balanced budget? Not really. He can, as he often has these 12 years of Reaganomics, submit budgets based on inaccurate economic forecasts, resulting in clearly inaccurate estimates of income, expenses, and deficits.

This constitutional amendment is an accountant's delight, and a citizen's nightmare. It demands gimmickry and games, and apart from being a gimmick itself, it invites budgetary self-deceit and falsehood in budgeting.

Let's look at the facts. In fiscal 1993, the Bush budget will have expenditures of $1.5 trillion; it will have a deficit of $400 billion.

Some major catagories of expenditure:

Social Security—$324 billion.

Defense—$292 billion.

Discretionary expenditure—$225 billion.

Medicare—$130 billion.

Medicaid—$84.5 billion.

Administration of Justice—$15.3 billion.

Drug Enforcement Administration—$788 million.

Energy—$6.2 billion.

Education and social services—$50 billion.

Transportation—$35.5 billion.

Environment—$21 billion.

What are our options if this passes?

First, cut programs either by wiping out whole programs or by across-the-board cuts.

Let's look first at some of the programs we would cut.

For the sake of argument, let's assume that two-thirds of the savings needed to balance the budget will come from spending cuts, and one-third from tax increases.

Now let's start listing some of the $360 billion in spending cuts which the House Budget Committee estimates would be necessary to achieve a balanced budget.

They would include:

Eliminating small business loans and grants—$2.4 billion.

Reduce highway, mass transit, and airport improvements—$19 billion.

Reducing cancer research—$4 billion.

Reducing a host of Federal housing programs—$4 billion.

Eliminating campus aid and other education programs—$16 billion.

Reducing veterans medical care—$3 billion.

Cutting drug enforcement and prison construction programs—$2 billion.

Canceling the space station—$9.7 billion.

Reducing scientific research—$4.5 billion.

Reducing funding for environmental cleanup—$2.5 billion.

Cutting international spending—$3.5 billion.

All told, that will save us about $68.5 billion.

Now we can start cutting entitlement spending by:

Cutting farm support program funding and adding a few user fees—$17 billion.

Cutting $6.6 billion from direct student loans.

Eliminating cost-of-living adjustments for civilian and military retirees—$10 billion.

Cutting assorted veterans pension, health, and housing benefits—$13 billion.

Limiting funding for foster care—$1.2 billion.

Reducing the number of children qualifying for nutrition programs—$5.7 billion.

Adding these savings to our previous savings, we've achieved about $122 billion of our $360 billion total in spending cuts.

Now let's look at health care cuts.

We can add a whole host of Medicaid and Medicare cuts to hospitals, doctors, and nurses—$34 billion. These costs will be passed onto other patients, but the Government won't have to worry about them any more.

Next we can require copayments for lab services, home health care, etc.—$17 billion.

This will bring us almost half way to our spending cut goal. As you can tell, many more hard cuts will be necessary.

So let's add a whole range of user fees. They'll include, but not be limited to recreational boaters and National Park Service patrons—who else can afford the costs of Smithsonian Museum operations, and White House tours; radio broadcasters for the use of the spectrum; air travelers to finance the cost of air traffic controllers, and customs inspectors; and taxpayers for the processing of their income tax forms, and so forth.

Then we can decrease the percentage of Federal funding provided to State and local governments through matching fund programs. That will cut out billions for health, human service, and environmental programs that the Federal Government now assists the States in paying.

Lastly, we can create all sorts of accounting gimmicks to help us achieve a balanced budget. There is no limit to our collective creativity in finding ways to get around this or any other budget statute, law, or amendment.

We have a whole range of options to choose from for achieving the necessary revenue increases to generate one-third of the total costs of deficit reduction—they include imposing a 4.5-percent value-added tax, or raising individual income tax brackets.

Or, if you don't like those choices, let's look at some others.

We can wipe out 100 percent of Social Security, saving $324 billion.

All we have to wipe out is half of Medicare and we have a balanced budget. How many of the Members of this body will support this? Not many.

Another option: Wipe out discretionary expenditures for Federal civilian programs. That saves $225 billion. Environment, courts, justice adminis-

tration, agriculture, roads and highways, capital investment, unemployment, education and health programs, and others are all wiped out. The budget is not balanced.

If we add to this income security program constituting $197 billion we have balanced the budget, but at enormous social cost.

Elimination of other programs or combinations offers other unappetizing choices. Let's talk of eliminating defense. This gives us a saving of $292 billion. The budget is not balanced. Other programs must still be cut to the amount of $108 billion.

We can now proceed to eliminate transportation—$35.5 billion and health programs—$31 billion. This still does not balance the budget, but it produces enormous social costs.

Let's look at the possibility of an across-the-board cut. A $400 billion cut to eliminate the deficit, is about a 26.66-percent cut in all Government programs.

Let's round that off to a 25-percent cut.

Social Security—cut 25 percent: Either one out of every four recipients is dropped from the rolls or every recipient loses 25 percent of his or her benefits.

Medicare—cut 25 percent: one in four loses coverage or all recipients lose 25 percent of their benefits.

NIH cuts—25 percent off research programs, including heart, stroke, cancer, and AIDS.

Administration of Justice—Some useful examples of a 25 percent cut: A 25-percent layoff of FBI and Drug Enforcement Administration personnel; 25 percent of prisons closed; 25 percent of prisoners released.

Defense—25 percent of military personnel discharged; 25 percent of aircraft, ships, tanks, and planes sold or laid up.

Transportation—25 percent of air traffic controllers laid off; 25 percent of expenditures for noise control, air traffic and air safety terminated.

Or, a tax rise of 26.6 percent laid on every American citizen, every American corporation, and every activity subject to tax.

Some of the other consequences of this unfortunate proposal:

States and local units of government, now struggling with greater demands for services, because of the economic downturn will find that the Federal Government will reduce support for Federal-State programs.

States will also find more and more federally mandated programs will be coming their way with less and less Federal financial support for mandated programs.

Thus, the burden of cost will shift to State and local government budgets.

Courts will be more and more injected into the business of enforcing a vague and unclear constitutional amendment. The result, possible if not probable court intrusion into legislative functions, including taxes, expenditures, budgeting, and appropriations of funds.

The Stenholm proposal should be rejected as dangerous and unwise.

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. HASTERT].

Mr. HASTERT. I thank the gentleman for yielding this time to me.

Mr. Chairman, ladies and gentlemen of the House, before us we do have a monumental time, a monumental decision, a decision that there are many, many naysayers out there saying—making a good argument saying, "This can't work, it is not going to work, we can't do it, we don't have the discipline to do it."

Well, let me tell you I spent several years in the Illinois General Assembly being a minority and carrying a budget, a budget that certainly paled in comparison to the size of the budget that we carry in this Congress.

That was just tens of billions of dollars, not trillions of dollars. But we had a balanced budget in the Constitution in the State of Illinois. Yes, most of those budgets that we got were not in balance and the budgets, by the time they passed out of the House of Representatives and the Illinois Senate, were not in balance either because they were loaded up. But because we had a balanced budget amendment as a policy, as a constitutional law, then we had to come through and line item by line item by line item, a tedious, arduous matter, dirty work, and cut out extraneous spending in that budget, and by the time that budget went back to the legislature for ratification, there were certain veto actions here and there and overrides of vetoes threatened. But every year we came out with a balanced budget. Why? Because we had it in the constitution as a policy, and we used line item and rescission, reduction, veto to get that budget done where we could live with it.

So there are two parts to this story, neither one of them is very pleasant. Neither one of them makes a legislator or a congressman's job easier. First there is the determination to come out with a budget that is balanced, come out with a mandate as to what the American people say this Congress should do. And we have not done it for 40 or 50 years. It has been easy to add on, to give away, to say, "Yes, this is a good project, we will do it," and sometimes not just hundreds of thousands of dollars or millions of dollars, but billions of dollars.

The previous speaker was absolutely right, this Congress is going to have to say "no" if we adopt a balanced budget amendment as an amendment to the Constitution. I am sure, as 43 States already have it in this United States, the people will ratify it, the States will ratify it. And it will not be an easy time, but I do not think people elect us to be in this body and have an easy time. As a Member who has been here for 6 years and has called for a balanced budget amendment and a line-item veto as the tool that gets us down to the level that we need to have, I think it is time that this Congress acts. It is not only time, this Congress is responsible. It is time that the American people get responsibility from this Congress.

It is truly a sad day in American politics when opponents of a balanced Federal budget have to resort to distortions and scare tactics in an attempt to influence public policy.

Families USA, a liberal special interest group, recently released a study which mistakenly reported that Social Security and Medicare would be cut as part of Congress' efforts to enforce the balanced budget amendment, which will likely pass in this House tomorrow.

That is simply untrue. Social Security is supported by a separate trust fund and is self-financing. It would not be affected by the passage of a balanced budget amendment.

Medicare enjoys wide support among members of Congress, as well as the American public. It would also not be one of the areas targeted by the balanced budget amendment.

No one has ever suggested that our Federal budget be balanced on the backs of seniors. Clearly, Social Security and Medicare are two of the most widely supported national programs, by both Congress and the American people.

But what is not supported by the American people, and what should be cut by enforcing a balanced budget amendment, is the billions in taxpayer dollars that are squandered every year by wasteful government programs.

Citizens Against Government Waste, a nonpartisan watchdog group, has issued a list of 538 recommendations to eliminate wasteful spending, with savings of $167 billion in 1 year and $922 billion over 5 years.

We can balance the budget simply by cutting waste. We don't need to increase the burden placed on American taxpayers, who are already paying more and more taxes every year just to finance interest payments on the national debt. The deficit isn't a revenue problem. It's a spending problem. By controlling spending through the adoption of a balanced budget amendment, we can really do what's necessary to bring some badly needed fiscal accountability back to our budget process.

Mr. Chairman, it is essential that we get America's fiscal house in order. The Nation's accumulated Federal debt is now approximately $4 trillion. Since 1982 the annual deficit has fluctuated between a low of $128 billion to a current estimated deficit for this fiscal year of a round $399.4 billion. As evidenced by these figures, the inability of Congress to bring spending under control becomes increasingly difficult as the total debt grows. Thus, to maintain fiscal responsibility and to relieve the American taxpayer of increasing tax burdens, it is imperative that we pass the balanced budget amendment to the Constitution.

Moreover, in the last decade, Congress has passed five statutes to control the deficit. However, despite these laws, Congress has

failed to balance the budget. Obviously, our current budget enforcement laws are insufficient to provide the fiscal discipline necessary to accomplish this important task.

Most importantly, however, a balanced budget amendment is necessary to help put our economy back on track. The Federal deficit is drain on the economy discouraging investment and causing a decline in consumer confidence and spending. Limiting spending will stimulate economic growth, provide industries with enough capital to compete in the global economy and generate new jobs. Additionally, contrary to allegations expressed by the opposition, there is plenty of room to cut Federal spending in the budget without endangering essential programs under the balanced budget amendment. For example, Citizens Against Government Waste, a nonpartisan watchdog group, has issued a list of 538 recommendations to eliminate wasteful spending, with savings of $167 billion in 1 year and $922 billion over 5 years. In short, Congress can balance the budget simply by cutting the waste that currently exists in government.

In summary, the Balanced Budget Amendment will require Congress to make choices and set priorities about Government programs and related spending. Indeed, that is what we are elected to do and it is time that we do it. It is time to bring fiscal accountability back to our budget process.

Mr. FISH. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. RITTER].

Mr. RITTER. I thank my colleague for yielding this time to me.

Mr. Chairman, today we consider an amendment to the Constitution. This is something which we cannot take lightly for we stand before the eyes of history alongside our Founding Fathers.

It is very serious business.

We need not wonder what Jefferson, Hamilton, Madison, and the others would say to us today for we have their writings to guide us. They remind us that Washington was to be the seat of a limited Federal Government and not the lair of the bureaucratic behemoth it is today. They remind us that a government cannot long survive if it lives beyond its means. They would remind us of the evils and corruptions of excessive debt.

These may seem like old fashioned ideas to some. But given the way Congress has operated for the last several decades, they are new and radical ideas indeed. And if we are to control our close to $4 trillion debt and $400 billion deficit, we need to radically change the way we do the Nation's business.

People want their government to be more responsive. They want government to operate at a more human level, with greater efficiency, higher performance and lesser cost.

The balanced budget amendment to the Constitution, at once, sets the goal and provides the discipline. But, actually meeting that goal will be much harder.

I would like to talk a little about how we might get there.

First, we will have to fight the urge to continue as a status quo Congress; a Congress whose basic thrust has been the expansion of government power, resulting in record debt—not the record expansion of jobs and economic opportunity which should be our goal.

That is why we are here today.

Our goal has to be to stem our downward slide into the unproductive welfare state and, at the same time, focus anew on economic growth and productivity.

Innovation, job creation, entrepreneurship, low taxes, and a far better working, better managed Federal administrative structure involving the millions of Federal employees is what this Congress should be striving for as it seeks a balanced budget.

Discipline alone, while terribly important, will not do it all.

Economic growth is essential to budget balance but by itself is not enough. No, if we want to minimize deep program cuts and sharp tax increases, there is something else we need as well.

Government cannot continue in its present inefficient, ineffective and expensive form. We have got the welfare state and it is just not working.

We need a different approach to business as usual. A new way of working and managing work must be borrowed from private sector experience and must begin to be applied to government. We have all seen it back home in our congressional districts.

The good news is that great strides in productivity, competitiveness, and cost reduction have been achieved by employers and employees of American companies when they changed from their old style of doing things to new and better ways.

Global competition abroad and in our backyard forced them to do it. But government does not face such competition. That is why we need the hard and fast limits on spending which a balanced budget amendment would provide. But we will also need to get so much more for our tax dollars without massive deficit spending.

I am talking about empowering our people at every level in our Federal Government with the education and training, the responsibility and the authority to become important players on teams, with far greater responsibility for their work, and at the same time become their own best managers.

Our American workers, given the opportunity, can be our secret weapon to make government work better and cheaper.

The results of such a strategy in the private sector worldwide are phenomenal. Performance rises and costs come down. Quality goes up.

This revolutionary way of management and work has turned around U.S. companies from the near dead to become leaders in their field.

I realize the public sector is not the same as the private but it can happen in government too. Indeed, it has started and we have a tremendous responsibility here in Congress to help it to go forward, to accelerate it.

Pioneers in this human resources revolution like W. Edwards Deming, Joseph Juran, Armand V. Feigenbaum, and others are working with unsung pioneers in Government agencies, health care and education to help make it happen.

Our responsibility is to help them succeed.

If the whole country of Japan could rise from the ashes and prosper from this work and management revolution; if Ford Motors, Xerox, Motorola, and others could turn from near extinction to be competitive with the best in the world; if thousands of American companies can reduce their costs of business while increasing quality at the same time, so can government.

It is called total quality; it is a workplace revolution; it is a transformation of management behavior from one of dictating to one of teamwork; it allows individual workers to live up to their God-given potential; and it is time we seriously applied it to the work of government. It's time for us, the leaders of our country, to make the commitment to this better way. We owe it to the American people and we owe it to ourselves.

Lord knows we must try. We must give those brave souls in our DOD, Interior Department, Social Security Administration, GSA, VA, IRS, and so many other places, where beachheads of total quality are established, our support.

They can help us arrive at a balanced budget.

That means changing business as usual around here. That means rethinking the way we legislate, regulate, tax and spend, to minimize our costs of doing business so as to optimize the positive impact on our ultimate customers—the American people.

We need to rethink our relationship with the entire Federal work force.

Given the enormous impact of the Federal Government on our lives—$1.6 trillion annually—going in this new direction of total quality will provide a positive stimulus to workers in the public sector and our overall economy will do better as well.

Economic growth will be greater and the resulting added tax revenues will help us to balance our budget.

Without overhauling our business as usual approach and making it far more productive, getting from here to there could be much more difficult than anyone imagines.

A balanced budget is not going to be easy to achieve. Indeed, the easy part is our vote today. But to my colleagues I offer a roadmap and a way to help us get there.

We have got to rethink our roles and the impact of our actions. If we do not change our ways, the amendment will not work.

If we take the time to learn from our constituents on this issue, from companies in our district who have survived and prospered in the face of relentless competition, we have a chance to achieve some of what they have achieved.

They can help us—they can point out the better ways from their experiences; they can show us how they reduced waste and turned problems into profit; they can point out the obstacles to employee participation and teamwork and how they removed them; they can point to the insanities in our rules and regulations which drive up the cost of government and drive down individual initiative, innovation, invention, and economic growth.

The good news is that some people in some government agencies have started. The bad news is that top leadership and Congress are barely aware of what's happening.

Mr. Chairman, in the coming weeks I will be proposing legislation to establish a bipartisan Congressional Commission on Total Quality Government, whose goal will be to get the Congress to first become aware of the potential cost savings that such a new approach could bring to government and then make recommendations to do what the private sector is doing—reducing costs while simultaneously increasing productivity, quality of goods and services and employees.

Applying total quality when we legislate and regulate, indeed, including our own congressional systems, will save tens of billions of dollars and maybe a lot more.

It is not the silver bullet—there is no such thing. There are only small steps forward over extended periods of time. That is not Congress' way but that is the reality of human progress.

This is the kind of new thinking, new direction and bold action that can help us to achieve needed changes in the way we do business in order to get to a balanced budget.

I would say to my colleagues that by our actions today we take a historic stop, a revolutionary step. In order to fulfill the promise of that step to the American people, in order not to set the stage for massive dislocation or equally massive disappointment, we cannot do what we have been doing all along.

We can do it differently; the experience is there. It is our responsibility to apply it to ourselves and to our Government.

Let us go down this road together with a modus operandi that shifts away from business as usual. The first step is to vote for a balanced budget amendment. The second, third, fourth, fifth, et cetera is to make the tough moves to make a balanced budget a reality.

□ 1810

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. BALLENGER], a strong supporter of the balanced budget amendment.

Mr. BALLENGER. Mr. Chairman, I would just like to say the balanced budget amendment should be passed.

All day long we have all heard scaremongers and naysayers declaring it will not work, it cannot be done, we should leave the budget and appropriation decisions to Congress. We have had years to accomplish fiscal responsibility and have failed completely. The political will and honesty have not been there. This amendment is needed to give us the backbone to make the tough decisions to cut when necessary and freeze where possible.

Who are the naysayers—those who think their special interests may be hurt? Unions, the AARP, and others who feed at the public trough. The scaremongers are using Social Security as the issue to kill this effort. It does not need to be cut, we merely need to stop overspending. Each year our Government has more income, let income growth do it. Still, everyone must make some sacrifices if we are to end this fiscal insanity.

Can it be done, certainly! Like the gentleman from Illinois, I served in the North Carolina Legislature in 1974–75 during a previous recession. We were mandated to have a balanced budget and so we cut our budget by 9 percent, not by billions but by millions but it was just as difficult. We cut it again the next year by the same percentage. The world did not come to an end and later North Carolina prospered.

For 30 years now Congress has continued to spend more than our income. Presidents have tried to stop the bleeding but Congress wouldn't listen and continued to spend like a drunken sailor.

I wonder what would be the deficit now if (Presidents Reagan and Bush) had gotten the cuts they were promised—but this body failed to deliver.

A good balanced budget amendment must be passed. By good I mean the Kyl-Allen amendment which would limit Federal spending to 19 percent of GNP. This spending limit eliminates the need to raise taxes and gives Congress incentive to enact pro-growth economic policies. In addition, I plan on supporting the Barton proposal that is similar to Stenholm, except that it requires a three-fifths rollcall majority of each House to pass a tax increase. This proposal recognizes that a balanced budget can be achieved by limiting the growth of government spending, rather than through increasing taxation.

The Stenholm amendment is our last chance to win passage of a balanced budget amendment. Under Stenholm, the President would have to propose and the Congress adopt a balanced budget. This could only be changed if three-fifths of both Houses agree, to unbalance the budget for a particular year. The bill also requires a majority vote in favor of a tax increase. The proposal makes it much more difficult to raise taxes than it is today and much easier to restrain spending. This amendment, of all the ones considered today has the greatest bipartisan support and stands the only chance of becoming law. It has got my vote.

If Congress passes a balanced budget amendment with a two-third vote in each Chamber, and if three-fourths of the States ratify it within the next 2 years, Congress could be required to balance its budget by fiscal year 1998. However, there is plenty of time between now and then to reduce spending. The Congressional Budget Office has named more than 160 programs that Congress could cut. Also, the Heritage Foundation found deficit reduction measures totaling almost $680 billion over 5 years.

The growing Federal debt is our most pressing problem facing our Nation. Public opinion polls indicate overwhelming support for solving this problem through the adoption of a balanced budget amendment to the Constitution. The Stenholm amendment offers the only chance to bring real reform to the system and follow the will of the American people.

Mr. PANETTA. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. STOKES].

Mr. STOKES. Mr. Chairman, I rise in opposition to House Joint Resolution 290, the balanced budget constitutional amendment introduced by the gentleman from Texas [Mr. STENHOLM]. The constitutional amendment offered would prohibit outlays from exceeding receipts, in any fiscal year, unless three-fifths of the Members of the House voted otherwise.

This amendment is one of the most important measures to be considered by the Congress. It would permanently alter the Constitution, affecting the American economy and the viability of our Nation for decades.

The issue before us is a critical one. We have wrestled with a ballooning budget deficit for more than a decade. And, thus far, we have lost. In some respects, global changes have made it possible for us to reexamine our Federal budget policies, unfortunately a variety of economic pressures have frustrated our efforts to get our economy moving again. The national debt has tripled in the last 10 years, and currently exceeds $3.5 trillion. The interest payments on this debt are the fastest growing item in the Federal budget, leaving fewer resources for the purchase of goods and services. At the current rate, the House Budget Committee suggests that, by the year 2001, the national debt could reach $5.1 tril-

lion, taking it over the threshold of 50 percent of GNP. A significant portion of this debt was acquired during the Reagan-Bush administrations, when spending for defense reached record highs.

As a general matter, I agree that immediate steps must be taken to constrain a renegade budget deficit, a deficit which defies fiscal prudence and which dangles the very future of our Nation before us as hostage. However, adoption of Housing Joint Resolution 290 is not the way to bring this deficit under control.

A primary disadvantage of House Joint Resolution 290 is that it would require the Federal courts to enforce its provisions if there were a violation. Involvement of the courts in the budget process would amount to an abdication of the responsibilities given to Congress as the primary budgetmakers and elected representatives of the people, as set forth in the Constitution under article I, section 8. Specifically, article I provides that "the Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defence [sic] and general welfare of the United States * * *"

As David S. Broder noted in an article appearing in the June 7, 1992, edition of the Washington Post, titled "Dinking Around With the Constitution," this amendment errs on the side of danger by bringing "the Supreme Court into the annual budget debates as the only body that could judge between the President and Congress on whether the terms of the fiscal contract have been met." He adds that "unelected officials should not supplant Presidents and Members of Congress in making essentially political decisions on taxes and spending."

In addition to these concerns, such an amendment severely restricts the ability of Congress to respond to unexpected requirements for supplemental expenditures. We saw such emergencies arise recently with the Persian Gulf conflict, increased unemployment attributable to the recession, the Los Angeles riots, and the Chicago flooding disaster.

Finally, this amendment would require that the budget be balanced on the backs of those who can least afford to bear the burden: the elderly, poor, unemployed, and students in our schools and colleges. Housing, Medicare, Social Security, student aid, and veterans programs all would be subject to reductions under this proposal.

Mr. Chairman, our Nation does not need a constitutional balanced budget amendment which is basically a knee-jerk substitute for fiscal responsibility. This is no time for gimmicks. This is a time for guts. It is a time for leadership and a national commitment to put an effective cap, not an imaginary one, on our exploding national debt. The American people want, need, and most importantly deserve nothing less.

For all of these reasons, I urge my colleagues to join me in defeating House Joint Resolution 290.

□ 1820

Mr. STENHOLM. Mr. Chairman, I yield 2 minutes to the gentleman from New Hampshire [Mr. SWETT].

Mr. SWETT. Mr. Chairman, I rise in support of H.R. 290, and I thank my good friend, the gentleman from Texas [Mr. STENHOLM], for offering the amendment.

Mr. Chairman, in northern New England, in States like New Hampshire where I am from, we like our boiled lobsters with drawn butter. There are two ways to cook them. One is the right way and the other is the wrong way.

The right way is to put him into cool water. You turn the heat up, and the lobster settles in. As the water warms up, it lulls it into thinking nothing bad is going to happen, and pretty soon the water boils and it is cooked.

The wrong way is to take that live lobster drop it into hot water, and it flaps and spreads its claws and spreads its tail and jumps right out of that hot water, getting hot water all over you and all over the kitchen and not accomplishing cooking your lobster.

I think the United States has been the lobster in the cool water with the temperature slowly rising. We for these past 20 years have not been paying attention to our fiscal responsibilities, and they have increased in temperature, increased in severity, until now where we see ourselves in a position where our fate is going to be cooked.

This balanced budget amendment is not an iron pot with a secure lid. I think that we are going to be able to get out of this if we have dire difficulties. It is not a perfect amendment, but I think what it does is let us know that we have to take the time right now to act fiscally responsibly and to do the things that we need to do to change the way that we budget ourselves.

Mr. Chairman, we need a capital expenditure budget. We need an operating budget. We need to look at each and every one of the line items. Maybe we do not take 25 percent out of everything. Maybe we shift our spending in ways.

I think that we as Republicans and Democrats can work together on this, but we need some kind of signal that is going to put us to work on doing what is fiscally and responsibly correct.

Mr. Chairman, Ben Franklin at the close of the Constitutional Convention said that he voted for the Constitution not because it was perfect, but because it was the best that they could do. I think that the constitutional amendment to balance the budget is the best that we can do right now, and I ask my colleagues to support that amendment.

Mr. FISH. Mr. Chairman, I yield such time as he may consume to the gentleman from Oklahoma [Mr. MCCURDY].

Mr. MCCURDY. Mr. Chairman, when I launched my support for a balanced budget amendment to the Constitution 10 years ago, the national debt stood at approximately $1 trillion. Today, America is almost $4 trillion in debt to creditors around the world and there is no end in sight.

If Congress had approved the resolution in 1982, it would probably have been ratified by the end of the decade. We would today be working with budgets in which our spending would be tied to our revenues. As it is, the President and Congress has this year adopted a fiscal 1993 budget with a $400 billion deficit.

I will vote for passage of a balanced budget amendment this year as I have in the past. But, regardless of the outcome, this vote should not remove budget balancing from the immediate congressional agenda.

Rather than avoid the tough choices, we must make them. Rather than avoid offending special interest groups, we must enlist their support in a national cause. Rather than follow the President's stay-the-course mentality, we must break sharply with the past.

In 1985, I voted for the last great experiment in tough choices when Representative Marvin Leath proposed a combination of spending cuts, tax increases and a one-time elimination of Social Security and Federal retirement cost-of-living adjustments to balance the fiscal 1986 budget.

Unfortunately, we were joined by only 56 colleagues, 41 of them Democrats. At the time, this proposal was highly controversial. But if we had prevailed then, we wouldn't be faced with the absolutely devastating choices confronting us today.

Since that time, Washington has continued down a hopeless path on automatic pilot where budget summits and automatic spending targets provided political cover rather than ask for courage.

We have to lead by example. The cuts start here. This year, I have voted in committee to cut $6.6 billion out of the fiscal year 1993 defense budget, and later on the floor, I voted to cut an additional $3.5 billion in spite of my strong national defense leanings. As chairman, I lead the House Intelligence Committee in reducing overall intelligence spending by 5 percent and cut 12.5 percent from the committee's operating budget. I also opposed Social Security benefit increases because there was no provision to pay for them.

These are just a few examples of options available to Congress and the President right now. But as Federal elected leaders we must do more to curb the deficit.

First, I believe we should freeze spending and reorder our priorities.

I would support efforts to increase the portion of Social Security benefits subject to income taxes and raise income-based Medicare premiums so that higher income Americans receive no subsidized coverage.

For non-means-tested entitlement programs, I will support limiting cost-of-living adjustments.

I am willing to look at gradual elimination of farm subsidies and movement to a free-market agriculture policy.

A gasoline tax increase earmarked for deficit reduction and public investments for our young people should be enacted.

There is much political gamesmanship in Washington to see who can be blamed for the deficit and who can be perceived as trying to solve it. This is not a game. There is no more important issue than the budget deficit on which Congress and this administration should demonstrate bipartisan leadership and cooperation.

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, it took 167 years for America's national debt to reach $100 billion, another 40 years to $1 trillion, but only 9 more years to climb to $3 trillion. I shudder to think where we will be 5 years from now if we do not adopt a balanced budget requirement.

We know the Federal budget has not been balanced since 1969, that our Federal deficit stands at $400 billion, and that annual interest payments on the national debt now consume over $200 billion annually. That is a $3,300 burden for every family of four in America. Next year, for the first time, interest will represent the single greatest expenditure in the entire budget—more than defense, and more than Social Security. These interest payments do not provide education for a single youngster, health care for an ailing American, housing for any homeless person, or police protection for any besieged innercity dweller. It is lost dollars—gone to pay for our past spending habits.

How do we deal with this fiscal crisis? The idea being considered today has been around since the 1930's—a constitutionally mandated balanced budget amendment.

Finally, today we have an opportunity to consider this amendment. Without it, the best intentions to rein in the Federal spending deficit will be fruitless. Look at the record of laws we have passed to require a balanced budget: The 1974 Congressional Budget Act, Gramm-Rudman I, Gramm-Rudman II, and the 1990 Budget Enforcement Act.

None of these has worked. They have not worked because each of them have been statutes, laws that can be undermined or negated by another law when spending pressures become too intense. Congress needs self-discipline that goes beyond a law that can be changed by a simple majority. Congress, the President, and the American people need—and want—a constitutionally mandated balanced budget. The amendment represents the only real opportunity to impose fiscal responsibility on this Congress, for this Nation.

Several of the balanced budget amendment options which will be debated more specifically tomorrow are good. The Kyl-Allen amendment limits spending to 19 percent of gross domestic product and—most important—would include line-item veto for the President—a necessary first step in the enforcement process.

The Barton proposal has the advantage of requiring a supermajority to increase taxes, thus making it harder to balance the budget on the backs of the American taxpayer. But the rule that we are conducting this debate under stipulates that the last successful amendment will carry the day, and if adopted on final passage by the required two-thirds vote, will be the constitutional provision this body says should be sent to the States for ratification.

That last vote is the Stenholm-Smith proposal. I will vote for it, with full knowledge that its adoption overrides any earlier vote for Barton or for Kyl-Allen. I support Stenholm because it has teeth. It will force both the President and Congress to make the tough choices on deficit reduction that have been avoided up to now. It is specific in how we estimate revenues. It includes all Federal spending under its umbrella.

The Stenholm proposal includes a supermajority vote for increasing the debt—an important distinction from the Gephardt proposal. Without it, it would be business as usual. The voting requirements of the Gephardt proposal to increase the debt are no different than what we have today—and is that not what we are trying to change? This supermajority voting requirement would alter the path we are already on—which is avoiding the tough choices, building up massive deficits, and passing on a mountain of debt to our grandchildren.

I also want to point out that the Stenholm language does nothing to jeopardize the Social Security Program for senior citizens. Ironically, the Gephardt amendment, which claims to protect Social Security by exempting it from the provisions of the balanced budget amendment, would actually jeopardize the viability of the trust fund. It would be so because, once outside the confines of the budget limit, the Social Security trust fund would become a funding source for every spending program anyone might dream up.

Conversely, the Stenholm proposal would provide this Congress with complete discretion as to how to maintain the viability of the Social Security Program. Since Social Security is already protected under current budget statutes, it is very likely that it would continue to be protected under legislation implementing the Stenholm constitutional amendment. The interests of the elderly are well protected in the existing political system—unlike the interests of future generations that will bear the burden of our debt. It's regrettable that opponents of a balanced budget amendment would use scare tactics to frighten the elderly into thinking that this Congress—or any future Congress—is going to reduce their benefits.

But let me take a moment to comment on special interests. Interest groups are not going to persuade Americans to oppose a balanced budget amendment by arguing in favor of subsidies, pork-barrel spending, and Government Waste. Big city mayors, for instance, are not likely to convince voters by arguing that a balanced budget amendment is bad because it would reduce subsidies to money-losing mass transit systems in their cities. Large farmers will not get much sympathy when they complain that a balanced budget amendment will reduce the amount of taxpayer money they get not to grow crops. Welfare lobbyists will not impress working Americans by protesting that a balanced budget amendment might restrict how much money people are being paid not to work. No, special interest groups cannot reveal their real reasons for opposing a balanced budget amendment: Their trough may dry up.

This is tough talk—but it is time for tough talk. A balanced budget amendment will require Congress to prioritize spending. It can help weed out wasteful, outdated, or ineffective programs. And it will help force honest debate.

Make no mistake about it—voter outrage is driving the balanced budget amendment. It is time to enact a real, effective, responsible constitutional amendment to balance the budget.

Mr. FISH. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. MCCANDLESS].

Mr. MCCANDLESS. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, many opposed to the balanced budget amendment think this is just an intellectual exercise similar to their college debating class. We come down to the floor, do a cute song and dance, and then go home to be reelected. Well, I am sorry, but that's not why I came to Washington.

I came to Washington seeking some common sense in Federal spending procedures. To enact the structural changes necessary to ensure the future of our country. The balanced budget amendment is the cornerstone of this 10-year quest.

Today, the world is a different place than it was 10 years ago. Western Europe is looking toward Eastern Europe and the Japanese are finding that their manner of living is costing them more than they can afford. The overseas bankers have realized that they have plenty of things to spend their money on in their own backyards.

Without this overseas financing of our Federal spending, the competition between the Federal Government and the private sector for American capital is going to be much tighter. We need to

remember that the money we borrow to feed the deficit is money that the American people cannot borrow to buy cars, finance mortgages, or use for student loans. It is money that corporations will be unable to utilize in the retraining of their workers, the retooling of their factories, and the reinvestment in our future.

So, Mr. Chairman, this is much more than an intellectual debate about constitutional pristineness or economic theory. This is a debate about the future of our country.

If you want jobs, vote for a balanced budget. If you want reinvestment in our industry, vote for a balanced budget. If you want a secure future for our senior citizens, vote for a balanced budget.

Let me say a word about that last point. A lot has been said about cuts that may have to be made to Social Security under a balanced budget amendment.

Social Security is a self-funded program. A tax levied on working Americans is used to pay benefits to retirees. In 1967, President Johnson made Social Security receipts and Social Security benefits a part of the unified Federal budget. That was wrong. But, we have corrected that error and, by statute, we have removed Social Security from the unified Federal budget.

Because Social Security is self-funded, benefits must be paid from Social Security receipts. A constitutional amendment requiring a balanced Federal budget will not change that.

Those who are opposed to a balanced budget are attempting to frighten retirees by threatening to put Social Security back into the unified Federal budget. I for one, will do all that I can to prevent that from happening.

If we were to put Social Security exemption directly into this amendment, it would open up a loophole so large that every social program in the country would become part of Social Security. It would only be a matter of time before Congress loaded up the Social Security system with so much baggage, that the whole program would go bankrupt.

Without the balanced budget amendment, there is no way Social Security can survive. For that matter, there is no way our great experiment with democracy can stay solvent. We will be forced to enact Third World policies of currency devaluation and loan default just to keep the lights on at the Lincoln Memorial.

Cuts are going to hurt. But they're going to be phased in over the next few years to ease the pain. Our revenues will continue to grow without any major changes in the Tax Code. We just need to keep Federal spending down to a reasonable level. And all that it will require is that the Congresses of the future be more responsible than the ones of the past.

Mr. Chairman, let us face it—the pundits have already spoken—this Congress is a bust. The check cashing scandal, the post office fiasco, the perks—it's gotten so bad that most folks would vote to do away with this body if they could.

But Mr. Chairman, we have a chance at salvation. A chance to have our names spoken in the same breath as Washington and Lincoln. A chance to enact a change that will be the economic savior of this country. A balanced budget amendment to the Constitution.

One day, Mr. Chairman, our grandchildren will realize what an enlightened decision this amendment was. I urge those on the other side to join us in making history.

□ 1830

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. OXLEY].

Mr. OXLEY. Mr. Chairman, in a way, I guess, it is disappointing that we have to have this debate today. Over the years, we have tried to handle the Federal budget deficit in the best way that we thought we knew how, through Gramm-Rudman and through budget agreement of 1990, and I think everybody objectively has to say that they were both abject failures.

I remember my second term here in the House, and we had a Republican conference here on this very floor. And at that time the Secretary of the Treasury was Don Regan. And he stood exactly where I am standing today. And he told a very shocked Republican conference that we were facing a $100 billion deficit that year, $100 billion.

We stand here 9 years later, almost to the day, facing a $400 billion deficit and a national debt that is exceeding $3 trillion.

So it is obvious that we have not done what is necessary to even get close to balancing that budget.

I have to say that the other speakers who have spoken about how effective the State regulation on balanced budgets have worked, I think, make an excellent point. In our own State of Ohio, even though it has been an ugly process, we have been able to balance the budget because we are constitutionally constrained to do so.

In my 9 years in the Ohio General Assembly, we were always proud at least of saying that we balanced the budget. Some people did not like it, but ultimately we were fiscally responsible because of that.

I would ask those opponents to the balanced budget amendment, we tried Gramm-Rudman. We tried the budget agreement. Neither worked. What is the solution?

I guess we are desperate. We have to admit that we are desperately trying to find a way that we can stop the flow of red ink. The balanced budget amendment clearly is that vehicle. If not us, who; if not now, when?

Our constituents overwhelmingly support the balanced budget amendment. They, I think, in many ways are well ahead of us in discerning the future and what it means to vote for the balanced budget amendment. Vote for the Stenholm-Smith balanced budget amendment.

Mr. PANETTA. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. BEILENSON].

Mr. BEILENSON. Mr. Chairman, I rise in opposition to all of the proposed constitutional amendments.

I want to say at the outset that I share, entirely, the feelings of frustration and exasperation which have led many of our colleagues to conclude that amending our Constitution is our only hope for solving the Federal Government's persistent budget deficit problem. It has been enormously discouraging to have spent so much of our time and energy over the last decade struggling over ways to reduce our annual deficits—and, in many cases, to have come under fire for supporting unpopular spending cuts and tax increases—only to find that our actions have not even begun to close the huge gap between revenues and spending.

The enormous deficits the Government has been running, which have caused the national debt to soar, are without a doubt the leading policy and political failure of our generation. They are the root cause of the low rate of investment which has saddled our Nation with slow economic growth for years to come, and they are a major factor in our inability to respond to our Nation's most pressing needs. They are a large part of the reason why voters have become increasingly angry at Congress, as well as why we all feel that something has gone terribly wrong with our Government and our political process. There is no question that we ought to be trying as hard as we possibly can to bring these deficits down over the next few years.

However, amending our Constitution is not the right way to accomplish that goal.

Approving House Joint Resolution 290 is an easy vote, and a meaningless one. It will do nothing in and of itself to reduce the deficit, because it will do nothing to cut spending or raise taxes. It will only mislead the public into thinking that we have done something about the deficit. And, it will give the President and Congress an excuse to put off for a few more years what we ought to be doing right now.

Just like the Gramm-Rudman-Hollings plan to balance the budget which Congress passed in 1985, this resolution is nothing more than a promise to reduce deficits in the future. And because it is a promise to do something that the President and Congress are extremely unlikely to do, it will probably be broken. As a result, public cynicism toward Congress will grow.

The reason that it will be extraordinarily difficult to balance the budget 5 years from now when it is expected that this amendment would take effect, is the same reason it is next to impossible right now: There is no political support for the deep program cuts and large

tax increases that are needed to bring spending and revenues into balance. There will not be any such support until we have a President who is willing to stand before the American people and tell them the truth about our budget crisis and the steps that will be required to solve it. If I thought for one moment that a constitutional amendment requiring a balanced budget would produce that kind of Presidential leadership and resolve, I would have second thoughts about my opposition to it.

But the truth is, rather than encouraging the President and Congress to exert leadership on the budget, it is far more likely that a constitutional balanced budget requirement will motivate the President to use phony budgeting techniques. Just as was the case under Gramm-Rudman-Hollings, there would be every incentive to use unrealistic economic assumptions to produce inflated estimates of revenues, to move programs off budget, to delay payments into future years, and to use every other accounting gimmick anyone can think of to produce a balanced budget. Then, if all else failed, the President would only need to obtain the support of three-fifths of each House of Congress to approve spending which exceeds revenues.

Gramm-Rudman-Hollings was a setback for our efforts to reduce budget deficits. Because we were required to meet a particular deficit number each year, our goal of reducing deficits was replaced by a goal of seeing how creative we could be in showing we had reached a particular deficit number without actually cutting spending or raising taxes. A large part of the phony budgeting that took place during the late 1980's involved pushing costs into future years, thus making our current task even more difficult than it would otherwise have been. As a result of our enactment of Gramm-Rudman-Hollings, we missed a valuable opportunity to cut deficits while the economy was growing and could have absorbed the cuts much more easily than it can now. Exactly the same thing could happen under a balanced budget amendment.

My skepticism about balancing the budget under a constitutional requirement is due not only to the fact that previous schemes such as Gramm-Rudman-Hollings have failed, but also to the fact that the deficit problem has become harder to solve now than it was during the 1980's. Bringing spending and revenues into balance by fiscal year 1997—assuming it were done honestly—would demand far more draconian measures than at any time during the last decade: it would require approving a total of $550 to $600 billion in new spending cuts and new revenues over the 5-year period from 1993–1997, on top of the spending cuts we are still trying to achieve, and which we were barely able to enact, under the 5-year budget agreement we adopted in 1990.

I would urge our colleagues who plan to vote for House Joint Resolution 290 to examine closely the illustrative plans for cutting deficits by $550–$600 billion over 5 years that have been produced by the House Budget Committee. All of the options would require substantial reductions in Social Security, Medicare, veterans' benefits, and scores of other domestic programs as well as defense and foreign aid, because it is impossible to balance the budget without cutting those important programs. Two of the options would also include substantial tax increases.

While no one knows with certainty which programs would be cut and whether taxes would be raised, Members who anticipate that we will only cut spending to meet the amendment's requirement ought to heed the letter sent by Richard Lesher, president of the U.S. Chamber of Commerce. The chamber opposes this resolution because it "strongly believes that House Joint Resolution 290 would result in large tax increases, aimed primarily at businesses."

My own prediction is that the burden of this amendment would fall most heavily on programs which represent investment in the future, because it is easier politically to cut spending for roads and airports, education and training, and research and development, than, for example, to cut Social Security benefits. If this amendment provided for a balanced operating budget, separate from capital expenditures, the way many State balanced-budget requirements do, then we would not need to fear cutting the programs we need to support in order to provide for a productive economy. But this amendment does not differentiate between spending for investment and spending for consumption and, as a result, it has the potential to result in a substantially reduced standard of living for our children and grandchildren.

Furthermore, even if the constitutional amendment produced the intended result, a balanced budget is not always the wisest fiscal policy. In the years before the current recession occurred, many economists were advising the House Budget Committee that not only should we be trying to eliminate deficits, we should be working toward running budget surpluses to help prepare for paying the enormous costs of the income support and health care programs that will be needed when the huge baby boom generation reaches retirement age. Although running a surplus is obviously beyond the realm of possibility any time in the near future, it remains a sensible long-term goal which is unlikely to be pursued if the Constitution demands that spending equal revenues.

On the other hand, during recessions, it often makes sense for the Government to run a deficit as a way of stimulating the economy and cushioning the recession's effects. Yet, under this amendment, two-fifths of either House of Congress could block the efforts of the President and the majority in Congress to take such action.

I find it ironic that this balanced budget amendment has come before us at a time when the President and Congress are probably exercising more budgetary restraint than we have in years. With minor exceptions, we have met the severe constraints of the 1990 5-year budget agreement. During any other recession, we probably would have added far more to the deficit by cutting taxes or increasing spending than we have done during this downturn, which is particularly remarkable in light of its length.

And, despite growing demands for Federal assistance in a broad range of areas, the majority of Members of the House voted just recently to use additional defense savings for deficit reduction, rather than for domestic spending. As a result, Congress will be appropriating $7 billion less for fiscal year 1993 than the amount we would need to appropriate just to keep up with inflation.

In addition, the pay-as-you-go concept is not only part of our budget rules—which can, of course, be waived by majority vote. It has also taken hold in terms of the way we view any measure which involves a cost to the Treasury. Any such proposal made by the President or a Member of Congress which does not identify a way to pay for it, is not taken seriously here.

In other words—although it is hard to tell from the huge deficits the Government is continuing to run—despite the recession, and despite divided Government that keeps the President and Congress at odds over spending priorities, we are probably doing a better job of controlling spending right now than we would under any kind of balanced budget requirement, constitutional or otherwise.

Finally, this proposal raises serious questions about how the amendment would be enforced and how that would affect the balance of powers among the three branches of Government. The presumption is that if Congress were unable to comply with the balanced budget requirement, the Supreme Court would decide how to allocate spending or raise revenues. Members who plan to vote for this proposal need to consider very, very carefully whether it is wise to cede the power of determining fiscal policy to a branch of Government that is not directly accountable to the electorate and one which is also not prepared to make decisions in this area.

Mr. Chairman, for all of the reasons I have mentioned, and for others I do not have time to speak about, I am very troubled that the House is even considering burdening the U.S. Constitution with an amendment which does not belong in it, which could hamper our efforts to reduce budget deficits, and which is virtually guaranteed to further damage public confidence in Congress and in our political process. If Members of the House are truly serious about balancing the budget, then let us begin right here and now to work toward that goal in the proper and responsible way: By voting on a plan of spending cuts and tax increases that will produce those results.

Mr. Chairman, I urge our colleagues to vote no on House Joint Resolution 290.

Mr. PANETTA. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. BLACKWELL].

Mr. BLACKWELL. Mr. Chairman, I rise in strong objection to this measure to amend the Constitution of the United States.

It would seem from some of the rhetoric being exchanged in this Chamber today, that some of us actually believe that a balanced budget amendment is a magic wand. One quick wave over the document that represents the heart and soul of this Nation, and the budget will be balanced, the economy restored, and the recession shattered by this almighty amendment.

Well, Mr. Chairman, in my 8 brief months in Congress, I have witnessed numerous attempts here on the House floor to jump start our ailing economy.

I have watched as the House decided to fund a series of obsolete weapons systems, when billions of dollars could have been channeled toward deficit reduction.

I have watched as the House decided to vote against a Black Caucus budget which would have brought down the firewalls, to combat the harsh realities that millions of Americans experience everyday.

The realities of unemployment, homelessness, and economic peril. This same proposal also provided significant measures for deficit reduction.

And now I am standing here before you, listening to the hypocritical chorus, calling for a balanced budget amendment to the Constitution.

Advocates of the amendment have stated that they will not tolerate business as usual.

Well, by passing this amendment, we would be indulging in the worst form of business as usual. And that is passing laws for the mere sake of politics. Election year politics.

No one in this Chamber, Mr. Chairman, can deny the fact, that we must reduce the deficit. Indeed, I believe that deficit reduction is an essential step to get our economy moving in the right direction.

But we cannot and must not doctor the Constitution of the United States just for the sake of having something look good on paper.

In doing so, we would be blatantly disregarding the urgent daily needs of millions of Americans in this country. Basic needs like food, heat, and a place to sleep each night.

Make no mistake, the impact of the adoption of this measure would fall directly on the backs of those who can afford it least. Communities which are ravaged by a lack of opportunity, and outright poverty could potentially face huge cuts.

For the last 12 years, as our economy and national deficit plummeted out of control, corporations grew fatter by transferring jobs out of the country and dipping into the pension fund, the middle class all but vanished, and the wealthy benefited from tax cuts which certainly made little economic sense.

And now, we are actually considering the possibility of dealing a fatal blow to the few remaining social programs left in this Nation that help the disenfranchised citizens of this country each and every day of their lives?

Mr. Chairman, I urge my colleagues to look toward the future, with the past in mind. If we really want to make tough choices as advocates of this measure argue, then let us start making them for all Americans.

If you are really serious about balancing the budget, then pass the $10 billion jobs bill pending before the Public Works Committee. If we put Americans back to work, they will pay their taxes, and reduce the deficit.

If you're really serious about balancing the budget, then pass fair trade agreement legislation that will keep our jobs here in the United States, not Latin America, or Asia. Once again, more working Americans will pay their taxes, and reduce the deficit.

If you're really serious about balancing the budget, then let's change our tax laws to insure that the super rich carry their own weight off the backs of the middle- and working-class people of our great Nation. I know that it is an unpleasant reality, but more taxes in the higher brackets will reduce the deficit.

If you are really serious about balancing the budget, then we must enact national health insurance legislation, to guarantee health care for each and every American.

And if you are really serious about balancing the budget, we must invest in the decaying infrastructure of America's urban areas. Our cities are hurting. One need look no further than the events that devastated the city of Los Angeles last month to realize this. By rebuilding and reinvestigating in America's great cities, we will put people to work, stimulate the economy, and reduce the deficit.

A primary purpose of our Constitution is to protect every citizen of the United States by ensuring them certain basic rights.

Clearly such an amendment at this time would be in direct opposition to the intent of those who framed the Constitution.

The time to act is now. I can picture the headlines of the newspapers 10 years down the road. "Budget is Balanced" right above "Record Unemployment" and "Social Security Trust Bankrupt."

Mr. Chairman, what good is a balanced budget for our children, when they will be living in a world where they will not even be afforded the most simple, basic rights that we as Americans have come to expect?

□ 1840

Mr. OBEY. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Speaker, I opposed this amendment the last time around. I think it is a lousy way to bring the Government's borrowing under control. It would be better, as the Nike ads say, to "just do it," but I do not think there is any better way.

Everyone says he or she wants to balance the budget, including me. I vote against big spending whenever I can, from the strategic defense initiative, the B-2, troops in Europe, the super collider, the outside earnings for Social Security, the space station. I even voted to maintain the walls in the budget agreement so defense savings would go to lower the deficit rather than initiate new spending.

But I am no angel. I have my sacred cows as well in Government spending, as I suspect everybody here does. What we need is a specific plan to reduce the deficit. So why are we voting the balanced budget amendment today instead of a specific plan to reduce the deficit, a specific plan that makes the cuts for the people who want us to defeat this amendment because there are other serious plans available to cut the deficit? I ask this simple question, Where are they? The fact is, those plans do not exist. Once again we are asked to vote against an amendment on the grounds that it is dangerous to amend the Constitution. This time I hear no formal presentation by those who want to defeat this amendment of what we will do to diminish the dangers of a crumbling economy and a crippling debt.

Hopefully the amendment will require us to adopt such a specific plan. We all decry the lack of leadership, backbone, to bring our budget into balance. The President is not going to do anything. He has not brought a specific plan. Frankly, neither the Republican nor Democratic leadership of the Congress has done anything. There is no specific plan. There is only finger-pointing, and too much of it for the country's good.

The fact is, the financial stability of this country of ours is in jeopardy and no real plan, with all the hard choices that that plan would contain, exists to end the budget crisis: no Democratic plan, no Republican plan, no bipartisan plan. Therefore, a constitutional amendment seems the only way out.

It clearly is no panacea, because, as the gentleman from California [Mr. PANETTA] has repeatedly said, it will require tough decisions to raise revenues and to cut spending, and they will have to be made regardless of this amendment. But it will be far tougher to thumb our nose at the beloved document, the Constitution, than to ignore a statute requiring a balanced budget which has been on the books for years.

Finally, let me say that we need to balance the budget to promote justice and growth in this country. Unless the borrowing is stopped, the Federal Government eventually will be unable to respond to any of the country's problems that require spending. Programs will be squeezed out by the slice of the budget pie devoted to interest on the debt.

If the Members believe as I do that Government could be a force for change, for justice, for opportunity, such a result is unacceptable. So I will vote for the Stenholm amendment, believing that even with the legitimate concerns raised about it, it offers us the last best hope to solve this problem.

Mr. FISH. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Chairman, I rise in support of Kyl, Fish, Barton, Stenholm, in that order.

Mr. Chairman, I rise today in support of the effort to provide an amendment to the Constitution requiring Congress to balance the budget. More specifically, I support an amendment that focuses attention on the real culprit of our budget woes—Federal spending. However, before I explain the specific proposals I support I want to explain why I believe a constitutional amendment to balance the budget is necessary. I support a constitutional amendment for one simple reason—unless Congress is mandated to balance the budget it will never muster the political will to make the decisions necessary to do so.

With the fiscal year 1992 deficit expected to approach $400 billion, the total Federal debt at $4 trillion, and interest on the debt exceeding $200 billion, it is no wonder that the American people have become cynical about Congress and its ability to deal with our budget problems—or any problems for that matter. Indeed, these figures by themselves should be enough to silence any of my colleagues who suggest that Congress doesn't need a balanced budget amendment to act responsibly. Congress, at least as it is presently constituted, lacks the political will and courage necessary to make the tough decisions required to balance the Nation's books, and I have long ago concluded that this institution needs more than a friendly push to take some real action.

I submit that the course of action Congress has been pursuing for the past 30 years is putting at risk everything we hold dear as a nation. Can anyone in this House really comprehend $4 trillion or how our children and the children yet to be born will pay for the absolutely disgraceful and irresponsible spending habits of Congress? Indeed, I view the actions of Congress in regard to the national debt as criminal. That the root of our problems is Federal spending is clear. Indeed, revenues to the Federal Treasury have more than doubled in the past 12 years increasing $600 billion to $1.1 trillion in 1992. Over the same period of time our Federal deficits have actually increased, meaning Federal spending has increased even more dramatically. No; we do not need more taxes—we need to cut spending.

Because of the current state of affairs, we find the American people clamoring for change, and we subsequently find ourselves in the midst of a debate to amend the Constitution. My offices in Illinois and my Washington office have received dozens of phone calls on the subject. In addition, like every congressional office I have been deluged with letters from constituents, special interest groups, and other Members of Congress offering differing opinions on the issue. However, for all the letters I have received, all the speeches I have heard, and for all the articles that I have read about the dire consequences such an amendment would have on various Federal programs, interest groups and individuals, none of these can compete or are more powerful or persuasive than a simple picture of a small child. With all due respect to my colleagues, not one of the concerns presented today is more important than the concern for the future of our children.

To those who claim to be the champions of the downtrodden, the unrepresented, and the unprotected, I ask where is your compassion for all those future generations who have no voice in the decisions we make today? Are we so selfish, are we so ignorant, are we so callous, that we are actually willing to mortgage the future of our children because we are not willing to make relatively modest sacrifices today? Or do we simply and conveniently take the approach "Out of sight, out of mind?"

Mr. Chairman, suffice it to say Congress has an obligation to act in a fiscally responsible manner. Based on my observations of Congress over the past 20 years, it appears clear to me that the only way to accomplish the goal of achieving fiscal sanity is through a constitutional amendment. It is time to put up or shut up. As to which of the proposals before us today offers the best hope to accomplish the goal of limiting the growth of Federal spending, in my view the Kyl-Allen amendment is best. I strongly support the Kyl-Allen approach as it goes to the heart of the matter by capping Federal spending at 19 percent of GNP. This amendment will force Congress to pare down the size of that monstrosity known as the Federal bureaucracy. The Kyl-Allen amendment also provides an additional provision to help in this effort by incorporating a line-item veto for the President—a weapon against pork barrel spending that 43 Governors already have and is long overdue for the President.

I also support the Barton-Tauzin amendment which requires a supermajority of the House and Senate to increase taxes and the debt limit. Again, this amendment focuses attention on the spending side of the equation. If neither Kyl-Allen or Barton-Tauzin gain the necessary two-thirds majority, I will also support the Stenholm-Smith amendment. The Stenholm amendment requires that a supermajority of both the House and Senate must vote to approve any increase in the Federal debt limit. Although this amendment is by no means ideal, it is better than the status quo and will force Congress to make difficult decisions.

Mr. Chairman, at some point Congress must act and pass a responsible constitutional amendment to balance the budget. For the sake of our children we had better do it sooner rather than later.

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. GOSS].

Mr. GOSS. Mr. Chairman, the debate here today really boils down to a matter of right and wrong. I doubt that there are any in this body who would still argue that the goal of a balanced budget is wrong. We all know it is wrong to spend more than we have. The American public has let us know rather convincingly they expect us to balance our checkbooks—now they are asking that we balance the budget. Some have suggested that amending the Constitution to achieve this goal is like attacking an anthill with a bazooka—that a balanced budget is too trivial to merit inclusion in such a document. Mr. Chairman, this country faces annually $400 billion deficits, a $4 trillion national debt, and an interest payment totaling 14 percent of all Federal spending in the coming year; with these facts in mind, I would suggest that a balanced budget is not trivial, that indeed it is vital to insure the solvency and security of our Nation and our people. It is the right thing to do and now is the right time to do it. We have tried in the past to control spending by resolution and by statute; these measures have failed completely, including the much vaunted Budget Deficit Reduction Act.

Many of us have spent a great deal of time fighting to bring this measure of fiscal responsibility to the floor. As an original cosponsor of the Stenholm amendment, as well as three other balanced budget amendment resolutions, I am heartened to see that this body has finally recognized the danger of spending money we do not have, that our children—even our grandchildren—may not have either.

Just as important as passing this balanced budget amendment, however, is how we choose to enforce it—to achieve the goal it embodies. Opponents of the measure have resorted to scare tactics, deliberately misrepresenting that enforcement of this amendment will directly and immediately cause drastic cuts in Social Security. Not only is this untrue, because any cuts to Social Security or any program will require additional votes in this body, but it is also a cruel play on the emotions of the many seniors who rely on Social Security as their major source of income. Let us be clear about this: the Social Security trust fund is off-budget, and the major threat to it is what will happen if we do not balance the budget: That is, business as usual deficit spending leading to bankruptcy of the country. Those who are shouting that lightning may someday strike the room in which the Social Security fund resides should realize that the whole house is already on fire today, now—burning down around us.

Another myth that is popular in some quarters of this body is that taxes must be raised in order to make ends meet. We must not let ourselves turn this sound measure into an automatic tax hike every time Congress wants to spend more money. It is overspending that has landed us in this mess, and it is spending we must cut. For instance, one respected private economic organization has drawn up a plan which would balance the budget by fiscal year 1997; without draconian cuts in entitlement programs like Medicare and Social Security, and without raising taxes. According to this plan, we would cut $680 billion over 5 years. This is just one approach, there are others as well. If we all now can agree that a balanced budget is our goal, this Congress and its stubborn inability to make tough choices are the only things standing in the way.

Mr. Chairman, it is clear from the failure of past initiatives that we need to protect ourselves from our own spending habits. The people of southwest Florida have made it clear to me that they need protection from our spending habits. Let us pass this amendment and then get down to the hard work of setting the budget straight once and for all. I urge my colleagues to support the Stenholm amendment.

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. SMITH].

Mr. SMITH of New Jersey. Mr. Chairman, I thank my good friend, the gentleman from New York, for yielding this time to me.

Mr. Chairman, I rise in strong support of House Joint Resolution 290—the balanced budget amendment to the U.S. Constitution. My commitment to seeking a constitutional remedy to ensure a balanced budget, Mr. Chairman, is long standing and deep. It is a serious step that I, and others on both sides of the aisle, take very seriously. In this Congress, as well as the 97th, 98th, 99th, 100th, 101st Congresses, I have been a sponsor and strong proponent of a constitutional amendment to balance the budget.

I believe this amendment is an idea whose time has come.

I would remind my colleagues that 2 years ago, the House of Representatives came remarkably close to passing a balanced budget amendment. We, unfortunately, were just seven votes short of the two-thirds majority necessary for passage. For its part, the U.S. Senate, by a vote of 69 to 31 adopted the amendment back in 1982. This year, however, I am hopeful that both Houses of Congress will succeed.

I hasten to add that over the years, other similar attempts to bring expenditures in line with revenues have languished in committee, bottled up by the Democratic leadership of this House. Thankfully, the leadership's misguided effort to thwart consideration of this amendment has been overcome. As a signer of the discharge petition—designed to propel the balanced budget amendment out of committee and on to the House floor—I'm pleased we are finally getting an opportunity to debate this vital issue in the House.

Mr. Chairman, with the deficit ballooning to $399 billion for fiscal year 1992, the tough medicine of requiring a balanced budget can no longer be ignored. Dismissing this amendment as a mere gimmick may be fashionable shorthand and a glib putdown by Washington insiders who want to spend without restraint, but I believe the people will see through that cynical facade and support us as we try to put our fiscal house in order.

I believe, Mr. Chairman, we have a compelling moral obligation to all Americans to foster an economic climate most suitable for sustainable economic growth, across-the-board prosperity, and the creation of jobs.

Skyrocketing deficits and uncontrolled spending, however, inhibits and frustrates that practical and necessary goal. Uncontrolled spending will ultimately exhaust our Nation's economic vitality.

This Congress, it seems to me, can no longer mortgage the future of our sons and daughters by spending piles of money we simply do not have. As of June 1, the public debt hit $3.9 trillion. That is an average of $65,000 for every family of four in this Nation. In the next fiscal year, interest payments alone on the Federal debt will top $315 billion—an absolutely staggering sum. It is important to note that past efforts at deficit reduction—as well meaning as they might have been—simply have not had the desired outcome.

The Gramm-Rudman law, for example, was a sincere attempt to lick the deficit problem, but it failed. The budget summit agreement, in like manner, has turned out to be ineffective. It, too, has failed. Business as usual just does not cut it when confronting a problem as ruinous and potentially destructive as runaway deficits.

Almost 200 years ago, Thomas Jefferson wisely pointed out that;

> The Public debt is the greatest of dangers to be feared by [the] government.

Jefferson also wrote:

> The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves.

The public debt, which explodes by the day, requires the remedy we propose today. I thought the Philadelphia Inquirer—once an opponent of the balanced budget amendment—summed it up well in an editorial published on June 7, 1992:

> It now appears that the only fiscally responsible action Congress has a chance of taking this year is to pass the balanced-budget amendment * * *. With the national debt growing by $1 billion a day, we believe anyone arguing against a balanced-budget amendment, as we have in the past, has an obligation to explain how fiscal sanity would be restored without it.

In like manner, U.S. News & World Report said in a June 1 editorial:

> The time has come to recognize that the right thing to do is something we have long resisted: Amend the Constitution so that Congress and the president are required to balance the budget * * *. Yet for all the inherent flaws and dangers of an amendment, an honest look at our past behavior and the future burdens we are imposing on our children make a compelling case for its adoption * * *. But we can no longer flinch from reality; we can no longer afford the illusion that we can borrow our way to prosperity.

Mr. Chairman, a constitutional amendment to balance the budget doesn't sidestep the tough choices Congress will be called upon to make in the future. Rather, passage by Congress and ratification by the several States will ensure that those tough choices—prioritizing spending—will be made instead of resorting to deficit spending.

□ 1850

Mr. PANETTA. Mr. Chairman, I yield such time as he may consume to the gentleman from Hawaii [Mr. ABERCROMBIE].

Mr. ABERCROMBIE. Mr. Chairman, I rise in support of the position of the gentleman from California [Mr. PANETTA]. We already have the appropriate legislation, the Constitution of the United States.

Mr. PANETTA. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FAZIO].

Mr. FAZIO. Mr. Chairman, I appreciate the gentleman from California yielding me this time.

I particularly want to say that if there is good to come out of this lengthy debate, I think it is most likely to occur in the aftermath of the vote tomorrow on the constitutional amendment. It is most likely to occur if the emerging coalition that I see on the floor among Members who seem to be sincerely committed to enforcement mechanisms and to a fundamental 5-year program of deficit reduction continues to work together. I think this shows the direction we need to go in both a bipartisan and bicameral manner, and at both ends of Pennsylvania Avenue.

But I wanted to make some comments that relate to how we got here and what the deficit problem really is. Many people are used to hearing in our political campaigns that the Members of Congress are the big spenders, the tax-and-spend Democrats, the people who never get the message. And I want to take, if I could, just a little time to point out some facts that sometimes amaze our constituents.

This chart is a comparison of the President's budgets versus congressional appropriations. During the entire decade of the 1980's up until fiscal year 1992, as the chart shows, Congress and the President have appropriated almost exactly the same amount of money. In fact, Congress has provided slightly less than requested by Presidents Reagan and Bush in their budget submissions.

And we often hear about the line-item veto and the need to give the executive branch the power to make some unilateral decisions in light of congressional actions on what appear to be on the surface wasteful. But line-item expenditure rescissions, which are the equivalent of blue-pencil authority for the President have been consistently exceeded by the response of Congress. We have in fact sent back to

Presidents Reagan and Bush a larger sum than they have requested during the entire period of their Presidencies.

But to know where we are going really requires us to say where we have been over the last 12 years. Since 1980 the brunt of budget reduction actions have been directed at the nondefense discretionary category. I think you can see from the chart that when measured in constant 1987 dollars to remove the effects of inflation, the 1992 level for nondefense outlays is 4.5 percent lower than it was a decade ago in 1980. In the 12 years that have passed we have seen the interest on the debt go up 119 percent, we have seen entitlements—checks that go into the mail to people—go up 39.6 percent, and military spending, which is now trending down again, go up 33 percent. Revenues have gone up 21 percent above inflation.

The next chart shows the share of the Federal budget which is currently allocated to a variety of areas of national interest. Non-defense discretionary, which is essentially domestic spending, has been reduced overall by one-third. Revenue has decreased significantly, and interest, of course, has increased substantially. Entitlements and military spending retained about the same share of the Federal budget during this period. Net interest, as you can see, is closing fast on domestic spending and will soon outpace it. On to the next chart. I want to point out that on the following charts these are actual dollars and not constant dollars. Domestic discretionary spending has been cut by about $298 billion in cumulative buying power since 1980. In other words, what we do for highways, for housing, for research. Many, many areas of domestic spending have in fact lost almost $300 billion in buying power since the beginning of the decade. The domestic trend shows that the biggest losses occurred between 1980 and 1987. Since then, as you can see, the gap between current spending and where we were in 1980 has been closing somewhat.

Of course, critics of domestic discretionary spending point to the rate of increase between 1990 and 1992, which is about 8.3 percent per year, to justify further reductions such as you can see in the President's budget for domestic discretionary programs. But a longer perspective gives a different reading. And I would point to the fact that we see in this chart that entitlements are essentially taking over our budget. Without entitlement reform, revenue increases or both, there is no question that all discretionary domestic spending will continue to be squeezed out.

The Congressional Budget Office projects that over the next 5 years, under current policy, entitlement spending will go up 38 percent, net interest on the debt will go up 39 percent, and discretionary spending, all that we do in our domestic budget for people in this country, will go up only 5 percent.

Some particularly important reasons for the 3 squeeze need to be put on the record. Medicare and Medicaid are expected to go up 77 percent over the next 5 years, and the deficit, which obviously increases continuously, will increase the net interest costs at the same time. You can see that these costs are taking over the total Federal budget.

It is important to point out that health care cost containment is the most essential step we can take in any budget enforcement program for long-term deficit reduction.

In 1993, the total outlays for Medicare and Medicaid will equal outlays for total domestic discretionary spending. In 1999, Medicare and Medicaid will even surpass Social Security outlays, $431 billion to $418 billion.

Mr. Chairman, let me say in conclusion that this information, which I know is rather complex for many, really shows the direction we are going to have to go in if we are serious about deficit reduction. Members can vote for the Obey amendment, as I plan to because I oppose a supermajority concept.

I have had the experience of working with a supermajority requirement in the California Legislature, and I can tell you that it has led to gridlock and paralysis worse than anything that Washington has ever experienced. I cannot see a reason to obstruct the will of a majority, or make it less accountable for the implementation of effective policy, which is the effect of the supermajority in practice.

I also believe that the Obey amendment is preferable because it forces the President to assume accountability in this process, by submitting a balanced, honest budget each year.

But even if Members vote for the Stenholm amendment, or if we come back next week and we have not passed an amendment, we still face these realities. We still face the need to move on a 5-year, 6-year- or 7-year plan for deficit reduction.

Mr. FISH. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. EWING].

□ 1900

Mr. EWING. Mr. Chairman, ladies and gentlemen, I know that there is very little really that anyone can add to a debate that has gone on for so many hours.

But because of my strong feelings on this issue, I feel required to speak out today. I support the balanced budget amendment.

The options to the balanced budget amendment are more debt, more instability, more hardships for the American people. Congress has failed to show restraint in their spending habits, and our debt has grown through each succeeding administration.

We are really much like an errant child who has failed to mind its parents and the rules that have been set down for it.

We must be reined in. Debt is now unmanageable at $45,000 per household. Debt was $1 trillion in 1980. It is $3.9 trillion now. Interest consumes 62 cents of every dollar of personal income tax and is 15 percent of our budget.

Compare this to the family business that goes bankrupt. Before you have a bankruptcy, we all realize the pain and the trouble that comes from financial hardships, and yet without action to correct that after one has gone bankrupt, the problems are even greater.

We have lacked the management. We have created the debt, and it is draining our resources.

Every debt-reduction bill that has passed this House has been skirted. That is why the constitutional amendment is required. We need for education, health care, job training, and development moneys that we do not have because of our debt.

Mr. Chairman, it is time to address this problem now. The American people want it and demand it. let us vote yes for this amendment.

Mr. FISH. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. CAMP].

Mr. CAMP. Mr. Chairman, about 200 years ago, Thomas Jefferson said if there was just one change he could make in America's brand new Constitution—it would be to include a provision to prevent any future government spending irresponsibly.

Today, we have the Government that Thomas Jefferson feared would result without that provision.

The argument of some today is focused on preserving the integrity of the Constitution. They say we should not muddle-up this great document with such trivia as a balanced budget amendment.

With a deficit of $400 billion and interest payments making up the third largest part of the budget, I say if it was good enough for Thomas Jefferson, then it should be good enough for this Congress.

Next year, our Government will spend $316 billion just to meet interest obligations on the Federal debt. That is $10,000 a second, or like spending the average yearly salary of one American worker in less than 3 seconds.

Michigan and 48 other States operate under similar rules as the balanced budget amendment.

In many of our State capitols, Governors and legislators are making the tough decisions that this body won't make and they are facing the consequences. But Congress has simply put off dealing with the problem.

Now that we have reached a near crisis stage, opponents of the balanced budget amendment still promise that Congress can make the tough decisions, that fiscal responsibility is just

around the corner, that we can solve this deficit problem without the higher authority of constitutional mandate.

The big spenders who oppose the balanced budget amendment keep finding new ways to place the blame for the sorry situation of the budget. They blame Ronald Reagan, they blame George Bush, they blame low taxes, they blame defense spending, the big spenders blame everyone but themselves.

The American people just do not believe them.

We have the tools required to balance the budget, but the discipline is lacking. The balanced budget amendment is that discipline. Pass the balanced budget amendment.

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. Inhofe].

Mr. INHOFE. Mr. Chairman, this is a particular exciting day for me. Today we will be passing a budget balancing amendment to the Constitution. It is particularly exciting for me because my involvement began in 1970 when, as an Oklahoma State senator, I introduced and passed the first State resolution to call for a constitutional convention for the purpose of passing a budget balancing amendment to the Constitution. While we were not successful in getting the required number of States for such action, I must admit I am now glad. I would much prefer to do it this way and avoid the risk of possible damage to our Constitution.

And now, Mr. Chairman, we have new allies. There are Members here supporting the budget balancing amendment who have heretofore opposed it. I welcome them aboard. They have heard the people who are demanding this action. Polling shows that 87 percent of the American people want a budget balancing amendment to the Constitution. They want this approach because Congress has demonstrated over and over again that it is incapable of fiscal restraint. I just came back from six townhall meetings in my district and after much lively debate, only one constituent opposed the budget balancing amendment.

Still there are those opponents speaking here today, trying to hold on with white knuckles to the old way of business. They are trying to scare large segments of our society like veterans and senior citizens into thinking this action will drain their programs. One even suggested that this action is immoral.

Well I suggest, Mr. Chairman, that morality is the issue today. The interest of the debt today will cost each newborn child $120,000 during his lifetime. Each family of four will have to pay $7,000 each year for this debt. That's the morality issue. I am the father of four children and I don't want to encumber them and our future generations with our extravagance.

This morning I had to miss two votes. I was in an audience where my No. 3 child Molly defended her dissertation and became a Ph.D. On the way back I got to thinking about what we are leaving these young achievers; a debt. A debt for our abusive spending behavior.

The budget balancing amendment works. I spent three terms as the mayor of a major city, Tulsa, OK. We have such a provision in our city charter. I had some well-meaning liberals on my commission who wanted to circumvent it, but they never could.

I recall in the history of my State of Oklahoma that in 1941 we passed a budget balancing amendment. All the liberals in the State legislature moaned and groaned and said it would not work. But it did. Every year I served in the State senate, members complained about it. They wanted to spend more. But it worked. And it is working in 48 other States.

Mr. Chairman, this is the only way to do it. Congress has demonstrated its insatiable appetite for spending money it does not have. This amendment will put on the parameters and say to us, "alright, Congress, go on and do the job you were elected to do, just don't spend any more money than you have."

That is not much to ask for my children and for yours.

Mr. PANETTA. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Ohio [Ms. KAPTUR].

Ms. KAPTUR. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in support of the balance budget amendment to the Constitution introduced by the majority leader, the gentleman from Missouri [Mr. GEPHARDT].

Mr. Chairman, I rise in support of the balanced budget amendment to the Constitution, House Joint Resolution 496, introduced by Majority Leader RICHARD GEPHARDT, and the tough enforcement mechanism to this amendment that requires action in 1993 to begin deficit reduction. In fact, a balance budget does not require a constitutional amendment. It requires intelligent leadership and political courage. If tomorrow this President wanted to submit a balanced budget, he could do it. He never has. I urge support of these bills as a better alternative than the Stenholm proposal.

I am supporting the Gephardt alternative and its accompanying enforcement measure because they:

First, require immediate action in fiscal year 1993 on spending cuts as opposed to pushing off until 1998—Stenholm version—spending cuts. Steadily declining deficit targets are set over a period of 5 years until a balanced budget is achieved.

Second, place equal responsibility on the President/executive branch as on the Congress to balance the budget by requiring the President to submit balanced budgets to Congress. Congress would not be allowed to spend more than the President recommended.

Third, preserve the important constitutional prerogative requiring majority rule to activate deficit spending, as opposed to the Stenholm amendment which in effect would render great power to a minority of Members by requiring 60 percent of Members of each House to vote to allow deficit spending—thus rendering 40 percent of either Chamber the power to control decisions on deficit spending. Deficit targets could only be exceeded if the President requests that Congress enact a declaration of national urgency which must be approved by a constitutional majority of the whole number of each House.

Fourth, exempt Social Security from the amendment since Social Security is a social insurance program paid for by recipients and does not receive its funding from general revenues.

If we are going to balance the budget through a constitutional amendment and not put off the day of reckoning far into the future, let us do it right by requiring spending cuts and budget enforcement to go hand-in-hand with the amendment itself. Please join me in supporting the real deficit reduction bills.

Mr. PANETTA. Mr. Chairman, I yield 3 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Chairman, I rise in opposition to the balanced budget amendment introduced by the gentleman from Texas, House Joint Resolution 290.

Even if we adopt a constitutional amendment tomorrow, we are still going to have a huge deficit. The hard part is not adopting an amendment, but rather, making the tough decision necessary to get us to a balanced budget. A few additional words in the Constitution is not ultimately going to make that process of hard choices any easier.

In the past 3 years, the world has changed far beyond what any of us could have imagined. In 1989, first Poland, Hungary, Czechoslovakia, East Germany, Bulgaria, and then Romania fundamentally altered their political systems and their very way of life. Then communism fell in the Soviet Union. In large part, these startling changes were inspired by the people of the United States, and the system of Government we have successfully maintained for more than two centuries. In large part, they were inspired by the Constitution of the United States.

The Constitution has endured and inspired precisely because it has not fallen victim to political tampering. If we are serious about balancing the budget, let us muster the courage to deal with the deficit, not endanger a document that has inspired the world for more than 200 years.

This is a time of change. People are demanding action. The current political climate should give us the wisdom to reduce our deficit without a constitutional amendment. I do not feel that our revered Constitution should not be a vehicle for fiscal and economic policy.

It truly alarms me that the constitutional amendment approach leaves too

many unanswered questions. Questions that raise the specter of complicated future fiscal policy in the courts. Questions about how a rigid amendment might strangle future growth or be the final blow to our urban centers.

How can we forget 2 years ago when the summit produced an unacceptable package? Government was shut down for one weekend. The country was incensed. A constitutional amendment could produce worse gridlock.

I insist we do not need a constitutional amendment, with all its unanswered questions. Today we have, as we have always had, the constitutional ability to balance the budget.

It bothers me that we have no mechanism before us that tells the American people exactly what this will mean for them that to balance the budget will take deep cuts or large revenue raisers or a combination of both.

With a constitutional amendment we get locked into action that could unfairly hurt the powerless. A constitutional amendment could burden the Constitution with many entanglements. The courts are not part of the budgeting system. They have not been for 200 years and they should not be now.

Former CBO Chief, Alice Rivlin, testified before the House Banking Committee, Subcommittee on Economic Stabilization that:

Persistent budget deficits in the 1980's produced a slower-growth economy, trade deficits, and growing foreign ownership of U.S. securities and physical capital. If Americans are to live better in the future, they need to save more and channel those savings into productivity enhancing investment. If, instead, we continue to use our meager savings to finance government deficits, we can expect low investment, stagnant productivity growth, continued trade deficits and growing obligations to send interest, dividends and profits overseas.

We all want to reduce the deficit.

A recent General Accounting Office [GAO] report warned that if no action were taken to alleviate the deficit, real per capita GNP in 2020 would hold steady at about $24,000. On the other hand, if we balance the budget and keep it in balance, reap per capita GNP would rise to $32,555 by 2001.

I think the choice is clear. This is a time of change. People are demanding action. The current political climate should give us the wisdom to move forward toward balancing the budget but without a constitutional amendment.

□ 1910

Mr. FISH. Mr. Chairman, I yield 74 minutes, or the balance of my time, to the gentleman from Arizona [Mr. KYL], and further I ask unanimous consent that in his control of the time he may be able to yield time.

The CHAIRMAN pro tempore (Mr. MFUME). Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KYL. Mr. Chairman, I yield 4 minutes to the gentleman from Texas [Mr. FIELDS].

Mr. FIELDS. Mr. Chairman, I rise in support of the balanced budget amendment being offered today. With a record-breaking deficit reaching $400 billion and our national debt at $4 trillion, it is time we pass this constitutional amendment.

Let me state these outrageous deficit figures in terms we can better understand. Were the national debt parceled out to every man, women, and child in America, each of us would be presented with a bill for $10,656. For a family of 4, the bill would be $42,624. In addition, the interest paid last year to finance the national debt totaled $196.3 billion, which was 119 times the amount spent last year on cancer research. Finally, the Federal deficit increased by $276.8 billion from 1980 to 1991. That means the deficit increased by $8,777.27 per second.

In the past 18 years, we have enacted the Congressional Budget Empowerment and Control Act of 1974, Gramm-Latta, Gramm-Rudman I, Gramm-Rundman II, and the 1990 Budget Enforcement Act. During that 18-year period, our national debt has climbed from $483 billion to $4 trillion today. We should learn from history that legislative statutes are not working.

In 1929, Federal spending was $3 billion per year or $29 per person. In 1992, we are spending more than $6,000 per person per year. Ask any American if he or she sees the $6,000 from the Federal Government each year, and I would have to guess that you could not find many Americans who feel they are getting $6,000 worth of Government.

My constituency, Mr. Chairman, is composed of factory workers, school teachers, longshoremen, farmers, ranchers, and middle-income blue-collar workers. These are everyday, hard-working men and women who are struggling to make ends meet. They manage to balance their personal budgets. Now, how can I go home and tell them that we, in Congress, cannot balance a $1.5 trillion budget?

A new Washington Post-ABC poll shows that 77 percent of likely voters support a constitutional amendment requiring a balanced budget as a means of controlling the size of the Federal Government. Some 90 percent of Texas support the balanced budget amendment to the Constitution. Taxpayers see this as their insurance policy against excessive Federal spending.

Those working against the amendment outside the Congress are primarily special interest groups who are seeking to preserve their access to Federal dollars. Those working against the amendment in Congress are primarily social architects who want no curtailment on the Federal purse.

In addition, opponents of the constitutional amendment have gone so far as to use scare tactics among senior citizens threatening them that an amendment would jeopardize their Social Security payments. The amendment does not change in any way the existing status of Social Security. The greatest threat to the long-term status of the Social Security trust fund is the rapidly increasing Federal debt. Further, interest payments on our debt will continue to crowd out other spending including Social Security.

President Bush has been pushing for a balanced budget amendment for at least 14 years. Likewise, I have supported an amendment ever since coming to Congress 12 years ago. I also firmly believe that granting the President line-item veto authority is essential if we are serious about reigning in the $400 billion Federal deficit.

As a cosponsor of the Kyl-Barton-Stenholm amendments, I support both of these approaches. Without firm language either limiting taxes or capping total spending, a balanced budget requirement could turn into an annual excuse to raise taxes.

If we do not take the necessary steps now, like passing this constitutional amendment, we not only limit our economic growth today, but also the future economic prosperity of our children and grandchildren.

Mr. MOODY. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. POSHARD].

Mr. POSHARD. Mr. Chairman, I rise in support of the Stenholm balanced budget amendment.

Mr. MOODY. Mr. Chairman, I yield 3 minutes to the gentleman from Mississippi [Mr. ESPY].

Mr. ESPY. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in support of the balanced budget amendment and in particular House Resolution 290.

I will tell you what, Mr. Chairman. I have had the privilege to have been able to sit on the Budget Committee for the last 6 years and from this hot seat I have watched our committee and this Congress struggle with these tremendous problems of debt and deficits.

I have seen Republican Presidents browbeat the Congress about deficit spending, while never once submitting a budget anywhere near a zero balanced bottom line.

I have also seen this institution come up with rather ingenuous ways to duck and dodge some of these incredibly tough decisions; a little trust fund dipping here, a little off-budget sidestep there, winking and nodding, raising the debt ceiling, acceptance of rosy budget scenarios of revenue and growth projections, stretching out of all proportion Funk and Wagnall's definition of emergencies.

Mr. Chairman, I have seen efforts at statesmanship drown in avalanches of special interest mail.

I have seen this body lose its wiggle room, losing our ability to adequately respond as a quick response team, inadequately able to respond to domestic crises and catastrophes because we are basically caught in a fiscal straitjacket of unacceptably high interest and entitlement payments.

We borrow instead of invest. We postpone instead of decide, and we follow instead of lead.

That is why, Mr. Chairman, I have come to the conclusion that it is time that we pass the balanced budget amendment, because sad as it is, I think we do need a constitutional imperative.

It is way past time to make these tough decisions.

Now, a balanced budget amendment is an extraordinary measure, but Mr. Chairman, a $4 trillion debt is extraordinary.

Economic questions about the full faith and credit of our Federal Goverment in the bond markets is extraordinary, so these are basically extraordinary times; but I as one Member am under no illusions. I agree with our chairman, the gentleman from California [Mr. PANETTA] when he says that passage of this amendment is much easier than the choices we have to make later.

I would rather we had tied the two together today. We can vote for a balanced budget amendment tied to an enforcement mechanism to make it work. The enforcement mechanism, Mr. Chairman, is where the rubber wheel meets the road, so we should not just be allowed to walk out of here and pass any one of these budget amendments and just go home, because that is in effect giving the voters the okey-doke.

Mr. Chairman, we need a balanced budget amendment, but while we wait for ratification from the States, and I think that we should assume that it will be ratified, we must be about the business of affirming a budget schedule which takes us to a 1998 budget balance, a budget schedule based on the concept of shared pain and sacrifice where everything is considered, everything in and nothing out, including taxes, including entitlements, and yes, reductions in spending.

In conclusion, Mr. Chairman, just let me say that I do support House Resolution 290. It is a constitutional concern worthy of a constitutional response.

Mr. KYL. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. ALLEN].

Mr. ALLEN. Mr. Chairman, time and time again, Congress has failed to properly manage the finances of the Federal Government. No State government, private company, or American family is permitted to irresponsibly and continually spend money it does not have. Why, then, should Congress be exempt from doing what millions of Americans do every month—balance their checkbooks.

For the sake of our children and grandchildren, we cannot allow our deficit and national debt to continue growing out of control. As it is, the interest on the national debt consumes an ever-increasing portion of valuable Federal revenues—money that could otherwise benefit Americans.

Allow me to give you a bill of particulars to show why a balanced budget amendment is necessary, now, to return accountability and fiscal discipline to our Federal Government.

In fiscal year 1993:

First, the largest item in the budget is interest on the national debt, which is 21 percent of all Federal spending.

Second, this is more than the total revenue of the Federal Government in 1976.

Third, interest on the national debt amounts to over $7,000 per family of four.

Fourth, interest on the national debt is equivalent to spending over $6 billion per week, $866 million per day, over $600,000 per minute, or $10,000 per second.

Fifth, interest on the national debt is 27 percent of all Federal revenues and totals 61 percent of all individual income tax revenues.

Sixth, the national debt has now topped $3.9 trillion. The Federal Government has run deficits in 53 of the last 61 years, and 30 out of the last 31 years.

Never has it been more clear than it is today, faced with a $400 billion deficit, that the Federal budget process has failed, holding neither the President nor the Congress accountable. Few would disagree that our current budget crisis warrants serious measures to return our budget process to fiscal sobriety.

I support enacting a constitutional check in the form of a balanced budget amendment with a Federal spending limit, to reduce the deficit by controlling spending, not taxing more. Congressmen get reelected by spending and they will continue to spend unless the Constitution stops them. Every day, Congress spends $1 billion more than the government receives. Currently, congressional spending goes on largely unchecked. To quote Dr. Walter Williams of George Mason University, "A balanced budget amendment, without a spending limit provision, will simply be a way of justifying the further tax gouging of Americans." Congress has balanced the budget only once in 30 years but has raised taxes 56 times. Citizens Against Government Waste has said, "The Kyl-Allen amendment will not only eliminate the deficit but it will also put a halt to the non-stop increases in Federal spending and taxes of the last 50 years which are now threatening our very way of life."

I respectfully submit that the Kyl-Allen balanced budget amendment affords the taxpayers the best protection from the profligate taxing and spending habits of Congress.

The Kyl-Allen amendment, which will be offered tomorrow by Congressman FISH as the Republican substitute, will limit Federal spending to 19 percent of the gross national product. Most important, this provision provides an incentive for Congress to implement positive economic growth policies. As the Nation's economy grows, so will revenues of the Federal Government. American families should not be saddled with a heavier tax burden, but rather Government should prioritize and eliminate extraneous spending. Curbing Federal spending is a long-term solution to our staggering Federal debt. Kyl-Allen protects taxpayers by requiring a 3 to 5 vote of Congress to exceed spending limits or violate the balanced budget provision.

For short-term and long-term effectiveness, the President should be given the authority that 43 Governors have, the line-item veto. The line-item veto would prevent Congress from spending scarce Federal dollars on wasteful, often ridiculous programs. The President should be able to cut the fat from the meat of enormous appropriations bills. Just as important, the line-item veto would increase accountability within our Government and shed a scrutinizing light on the pork barrelling that is so prevalent on Capitol Hill. Lou Uhler, president of the Tax Limitation Committee, said, "It's about time, if we're going to ask the President to share the rap for out of control spending, that we give him a tool to control it. The line-item veto would do just that."

The President's exercise of the line-item veto, and Congress's attempt to override one, would be subject to public scrutiny. If the President had a line-item veto, he would be held accountable for the pork barrel legislation that crossed his desk and, similarly, every Congressman voting to override or sustain the veto would be accountable to their constituents. Both the President and the Congress would be responsible for the consequences of their appropriations. The American people are outraged at some of the frivolous studies and projects the Federal Government subsidizes with their tax dollars and they overwhelmingly support granting the President a line-item veto.

Fiscal irresponsibility and lack of Government accountability have necessitated a balanced budget amendment. As Mr. Jefferson wisely cautioned, "In questions of power, let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution." I urge my colleagues to support the only balanced budget amendment to the Constitution which contains a spending limitation, taxpayer protection, and a line-item veto provision. Support the Kyl-Allen substitute.

□ 1920

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. FAWELL].

Mr. FAWELL. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in support of the Stenholm-Smith balanced budget amendment. This Congress has passed many laws as a means of balancing the budget, and all of them have been dismal and complete failures. That is because Congress made such laws knowing it could change the laws, and they did; they could repeal them, and they did; and they could ignore them, and they did that too.

But, Mr. Chairman, even Congress cannot ignore the Constitution, and that is what we are talking about.

In a recent article, columnist Michael Kinsley referred to comments that the balanced budget amendment is a cruel hoax because the public is not being told what the balanced budget would entail. But Kinsley asks, "But is it a cruel hoax?" It would be, he states, "if the three-fifths' escape clause became a routine exercise. But if the amendment produced actual fiscal discipline even for 4 or 5 years down the road,' and that is going to be the length of time we are talking about, "it would be a kind hoax, not a cruel one. Sort of like enticing a beloved relative into a drug treatment program."

Mr. Chairman, until there is a constitutional mandate on Congress, Congress will not balance the budget in this century or any time in the foreseeable future.

Again, I will quote Mr. Kinsley. He points out that there is "a cowardice in Congress," which causes us to refuse to face up to the problems we have. But he states, "That cowardice will catch up with them," meaning the Members of Congress, "one way or another. They'll either have to face the music in 4 or 5 years or retire in order to avoid it. In fact, a balanced budget amendment could make that other constitutional cureall—term limits—superfluous." Obviously, it is not going to be easy, what we will have to do after passing this amendment. Even now, as public support for a balanced budget amendment is swelling and Congress professes to have seen the light or at least to have felt the heat, it still ardently resists giving up its pork-barrel spending habits, sort of like an alcoholic who does not know he is sick. But it should not be surprising. I will quote Kinsley again. He rightly observes that voters are at times "hypocrites about Federal spending, hating it in general, cherishing it in particular. Politicians of both parties cater to this hypocrisy."

Unfortunately, liberal overspending has now paralyzed this body. We now spend $300 billion just to pay interest on the national debt. We have not balanced a budget in 23 years in a row, for 31 out of the last 32 years. And even at this time, those who have the power of leadership in both Houses of Congress are working assiduously to convince us to listen to them and save their power to borrow and spend even more and more.

Mr. PANETTA. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Georgia [Mr. LEWIS].

Mr. LEWIS of Georgia. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise today because I am deeply troubled by the steps that this House is about to take. I, for one, cannot and will not support a constitutional amendment to balance the budget.

Our Constitution is an extraordinary document. Our Constitution is sacred. Our Constitution is the only document of its kind in the world to have lasted so long and to have been used as a model so often. Our Constitution works.

Make no mistake, I want a balanced budget. Like everyone else, I don't want our children and unborn generations to bear the burden of the budget deficit and increasing national debt.

But I believe we must deal with this issue in a responsible and sensible way. Last week, this body had the opportunity to cut the budget with the Durbin amendment. That amendment would have resulted in a $1 billion cut in the SDI program. Yet, this body did not pass it.

I think it is the height of hypocrisy for some of us to stand up and champion the constitutional amendment to balance the budget, and yet many of us will not vote to cut unnecessary defense spending.

The Constitution should not be altered or amended just because it appears popular to do so. It should not be amended just because the President is unwilling to submit a balanced budget or because the President does not want to be blamed for budget cuts. It should not be amended just because the Congress does not have the nerve to pass a balanced budget.

This is not the time to give the American people a sense of false hope and false peace that somehow or someway, by doing the easy, political snow job, we will be off the hook. We must tell the American people the truth.

What is needed is not an amendment to the Constitution. What is needed is courage. Nothing but raw courage.

The budget problem that we have in America did not happen overnight. It took 12 long years of steady, deficit-building. It will not be fixed overnight. It will not be resolved by some quick-fix, pie-in-the-sky gimmick.

To cast a vote for a constitutional amendment may make us feel good and look good back home. For sure, it will win us a few votes. But, it is the cowardly way out.

A constitutional amendment is not the answer.

□ 1930

Our budget problem is a serious problem. It calls for serious and thoughtful resolution, not a gimmick.

We can not—and should not—try to use the Constitution as a fig leaf to cover our own follies.

Now I realize that the Constitution is a flexible and evolving document. But every time we face a lack of courage, we should not use the Constitution as a panacea, as a cover or as a cure-all.

To pass a constitutional amendment to balance the budget, in my estimation, will do injury. It will cheapen the Constitution. We owe it to the American people to respect and preserve the Constitution, not just for today, not just for tomorrow, but for unborn generations.

Mr. KYL. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. ZIMMER].

Mr. ZIMMER. Mr. Chairman, Thomas Jefferson was not in attendance at the Constitutional Convention. He was Minister to France. But when he read the Constitution, he thought it was a pretty good Constitution. However, he said it had two defects. He said it needs a Bill of Rights, and it needs a prohibition against the Government incurring debt.

Mr. Chairman, Thomas Jefferson was right on both counts because Thomas Jefferson, that great political philosopher who had such great faith in the people, also had an understanding of human nature, and that is why he distrusted elected officials. That is why he said, "In questions of power, let no more be heard of confidence in man, but bind him down from mischief by chains of the Constitution."

That is what we have to do, Mr. Chairman, because this body and the executive branch have shown themselves incapable of balancing the budget without an external discipline imposed by the Constitution.

Have you ever seen the bumper sticker that says "We're spending our children's inheritance?" Well, that is exactly what our generation is doing. We are consigning our children and their children to a lower standard of living than they might otherwise have had, perhaps a lower standard of living than our own. We are consigning them to live in a nation that is less competitive, less productive and whose government is shackled by the obligation to pay interest on a debt that we incurred to pay for our current consumption.

So, for that reason, Mr. Chairman, I believe that a balanced budget amendment is not an economic proposition only. It is a moral proposition. It is entirely consistent with the tradition of our Constitution, going back to the Bill of Rights, that we have got to restrain our leaders to protect the common good.

Our constituents are very angry at Congress for a number of reasons. But

one very important reason is that we find ourselves unable to do what they have to do, what every family has to do, what every business has to do, indeed what every State government has to do, and that is to live within our means.

I think all of us know why we cannot do that. It is because the public interest in balancing the budget is overcome by the multiplicity of well-focused, well-funded private interests which have their own specific agendas.

Prof. James Buchanan of George Mason University recognized that phenomenon. He won a Nobel Prize in economics for explaining why individual Members of Congress find it in their political interests to be fiscally irresponsible even when they recognize it is not in the public interest. However, you don't have to be a Nobel laureate to understand the problem or to know the solution: bind them down from mischief by the chains of the Constitution.

Mr. MOODY. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. PICKLE].

Mr. PICKLE. Mr. Chairman, I rise today to express my support for the measure being advanced by my able colleague, Representative STENHOLM, a constitutional amendment to balance the Federal budget.

Let me at the outset express my respect for the chairman of the House Budget Committee, Mr. PANETTA, who has made the argument that we ought to be debating the policies and choices needed to reach a balanced budget. He could not be more right. This amendment will force a debate on policies and choices that is necessary, and long overdue. That debate need not take place and be concluded today or tomorrow as the chairman of the Budget Committee suggests. With this amendment, the debate will take place in a responsible way, at the right time. To suggest that a constitutional amendment somehow diverts us from that task is off target.

The question we face today is this: How do we get our Government—the executive and legislative branches—to focus on the difficult policy choices needed to balance the budget? It is a plain fact that we have not been able to do this for years now, and our deficit has grown to alarming proportions. The deficit threatens prosperity today and into the future by forcing us to live off capital, rather than create new capital to make us productive.

I strongly disagree with the idea that a vote for the amendment is just another promise to our constituents that we will balance the budget. A balanced budget amendment will turn this Government in the direction of fiscal responsibility. But let us be clear on the House floor and to our constituents. When Government spends $4 for every $3 it takes in, balancing the budget will take sacrifices from us all, and hard choices in the process.

Let us be clear to our constituents on another point: This amendment represents the beginning of a challenging process for our Government, and one that will take time. It is not an overnight fix to our deficit problem. The Stenholm amendment will require two-thirds approval in the House, two-thirds in the Senate, and ratification by three-fourths of the States. That will take time, but we all should agree that the process must begin—not only with passage of this amendment but with meaningful deficit reduction by Congress and the President. It we do not act, then our deficits will continue to grow. We owe it to posterity to make some changes. The reward will be great—a better standard of living for ourselves in the future and, more importantly, for our children and grandchildren.

Mr. MOODY. Mr. Chairman, I yield 4 minutes to the gentleman from Virginia [Mr. PAYNE].

Mr. PAYNE of Virginia. Mr. Chairman, the good news in this debate is that almost everyone agrees that we need to have a balanced budget. The issue is, how do we achieve this urgent goal?

Last fall, the Budget Committee sought to find a way to balance the budget. Chairman PANETTA held almost 40 bipartisan caucuses, during which we studied every area of the Federal budget, looking for savings. The committee's report on this process, "Restoring America's Future: Preparing the Nation for the 21st Century," set out a course of action eliminate the deficit by the year 2001.

It was disappointing to me that, after all of our efforts, the report received so little attention and interest. It garnered only a small article on the back pages of the Washington Post. In addition, the fiscal year 1993 budget resolution did not address the need for further deficit reduction. Most importantly, no one on the Presidential campaign trail has seriously addressed a way to reduce the deficit.

What can be more compelling than the fact that our annual deficit is growing at a rate of $756,000 every minute of every day and that our deficit problem is not going away?

The recent resurgence of attention to the balanced budget amendment has returned the deficit issue to its rightful place at the forefront of national interest. Passage of the balanced budget amendment will ensure that the deficit issue is never again ignored.

I am a cosponsor of House Joint Resolution 290, the balanced budget amendment sponsored by Mr. STENHOLM. This amendment has been carefully crafted over the last decade.

There are some who would contend that we don't need to pass a constitutional amendment to ensure that Congress and the President remain committed to deficit reduction. I agree that a balanced budget amendment will not instantly give us the leadership necessary to eliminate the deficit. But, the balanced budget amendment will give us the needed framework to see that we reach our goals. The amendment not only sets forth the framework of a balanced budget, but after we achieve a balanced budget, the amendment will ensure that the budget remains balanced.

This is an important goal for our Nation. As the Budget Committee has held hearings on our Nation's fiscal health, economist after economist have said over and over again how crucial it is for us to balance the budget and stop spending the Nation's savings. Deficit reduction is an indisputable public policy objective.

When we buy things we are not willing to pay for, we leave the responsibility for correcting our irresponsibility to our children. A balanced budget amendment will protect the rights of our children and the unborn. Thomas Jefferson has spoken at length on this need for us to be responsible to future generations. I grew up within a few miles of Monticello—Mr. Jefferson's home—and I hold very dear his teachings. We should listen carefully to his counsel.

Mr. Jefferson recognized that, if we balance the budget, we will have the resources needed to invest in our country. In a letter to Albert Gallatin, he said:

> I consider the fortunes of our republic as depending, in an eminent degree, on the extinguishment of the public debt. That done, we shall have revenue enough to improve our country in peace and defend it in war.

Yet, in the same letter, Mr. Jefferson feared what might happen under the situation we now face. He said:

> If the debt should once more be swelled to a formidable size, its entire discharge will be despaired of.

Some would like to let our despair of the current situation, particularly the cuts and reforms needed to reduce the deficit, prevent us from doing what is needed. We cannot fear doing the right thing. Enacting the balanced budget amendment and then working together in a bipartisan fashion to achieve a balanced budget is the right thing for our country and future generations.

I urge my colleagues to vote for House Joint Resolution 290, the balanced budget amendment, when it is voted on tomorrow.

□ 1940

Mr. PANETTA. Mr. Chairman, I yield myself such time as I may consume to tell my friend, the gentleman from Virginia [Mr. PAYNE], that Thomas Jefferson, without a constitutional amendment, reduced the debt by 25 percent when he was President.

Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. GUARINI].

Mr. GUARINI. Mr. Chairman, I rise in strong opposition to House Joint Resolution 290, a balanced budget constitutional amendment, and to the various substitutes.

Our Constitution is not the problem. It has served our country well for over 200 years. Placing a straitjacket on the Constitution is irresponsible—reckless—and simply wrong. The Constitution must not be tinkered with.

A constitutional amendment will not balance the budget. It will not mandate political will or courage. It will not create the necessary leadership.

But what it will do is trivialize the Constitution. It will irreparably damage the separation of powers—fundamental to our Founding Fathers framing of the Constitution. It will bring the Supreme Court into the budget decisions—further complicating the process. And it will dump more Federal responsibility on the State and local governments—forcing them to dramatically increase taxes to maintain services. Finally, what a balanced budget amendment will do is to avoid the real responsibility of having to make the hard choices.

By voting for a balanced budget amendment—you may think you can convince the American people that you are doing something about the $400 billion deficit—and the $4 trillion of debt—$3 trillion of which was accumulated in the last 12 years.

You may think you can go home to your district and tell your constituents that you are doing something about our Nation's No. 1 problem. But to my distinguished colleagues, I say you are only fooling yourselves. We must tell the American people the truth.

The financial markets—over 400 leading economists including seven recipients of the Nobel Prize—State and local governments—and the American people know that the balanced budget amendment is another false promise—filled with high expectations—made at election time to placate the voters.

Supporters of this amendment argue that a balanced budget amendment is the only solution left to get our fiscal house in order. This is wrong.

Let us seize the moment to make the hard decisions necessary to put our country on the road to fiscal sanity now—not 2 years from now—not the 5 years that it will take to complete the constitutional procedures—but right now. It may be a long, difficult road to enactment, especially when the States and cities become aware of its consequences to their own budgets.

As a member of the Budget Committee—I have been working with Chairman PANETTA and the other committee members in an effort to achieve real deficit reduction now. Which means we must cut an additional $600 billion from the budget in order to balance it by 1997.

The way to achieve a balanced budget is clear—and simple. There is no way around it. We need to control the growth of entitlement programs. Perhaps we should establish a blue ribbon entitlement commission and make the tough decisions by means of testing our programs that are out of control—most of all, we must have a national program for affordable health care. It is shameful we are in a state of paralysis over passing meaningful cost containment for health care.

Military expenses should and can be cut deeper—our allies must pick up more of their share of the defense burden.

We need to freeze spending now and prudently plan our domestic agenda. And we need to ensure that the more fortunate pay their fair share. We need to change our priorities—moving from a cold war budget to one which invests in the rebuilding and renewing of our Nation.

There is no quick fix—there will be plenty of sacrifices. I believe our people will respond if the sacrifices are fair and across the board.

One thing is certain—fiscal responsibility and the priorities for our Nation must begin with the President. Reagan never sent Congress a balanced budget. And Bush has not either. We are failing in leadership. Congress by its nature is a consensus body and is not equipped to lead as effectively as the President.

The budget can begin to be balanced right now. Gimmicks won't do it. Political will and courage is what it will take. Our people deserve better government than they are getting.

I urge my colleagues to do the right thing—oppose the balanced budget amendment—and have the guts to work for immediate deficit reduction today and not another tomorrow.

Vote "no" on these damaging amendments to our Constitution.

Mr. MCEWEN. Mr. Chairman, today is a hallmark in American history. The passage of the balanced budget amendment in the House marks the beginning of the end of our chronic budget deficits.

I repeat, today is the beginning of the end. It is only a beginning, and a lot of work, years of struggle, remain before us.

Chronic budget deficits permit today's citizens to borrow from future generations of Americans. For decades, the Federal budget has been in deficit. Often, massive deficits.

Blame anyone you want. You can blame Ronald Reagan if you like. You would be wrong, of course. Tax revenues increased by an average of 7.5 percent per year during the 1980's.

The fact is, whatever the cause, deficits borrow from future generations. They impose an obligation on tomorrow's taxpayers.

Obviously, the taxpayers of the mid-21st century can't vote now—maybe that is why deficits, borrowing from them, has become a staple feature of our Government.

That really is at the heart of this debate. Tomorrow's taxpayers, our children, and even their children, will be the ones who pay for the debt we leave behind.

Obviously, some debt can be the result of wise investment. For example, most medical students go heavily into debt to pay for their education. It is usually a good investment because they will earn more than enough to pay off the debt, with interest.

Most families go into debt, through their mortgage, to buy a home. A home has traditionally been a good investment for American families. Along with a place to live, they have often increased in value.

A nation, during wartime for example, may have to borrow to protect the future. Would anyone disagree that today's taxpayers would be happy to repay the debt acquired to defeat nazism and fascism, and keep America free.

The balanced budget amendment protects the right to borrow to improve the future through two provisions:

First, it permits a budget to be in deficit if both Houses of Congress vote with a three-fifths majority for that budget.

Second, it does not require a balanced budget during wartime.

The Constitution is designed to protect the rights of those who cannot protect themselves. Freedom of speech and freedom of the press protect the rights of those with unpopular opinions.

The Constitution establishes a framework of government that is conducive to protecting rights.

We repeatedly hear that a balanced budget amendment will in some way demean the Constitution. I believe that is wrong.

The fact is, the Constitution is the political document that protects rights. That is exactly what we are doing here. We are protecting future generations from being handed an outrageous debt burden that has not had overwhelming support from current citizens.

We do not protect the right to freedom of religion, speech, press and the rest through flimsy statutes. Those fundamental rights are protected in the Constitution. The right of tomorrow's Americans to be protected from an overwhelming debt burden is also a right.

Therefore, just as Thomas Jefferson recommended, we need a balanced budget amendment.

The real struggle will obviously be fought out in the coming years. How do we get to a balanced budget—if we ever can.

On one side, there are those who say the Federal Government gets its hands on enough of the wealth of this country as it is—and we do not need that grip on our economy to get any tighter. Instead, families and taxpayers should be left alone to keep more of what they earn.

I place myself in that camp. Therefore, I support the Barton amendment, and the Kyl amendment, along with the Stenholm amendment.

On the other side are those who believe that the Federal Government knows best. The Government, the wise people here in Washington, whether elected, appointed or in the Civil Service, are best able to determine what's good for families, and the Nation as a whole.

These people believe needs should be met by the Government, through resources taxed from working people. If we have deficits, it is because more needs exist than are being met by taxes, so we need to increase taxes.

As it is, the Federal Government taxes $1 in every $5 in this country. I think the Federal Government getting its hands on 20 percent of income is quite enough. I do not think we need any increase in Federal taxes.

Taxing more or spending less. That will be the real fight.

The balanced budget amendment, when ratified by the States, will take away what has been the easiest answer—pass the cost along

to the future. Hopefully, this Congress will be forced to make a tough choice, and stop passing the buck to the future.

I applaud the passage of the balanced budget amendment, and I look forward to the tough battles to come.

Mr. KYL. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. EMERSON].

Mr. EMERSON. Mr. Chairman, having introduced in 1981 the then equivalent of the Stenholm amendment, on my first day in Congress, I am pleased to rise here today in strong support of the amendment.

Some Members have suggested that enacting this balanced budget amendment will trivialize the Constitution. We should remember that the Constitution of the United States was ratified without amendments. That is right, it was ratified without the Bill of Rights—that came 3 years later. Why did not it include the Bill of Rights? Many folks were of the mind that the Bill of Rights simply was not necessary. The Constitution was already complete, and it laid out the separation of powers—with all its checks and balances—so well that individual liberties would be protected through the tripartite structure alone.

We did not need to trivialize the Constitution—as some folks term the amendment before us today—then anymore than we do now. But we still enacted the Bill of Rights—protection of speech, protection from unreasonable search and seizure, and assurances of due process of law—because folks knew that even though the Government could protect individual liberties, it needed the constitutional amendments to make sure that it protected our liberties.

The situation is the same today. Maybe we do not need to amend the Constitution to balance the budget; sure, the Congress has the power to balance the budget. But it has not. With one year's exception, we have had deficits for the past 30 years, and Congress has not yet seen fit to balance the budget. The Government needs this constitutional amendment to make sure that it balances the budget. We do need the forcing mechanism.

The Constitution is fundamental law; indeed, it should deal only with fundamental questions. I agree with Thomas Jefferson:

> The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves.

Imposing a crushing debt on future generations is anything but trivial. Vote for the Stenholm substitute; our children deserve no less.

□ 1950

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Ohio [Mr. BOEHNER].

Mr. BOEHNER. Mr. Chairman, tomorrow we are likely to pass the most significant piece of reform legislation that this House has passed in decades. That is with passage of the balanced budget amendment to the U.S. Constitution. Every Member of Congress understands today that the American people are angry at Congress, and they are angry at all levels of government.

Whether it is the level of taxes, whether it is ineffective government programs, government red tape, bureaucracy, government waste, I think we have succeeded in giving the American people more Government than they ever dreamed they wanted.

To do this, government at all levels today confiscates 43 percent of the Nation's income in taxes. Add to that the cost of regulation that government imposes, and today government is using over half the Nation's income each and every year.

And guess what? They are all broke. They all want more taxes. When, my colleagues, are we going to stop this process?

The opponents to the balanced budget amendment have used scare tactics and political mischief to try to scare people away from this. They are saying this amendment will not balance the budget. They are saying that we will not make the tough choices with the passage of this.

Mr. Chairman, this debate is not about how to balance the Federal budget. This debate is about whether Congress will, in fact, balance the Federal budget. This debate is about whether Congress has the will to balance the Federal budget. And this debate is about whether Congress should discipline ourselves and discipline our future Congresses in controlling the spending of government money.

Earlier today I was thinking, if our Founding Fathers knew then what we know now, in my opinion there is no question that this would be part of the original Constitution. Forty-nine States have the discipline imposed on them in their State constitutions to have a balanced budget. Congress needs this same discipline today, if we are going to be serious about balancing the Federal budget.

Mr. Chairman, the American people want change. The American people want reform. Tonight the American people want a balanced budget amendment to the U.S. Constitution.

Those who support the status quo will continue to block any meaningful reform of government. if those opposed to a balanced budget amendment are successful, the frustration of the American people will only grow worse. I ask my colleagues to prove to their constituents that they are on the side of change and vote tomorrow for a balanced budget amendment.

Mr. MOODY. Mr. Chairman, I yield 2 minutes to the gentleman from Louisiana [Mr. HUCKABY].

Mr. HUCKABY. Mr. Chairman, 1991, one of the greatest years in American history, America won the cold war. The makeup of the world is changing. We are the surviving superpower. Nations everywhere today are wanting to emulate us, our democracy, our capitalism.

Our military is No. 1. Our economy is No. 1. Our economy is bigger than that of Germany and Japan combined. This year we are selling more to the Europeans than we are buying from them. We can remain at the forefront of leadership as far into the future as the eye can see if, if we can get our fiscal house in order in this government.

There are those who say, do not tinker with the Constitution. Just do it.

Well, we do not have the discipline to just do it. During the mid-1980's we passed the Gramm-Rudman legislation and for 2 or 3 years there we actually reduced the deficit. And then a year approached where hard decisions were going to have to be made. President Bush, the Democratic leadership, neither wanted to address and make those cuts or raise those taxes or a combination.

So they got together in the great meeting at Andrews and did away with Gramm-Rudman, came up with a new plan. Unfortunately, that new plan has given us a $400 billion deficit.

Mr. Chairman, I think it is absolutely essential that we must have an amendment to the Constitution requiring a balanced budget, if we are going to restore fiscal responsibility to America.

Mr. KYL. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Chairman, we know the country is financially bankrupt. That is why nearly 80 percent of the American people want to constitutionally require the politicians in Washington to balance the national budget. And how do those Washington politicians react to the wishes of the American people?

We have heard from some of those politicians today. They admit that their policies, programs, and proposals are as bankrupt as the budget. Have my colleagues heard them and their intellectually bankrupt arguments?

First, we have heard them say, we should not pass a balanced budget amendment because we should not burden the Constitution in such a way. Instead, they say, let us just show some courage. Of course, it is the same courage they have shown us before. Do not be fooled by them.

They have had plenty of opportunities to vote for real balanced budgets.

I can remember time and again real balanced budgets being brought to the

floor in the budget process; not brought out of the committee where the spenders prevail, not sent even up from the White House, but brought to the floor by Members who worked over them, Members like the gentleman from California [Mr. DANNEMEYER] who gave us a chance to vote for real balanced budgets in the budget process. And what did we find? We found a handful of Members, maybe a few dozen Members who were willing to vote for balanced budgets.

That is the kind of courage we have here. That is the kind of courage we will continue to show if we do not do something that actually requires real balanced budgets on the floor to be voted on as a constitutional provision.

Another thing these politicians tell us is, we could not live with a balanced budget. Such an amendment would cause cuts in our spending programs. Let us face it, my colleagues, spending is an addiction in the Congress. Politicians would be left without their fix if we actually had a balanced budget amendment to the Constitution. But if we kicked the habit, we could live with the balanced budget amendment, and that is what the American people want us to do.

Another thing we have been told here today by these politicians that will not have us balance the budget is that we cannot deal with the balanced budget amendment. There is no way, they claim, to enforce such provisions. Of course, we could carry it out if we wanted to.

Let me give my colleagues an example of how. Some of us recently put a bill in that has a debt buydown approach. What we say is, we are going to let the American people get in on the process. We are going to allow the American people on their 1040 form to designate up to 10 percent of their taxes toward buying down the permanent national debt. The money would be put in a trust fund to buy it down. But, oh, by the way, as we bought down the debt, we would also cut spending by the same amount that the American people decided to buy down the permanent debt.

We have run it by CBO. CBO says if such a program worked optimally that it would, in fact, balance the budget in a 5-year period because we would get tremendous spending cuts.

Beyond that, within a 12-year period we have bought down two-thirds of the permanent national debt, and the Federal Government is running a surplus in its budget.

□ 2000

We can do some things like that. It is a new idea. It is a different kind of idea than the big spenders in the Congress want us to adopt, but the fact is we could do something to live with a balanced budget amendment to the Constitution if we really wanted to. There are ideas out there, fresh ideas, but we are not hearing those.

"Shouldn't, couldn't, can't; shouldn't, couldn't, can't." We have heard that over and over again during this debate. Those are the negative words of people who have run out of ideas. Those are the politicians who have no vision for the future and only special interest concerns in the present. Those are the people who are trying to defeat the balanced budget amendment to the Constitution by running around and trying to buy votes by promising committee assignments to people and promising them other goodies.

That is how this battle is being won on the floor, not on ideas, because their ideas are bankrupt. So what they have resorted to is going into the back rooms and telling people, "We can give you an assignment on the Committee on Ways and Means if you can stick with us here; he will give you one of the slots on the Committee on Appropriations if you can stick with us here; you might get on the Committee on Energy and Commerce next year if you can stick with us on this vote." That is how this battle is being engaged, in the back rooms, not on the House floor, but in the back rooms where the decisions are being made.

We must pass a balanced budget amendment and get started with a fresh start. The Kyl-Allen approach that is before us actually even gives us the opportunity to use the line item veto as a fresh way of approaching spending reductions.

I am tired of politicians that cannot get the job done but want to have us go on doing the same old thing in the same old way. The American people are tired of such politicians, too. We have a chance right here to start off in a new direction. We can require a balanced budget.

Mr. SMITH of Oregon. Mr. Chairman, I am delighted to yield 3 minutes to the gentleman from Kentucky [Mr. BUNNING], an outstanding Member.

Mr. BUNNING. Mr. Chairman, I rise in enthusiastic support of the balanced budget amendment to the U.S. Constitution.

Passing a balanced budget amendment has been one of my top goals for the past 5½ years. I sincerely believe it is one of the most important things we can do to get this country back on the right path.

Unfortunately, a lot of groups are here today trying to use fear—trying to use lies—trying everything to keep Congress from passing this vitally needed resolution.

It particularly bothers me to hear groups that supposedly represent senior citizens telling their Members that the balanced budget amendment is a threat to Social Security. That is an outright lie.

The truth is that a balanced budget amendment would be the finest guarantee possible that the Federal Government will, in fact, be able to honor its commitments to our senior citizens when we get down the road 10, 20, 30 years from now.

The largest single threat to the Social Security system is and always has been deficit spending—the constant flood of red ink that Congress keeps pumping out.

A balanced budget amendment to the Constitution would not—would not—jeopardize Social Security benefits. It would not result in Social Security cutbacks. Anyone who suggests otherwise is not telling you the truth.

But this is not just an issue for the elderly. In fact, my primary reason for supporting the balanced budget amendment is because of our children and grandchildren—the future generations of America.

I have 9 children and 20 grandchildren, and the cruelest possible thing we could do to them, or to your children and grandchildren, is just to keep doing what we have been doing.

The cruelest thing we could to our children and grandchildren is to continue adding to the pyramid of debt that is pressing down on their futures like a dead weight.

This amendment is change—this amendment is reform—a major congressional reform. This amendment is a bright neon promise to our children—our grandchildren and to all future generations—that Congress has finally gotten the message and that we are going to do something to turn things around and change the way we do business in Washington, DC.

I urge my colleagues to vote for reform—for change—and for a balanced budget for our children.

Mr. PANETTA. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Texas [Mr. WASHINGTON].

Mr. WASHINGTON. Mr. Chairman, I thank the distinguished chairman of the Committee on the Budget for yielding me this time.

Mr. Chairman, 156 years ago on a cold gray morning in 1836 a small band of courageous men demonstrated that they had what it took to balance the budget, and it was not a constitutional amendment. It was courage. Col. William B. Travis drew a line in the sand, and my friend, the gentleman, knows, he is from Texas. He put courage on one side and fear on the other side.

We as Members of Congress from Texas are heirs to that legacy of courage, but four-fifths of the members of the Texas delegation have not found that courage because they are cosponsoring an amendment that is about everything but courage. Courage is what it takes to balance the budget.

Texas is not part of the solution here, it is part of the problem. Let me tell you why. The superconducting super collider is in Texas. It cost the American people $12 billion. The space

station will cost somewhere between $30 and $100 billion. Where does it go? It goes to Texas; the V-22 tilt rotor aircraft, $500 million after Secretary Cheney has already tried to eliminate it and said we did not need it.

The B-2 bomber is not built in Texas, but many of the parts come from there; $7.2 billion going to Texas. The C-26 transport aircraft, $200 million this year, going to Texas; the F-A/18 air fighter, $300 million, going to Texas; Government-established target programs for agricultural subsidy, $3.25 billion going to Texas over the next 5 years; honey, wool, and mohair subsidies, $1.22 million that my colleagues from Texas asked for.

We do not have the courage to say no. We can balance the budget if we stop getting all these pork barrel programs going to our States, so let us have Texas say no and stop coming and hounding our friends in the Congress for all these programs to take back to Texas.

Twenty-one people from Texas have the courage to stand up and sign a resolution, but they do not have the courage to stand up and say no to their constituents. We do not need more programs for Texas.

Sematech goes to Texas. They begged for naval stations. They begged to keep the Air Force bases open. They begged to keep the Army bases open. They begged for superports. They begged for highway money. They begged for metropolitan transportation money going to Texas. But they do not want to balance the budget with that. They want to balance the budget with money from some other States. They do not know how to say no.

A constitutional amendment is like a child giving its allowance away and saying, "No matter how much I want candy, how much I want this, how much I want that, don't give me any of my money." It is childish.

What are we going to do and who is going to help to fight crime and drugs, give money for infrastructure, give money for health care? Do the Members think these people who are going to vote for this constitutional amendment are going to somehow get religion and come back and vote to protect mothers, vote to protect children, vote to protect the environment? They have not done it since I have been in Congress. They are not going to do it while you and I are both in Congress.

Let me say this in closing. If the people from Texas had no more courage 156 years ago than 21 of my colleagues from Texas have today, we would never have heard of the Alamo.

Mr. KYL. Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. JAMES].

Mr. JAMES. Mr. Chairman, tomorrow this House has the urgent challenge to change history. Unless we act, continued budget deficits will destroy America.

Through 1974, the budget deficit exceeded $40 billion a year on only three occasions—all during World War II. But, from 1975 on, it has exceeded $40 billion every year and this year it will be nearly 10 times that amount.

Just 10 years ago, the national debt exceeded $1 trillion for the first time. Now it has risen to nearly $4 trillion and, unless remedial action is undertaken, it will approach $6 trillion by 1997.

In 1974, interest payments on the national debt averaged just over $257 for every tax return filed. By 1990, just 16 years later, that figure had risen to $1,751 per return.

Today, interest payments on the debt consume nearly 60 percent of the individual income taxes we pay each year—if you count interest paid to Federal trust funds holding Government securities. And they nearly equal taxpayer contributions to the Social Security and disability insurance trust funds.

These figures underscore the need for an effective balanced budget amendment to the Constitution. Some will argue, however, that we do not need a constitutional amendment at all; that a statute requiring a balanced budget is sufficient; self-control is all we need.

Self-control has been found wanting. Statutes have failed.

The current 18 year run of big deficits began the year after a budget control statute—the Budget Impoundment and Control Act of 1974—was enacted.

None of the five deficit reduction statutes adopted since then—including Gramm-Rudman-Hollings Acts and the 1990 Budget Enforcement Act—have resulted in the balanced budget each promised.

Why? We have been unable to say no. There are 435 of us here, and together we have more good ideas for spending money than there is money to spend.

The failure of statutes, the lack of self-control, has brought us $400 billion deficits—hand in hand with 95-percent-plus reelection rates.

Mr. Chairman, by now it should be clear that Congress will act differently only when forced to do so by higher authority. And the Constitution is the only place where higher authority can be found.

Put simply, there is no alternative. To arrest our slide toward insolvency, we must employ the only weapon we have left in our budget-cutting arsenal—a constitutional amendment to balance the budget. I strongly urge my colleagues to support Barton-Tauzin and, if it fails to get two-thirds Kyl-Allen; and if it fails, Stenholm-Smith.

□ 2010

Mr. MOODY. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. BORSKI].

Mr. BORSKI. Mr. Chairman, I rise in opposition to the constitutional amendment for a balanced budget.

Mr. Chairman, I rise in opposition to House Joint Resolution 290, the constitutional amendment that would require a balanced Federal budget.

My decision comes after much soul-searching and is perhaps one of the most difficult decisions I have made as a Member of this body, but my reasoning comes down to one basic fact. A constitutional amendment to balance the budget is simply unnecessary.

It is unnecessary because we can do the very same job on our own, without a constitutional amendment.

Why have we not balanced the budget? Why do we have a deficit of $327 billion? Why do we have a national debt of almost $4 trillion? Because of a lack of political will and leadership, the kind of leadership that comes from the one person with the responsibility of meeting the divergent needs of all Americans: the President of the United States.

In my 10 years in Congress I have never seen a budget submitted by a President that was remotely close to being balanced. In fact, I have seen budget proposals that a majority of members from the President's own party have been unable to support.

We don't need a constitutional amendment compelling us to balance a budget. We need political will and Presidential leadership. We need a serious decisionmaker to make serious decisions.

This President has certainly demonstrated he has that capacity for leading a nation, when it comes to foreign affairs.

This is the President who led America to war. He inspired an entire nation and indeed the world to oppose aggression in the Middle East. And most important, he convinced a majority of the U.S. Congress to send American troops to the Persian Gulf. When the President led, the Nation and Congress followed.

He aroused an entire nation. He hit the airwaves, he outlined a plan. He provided motivation. He persuaded the Nation that war in the gulf was right.

Only the President can provide the leadership necessary to rally the American people and the Congress again, this time for responsible deficit reduction.

Yet he has failed to convince.

We do not need a constitutional amendment to balance the budget, we need a President who will convince the American public that tough budgetary decisions need to be made to reduce the budget deficit and return the American economy to prosperity.

I hope this constitutional amendment does not become law but what will happen if it is approved by the House and the Senate, is ratified by the States, and does become law?

The House Budget Committee says we would have to eliminate a $600 billion deficit by 1997. How would we do that? Would we generate $300 billion in revenues and mandate $300 billion in cuts? Would we raise taxes without making spending cuts? What taxes would we raise? How high would they go? Would we tax middle Americans more? Would we tax Social Security benefits? Would we raise the gas tax? Would we put an additional tax on unemployed workers who are al-

ready paying tax on their unemployment compensation?

What if we decide not to raise the revenues? That would mean $600 billion in cuts. Defense cuts will not generate enough. So we turn to nondefense discretionary spending? What will that mean to services we take for granted? Would we close our airports because we could not pay our controllers? Would we shut down our train stations because we could not pay the switchmen? Would we stop all medical research because we couldn't fund the work?

If we don't cut discretionary spending we have only one other option: entitlements. Do we cut Social Security? If so, how much? The American Association of Retired Persons says cuts could be as high as $1,100 a year. Some in this body tell us we can balance the budget without touching Social Security. If so, what about Medicare? Would the deductible go up? Would the premiums go up? Is that what we do to America's seniors? What will we do with Medicaid? What about veterans' benefits?

What will we say to our cities when they turn to the Federal Government for help? What will we say to mothers who depend on Federal programs to feed their youngsters? What do we do to help the unemployed? How do we fund cleanup from disasters? What do we do with our Nation's infrastructure?

And the most important question of all, what happens if we cannot achieve a balanced budget? Does the Supreme Court decide what cuts would balance the budget? Does the Supreme Court become the lawmaking branch of government? This is certainly not what our Founding Fathers had in mind when they wrote this Constitution over 200 years ago.

No, Mr. Chairman. These questions lead us right back to one answer. What will balance the budget is not an amendment.

It is a focused, risk-taking leader who will propose cuts that could be made, suggest tax measures that could be tolerated, and lead America off this budgetary rollercoaster.

Congress has listened to a leader before. Congress will listen again.

I urge my colleagues to oppose the amendment for balancing the budget.

Mr. MOODY. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. SARPALIUS].

Mr. SARPALIUS. Mr. Chairman, you know if we were all on trial for stealing, and if all of the evidence was brought forward, there is no question that we would be found guilty. And whom would we be found guilty of stealing from? Our children and their future.

When I was a boy about 10 years old we lived in a home in Houston, TX, my two brothers and I, where we had no running water, no electricity, no utilities at all. The only food and clothes that we had were what churches would give to us.

I then went and grew up at a place called Carl Fawley's Boys Ranch. At that time in my life I had nothing. But today I stand before you as a Member of the U.S. Congress. And the reason I am here today is because of the sacrifices and the commitments of past generations. They gave me a country that was full of opportunities, an opportunity where I could dream any dream and make that dream come true.

But what is my generation giving the next generation? Not an opportunity but an obligation, an obligation to pay for nearly $4 trillion in debt that we have created. When my son reaches my age, nearly 60 percent of his paycheck, his wages that he earns, he will have to pay for taxes.

I have heard the excuse that this amendment is not enforceable. Well we all stood here in the Chamber and we raised our hands and we took an oath of office that we will uphold the Constitution. And I believe that if we do have a balanced budget amendment to our Constitution that we will uphold it.

Let us not forget what our job is. We are Representatives. We are hired by our constituents to be their voice. Listen to their voice. Listen to what they are telling you. They are waiting for a change. They are tired of deficit spending. They are ready for us to make a difference, and we now have that opportunity to make that difference.

It is time that we do put our priorities in order. I agree with my friend from Texas who just spoke. I am willing to vote for those tough choices, to make those cuts even if it hurts my State. But let us seize this moment. Let us take advantage of this opportunity, not because it is what is the right thing to do, but it is because it is what we must do.

Yes, today we can steal from our children, we can take away from them that obligation and give back to them that opportunity to live in a country where they can dream any dream and make their dream come true.

Mr. PANETTA. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. OWENS].

Mr. OWENS of New York. Mr. Chairman, the alternative budget of the Congressional Black Caucus which was voted on earlier this year clearly showed us how to honestly and responsibly move toward a balanced budget. We showed how in the next 8 years, between now and the year 2000, $1 trillion could be saved, and half of that could be used to go toward the deficit while the other half could be used to rebuild America.

Those who are sponsoring the constitutional amendment to balance the budget are completing a plot, a conspiracy against the American taxpayers. They are completing the process. First, we had 10 years under Ronald Reagan, then the present administration where we swindled the American people by pumping unnecessary dollars into great amounts of defense spending that was not necessary so the people who profited from that, the 1 percent of the wealthiest of Americans now have that money and they can walk away with it. Then we pumped more than $200 billion into the savings and loans and $25 billion into trying to clean up the commercial bank problem. They have the money and they are running away with it now.

Now we are going to tell the American taxpayers we will not rebuild America—you pay for the bridges, you pay to rebuild the schools, you pay for national health care, you do it all on the local sales tax and property taxes, and we are going to balance the budget now. We got ours. We have got it and gone, and now you have to pay the piper.

Mr. Chairman, I rise in adamant opposition to House Joint Resolution 290, the balanced budget amendment, and all of the balanced budget constitutional amendments we will be voting on today and tomorrow. I believe that this bill is, at best, misguided, and at worst a most deceitful attempt to gut our budget of all that is helpful to the majority of the people of our country. This amendment is also an election year time bomb offered up to the American voters as the solution to all of our problems.

There are several constitutional and separation of powers reasons why we should not support these bills to amend the Constitution to require a balanced budget. Other Members of Congress will be exploring these issues fully. I am most concerned with the lack of necessity for a constitutional amendment to achieve a balanced budget and the impact such an amendment would have if imposed over a short term.

As we all know, this body has been trying to pass balanced budgets for years, if not decades. Every few years we legislate yet another attempt to force ourselves to pass a balanced budget or at least to significantly reduce the deficit. Every year the needs grow but the resources don't grow enough. And every year we think of new accounting gimmicks to use so we can dupe the public and ourselves into thinking that we have succeeded in reducing the budget deficit, but every year the new deficit numbers show that not only did we fail to reduce the deficit but it increased and we are forced to raise the debt ceiling yet again.

We cannot balance the budget because too many of us are more concerned with one or two issues in particular and not concerned with the state of this country and its people as a whole.

There are too many of us who are concerned primarily with the huge, monstrous defense industry—which has been operated as the biggest entitlement and special interest program this country has. It is even bigger than the Social Security budget.

There are too many who are concerned only with the well-being of greedy big business and guaranteeing that businesses have tax loopholes, trade advantages, no labor problems, and large profits for the shareholders.

There are too many who are concerned only with decreasing the tax and regulation burden—regardless of how it is done and what revenue is lost because of it.

There are too many who are concerned only with protecting the corrupt bankers and regulators who created the savings and loan debacle costing this country more than $500 billion.

Then there are those who are concerned primarily with the welfare of our children, our elderly, our unemployed, and all those who, whether temporarily or permanently, cannot take care of themselves and have little power with which to fight for their rights against the big, powerful, and wealthy people and businesses.

The Members of this body who fight for these people and their interests are becoming fewer and fewer. But most of these Members support the Congressional Black Caucus [CBC] alternative budgets each year. These budgets are always kinder and gentler. They support the majority of the people of this country—the people who really need Government support. The CBC budgets make significant, practical cuts in the largest entitlement program we have at $295 billion—the defense industry—while still providing adequately for our national security. The CBC budgets have also had the lowest budget deficit projections of any other budget proposals during the 1980's and, if passed, would lead to balanced budgets.

We all want to see a balanced budget. And we all wish—perhaps more than almost anything else—that there was an easy way to accomplish that goal. But there isn't. Those that say there are easy ways to balance the budget are only lying to the American public. It is the kinder and gentler answer—easy to give in an election year with no intention of following through. And let us not forget that this is an election year. The people want easy, painless answers, and their politicians at every level of Government want to supply them—regardless of the consequences.

Given the political climate that exists right now and given the experience of the CBC and its supporters who have not been able to get any of the CBC alternative budgets passed; and given the fact that very often the full interests of children, education, mothers, the poor, the unemployed, the homeless, the elderly, and especially the low-income elderly have often been ignored when it comes to budget and appropriations matters; given this dismal history many of us are quite fearful that if a balanced budget amendment is passed and is forced to take effect in the near future these are the very people who will get hurt the most.

We know that the budget axe will seek out the poor, the innocent, and the powerless. Government services which have already been cut to the bone will be completely eviscerated. The people that supply these Government services will lose their jobs. The companies that make money from these Government services through contracts will be decimated and people will lose their jobs.

The people who rely on these Government services to eat, to learn, to live, to receive health care, to have heat and water, and electricity, to get back on their feet after being down on their luck, to survive will be left out in the cold. The world will be meaner and harsher for them and they will no longer survive. Those who were learning and looking for work will not learn and they will not be able to find jobs. Those who were working and lost their jobs due to the fallout from the cuts in Government services will no longer be consumers—this will hurt businesses. The effects will be multidimensional and disastrous and I think most people have not even begun to imagine the horrible possibilities.

The best way to achieve the goal of balancing our budget is to take the long-term view—something this Congress has rarely been able to do with great success. We need to make the tough choices and cut the things that are extras and look to the future for wise investments. Wise investments are investments in people. We need to invest first and foremost in our children. What is most important for our children are their health and their education. They must be healthy in order to learn and work efficiently and productively and they must be well educated in order to grow up to create the new industries that will keep our economy growing in the long term. And we must guarantee these possibilities for all of our children—not just the middle- and upper-income children. The potential for talent knows no income barrier—but the destruction of that potential is most prevalent among the poor.

We must also devote resources to job training for those who did not have adequate education and are wasting their job potential. Job training will enable them to become productive members of our society and contribute to the consumer base and tax base. We need to decrease the size of our grossly oversized military and invest in the soldiers coming home to ensure that they do not fall into the chasm of long-term unemployment. We need to invest in the redeployment of our former military communities here at home to preserve their economic base and ensure that former military boomtowns do not become postmilitary ghost towns.

We need to invest in our infrastructure to ensure that the physical plant of our country does not fall into further disrepair. It is much less expensive to repair and improve than it is to tear down and rebuild.

There are so many things that we can do to invest in our country and our people to ensure that as we reduce the size of our budget and replace expensive short-term spending—such as prisons, emergency health care, and unemployment benefits—with cost-effective long-term spending—such as education and job training—that we are truly building a comprehensively strong economy that will see our children and our grandchildren securely through the next century without the social chaos that would surely occur if we were to suddenly disinvest hundreds of billions of dollars in this country.

I truly believe that the social chaos and economic destruction would be such that the vast majority of the people in this country would be hurt in ways from which they would never recover. You cannot just withdraw financial support from an economy and have it survive. And we cannot promise a quick political fix to this highly complex economic, policy, and program-based problem.

I encourage my colleagues to put aside political motivations and truly look at the state of our society and examine whether or not this quick fix actually has the chance to work. I am convinced that it will only increase our problems.

I plead with my colleagues to resist the panic that this extraordinarily highly charged election year is causing in the breasts of so many elected officials on every level of government throughout this country. For this is a very serious issue and these are very serious times and we must force ourselves to allow rationality to prevail. To usher in the new world order we must not hesitate to utilize our country's wealth to invest in our people.

Vote down these constitutional amendments. Keep reasonable decisionmaking alive. Keep national hope alive.

Mr. KYL. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. STEARNS].

Mr. STEARNS. Mr. Chairman, Thomas Jefferson, the author of our Declaration of Independence wrote in 1816:

> I, however, place economy among the first and most important of virtues, and public debt as the greatest of the dangers to be feared.

Well, our public debt has skyrocketed to nearly $4 trillion and our annual deficit is expected to reach $400 billion this year alone. Is this a danger to be feared? Of course it is, particularly for our children and grandchildren because they're the ones that will have to pay for the irresponsibility of our current Federal Government.

It's unfortunate that we need a balanced budget amendment to the Constitution. It is unfortunate that Congress hasn't had the political will to prioritize spending, to cut the hundreds of unnecessary and wasteful programs, and streamline Government to address just what American needs, not necessarily what it desires.

Frankly, my colleagues, I see no alternative to the balanced budget amendment. Gramm-Rudman-Hollings didn't work. The 1990 budget agreement hurt more then it helped and the interest we pay on our debt has increased from 8.5 percent in 1980 to 21.6 percent in 1991.

Consider this—in 1991, the Federal budget was $1.300 trillion. In addition, the Government spent nearly $300 billion in off-budget expenditures. Such figures tend to lose their significance to most of us, so let me illustrate.

At this rate of spending, the Federal Government spends $4.6 billion a day. Broken down further, that's $195 million an hour, or $3.25 million every minute, day and night.

In 1960 the average taxpayer worked 36 days to pay all of his or her taxes. But last year the average taxpayer had to work 121 days.

I would like to draw my colleagues' attention to these facts. For a two-earner family making almost $55,000 a year, 40 percent of all their income will go toward State, local, and Federal taxes.

We must be extremely careful before imposing any additional taxes on American families. Clearly our problem isn't that the American family is taxed too little, it is that the Federal Government spends too much.

Many of my colleagues who are opposed to this amendment say we are just putting off the tough decisions—

that the budget can be balanced without a constitutional amendment.

That's the same thing they said 2 years ago when a similar amendment was struck down by a narrow margin. How many billions have we added to the debt since then? How much more interest are we going to make our children and grandchildren pay?

Some say the balanced budget amendment won't work—but no one claims the current attempt to limit Government is working.

Some opponents of this amendment have stooped so low as to mislead older Americans. This is a shame because a balanced Federal budget can be achieved without balancing it on the backs of older Americans.

Requiring a balanced Federal budget simply means that Congress can only spend as much money as it takes in. That's not a radical concept—that's common sense. It's the same budget rule and guideline used by American businesses and familes and it should be the same budget rule and guideline used by this Government.

The balanced budget amendment will force this body to make the budget priorities American businesses and families make everyday. It will finally force Congress to cut or eliminate what is wasteful, unnecessary, or only desirable, and adequately fund only what is absolutely necessary.

We can no longer afford the status quo. We have let the Federal Government get too big and spend far too much. This is not fair to our economy and it's not fair to our children. The balanced budget amendment is our only opportunity for change.

Let me close by reading you one last quote by Thomas Jefferson,

> . . . And to preserve their independence, we must not let our rulers load us with perpetual debt.

He wrote in 1816,

> We must make our election between economy and liberty, or profusion and servitude.

That is our choice today my friends.

□ 2020

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to our esteemed colleague, the gentleman from Florida [Mr. BILIRAKIS].

Mr. BILIRAKIS. Mr. Chairman, I rise today in support of the balanced budget amendment.

To the ordinary person balancing his checkbook and meeting everyday expenses, this is an exercise that should not be necessary.

Indeed, the fact that we are considering this amendment today represents failure. It represents failure of our internal budget process and failure of the House rules as well as the failure of this body to abide by its own laws.

We know that in recent years we have enacted laws to preclude further deficit spending. In fact, we approved a law for a balanced budget in 1978, enacted the Gramm-Rudman-Hollings Budget Act in 1986 and the budget summit agreement of 1990. The result has been even higher deficits.

The plain fact is, mere statutes don't work. Congress either waives the provisions of its balanced budget laws—or stretches out the timetable for compliance. The deficits continue to grow and grow.

Even more disappointing to me is the fact that the Social Security Program has become a political football in the debate over the balanced budget amendment. Opponents of the balanced budget amendment argue that it would cause massive budget cuts and wreak havoc on Social Security beneficiaries. But there is nothing in the amendment that requires any cuts in Social Security. In fact, the amendment does not even mention Social Security, Medicare, or any other Federal program. It is not—nor should it be—program specific.

It is unconscionable that opponents are literally scaring older Americans with claims that this amendment will require Social Security cuts. Older Americans are not being told that changes in any entitlement program must—as now—be subject to specific legislation addressing eligibility requirements, and that the amendment is not likely to go into effect, if at all, during this century.

I commit to my colleagues now that I will not support cuts or the implementation of arbitrary spending caps on Social Security. Since coming to Congress, I have made every attempt to protect our seniors, and I introduced legislation, the concept of which is now law, to protect the integrity of the Social Security trust funds.

Yes, a constitutional amendment is a momentous step. We don't change the Constitution often. Yes, it is regrettable that it has come to this; that Congress can't control spending on its own, that some larger element—the founding document of our Nation—is needed to break the cycle of our Federal spending appetite.

Americans want Congress to reform itself and its budget process. The amendment before us will not cure all of our deficit ills, but it does concentrate relief on the source of the problem—the congressional budgeting process and the seemingly endless stream of appropriation bills.

However, the amendment does not relieve Congress of the responsibility to make sensible investments in our country's future and to address real human needs. Hard decisions will still be necessary. We must still foster congressional accountability for the budget process. We should make no mistake today to think that the balanced budget amendment alone will accomplish this.

The balanced budget amendment is merely the first step in moving towards the elimination of our massive budget deficit. It is not a complete solution or an action which will remove congressional responsibility for spending decisions—but it is an effort which can help lead us down the path of fiscal sanity.

It is often said that a journey of a thousand miles begins with the first step. A journey to remove trillions of dollars of debt from the backs of the American people similarly requires an initial act and an initial commitment to head in the direction of balanced expenditures and receipts.

Without this first act, we cannot hope to arrive at our ultimate goal. We should approve the balanced budget amendment and initiate the process of ratification. We should take this first small, but substantial step.

Mr. OBEY. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. ATKINS].

Mr. ATKINS. Mr. Chairman, imagine a giant broom and a carpet the size of the Capitol. Now take $1.2 trillion, lift the carpet and keep sweeping until the end of the decade. By passing the balanced budget amendment, that is Congress' latest bit of housekeeping.

First, it will take years for 38 States to ratify the amendment. In fact, no one here knows whether the States will ratify it at all.

At the absolute earliest, under the most optimistic scenario for amendment supporters, cuts and savings will begin in 1998—three congressional elections away.

Second, not one of the supporters of the amendments has put forth a plan to balance the budget. No plan means no action.

Even if we pass this amendment and the States go to work tomorrow to rectify it, Congress will continue to spend lavishly and uncontrollably for another 5 years.

Example No. 1: Last week, many amendment supporters would not even cut Defense—the most bloated and obsolete agency in the Government—by a slim 10 percent. We had a chance to save $25 billion last week, and supporters of the balanced budget amendment took a walk.

Example No. 2: Member after Member has said that Social Security, under no circumstances can be touched. Impossible.

Next year, Social Security will be the largest expenditure of the Federal Government—about $300 billion, or 20 percent of our total outlays. To say we will balance the budget without some change in Social Security is bologna.

Example No. 3: Interest on the national debt is roughly $215 billion. Add defense and Social Security and that means that $800 billion, or 55 percent of this year's spending, is on terms that this Congress cannot or will not cut.

Proponents of the amendment owe it to the American people to put some

plan, some blueprint for cuts and savings up for debate. Instead, we are telling citizens to trust us to, at some future point in time, by hook or crook, using some accounting budget gadgets, without touching Social Security, balance the Federal budget.

That is ludicrous.

I've combed through Congressional Budget Office reports and other budget documents. I am convinced that we can balance the budget by fiscal year 1996 without disrupting the economy, raising taxes, or putting the burden of cuts on America's most vulnerable families.

Instead of waiting until the 105 Congress—Instead of waiting and hoping for 38 States to ratify our pass-the-buck amendment, let's begin to show some fiscal responsibility and start cutting.

Do we really need a balanced budget amendment as an excuse to eliminate the Selective Service and save $150 million over 5 years? Do we have to wait until 1998 to kill TV Marti, Voice of America and all overseas broadcasting to save $2.5 billion over the same period?

Let us start today to sell off our pork-ridden stockpile of strategic and critical materials like tin, asbestos, and 16 million karats of rubies and sapphires, saving $6.2 billion.

If we truly want to balance the budget, let's say a belated goodbye to the space station and the advanced solid rocket motor to save $40 billion over the next 10 years.

Let's eliminate the $1.9 billion postal subsidy for nonprofit organizations.

In 1954, the Department of Defense declared wool and mohair strategic items in short supply. Now that the mohair crisis is over, isn't it time to eliminate the $570 million subsidy?

We can save $2.6 billion by limiting eligibility to the school lunch subsidy to families of four earnings less than $47,000.

No, we should not exempt Social Security from cuts; $14.1 billion dollars can be raised by delaying COLA's and increasing the taxable portion of benefits for single seniors with over $60,000 in income and couples over $78,000.

In taxpayer subsidies $7.9 billion can be eliminated by reducing the cap on the mortgage interest tax deduction from $1 million to $400,000. How a country with nearly $4 trillion in debt can get away with granting $200,000 housing subsidies to millionaires is beyond me.

We should not allow businesses to deduct 80 percent of the cost of a luxury skybox at Fenway Park from their taxes. By reducing the business entertainment tax break to 50 percent, we can raise $15.5 billion.

Our defense policy has changed from one based on national security to one based on preserving defense jobs. We must make deep cuts in defense, and we should have begun last week with the Defense authorization.

Finally, we should act immediately to grant the President limited line-item veto authority.

The balanced budget amendment will not save a single dime on this year's budget, or next year's, or the year after, or the year after, or the year after, or the year after.

We can balance the budget. We do not need an amendment; we need a plan.

Let fiscal responsibility begin today. Not with a pass-the-buck amendment to the Constitution, but with a pledge to reduce spending in earnest.

□ 2030

Mr. KYL. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I thought this might be a good time, since there will be so little time tomorrow, to discuss the first amendment that we will have.

Mr. Chairman, the first amendment we will vote on tomorrow—the balanced budget-spending limitation amendment—has been cosponsored by the gentleman from Virginia, GEORGE ALLEN.

Briefly, the Kyl-Allen amendment does three things: it requires a balanced Federal budget; it limits Federal spending to 19 percent of gross national product [GNP]; and it provides the President with line-item veto authority in order to enforce the foregoing requirements.

The amendment allows the balanced budget and spending limitation requirements to be waived by a three-fifths vote of each House for a given year and for a specified excess of outlays over receipts or over 19 percent of GNP.

Kyl-Allen is based upon two fundamental premises.

First, the Federal Government must begin to live within its means.

Second, how the Government lives within its means is as important as the mere fact that it does live within its means. When the American people say they want a balanced budget, they mean less Government spending, not an increase in their already heavy tax burden.

Kyl-Allen protects against tax increases by limiting spending to 19 percent of GNP, the average level of revenue the Government has been collecting for the last 25 years.

By tying Federal spending to GNP, the Kyl-Allen amendment also gives Congress the incentive to enact progrowth economic policies. The more the economy grows, the more Congress can spend.

The need for a Federal spending limit is evidenced in two reports, one released by the General Accounting Office [GAO] just last week. The GAO projected that, based on current trends, Federal spending could grow to 42.4 percent of GNP by the year 2020, from about 25 percent today, with a real per capita GNP in the year 2020 unchanged from the current level of $24,000 a year. In other words, if Federal spending isn't limited, there will be no improvement in the standard of living for the next generation.

A report released last year by Stephen Moore of the Institute for Policy Innovation came to similar conclusions about the proportion of GNP the Government will command if current trends are followed. The report concluded that "meaningful, constitutional limits on the growth of Federal spending are needed to bring the size of Government down to economically sustainable levels. One way to achieve this end would be to limit the percentage of GNP which the Government can command from the private economy."

This is precisely what the Kyl-Allen amendment will do.

Mr. Chairman, the idea of a Federal spending limit is not new. In 1979, Congress amended the Humphrey-Hawkins Full Employment Act to set a specific goal of limiting Federal outlays to a maximum of 20 percent of GNP. The 20 percent of GNP goal has been official congressional policy since 1979. But, of course, Congress has never met the goal.

Even President Jimmy Carter recognized the need to limit spending, writing in his message on the proposal budget for fiscal year 1980 that a fundamental goal of his policy was to decrease budget outlays as a share of the Nation's GNP to 20.3 percent by 1982. He never succeeded in meeting the outlay goal. We all know that he missed the Humphrey-Hawkins goals on unemployment and inflation as well.

The point is, a Federal spending limit has already been determined by Congress to be sound economic policy. Congress has never amended or repealed the 20-percent goal which was established in law in 1979.

Like so many other attempts to constrain spending and balance the budget, however, Congress has simply ignored the goal, and that is why a constitutional spending limit is needed.

Mr. Chairman, in recent weeks, a plethora of special interest groups have lobbied hard against a balanced budget amendment to the Constitution. Most fear a balanced budget amendment will threaten their piece of the Federal budget pie.

I ask these groups in particular to take a second look at the Kyl-Allen amendment. Unlike the other alternatives which the House will be considering, the Kyl-Allen approach combines the goals of fiscal responsibility and economic growth.

Kyl-Allen seeks to create a bigger pie, a bigger economy and, therefore, more Federal revenues to go around. Instead of constantly trying to divide limited resources among an ever increasing number of groups within our society, Kyl-Allen will force Congress to focus on initiatives to stimulate

economic growth. The result will be not only a healthier economy—more jobs and better wages—but more money for Congress to devote to the programs it determines are important.

According to Dr. James M. Buchanan, the 1986 Nobel laureate in economic sciences:

Reducing government as a share of GNP from its current level of 25 percent to, say, 20 percent would generate roughly a two percent increase in the rate of growth in GNP. And back-of-the-envelope arithmetic suggests that by the early 2000s, and forever beyond, the real value of the programs financed by government would be larger than they would be under the regime that keeps government's share at 25 percent.

Mr. Chairman, Kyl-Allen will ensure a balanced budget.

It will promote economic growth.

It will impose discipline by giving the President a line-item veto.

I urge my colleagues to support the Kyl-Allen amendment.

Mr. MOODY. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Chairman, some say a balanced budget amendment is unnecessary because the President and the Congress already have the power to balance the budget. I agree, but let us look at the record. Over the past 12 years Presidents Reagan and Bush have never submitted a balanced budget. The closest Reagan ever came was a $62 billion deficit and this year President Bush submitted a budget with a $392 billion deficit.

Over the past 12 years, Congress has spent about what Reagan and Bush have requested. We may have spent on different priorities, but we have not spent more. Unfortunately, we have not used our tax and spending powers to spend less than proposed by Bush or Reagan.

The Constitution grants veto power to the President. Reagan used this power 43 times. Only nine of his vetoes were overridden and only one of those involved a spending dispute. In that instance, Reagan wanted to spend $1 billion more than Congress.

Bush has successfully vetoed 28 bills, but not one of Bush's vetoes have been based on a spending dispute with Congress.

I could go on with further examples, but clearly the President and the Congress have not effectively used their existing authorities to control deficit spending. These powers have not worked because they are optional. Presidents are not required to submit balanced budgets. Congress is not obligated to enact balanced budgets, and Presidents Reagan and Bush have not used the veto to control spending.

A balanced budget amendment would require Presidents to submit balanced budgets and would declare that no borrowing could occur without a 60 percent vote of Congress. Requiring a supermajority vote will make it more difficult to borrow and spend in the future.

Two hundred years ago Thomas Jefferson recognized the inherent danger of a public that would demand an ever-expanding role for Government. He understood all too well the inclination of elected leaders to say "yes" time and again to these demands. He lamented that it could simply add one more amendment to the Constitution, it would be an article to restrict the Government from borrowing.

□ 2040

We are proposing today to finally adopt such an amendment. With this amendment, the Constitution will say "no" to spending and to deficits when elected leaders fail to do so. But passage of this amendment is only the beginning of what must be done by this Congress. After passage we will need to debate and pass an enforcement plan and a deficit reduction package. Domestic discretionary spending, the military, entitlements, foreign aid, and taxes will have to be placed on the table.

It is our responsibility to actually make this amendment work. The real test is not the balanced budget amendment vote but instead the votes we must cast to make the cuts necessary to save our children from the burden of our debt.

Again, I agree with those who say the Constitution already grants the President and the Congress the authority to keep the budget balanced. But I have become convinced that a balanced budget amendment is necessary to remind us to use those authorities in the manner intended by our Founding Fathers in the interests of generations yet to come.

Mr. KYL. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee [Mr. DUNCAN].

Mr. DUNCAN. Mr. Chairman, I thank the gentleman for yielding this time to me, and I rise in strong support of the addition of a balanced budget amendment to our Constitution.

As has been mentioned many times in this debate, our national debt is approximately $4 trillion. This debt is like a chain hanging around the neck of our country. This Nation could be booming today if we did not have such a staggering, almost unbelievable, national debt. Even worse, we are adding to it at the rate of $1 billion a day every day of the year, Saturdays, Sundays, and holidays included.

Most economists tell us that we are going to face very severe economic problems and possibly even crash if we do not get Federal spending under control.

A little over a month ago, Senator WARREN RUDMAN, one of the most respected Members of the other body, said in a live interview on the national news that our Nation is headed for economic disaster. We have got to get the ship of state turned around, and one way to start is by passing a balanced budget amendment.

All over this world we are seeing nations which have collapsed or are collapsing economically because of too much government, too much bureaucracy, too much deficit spending.

In other nations we have seen people starving in the streets or standing in line 8 or 9 hours for a pound of sausage, even where they have great natural resources, because governments get out of control.

We need to do everything possible to make sure that these things do not happen here.

The Federal Government is presently taking in $1.2 trillion a year. We will take in even more in the future. We can operate a strong, active, vibrant Federal Government on what we are taking in already.

Most people do not believe it is a radical idea for the Federal Government to have to live within its means and spend no more than it takes in. If we really want to protect Social Security and other popular programs in the future, we must make sure that the Federal Government is fiscally sound. We need to pass their amendment and we need to do it now.

Mr. Chairman, I am proud to be a cosponsor and endorse what I think is the best version of this amendment, the Kyl-Allen balanced budget amendment.

Mr. SMITH of Oregon. Mr. Chairman, I yield 4 minutes to the gentleman from Iowa [Mr. NUSSLE]

Mr. NUSSLE. I thank the gentleman for yielding this time to me.

Mr. Chairman, I would like to make three points for this debate, and the last one, I hope, is the strongest one.

First, the reason I am supporting the balanced budget amendment is because I believe in the principle that you cannot spend more than you take in. The Constitution is the beautiful and most proper depository for principles that we believe in in this democracy.

I think for this democracy to succeed in the future, that principle has to be part of that plan.

Second, the point I want to make is that the balanced budget amendment in and of itself will not get the job done. It is only a first step. It is a first step on a very long journey, but we have to take that first step.

The third is something that I heard the gentleman from Kentucky [Mr. MAZZOLI], mention, I think it was yesterday or the day before. I was hoping to engage the gentleman while he was still on the floor. It is a frustration that I have had as a new Member of Congress that I guess I would like to discuss.

For me, I have had more interesting conversations, debates, discussions, planning meetings at church councils and at chambers of commerce that I

have belonged to, and even at high schools with kids, than I have had here in Congress, where we have had the change to really discuss issues.

My frustration is, and I heard the gentleman say it, and I have been saying it in speeches for quite a while: Let us lock the doors, let us bring everybody in here and let us talk. I mean seriously, let us talk. What are the priorities for this country? What are our goals? What do we want to do in the future?

We do not do that. I have never had that discussion with the gentleman from Kentucky.

Mr. MAZZOLI. Mr. Chairman, will the gentleman yield?

Mr. NUSSLE. I am glad to yield to the gentleman from Kentucky [Mr. MAZZOLI].

Mr. MAZZOLI. I thank the gentleman for yielding.

Mr. Chairman, I say to my friend from Iowa that is exactly what this gentleman from Kentucky attempted to say yesterday and also in my special order last evening. I really think what we should do is not go through this rigamarole, because we all know in our heart of hearts that it is not a balanced budget amendment that is going to balance the budget or to reduce the deficit. What will do it is what I said, a good enforcement package and the intestinal fortitude or, as we say in Kentucky, the guts to get the job done. And in order to do that, I suggested that we ought to clear the decks for 2 or 3 weeks in the Committee on Rules, under the openest of open rules, put on the floor the entirety of the Tax Code and the entirety of the spending, all three categories of spending, and let the Congress, every Member, every man and woman Member of Congress, bring forth his or her ideas and let us have a full-fledged, free-wheeling debate on national priorities.

I suggested to the gentleman from Iowa I do not fear that sort of thing. There may be some among us who fear that openness. I do not fear it at all, and I do not believe the gentleman from Iowa does.

Mr. NUSSLE. I do not. No, I do not. My whole point is, I guess, any strategic plan I have ever been involved with, you need to start with what are your goals. The American people that I have talked to, to my Iowans whom I serve, they ask me, "What are your goals out there? What are you trying to achieve?" And we say, "Well, we are for education, we are for health care, we want to balance the budget," but we do not tell them what we want to do, what are our priorities. What do we really want to accomplish?

But, No. 2, how are we going to accomplish those things? Then, No. 3, then bring the Budget Committee in and say this is how much it is going to cost to get the job done. But that is the kind of debate we need.

I would suggest, and I do not know how we get it done, because obviously I am just a freshman, not in the leadership, I do not know who to talk to, but I sincerely believe we need to set aside that time, lock the doors, only allow for bathroom breaks, at best, and get everybody in here and let us start talking.

Mr. MAZZOLI. I agree with the gentleman.

Mr. SMITH of Oregon. Mr. Chairman, I ask unanimous consent that the gentleman from Texas [Mr. BARTON] be allowed to dispense the remainder of the time that I control.

The CHAIRMAN pro tempore (Mr. MFUME). Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. KYL. Mr. Chairman, I yield 3 minutes to the distinguished gentlewoman from Maryland [Mrs. BENTLEY].

Mrs. BENTLEY. Mr. Chairman, this country is in crisis.

We have all known it for years—but the congressional spending train just chugs along oblivious to all the warning signs.

The economy is in recession. The promised upswing has not been strong. The reason is simple—debt.

We have debt to the left of us—debt to the right of us—we are riding into the valley of depression—while the cries of innocence from this floor and the White House thunder in the country's ears.

The problem is simple—it is caused by spending more than is earned—and I use this term loosely—by way of taxes.

There are only two answers—cut spending, or increase revenues.

Congress can't cut spending. For years, I have advocated an across-the-board freeze on all spending, from DOD to DOC, which would have balanced the budget by now. But nobody wanted to even hear it.

There are only two ways to increase revenues—raise taxes or put people to work. Raising taxes is counterproductive. The more we tax business, the more we encourage business to move overseas.

The gentleman from Ohio [Mr. TRAFICANT] was correct: We must stop exporting jobs. The North American Free-Trade Agreement will encourage United States industries to move to Mexico where there are lower taxes, no minimum wage laws, and few environmental regulations.

And what do we do when unemployment hits 10 percent or 12 percent or more?

This amendment is not a perfect solution, but it will force the Congress and the White House to prioritize. Social Security, Medicare, and defense are priorities. We will protect them.

But there are other programs that are not priorities—no longer will we be forced to protect tax breaks for mink farms nor encourage studies of the sex life of fish in Nicaragua.

Studies, studies, studies, we spend billions on studies. But no one seems to study the bottom line—a $400 billion deficit this year, and more next year. And, the interest is killing us.

And, let us use the real interest figure. It is more than $240 or $250 billion a year. True interest should include all moneys that are due on debt instruments of the United States—including trust funds. When this is done, the figure approaches $350 billion per year, this year and climbing.

The only way to save our children, save Social Security and retirement pay, and save our future is to pass a balanced budget amendment, and force Congress and the White House to face the priorities of the Nation.

□ 2050

Mr. MOODY. Mr. Chairman, I yield 3 minutes to the gentleman from Georgia [Mr. RAY].

Mr. RAY. Mr. Chairman, I want to reinforce my support for House Joint Resolution 290, the Stenholm balanced budget amendment.

My colleagues, right after the Depression I was born and raised on a two-horse farm, and I remember that my mother had us for a great number of years praying that our father would be able to pay off a small debt on the farm and thereby save it. It never occurred to me that we were not supposed to pay our debts, that we could roll them over year after year.

Now several Members opposing the balanced budget amendment have spoken out against it. Their arguments, for the most part, have been ones of supposition;

"What if it doesn't work?"

"What if the States won't ratify it?"

"It will take too long."

"What will our constituents think if we, as individuals, don't have the backbone to balance the budget without a constitutional amendment?"

"It won't work anyway."

"It's a hoax. It's a cruel hoax."

"What if entitlements, such as Social Security, Medicare, student loans, et cetera, are affected?"

"It will reduce defense spending."

What if's, suppose this, and just on and on.

Now let us present some evidence why we must pass this amendment:

The inaction and inability of this constitutional body, which is empowered with power only through a consensus, has not had a budget success in over 30 years. Just look at the past history. Just look at this chart here:

A debt of $3.8 trillion, an interest bill of $26 million an hour, and more according to the gentlewoman from Maryland [Mrs. BENTLEY]. Want to get real serious with it? About $2,350,000 a minute, up 125 percent since 1982, just 10 years ago when the interest on the debt was only $10 million an hour.

Mr. Chairman, I want to tell my colleagues that I have not contributed to

this debt with my votes. I have voted on every effort, put every stumbling block possible in the way of the growth of this debt, but, my colleagues, it takes 218 of us, 290 of us in the case of a balanced budget.

Now look at the 1993 budget: $1.5 trillion, with Treasury income of only 1.15 trillion, $350 billion short and adding to our debt, and I will say to my colleagues that about $200 billion of that $350 billion is interest on the debt.

Now it has been stated that we have tried diligently to put some stumbling blocks in the way of this runaway spending, laws such as Gramm-Rudman I, Gramm-Rudman II, the 1990 Budget Act and other previous attempts. Unfortunately many of these plans have failed. I ask my colleagues, "Why do you think they failed." and I think they failed because they have been attacked by the same well-meaning critics who are now working against this amendment.

(Statements from Senator Proxmire and Governor Lamm follow:

STATEMENT OF SENATOR WILLIAM PROXMIRE SUBMITTED TO THE HOUSE BUDGET COMMITTEE ON THE BALANCED BUDGET AMENDMENT MAY 13, 1992

Mr. Chairman, I am pleased to submit a statement to the Budget Committee on the Balanced Budget Amendment. It is far and away the most important fiscal reform the Congress could undertake.

That we need a balanced budget amendment should be clear, and I will not dwell too long on this point. Our national debt is now nearly $4 trillion, and this fiscal year's budget deficit is likely to approach $400 billion. In the fiscal years 1991, 1992, and 1993 alone, we will see a trillion dollars in new debt. We have gone through Gramm-Rudman-Hollings, the 1990 budget summit agreement, and countless statutory balanced budget mandates. It hasn't worked.

Instead, the federal government now borrows over a billion dollars per day. We have not seen a balanced budget since 1969, even with a tremendous increase in taxes. The federal government has clearly demonstrated that it cannot control itself, and needs the control of a Balanced Budget Amendment to bring needed fiscal discipline.

Many politicians fear the consequences, in terms of radical spending cuts and program elimination, of a Balanced Budget Amendment. Let me just say that Congress right now has a rare, golden opportunity to balance the budget, amendment or not. In fact, I believe that the most urgent economic need for our country today is to reduce our massive annual deficits, and balance the federal budget in five years. It can be done without raising taxes.

First, we should take full advantage of the collapse of the Warsaw Pact. In view of the strength of our NATO allies, we should be able to safely put the Department of Defense on a path of cutting our defense budget in half, that is by $150 billion by 1995. With the breakup of the USSR, the threat to US security from that source has ended. It is now possible for the US to make huge cuts in military spending—the figures are mind-boggling. Even before the breakup the United States and its allies had established a dramatic superiority over the Soviet Union by virtue of both the conventional and strategic arms treaties negotiated in recent years.

Now the collapse of the constituent economies of the former USSR deprives Eastern Europe of the economic basis for a super military power in the future. The former Soviet Union's strongest economic and military ally—East Germany—has become unified with the former West Germany and thereby became part of the western alliance through membership in NATO. The other Eastern European allies are now beyond communist redemption. There is no practical prospect of putting this shattered humpty dumpty back together again.

So what about the future? With the profound difficulties plaguing the economies of the republics of the former Soviet Union, it is obvious that the advantage now held by America and NATO would doom any military aggression by these countries. The time has come to recognize that Congress can and should safely make substantial reductions in military spending.

In fact, it is very much in the long-term interest of our national security that we sharply reduce military spending, because our military strength ultimately depends on the strength of our economy, which continued excessive military spending can wreck as sure as it wrecked the Soviet economy.

Resistance to the future aggression of international rogue elephants like Iraq can be far better secured through the United Nations with a more equal sharing among all of the free democracies in the future and with a sharply eased burden on the United States.

All of this should permit the United States to reduce its military spending by 1996 to $150 billion in 1991 dollars as recommended by several former secretaries of defense.

Secondly, we should drastically reduce health care spending. In 1992, the American people will spend about $800 billion on health care. About $270 billion will be for private insurance, $235 billion will be paid through federal taxes, $100 billion by state and local taxes, $30 billion by private charitable contributions, and $165 billion by out-of-pocket expenditures by patients and their families.

This means that between 1965 and 1992, our country's health care costs have skyrocketed from $41.6 billion to an astounding $800 billion, an almost 20-fold increase in 27 years. No other nation comes within a country mile of this huge expenditure on any basis. It is far more than twice as big as our national defense spending. It is more than three times our entire Social Security outlay.

There is a rumbling about this immense burden, but nothing like the outrage we should expect. This is because this huge cost increase has been disguised so artfully. The biggest single component of health care is concealed in the insurance our employer usually pays for us as part of our wages and salaries. Here is a payment of a colossal $270 billion, mostly unseen, slipped in large part out of our pockets in a deduction from our monthly pay in health premiums.

That's only the beginning. We will also pay a huge $235 billion this year in federal taxes also withheld from our paychecks for Medicare, Medicaid and other health care costs. Not one taxpayer in ten realizes it, but taxpayers will pay another $100 billion in additional state and local property, sales, and income taxes. That's not for local schools or for police protection or sanitation. It's for health care costs.

There's more. The good samaritans among us will—bless their hearts—donate an additional $30 billion in private charitable contributions to hospitals, hospices, clinics and other health providers. So far, all of the immense spending for health care that I have specified has not reached the consciousness of most of us. It's invisible. Now consider health care costs we do recognize. Directly out of our pockets, we will pay about $165 billion this year in doctor, hospital and other medical costs. To many of us, just this payment we personally make is the cost of health care. That's an illusion. The total cost taken from us by health care is almost five times as great.

None of the other economically thriving countries in the world suffer anything like this immense burden. Whereas America leaves 15% of our people without a nickel's worth of health care insurance, other developed countries generally cover all of their people. Here is a classic example of wasted spending. Think of it. We spend 50% more than Canada or Germany for each person for health care and 100% more than Japan. And yet each of these countries covers all of its people with health insurance. Furthermore, such indicators of the efficacy of the health care system as infant mortality and the rate of improvement in longevity show America lagging behind each of these countries.

The ultimate irony is that virtually all of the improvement in American health in the past 30 years has come from a steadily growing change in lifestyle. This change costs nothing. It has actually saved billions. Many Americans eat less. Tens of millions have given up smoking. Drug and alcohol addiction is down. Americans are now spending less on tobacco, booze, drugs and food.

By saving money with a disciplined lifestyle, an increasing number of Americans have improved their health. Meanwhile, the far greater sums we spend on our inferior health care system do less to advance our health and have become the number one drag on our economy.

How do we cut this monstrous and pathetically ineffective health care spending? The New York Times and Fortune magazine call the answer "managed competition". They're right. We have to manage health care so that those who pay for it—the insurers and the government—can negotiate on a real power basis with the clinics and hospitals that provide medical services. I do not need to go into the specifics of this concept for this hearing, but suffice to say that we could save between $100 billion and $200 billion per year within five years, while simultaneously increasing life span, and decreasing infant mortality.

There are countless other areas of spending that could be cut to balance the budget. We could internationalize our major scientific programs. For example, the United States should not pay 80 to 90% of the costs of the $80 billion space station. We should limit our contribution to 25%. Additionally, the General Accounting Office charges that the government is losing up to $50 billion per year because it doesn't know its cost of operations, and therefore grossly undercharges for credit and insurance. The federal government is the only major enterprise—public or private—in the country that requires no independent audit of its operations. There are several other areas of federal spending that could be cut, and I would be happy to provide further ideas to the committee at any time.

Are there alternatives to the Balanced Budget Amendment? I think not. Although some would like to continue to hike up taxes, it would not bode well for long term economic health. I do not think there is enough tax revenue out there to fund the federal beast. Furthermore, Americans are now paying a higher proportion of their in-

come in taxes than at any other time. Let me elaborate.

In 1929, total taxes at all levels of government absorbed about 13% of American income. By 1933, the tax burden on much lower national personal income had risen to 23%. Six years later, Americans were paying 21% of their income in taxes to finance the struggle against the depression. Then our country entered the all-out fight for freedom in World War II. Personal income rose sharply, but taxes to finance the colossal expenditures of that war rose to 27% of a higher income in 1942 and crested at 31% in 1944 and 1945. By 1945, with the war over, the total tax burden had fallen to 27% of personal income.

Was that 31% levy the high-water mark in American taxation? Not by a long shot. By 1969, taxes at every level of American government were taking an outrageous 38%—or about one fifth—more of American income than the highest burden that had been imposed in the last years of World War II. The combination of the Vietnam War, the ongoing Cold War with the Soviet Union and the so-called war against poverty were said to account for the massive expenditures in 1969.

So here we are 20-some years later. The Vietnam War is over. The Cold War has ended. The "war on poverty" has died. And our government is still taking an all-time record 38% of our income in taxes—one fifth more of our income in taxes in relation to personal income than it was taking at the height of the most costly war in human history. It is absorbing 65% more than when the federal government was engaged in an all-out struggle against our worst depression, and nearly three times as much of American income as when we last enjoyed similar conditions of world peace and prosperity back in 1929.

The budget deal of 1990 raised taxes yet again, and still the deficit climbs, and still the spending surges. Americans are taxed enough, and should not be forced to finance the federal folly of extravagant spending and massive borrowing that already imposes a tremendous burden on future generations.

If we don't pass an amendment and balance the budget, the consequences could be dire. As interest payments continue to grow at a rapid rate, they will crowd out all other important spending programs. As I have indicated, there may not be enough taxable personal income out there to keep up with federal debt service. Faced with staggering debts, inadequate funding for nearly every discretionary program, entitlement, or mandated spending requirements of enormous proportion, the dollar is the only thing that can give. It is easy to envision rampant inflation, as the government begins to print what it needs. We must not fall into the trap of printing money, and sending inflation through the roof.

In closing, I simply want to say that Congress is in a unique and powerful position to both adopt a Balanced Budget Amendment, and, subsequently, balance the budget. I have identified only a few areas of spending cuts, there are others. Further, the leadership must come from Congress, since we are clearly not getting it from the President. President Bush has presided over record deficits, and has taken pleasure in bashing the Congress for spending and lavish perks. Against the backdrop of an all-time high $400 billion deficit, as many or more Executive Branch perks, from lavish air travel to staff gardeners and calligraphers, have been exposed as are enjoyed by Congress.

I simply implore that Congress cut through the rhetoric of difficult decisions and tough choices, and make a rather simple one: to adopt a Constitutional amendment to balance the federal budget, and then go about doing it.

STATEMENT OF GOV. RICHARD D. LAMM SUBMITTED TO THE HOUSE BUDGET COMMITTEE ON THE BALANCED BUDGET AMENDMENT MAY 13, 1992

Mr. Chairman, I thank you for the opportunity to present my views on a Constitutional balanced budget amendment generally, and on House Joint Resolution 290 in particular. I can think of no more important fiscal reform the Congress could undertake.

For years we have all listened to endless streams of rhetoric from both sides of the aisle in Congress, and from the Administration, on the need to curb the deficit, and the best way to arrive at a balanced federal budget. Meanwhile, we continue to see an explosion in both deficits and debt by the federal government.

For years I was strongly against amending the Constitution to require a balanced federal budget. But after careful study of the issue, I am now as strongly convinced that a balanced budget amendment is the most effective way we can control the alarming cycle of deficits and debt. Mr. Chairman, if you and your colleagues agree that the deficits and debt must be brought under control, you must work to pass H.J. Res. 290, and send the states a balanced budget amendment to ratify.

WHY WE NEED A BALANCED BUDGET AMENDMENT

Mr. Chairman, we have not seen a balanced budget in 22 years. Instead, Congress and the President have gone on a borrowing and spending binge. It took 205 years, from 1776 to 1981, to reach a trillion dollars of national debt. It has since taken only ten years to reach nearly $4 trillion. In the fiscal years 1991, 1992, and 1993 alone, we will likely see a trillion dollars of new debt.

Many people are inclined to disregard deficits, on the theory that if our economy keeps growing, we will simply grow our way out of them. The economy grew throughout the eighties, yet deficits simply continued to grow.

The rapidly rising debt contributes to or aggravates a weakened economy. First, as the national debt increases, interest payments also increase. In fact, interest payments are one of the fastest growing expenditures in the budget, and may shortly be the largest single budget item. As interest payments skyrocket, they crowd out spending on important federal priorities, and eliminate room for new priorities in the budget. The important role of the federal government in our society is restricted by ever growing interest payments on our national debt.

Simultaneously, private and foreign capital finances the debt rather than being invested in areas that will ensure long-term economic growth. This puts a clamp on our productivity, and therefore on our long-term ability to produce enough to keep up with our debts. I think our standard of living is already experiencing a decline due in part to our massive debt.

Ultimately, we may very possibly lose our economic self-determination. There may very likely be a point at which we can no longer borrow and must repay. Worse, we may not be the ones to make that decision—our creditors may make it for us.

Members of Congress and the President have a moral obligation ourselves to reverse our national trend of borrowing. By borrowing, we are committing future generations paying for our current expenditures. Although they will not receive the benefits of those expenditures, they will be obligated to pay for them. How much? Interest on today's debt, the accumulation of all past budget deficits, will cost today's child $90,000 in extra taxes, on average, over his or her lifetime. By contrast, today's adult will pay less than half that amount.

And children will pay in more than just taxes. They will suffer higher interest rates, more expensive housing, fewer jobs, lower wages, decaying infrastructure, meager retirement incomes, and little or no government help. If they are lucky, our creditors will not have assumed total control of our economy.

Had the Framers been able to conceive of politics in the twentieth century they undoubtedly would have included a balanced budget amendment in the Constitution. At the time, however, a balanced budget provision seemed unnecessary. According to Thomas Jefferson, elected officials "should consider ourselves unauthorized to saddle prosperity with our debts, and morally bound to pay them ourselves." In other words, the government had a moral commitment to balance its books.

Unfortunately, modern special interest politics has streamrolled any moral commitment against deficit spending, and has rendered recent Congress and Presidents incapable of acting in the broader, national interest on fiscal matters. When Congress considers a specific spending cut which would help balance the budget, that fiscal restraint is in the broad interest of all Americans. But the direct benefit each American receives from any individual spending cut is minimal. Conversely, the direct beneficiaries and administrators of any spending program have a tremendous amount at stake in the outcome of a debate over funding of their program.

While all Americans who stand to gain if the program is cut stand idly by, the beneficiaries of the program mount focused, intense lobbying campaigns, often involving political donations. Ultimately the limited special interests win, the deficit mounts, and spending remains unfettered. The result is a budget that has been consistently unbalanced for 22 straight years.

Contrary to rhetoric, Congress and the President cannot, or will not, balance the budget on their own. They are faced with tremendous pressures against cutting spending, and rarely rewarded for decreasing the budget. This means that the 22 year legacy will only continue. How much longer, Mr. Chairman, will it be until debt service reaches 60% of the budget? How long will it be until entitlements suck every dollar of tax revenues and still demand more? How long will it be until the United States can no longer attain the credit it has been lavishing on itself, until we can literally borrow no more?

HOUSE JOINT RESOLUTION 290

Our current fiscal crisis is severe, and in need of immediate attention. The single farthest reaching step Congress can take is to propose and send to the states to ratify, a Constitutional amendment requiring a balance federal budget. HJRes 290, sponsored by Representative Stenholm, and 277 of his colleagues, is the proposal Congress must pass.

HJRes 290 would require that prior to adopting its annual budget, the Congress and the President must adopt a joint resolution specifying the amount of estimated revenues for the next year. Based on that resolution, Congress would adopt and enforce a budget in which outlays would be limited to projected revenue.

There are several escape mechanisms build into HJRes 290, in order to provide flexibility and to allow Congress to address unforeseen demands on the budget. For example, the entire provision would be waived in the event of a declared war. Additionally, Congress could authorize a specific amount of deficit spending with a 60% vote. Moreover, the amendment does not stipulate how the budget must be balanced. With a Constitutional majority, 50% plus one vote, Congress could vote to raise taxes if that were action it deemed appropriate.

Mr. Chairman, it is probably impossible to craft a balanced budget amendment that would please all critics throughout the ideological range. I am sure that my perfect amendment would differ. Accordingly, it is easy to identify minor criticisms of HJRes 290.

Criticisms notwithstanding, HJRes 290 will impose fiscal discipline and accountability on the institution of Congress. If Congress wants to raise taxes to balance the budget, then each member must vote to do so. If Congress feels that a certain level of deficit spending is necessary, then it must go on record to deficit spend. The public has become disenchanted with Congress for several reasons, a primary one of which is the lack of accountability members assume for the state of national affairs. Beyond establishing a direct, Constitutional relationship between federal receipts and expenditures, a Balanced Budget Amendment will place accountability upon individual members of Congress on all fiscal matters.

WHY CONGRESS SHOULD ACT NOW

Not only have I been converted to supporting the Balanced Budget Amendment, I am a strong advocate of getting it done now through either of the two means. The first, of course, is through the Congress adopting such an amendment and sending it to the states for ratification. The second, is through the Article V convention call.

As you know, 32 states have called for a Constitutional convention on the Balanced Budget Amendment. That is just two shy of the necessary 34. Frankly, that should be a strong enough signal. It would be political suicide for Congress to allow a Constitutional convention to draft a Balanced Budget Amendment. Constitutional convention delegates would be elected from every congressional district in the country, and many of them would certainly run for Congress after completing work on the Balanced Budget Amendment that Congress refused to pass. I know of several state legislators who reached office because of their work at a state Constitutional convention. The same thing would happen in Congress.

Further, a Constitutional convention would mark the ultimate failure of Congress to respond to the people it represents. Is our government for the people, or for elected officials and special interests? The polling data clearly supports the concept of a Balanced Budget Amendment. The people want it, and Congress is standing in the way.

Fears of "runaway conventions" are unfounded. The process is multi-step, and anything a Constitutional convention adopts still must be ratified by the legislatures of 38 states. Even in the bizarre and unlikely event that a Constitutional convention adopted a radical rewrite of the Constitution, the states would simply not ratify it.

In short, Mr. Chairman, the time is ripe both economically and politically for Congress to adopt HJRes 290, and send the states a Balanced Budget Amendment to ratify. Not only would this mark a serious, honest, sincere attempt by Congress to deal with the harmful deficit and debt, but it would also set us off on a course of long-term economic strength and growth. It is unfortunate that we have fallen to this level before seriously considering the real solution. It is my hope that Congress will not let the situation deteriorate further.

Mr. KYL. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. COUGHLIN].

Mr. COUGHLIN. Mr. Chairman, if there was ever an example of the need for a balanced budget amendment, it was the House-Senate conference last week on the so-called dire emergency supplemental appropriations bill. That entire conference, that entire conference, was engaged in a dispute as to how to get around the present budget ceiling caps on spending—the entire conference.

As my colleagues know, the President asked for emergency money because of the situation in Los Angeles. That money comes over and above the budget caps in the present budget agreement. But that entire conference was spent seeing how we could add to that money for other programs that the President had not asked for and how much we could force the President to accept in order to get what he wanted. The entire conference was devoted to that, my colleagues, and what was a $600 million request by the President over and above the budget caps became a $1.4 billion bill that I hope and trust the President will veto, as he should veto.

But, my colleagues, it is an example of the fact that this body, this Congress, we use any ruse, and we use any subterfuge. It will change the law. It will do anything it can to get new money for spending, to get new spending programs, and there is not at all anything to wonder about. That is what we are in the business of doing, enacting new programs, enacting new regulations, enacting new spending.

Mr. Chairman, the only way to limit the insatiable appetite, the insatiable appetite of this body for additional spending and new programs, is to amend the Constitution of the United States to prohibit that.

Mr. Chairman, I do not take amending the Constitution of the United States lightly. It is indeed a sacred document to all of us, to each and every one of us. But the only way that we are going to limit that insatiable appetite for more spending is to amend that Constitution so that this body cannot do what we did just last week, and that is get around our own limits, the limits that we imposed on ourselves, the limits that are imposed in law, not in the Constitution, because we will get around them every time. We will find ways to spend the money. We will use a subterfuge, we will use a ruse, and we will find some way of getting around the budget process.

Mr. Chairman, I have been here for 24 years. I have seen budget processes come and go, and, every time we found a way to get around them, and the only way that we will provide something that cannot be subject to a subterfuge, is to amend the Constitution of the United States with a balanced budget amendment. I hope my colleagues will support it.

Mr. BARTON of Texas. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Montana [Mr. MARLENEE].

Mr. MARLENEE. Mr. Chairman, revolution—revolution?

Is there any wonder why we have a peoples revolution in America?

Taxes and debt.

Spend and regulate.

Deceit and political corruption.

When will Congress get the message?

Will it be when 150 new Members have been sworn in?

Will it be when both parties are scorned as problems—not the solution?

Will it be when an independent candidate for President is higher in the polls that either party's candidate?

Folks, even with all the signs, with all the signals, with all the pleading from the American people, the U.S. Congress has not yet gotten the message from the American people.

The message was to balance the budget; the people told us to get your house in order. The voters have pleaded that we are in economic gridlock, that we are in regulatory gridlock.

Yet Congress in its arrogant and politically corrupt way goes on and on.

Let me emphasize recent actions.

National Institutes of Health—$3.1 billion over the President's request.

Brand new and extended unemployment benefits bill—$3.6 billion.

Reward for lawlessness, burning, and looting—$500 million to the cities.

The $172 million for National Undersea Research Program—that was brandnew and unwanted.

The $8 billion is only part of 4 weeks of expanded and new programs.

I ask, where is the discipline?

The American taxpayer would be better off if we would shut this place down and go home. Maybe the budget would balance itself.

Then, to add insult to injury, the leadership plays on the fears of older Americans and veterans. The spending addicts threaten taxpayers with tax increases. They threaten Americans with tales of horror.

I believe that behind all their threats and all their cacophony is an insecurity that they cannot be reelected if they cannot buy their way in.

The American Revolution II.

I want to be there.

Any Member who votes against the balanced budget amendment deserves defeat.

This Congress has not exhibited discipline and now the American public has demanded it with a constitutional balanced budget amendment.

We must pass a balanced budget amendment or the revolution will only worsen.

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Mr. MOODY. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. HUBBARD].

Mr. KYL. Mr. Chairman, I yield 30 seconds to the gentleman from Kentucky.

The CHAIRMAN pro tempore (Mr. MFUME). The gentleman from Kentucky [Mr. HUBBARD] is recognized for 2½ minutes.

Mr. HUBBARD. Mr. Chairman, there are many reasons why we should pass a balanced budget amendment to the Constitution.

First, we begin the process of pulling this country out of potential economic chaos. Our Nation simply cannot continue to endure record deficits and an everdeepening national debt.

This year our Federal Government will spend about $3 for every $2 it takes in.

Surely, we are aware that we in Congress do not have the political courage to pass a balanced budget through legislation. We haven't done that during the 18 years I've been in the House of Representatives.

If this constitutional amendment takes effect by 1997 it will, of course, require approval by two-thirds majorities in the House and Senate and ratification by 38 States.

Even now we are telling the American people we can balance the budget with spending cuts alone. The truth is that balancing the budget will require both tax increases and spending cuts.

The public clearly is fed up with business as usual in Washington.

Our gross Federal debt is at $4 trillion and rising.

Some who oppose a constitutional amendment today opposed the Gramm-Rudman approach to deficit reduction several years ago. Obviously, the 1985 Gramm-Rudman law didn't work to actually lower Federal spending.

The constitutional amendment approach is necessary, workable, and right.

Our current laws, our budget process, our authorization and appropriations bills simply do not require us to spend only the Federal dollars we take in as revenue.

We need a constitutional amendment to enforce the fiscal discipline which we now lack.

Mr. KYL. Mr. Chairman, I yield 3 minutes to the gentleman from Maryland [Mr. GILCHREST].

Mr. GILCHREST. Mr. Chairman, I rise today in support of the balanced budget amendment, and I request permission to revise and extend my remarks.

Mr. Chairman, I must admit to a certain amount of reluctance to amending the Constitution. As a teacher, I taught a generation of students about this sacred document, and I tried to endow them with a degree of reverence for it. I taught them that it provides checks and balances against tyranny, that it ensures democracy, and that it protects their civil liberties. I taught them that the Constitution is the one guarantee of a fair and representative government. And yet, it is for these very students that this amendment is so necessary, for that very same document has not protected their future from the spending excesses of our generation.

We all know that one of the main reasons for the Revolutionary War was taxation without representation; our Founding Fathers were careful to ensure that this would never happen again. And yet, future generations are being saddled with taxes over which they have no control through the actions of this Congress. That the Constitution takes no steps to prevent this is a shortcoming in that document. Perhaps the Framers lacked the foresight, or the cynicism, to envision a day when Congress would allocate Federal money as political capital, and thus create debts which triple our revenues.

Many will argue, and argue correctly, that this amendment does not balance the budget; it simply makes it more difficult to spend in deficit. They say that only politically courageous decisions will balance the budget. This is true, in much the same way that deciding to go on a diet does not make one lose weight; it is only the first step toward losing weight. Today we can take only the first step; it does not end here. But if we cannot even take this first step, there may not be any hope.

I have heard criticism that this amendment is not serious, that it passes off the difficult task of balancing the budget to future leaders. They say we need to make the difficult decisions today to balance the budget. And yet most of these critics are among those who wanted to bring down the firewalls and spend the peace dividend. Most of these critics have continually supported unfunded unemployment benefits. Most of these men and women oppose amendments to cut appropriation bills. Where is the courage in that?

We have already passed on a $4 trillion debt to our children and grandchildren. As they struggle to meet the interest payments on this debt, they will not care whether it was the President's fault or Congress'; whether it was the Democrats or the Republicans; whether it was social spending or defense. They will only wonder why we never took the steps necessary to see that it did not happen. They will wonder why this Constitution that they were taught to revere did not protect them from this. They will wonder how we could do this to them.

Mr. Chairman, after I leave Congress, I hope to return to teaching. And when I tell my students about their Government and its workings, I do not want to have to say that I would not vote for an amendment designed to ensure that Congress could not spend their inheritance. I do not want to tell them that the Constitution does not protect them from the profligacy of a Government they did not elect. I want to tell them that I was a part of the Congress which finally took the first step to protect them.

Mr. BARTON of Texas. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Texas [Mr. JOHNSON].

Mr. JOHNSON of Texas. Mr. Chairman, I have to tell my colleagues, it is way past time, and I ought to stop there. It is way past the time. But it is way past the time for a balanced budget amendment.

I tell my colleagues, this spending is like a horse running wild on an unfenced prairie. Once and for all, Congress finally has a chance to lasso this bugger. It is a fact. In the last 30 years, Congress has balanced the Federal budget one time. But it has managed to raise taxes 56 times. That is downright ridiculous.

Those of you who oppose this amendment, and especially those who are trying to derail this effort. Open your eyes and ears. The American people are fed up. They are demanding change.

Americans don't want, don't need, and don't deserve big Government debt. Congress is to blame for this mess and Congress is the one to fix it. We are almost $4 trillion in debt.

This year alone we will pay over $300 billion in interest. Do you know what this is? It is a stop watch. Click, Click. One second. 10,000 taxpayer dollars down the drain on interest alone.

This body has the power to balance the budget on its own. But in the world of partisan politics and special interest groups, Congress refuses to even try. An amendment to our U.S. Constitution is one law that Congress cannot ignore.

Take a look at the people speaking against this amendment. They are the big spenders. To me it is obvious. They are afraid an amendment like this would actually work.

Instead of mending their ways and using a little fiscal restraint. They are more interested in frightening the elderly, and threatening our veterans by using scare tactics that are untrue.

A straight forward, balanced budget amendment does not threaten social security, Medicare, or any other vital Federal programs.

Plain and simple—this amendment outlaws deficit spending. That means we'll have to cut the pork and make the hard decisions we should have been making all along.

Let me ask, which would we do, would we fund a $40 million rock-and-

roll museum or do we support Social Security and Medicare? That is an easy decision to make, not difficult.

Balancing the Federal budget is an opportunity this Congress cannot afford to miss. The future of our children and this country is in our hands with this amendment. Watch this stop watch. Do not let the second tick away. After tomorrow, we may not get another chance.

Mr. KYL. Mr. Chairman, I yield 8 minutes to the gentleman from Pennsylvania [Mr. SANTORUM].

Mr. SANTORUM. Mr. Chairman, I have listened to a lot of the debate today, and I have heard a lot of Members come up who oppose the balanced budget amendment and blame these high deficits on big tax decreases back in the early 1980's and record defense spending during the 1980's, that is why we have the deficits we have today.

Well, I might agree with them in the early 1980's, that may have been the reason we had the deficits in the early 1980's. I do not agree that that is the reason we have deficits today.

As everyone knows, we have increased taxes three or four, maybe five times since 1981-82. We have been cutting defense steadily since 1985. In fact, if we look at what we spend on defense, it is at one of the all-time lows as a percentage of the budget.

If we look at what we pay in taxes in this country, they say these big tax cuts. We pay as much as taxpayers, on the Federal level, today as we did back in 1980 and 1981 before the tax cuts went into effect.

The fact of the matter is, though, what is driving it, and this has been gone over and over again, is entitlements, and interest on the debt and all these things that we just do not have the political will to make tough decisions.

I hear everyone coming up on the other side who is against this balanced budget amendment saying, this is an irrevelant exercise. We need to stand down here. We need to discuss the issues of the day. We need to make the tough cuts.

Let me tell my colleagues about those Members who come down here, because we have a little information on these Members that come down here. We have something called the Congressional Budget Tracking System.

The gentleman from Texas [Mr. STENHOLM] has been very active in this, as have I, in trying to find out what the motivating force is behind all these Members introducing, raising spending here on the floor of the House.

We found that one of the things was that Members introduce a lot of bills that increase spending. In fact, they introduce a heck of a lot more bills to increase spending than they do to decrease spending. And what we found, and we looked at the 278 Members who signed the balanced budget petition, we found out that on average they have sponsored bills in this session of Congress to increase the deficit by $27 billion. That is a little hypocritical.

But let us look at the Members who did not sign. Let us look at the Members who oppose. Let us look at the Members who come here and say, "Well, if we just discussed the issues of the day and if we just had the political will, if we weren't pandering to people back home, then we could solve this deficit problem."

Those Members sponsored bills on average to increase the deficit $128 billion per person, individual Member of Congress, $100 billion more of cosponsorship of bills to spend money than those who want to balance the budget.

Where is the sincerity here? Who are the Members who really just do not want to control spending, who would rather be able to say, "I am doing this for you, folks back home, reelect me."

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. SANTORUM. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, can the gentleman name the one committee chairman in the House who has received 3 letters in a row in 3 separate fiscal years from the Reagan White House and the Bush White House threatening to veto his appropriation bill because it did not spend enough money?

Mr. SANTORUM. Mr. Chairman, I commend the gentleman for his actions in trying to reduce spending. I would just say that unfortunately, as an opponent to the balanced budget, the gentleman is not in very good company when it comes to Members who want to reduce spending.

Mr. OBEY. Mr. Chairman, if the gentleman will continue to yield, I am very comfortable with the company I am in.

Mr. SANTORUM. Mr. Chairman, I am telling the gentleman that the numbers do not lie. If we look at the bills that are sponsored by Members who are not signing on, and did not sign on, to the balanced budget amendment, those Members sponsored bills that spent $100 billion more on average than Members who did sponsor.

Mr. OBEY. Mr. Chairman, if the gentleman will continue to yield, can the gentleman tell me who is the last President to ask the Congress to pass a balanced budget?

Mr. SANTORUM. Does the gentleman mean who was the last President to submit a balanced budget?

Mr. OBEY. Mr. Chairman, yes.

Mr. SANTORUM. I do not know that answer. I know it was not Reagan or Bush.

Mr. OBEY. Mr. Chairman, would the gentleman be surprised if I told him that after submitting a budget which was slightly out of balance, that Mr. Carter resubmitted his budget with the purpose of hitting a zero deficit?

Mr. SANTORUM. Mr. Chairman, I applaud then-President Carter for doing the right thing. I stand here in saying that I am not pointing the blame solely at the Congress. I freely admit that the folks up on Pennsylvania Avenue have something to blame.

Mr. OBEY. Mr. Chairman, if the gentleman will continue to yield, would the gentleman tell me what is the maximum amount by which any Congress has ever changed any President's budget since Harry Truman's administration?

□ 2120

Mr. SANTORUM. Again, I would say to the gentleman from Wisconsin [Mr. OBEY] he dazzles me. I will defer to him and trust his figures.

Mr. OBEY. It is 3 percent. So I think the gentleman is perfectly correct to suggest that the Congress has been derelict in its duty in dealing with budget deficits, but I think we need to put it in perspective and point out that it is not a failure of the Congress, it is a failure of the Congress and the President, and I think until we have both branches accepting responsibility that it will not get fixed.

Mr. SANTORUM. If I can stipulate that, and use the rest of my time, I would be happy to do so.

Mr. MOODY. Mr. Chairman, will the gentleman yield for a moment?

Mr. SANTORUM. Yes, I yield to the gentleman from Wisconsin.

Mr. MOODY. Mr. Chairman, I have a different question. When the gentleman from Pennsylvania talked about the people who were not supporting the balanced budget amendment and implied they were hypocritical, I believe it is against the rules of the House to impugn the motives of Members of the body.

Mr. SANTORUM. OK.

The CHAIRMAN pro tempore (Mr. MFUME). The gentleman from Wisconsin [Mr. MOODY] is correct.

Mr. SANTORUM. I thank the chairman.

Let me just say that those who come here to the well and suggest they are willing to discuss, and they tick off 10 or 12 defense programs that they do not support anyway that they would like to get rid of, I really do question—in deference to the gentleman from Wisconsin [Mr. MOODY]—I really do question whether they really want to get at the bottom of the issue here, which is to reduce the deficit, when they are out there sponsoring hundreds of billions of dollars of increased spending.

So I would suggest that we get down to the basic issue, which is, let us pass this amendment, let us go back and then have these discussions, on which I commend the chairman of the Committee on the Budget. I think he is absolutely right, we have very tough decisions to make. I am willing to make those.

I offered a budget in committee that reduced the deficit by $35 billion this year, and did not get very many votes for it. I offered specific amendment after specific amendment, and I did not get very many votes for it. The fact is, it is very difficult to say we are going to have very serious discussions, when every time we have a serious discussion we are shot down. We are here today because we have a balanced budget amendment on the floor, and we are not going to have serious discussions until it is passed.

Mr. MOODY. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT. Mr. Chairman, the speaker who just spoke pointed out something that concerns me very greatly. That is that we are stagnating our Government if we cannot introduce or we cannot work for new legislation in the Congress of the United States of America, when there are great problems out there that need help; we are in a real bad fix.

If I were the President of the United States or running for President today, my first agenda would be a program to get jobs for people in the inner city, to give them some hope, get off of relief, and earn their money. That would be my first job.

Where would I get the money? I would knock out all foreign aid. That is $25 or $30 billion a year. I would knock out arts and humanities. That is another $16 billion, and food stamps. These are all painful things, all good programs. There are other programs I could list for the Members that I think we could get rid of. We already have a social welfare program to take care of those who are on food stamps. It is a very much abused program.

So that is a problem that I think we ought to face, the fact that we are presently at such a gridlock that we cannot do anything that the country really greatly needs. Some people said this amendment cannot be enforced. It will be enforced. It will be enforced by the Supreme Court saying, "When you go over the amount of money you are supposed to spend in that year, you cannot spend any more," and it will be a void contract. That will get everybody's attention.

Another thing that will get people's attention is the fact the Government says, "You cannot pass legislation," to bolster up this amendment once it is passed, to give it teeth. In other words, we could give it teeth and Members of Congress will be responsible to do it.

The third thing, and probably the most important thing I can say to the Members as a politician who has been politicking for a long time in my life, I think it is very difficult to come here to Congress and not have obligations to spend money that special interests ask you to do. If we have a constitutional amendment like this, we are going to be able to tell them, "I cannot do it unless I get rid of some money." So we would say, "My heart bleeds for you, but I have to find someplace to get that money, because I cannot do it under the Constitution."

So I think we have an opportunity in this time to go forward, and I hope we will, for a constitutional amendment to balance the budget.

Mr. KYL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, while the gentleman from Florida is resuming his seat, I would like to compliment the gentleman. We served on the Committee on Armed Services together, and I know when he speaks he speaks from the heart, and he speaks from a great deal of experience. I think that the words that he just gave us have a lot of wisdom behind them, and I would like to associate myself with those very wise words of my friend from Florida.

Mr. Chairman, I yield 6 minutes to the gentleman from California [Mr. DORNAN].

Mr. DORNAN of California. Mr. Chairman, I was elected to serve in this distinguished body in our bicentennial year. It is an election that I will not forget, and the moment in this Chamber, holding the hand of the youngest of my children, of Sally's and our five children, standing right about there behind that leadership desk, we kind of pushed the rules on children on the floor, she was a young 15, and I will never forget that day. It was a dream that I had had since I was a young lieutenant in the Air Force, to come here and serve in this distinguished body.

I had slept in a car with three fellow cadets out in the parking lot in August 1954, between propeller and jet training, and I told them, "I am going to serve in that body if it is the last thing I do."

When I got here, I had no idea that with a break in service, where I changed districts, and I think I am the only one here that has served from two completely different districts. It has been over half a century since anybody has been that lucky. I have seen a lot of good men and women try to come here and miss once, twice, three, and in one case four times, and not make it here.

I truly love the history of this Chamber, and appreciate being part of every Congress that won from the 95th Congress to this 102d Congress, but I had no idea that some day I might have to explain to my grandkids that during my service we just drowned in red ink here.

There is plenty of blame to go around. I know that with six cameras, Mr. Chairman, that under strict rules shoot this Chamber in a limited way, that viewers who follow our proceedings probably cannot see the beautiful woods carved into this leadership desk area that was rebuilt in the early 1950s.

"Tolerance" is one word around the corner. This word over here behind the Democratic lectern is "Justice." We spend a lot of money here trying to ensure domestic tranquility and establish justice in this country, but we cannot seem to get a good crime bill out of here that keeps the victims in mind.

Right at the center here it says "Tolerance." We have passed some interesting civil rights legislation. I voted for all of it that I know of since I have been here, except for one or two unusual amendments, and we still cannot seem to hold down hate crimes in this country.

Behind me it says "Liberty." I have watched some ferocious, passionate debates here on how we were going to spend our money covertly and overtly to bring freedom to Afghanistan, where the winners kill one another; to try and bring some justice to Yugoslavia, spinning into six or seven separate nations where brothers are killing brothers.

We spend money arguing over how to help Nicaragua. We spend several billions of dollars in El Salvador to try and bring peace, in Angola to try and bring peace, all around the world, and there is the word "Peace" over here on this side.

Lord knows that we have spent a lot of money here trying to stop 30,000 missiles from being pointed at us, and that is to the everlasting glory of Ronald Reagan, and in trying to get "Liberty" carved in this beautiful wood here, and "Peace" over here. We would have arguments over how to fund all of this.

We won an amazing hot and bloody so-called cold war, and instead of returning a piece then to our citizenry, we find out that the peace dividend is gone, for all sorts of reasons: S&L banking scandals, some of which originated or had its roots originating in this Chamber. We see rioting and self-destruction of their own neighborhoods of citizens out of all sorts of cultural reasons, asking for billions of dollars to rebuild areas, with the threat that a hot summer will cause other cities to burn.

I will tell the Members something, I am probably, if I survive November, good for only one more term, two at the outside. I have said I will not run again after 1996. I believe in 12-year term limits, and I have 6 in one district, and that would give me 12 in this.

□ 2130

I want to leave a legacy to my grandkids. Three of our five are married, and that gives us eight grandkids, God willing a few more if our two youngest get married. And the oldest is already 11, Ricky, who lives out here in Virginia. I have a granddaughter, Erin, who was born on the 200th anniversary of the establishment of the House, and the Senate, and the Supreme Court, and the Presidency. I would like for her

to be the first female President of this Nation, if not sooner. Erin Griffin. I keep telling her, "You're going to be the first lady President of our country."

What legacy are we going to leave my grandkids and the grandchildren of a lot of Members of this House?

I see that BARBARA VUCANOVICH is still here, and I have been telling her for 3 or 4 years now that we have to get together and form a grandparents caucus, not that there are not a lot of great single men and women, like Sam Rayburn who served, and that there are not a lot of great clergy people who love all of the children of this country, but who never had any children of their own.

But when I stand in this well and I talk about my future, and my future progeny not living in debt, and my grandchildren, I am talking about living flesh and blood children. So what I am going to say now, just beginning my written remarks that my staff worked so hard on and that I am proud of, is that my grandchildren are going to, I think, be told by me about tomorrow, the balanced budget day.

With all due respect to my friends and colleagues on the other side who do not think that we need this discipline written in with the amendment to our Constitution, I say after 15 years on this Hill, 13 of them in office, we definitely need this discipline. We need the 11th of June, tomorrow, to show the American people who hold us in such low esteem that we are going to put a law, a mechanism in place to make sure that this body and the other Chamber are really caring about the future children and grandchildren and their grandchildren for generations to come.

I rise of course, in strong support of a balanced budget amendment, and of all of the amendments the Kyl amendment is the best because it limits spending, the real cause of our deficit, to 19 percent of GNP, a bill that I put in this Chamber in 1977, 19 percent.

Mr. Chairman, I rise today, of course, in strong support of a balanced budget amendment to the Constitution. Of all the different proposals we will be considering today, I believe that the Kyl amendment is the best because it limits spending, the real cause of the deficit, to 19 percent of GNP. The next best is the Barton-Tauzin amendment, which also has real teeth. Barton-Tauzin would prevent the debt limit or taxes from being raised without the consent of three-fifths of both Houses of Congress. If the Kyl and Barton amendments fail to get the required two-thirds, I will support the Smith-Stenholm amendment, which would require a three-fifths majority of both Houses of Congress to increase the limit on the public debt. I will, however, oppose the Gephardt amendment, which would allow Congress to use all sorts of mischief to get around the requirements of the amendment.

I am not going to get into the minutiae of each amendment, but instead will confine my remarks to why I believe it is important that we take this step today.

Amending the Constitution is not something any of us should take lightly. Indeed, it is the most serious legislative undertaking in our system of government. However, I think that in this case a serious response is necessary to break the legislative logjam we find ourselves in with regard to the deficit. And who knows, if the amendment succeeds we may not give it a second thought in years to come. As Michael Kinsley pointed out, "Many of (the Constitution's) clauses address concerns that now seem trivial. See the third amendment, about quartering soldiers. We should only be so lucky that fiscal responsibility seems a passe issue in future years."

Critics of the amendment rightly point out that we already have the ability to take the steps required to balance the budget, but that we don't use them. They say, again correctly, that the problem is really one of a lack of political will and political courage. But political courage means different things to different people. I would argue that Republicans have the political will to cut spending to the bone. And I believe that the Democrats have the political will to raise taxes. But neither side can impose their political will without the cooperation of the other. So the question becomes: How do we break the logjam and get Congress and the White House, Republicans and Democrats, to act?

We have tried statutes in the past and they have been continually ignored or waived. I remember several years ago I wrote a newspaper column in which I detailed Congress' habitual lawbreaking when it came to the budget. The lawbreaking has continued to this day. As Mr. STENHOLM has pointed out, the Budget Act of 1974 has been waived over 600 times since it was enacted. So a balanced budget statute is obviously not the answer. We need to go further. We need to make a process that favors a balanced budget part of the Constitution.

People—politicians—will no doubt take a constitutional duty much more seriously than a statutory one. Further, by making it a constitutional requirement, the budget will receive more media scrutiny and the public will become more attentive and more involved. And if a balanced budget amendment does nothing but lead to a serious, honest, national debate on spending and taxes—a debate I know our side will win—then it will have been worth it. In short, a constitutional amendment ups the political ante.

But perhaps the best reason to support the amendment is not because of what it will force the Congress to do, but because of what it will force the American people to do. To wit, Americans would have to confront the real cause of the budget deficit—divided government. More than taxes or spending or monetary policy or defense or anything else, divided government has been the primary cause of our deficit. Why? Because with divided government there is no accountability. The Democrats blame the Republicans for the deficit, while Republicans blame the Democrats. The result is gridlock.

As our terrific Minority Leader BOB MICHEL recently pointed out, the American people have had it both ways for far too long, electing Republican Presidents who hold the line on taxes while electing a Democrat Congress that spends money as if there is no tomorrow. Whereas Republicans want to decrease spending and the size of government, the Democrats want to increase taxes to maintain or expand the current size of government. This fundamental difference in approaches to balancing the budget goes to the very heart of the philosophical divide between the two parties. Americans will have to start answering some very tough questions, such as: What is the legitimate role of government? How big should government be? How much of the Nation's output should be channelled through Washington? What are our priorities?

With a constitutional amendment, something will finally have to give. Either both sides will have to reach some compromise, or one party or the other will eventually control both ends of Pennsylvania Avenue. My preference is for the latter, provided, of course, that it is Republicans who are in control. But in any event, Americans need to get more involved in their Government if we are going to tackle this problem.

I would also like to briefly discuss the erroneous notion that passing a balanced budget amendment would result in a raid on Social Security and Medicare. this is nothing but a scare tactic used by opponents of the amendment to defeat it. Social Security would be no more vulnerable under a constitutional amendment than it is now. The amendment would only prescribe a procedure, it would not prescribe a specific outcome. that will be the job of Congress and the President.

Let me end by pointing out that the amendment would conform to a basic historical proposition—no taxation without representation. In this case that means the current generation has no right to saddle future generations—the unrepresented—with a mounting pile of debt—taxation. No less than Thomas Jefferson made precisely this same point in recommending such a constitutional procedure over 200 years ago. If it was good enough for 'ol Tom, it is good enough for me. And it should be good enough for all of us, for all Americans.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. COX].

Mr. COX of Illinois. Mr. Chairman, when I arrived here in Washington I had high hopes that I would be able to be part of a process that would bring fiscal responsibility to the Federal Government of the United States without the use of a constitutional amendment. Having been here now for approximately 18 months, I find that those hopes are gone and that it is clear to me that without a constitutional amendment we will never balance the Federal budget, we will never confront the difficult choices which we must if fiscal responsibility will become a reality, we will never do the things we need to do to assure an optimistic and hopeful future for our children and our grandchildren.

It is my desire, Mr. Chairman, that the constitutional amendment that we pass assure that we will balance the budget. It is my desire, Mr. Chairman,

that the constitutional amendment that we pass will not require a supermajority to make the important decisions that we must make in this regard. It is my desire, Mr. Chairman, that if we fail to bring the budget into balance in any fiscal year that we look back and be required to take action in the following year to make up for actual excess spending that may have occurred.

I have listened closely to many of my friends who oppose a constitutional amendment. It is my observation that many of the arguments that are put forth against the amendment are really admissions that, if we must be fiscally responsible, we will not support many of the programs my friends desire to become part of the law or remain in the law as they are today. This is an admission of failure of policy ideas as it appears to me that my friends believe that if we must be fiscally responsible we will not support spending programs they support. I am sympathetic and quite often supportive of the programs my friends would like to add to the law of this country or keep in the law as they exist today. I am not prepared to bankrupt the future of this country and that of my children and my grandchildren to support their ideas without the requirement that we make the difficult choices and pay for the programs that we attempt to implement.

The gentleman from Utah, Mr. ORTON, and I have diligently worked on an alternative constitutional amendment which assures that balanced budgets will be required, which mandates a look back year after year after year to be sure that we balance the budget, which identifies what will happen if we fail to balance the budget in any given year. I believe that that amendment will not reach the floor as part of this debate. If we fail to pass a constitutional amendment during this process, I am hopeful that we will take another look at the Orton-Cox balanced budget constitutional amendment at another time. However, because the amendment Mr. ORTON and I propose will not have the opportunity to be considered, I have no choice but to support whatever constitutional amendment requiring a balanced budget has an opportunity to pass. It is my humble observation that without passage of this amendment soon, as Senator RUDMAN said at his retirement press conference, we may not be able to fix the problem in time.

I urge my colleagues to support the Stenholm amendment as the one amendment having the real opportunity to become law. I wish we could eliminate some of the flaws of the Stenholm amendment but that does not appear to be possible. The alternative to the Stenholm amendment, no balanced budget constitutional amendment, is far more dangerous to the future of this country than any of the flaws I perceive in its language. Therefore, I urge my colleagues to vote for H.R. 290.

BALANCED BUDGET AMENDMENT SUPPORTERS SPONSOR LESS SPENDING THAN OTHER MEMBERS OF CONGRESS

Based on the April 5 release of the Congressional Budget Tracking System, members of both chambers who have sponsored the Balanced Amendment to the Constitution sponsor far fewer spending increase proposals than those who have not sponsored the measure.

The 278 Balanced Budget Amendment House sponsors have, on average, sponsored legislation that would increase spending $27.8 billion. In contrast, members who have not sponsored BBA have sponsored legislation costing an average of $128.2 billion.

In the Senate, the 29 members who have sponsored the Balanced Budget Amendment have sponsored legislation that would increase spending by $18.5 billion. Other Senators have sponsored legislation that would increase spending $30.4 billion.

The Congressional Budget Tracking System (CBTS) is a comprehensive computerized data base summarizing cost estimates of legislation proposing significant changes in current Federal spending policies. CBTS cross-indexes these estimates with the sponsorship and cosponsorship records of each member of Congress to provide a running tally of the cost of every major spending initiative that each member has sponsored or cosponsored. CBTS contains an offset feature to ensure that the same spending is not counted twice when it appears in more than one bill. This permits the system to show only the net spending proposed by each member.

CBTS SPRING 1992 AVERAGES

[In millions of dollars]

	House	Senate
BBA sponsors	27,803	18,568
BBA non-sponsors	128,262	30,411
Difference	100,459	11,843

STATEMENT BY JAMES M. BUCHANAN

It is time to acknowledge that the 1990 Budget Agreement has failed.

It is time to go back to constitutional control through a balanced-budget amendment. In supporting such an amendment, Congress can control its spending proclivities by setting up control machinery external to its own internal operations, machinery that will not be so easily neglected and abandoned.

Why do we need a balanced-budget amendment now, when no such constitutional provision existed for two centuries? The answer is clear. Up until recent decades, the principle that government should balance its budget in peacetime was, indeed, a part of our effective constitution, even if not formally written down. Before the Keynesian inspired shift in thinking about fiscal matters, it was universally considered immoral to spend without taxing, except in periods of emergency (wars or major depression). We have lost the moral sense of fiscal responsibility that served to make formal constitutional constraints unnecessary. We cannot legislate a change in political morality; we can put formal constitutional constraints into place.

It is important to recognize that the balanced-budget amendment imposes procedural constraints on the making of budgetary choices. It does not restrict, in any way, the power or ability of the Congress to spend or tax. The amendment requires only that the Congress and the Executive pay for what they spend by the imposition of the necessary taxes. In its simplest terms, such an amendment amounts to little more than "honesty in budgeting."

In one sense, of course, we always pay for what we spend through government, as anywhere else. But those who pay for the government spending that is financed by borrowing are taxpayers in future years, those who must pay taxes to meet the ever-mounting interest obligations that are already far too large an item in the federal budget. The immorality of the intergenerational transfer that deficit financing represents cries out for correction.

Opponents of the balanced-budget amendment argue that the interest burden should be measured in terms of percentage of national product, and, so long as this ratio does not increase, all is well. This argument is totally untenable because it ignores the effects of both inflation and real economic growth. So long as government debt is denominated in dollars, sufficiently rapid inflation can, for a short period, reduce the interest burden substantially, in terms of the ratio to product. But surely default by way of inflation is the worst of all possible ways of dealing with the fiscal crisis that the deficit regime represents.

Opponents make the additional argument that the balanced budget amendment would be unenforceable, and that Congress would make efforts to circumvent any fiscal constraints. Of course. But the existence of constraints will constrain, as indeed the Gramm-Rudman experience indicated.

Finally, opponents suggest that Congress and the Executive must maintain the budgetary flexibility to respond to emergency needs for expanding rates of spending. This prospect is fully recognized, and all versions of the balanced-budget amendment include explicit provisions that allow for waiver of the constraint upon approval of some qualified majority in both houses.

When all is said and done, there is no rational argument against the balanced-budget amendment. Simple observation of the fiscal record of recent years tells us that the procedures through which fiscal choices are made are not working. The problem is not one that involves the wrong political leaders or the wrong parties. The problem is one where those whom we elect are required to function under the wrong set of rules, the wrong procedures. It is high time to get our fiscal house in order.

We can only imagine the increase in investor and business confidence, both domestic and foreign, that enactment of a balanced-budget amendment would produce. Perhaps even more importantly, we could all regain a confidence in ourselves, as a free people under responsible constitutional government.

EXCERPTS FROM REMARKS BY GOV. L. DOUGLAS WILDER

Mr. Chairman and members of the Committee, thank you. I appreciate the opportunity to meet with you to discuss the implications of a balanced budget amendment to our Nation's Constitutional heritage and fiscal future.

Let me say at the outset, that I am in favor of a balanced budget amendment to the Constitution. I voted in my state legislature in 1977 to memorialize your taking this action. As a governor and one committed to running a fiscally responsible state, this shouldn't surprise you.

By and large, state financial managers accept the balanced budget requirement as a tenet of fiscal integrity. The National Governors' Association's support of a balanced budget amendment is consistent with states' commitment to this concept.

The underlying fiscal philosophy in Virginia is that the worst time to raise taxes is during a recession. Accordingly, when faced with a $2.2 billion deficit in 1991, we ruled out tax increases, held the line on new spending, cut discretionary spending by 25 percent below 1990 levels, eliminated over 3,000 positions through an early retirement program, and withheld salary increases from state employees for two years.

Although the challenges faced by the federal government are gargantuan in comparison, I do believe that many of the broad principles that were successful in Virginia—and in other states—can be applied in Washington.

Chairman Panetta, your invitation to me suggested seven issues of interest to the Committee, and I want to group these issues in two broad areas of testimony.

First, I will discuss the fabric of our political culture in Virginia and our constitutional and legal environment for responsible financial decisions.

Second, I will examine some of the ways in which our financial management experiences have implications for the federal government and suggest refinements in the federal approach to financial policy, including a balanced budget amendment.

BALANCED BUDGET CONSTITUTIONAL REQUIREMENT

There is a long tradition of enacting balanced budgets in Virginia, but the Constitutional requirement is of recent vintage.

The people of our Commonwealth voted in 1984 to enact this amendment, effective July 1, 1986. Our balanced budget amendment requires that the Governor ensure that expenses of the Commonwealth do not exceed total revenues on hand and projected during each budget period.

In managing the enacted budget, the Governor must ensure that actual expenses paid from the treasury do not exceed the actual revenues paid during the life of the appropriation. The Constitutional provision applies to all funds, including federal grants, which are expected to come into the state treasury.

LINE-ITEM VETO

Since 1971, Virginia's Constitution has also contained a provision granting the Governor the power to veto an item in an appropriation bill. The Supreme Court of Virginia has defined an "item" as "an indivisible sum of money dedicated to a stated purpose."

The Governor, under this power, can veto a sum of money identified for a stated purpose. He cannot reduce it to a smaller sum, but must veto the entire amount. In addition, the Governor's power to veto an item does not carry with it the power to strike our conditions or restrictions on appropriations. That is an exercise reserved for the General Assembly by our Constitution.

In contrast, and to the detriment of the process, the President is not held accountable for a balanced budget. Congress takes control over budget development with its budget resolution, after which, the President may only approve or veto 13 appropriation bills. The President has minimal flexibility to manage the federal budget after it is passed.

AMENDMENTS TO AN ENROLLED APPROPRIATION BILL

In Virginia, the Governor's constitutional power to recommend amendments to an enrolled budget bill is of far more significance than the line item veto.

The General Assembly may, by majority vote, adopt the Governor's recommended amendments; or it may refuse to adopt the amendments, in which case the enrolled bill, without amendments, is again before him for his action: either his signature or veto; or the General Assembly may enact the enrolled bill, without the amendments, into law by a two-thirds vote in each house.

In all but three years since 1982, the Governor has returned the enrolled appropriation bill to the reconvened session with amendments.

In all but one year, the General Assembly has adopted all proposed amendments.

STATUTORY AUTHORITY

Language was placed in the 1932 Appropriation Act, during the time of the Great Depression, requiring the Governor to survey the collection of revenues of the general fund and reduce appropriations so that they do not exceed those revenues.

The reduction could not exceed a certain percentage, which has changed from time to time, and is currently 15%. The approval of the General Assembly is not required; however, in those years when the Governor has found it necessary to reduce appropriations, the General Assembly leadership has been informed, and the Governor has made reports to the General Assembly of the action taken.

Although refined and amended over the years, this language is the basic authority of the Governor to reduce appropriations should a decline in revenues take place. It was the statutory authority used to put the 1990–92 budget reductions in place. Every Governor has taken this responsibility seriously and has taken action when the monthly revenue reports indicated a shortfall in general fund revenues.

However, the General Assembly recognized that there may be compelling circumstances which require an individual agency to incur a deficit. In instances such as the imposition of a new and unexpected federal requirement or a court order, the Governor can authorize a deficit provided that it is repaid either by appropriations made by the General Assembly or from the agency's appropriation the following fiscal year.

IMPLICATIONS FOR THE FEDERAL GOVERNMENT

Now I would like to address some implications of our experience in Virginia for federal financial decision-making.

Comparisons between the states and the federal government are often debated. State governments are important laboratories where innovative experiments to address social and financial issues are tried and perfected.

With a national debt of about $4 trillion, there is a need for discipline at the national level. It is appropriate that you are looking to successful budgeting practices of the states for guidance. I believe the balanced budget amendment is a statement of principle and conviction that can promote discipline. I favor a balanced budget amendment to the Constitution as part of a comprehensive financial reform strategy.

Perhaps some of the strongest arguments for the amendment come from the arguments commonly used against it.

First, opponents say that state balanced budget requirements apply only to the states' general fund dollars. This is not so in Virginia. We are required to balance our budget for all funds, including federal and other specially earmarked funds. All our funds are deposited in the treasury and appropriations are made accordingly.

Second, opponents say that states are able to balance their budgets only because they use bonded debt for public works and infrastructure, whereas the federal government uses a "pay-as-you-go" approach. This argument is a straw man.

There is nothing wrong with government, nor the private sector, making prudent use of debt to pay for capital investments that have useful lives producing future benefits for future generations.

In fact, in Virginia, we carefully assess the limits of our debt capacity to maintain our AAA bond rating, and we have a constitutional limit on the amount of debt we can issue. Moreover, we have instituted a six-year plan to direct our capital investment toward the most essential needs.

Unfortunately, the federal government has no capital budget and has no way to account for how much of its annual deficit and its debt is attributable to productive capital investments.

Therefore, it has no yardstick to measure the appropriate use of debt. Some would say that this is precisely why the federal government should have a capital planning process and a capital budget distinct from the day-to-day operating budget.

A balanced budget amendment should not be tabled just because the federal government does not have a capital budget process. There may be a need for other budget reforms along with a balanced budget requirement including a capital budget.

Third, opponents also say that a balanced budget amendment would promote more off-budget spending. Again, this argument is a Trojan Horse.

Just look at the billions spent on the Resolution Trust Corporation which is now off budget and ask yourself could we possibly be worse off if we had a balanced budget requirement?

The point is that budgetary gimmickry will always prevail if there is no fundamental commitment to the principle of a balanced budget. In this context, a balanced budget requirement is a restraint on gimmicks.

Surely it will not succeed unless we are dedicated to principles. Yet, we can be even more certain it will not be accomplished if we are unwilling to set forth the principles.

Finally, opponents say that the adjustments needed to balance the budget would be too harsh and that necessary and popular programs would have to be eliminated. Let me simply refute this argument by citing the measure we have taken to balance Virginia's budget.

FINANCIAL ENVIRONMENT

Over the past 27 months, the most extensive changes ever proposed to a budget in Virginia were needed to keep the Commonwealth's fiscal affairs in order. Far-reaching spending reductions were made necessary by the dramatic slowdown in the economy and an equally dramatic decrease in revenue collections. Continuing increases in federally mandated spending were also a part of Virginia's budget problems.

Overall, our revenue forecast for the biennium was reduced five different times—and reflected a total shortfall of $2.5 billion. This was the largest shortfall in Virginia's history, and one of the most severe in the nation. It was equivalent to about 15 percent of the total general fund budget.

It meant that we could not balance the budget without considering reductions in many important services. It could no longer be "business as usual" in Virginia. Everything needed to be on the table.

At the same time, essential services needed to be preserved. We chose to avoid simplistic across-the-board reductions to address the budget imbalance. Instead, we chose to make difficult decisions, to choose between our highest-priority programs, and to target reductions accordingly.

POLICIES AND ACTIONS

Throughout the series of budget reductions I set these major budget reduction policies:

First, Virginia would not enact any general tax increases.

Second, Virginia would protect programs that provide direct aid to individuals and other essential public services.

Third, we would protect local government to the extent possible, by phasing reductions in local programs.

Fourth, we would emphasize, permanent, on-going reductions in the state budget wherever possible and minimize reliance on one-time budget actions.

Fifth, we would target reductions rather than adopting formula driven or across-the-board reductions to ensure that the state's highest-priority programs were not adversely affected.

And sixth, we would provide maximum flexibility to agency officials to determine where budget reductions would be made.

The process I set in motion to reduce operating expenses of all state agencies by instituting greater efficiencies and further curtailing of spending called on the cabinet secretaries to work with agencies to develop proposed reductions in keeping with my reduction policy objectives.

I insisted that all programs and activities of state government, with a few exceptions, be considered for reduction.

To minimize the impact of reductions on the public, exemptions were made for essential state services such as aid to individuals (that is, Medicaid, social services, and mental health), debt service, prisons, and the state police. These exemptions reflected those required by law as well as by my policy priorities.

To ensure that essential services and the highest priority programs were preserved in Virginia's budget reduction process, I directed the Secretaries and agency heads to target reductions in areas of operations that could be made more efficient, that could be delivered in alternative ways, there were not essential to the central purpose of government, and that were not producing a sufficient return on investment.

The approach, in other words, was a "bottom up" one—with the program managers closest to the programs determining the specifics of where reductions would be targeted. This approach reflects current management philosophy being used in successful private sector streamlining efforts.

Over half (55 percent) of the actions necessary to make up the $2.5 billion revenue shortfall were achieved through reductions to state agencies' operating budgets. Agencies adopted a number of strategies to effect the necessary budget savings.

Over a third of the savings they realized were due to organizational changes, operational efficiencies, or elimination of non-essential services. These actions will mean permanent, long-term reductions in the size of Virginia's budget.

Another 27 percent of the total savings to make up the shortfall were in agency capital projects. We put a freeze on building projects that were not already under contract with the private sector.

In total, more than three-fourths of the budget savings necessary were operating and capital reductions at the agency level.

While I used my executive authority as the chief financial officer of the Commonwealth to temporarily halt spending as necessary, all the budget amendments were submitted for review and approval by the General Assembly and were given full public airing for the citizens of the Commonwealth to express their reactions.

More important, we were honest and candid with taxpayers. We acknowledged that Virginia could not afford to continue everything that was in the budget. We took the straightforward approach that it was far better to finance high-priority programs adequately than to finance everything inadequately.

If we assume there is a lesson to be learned from Virginia's successful budgeting, we must address not only the issue of a balanced budget constitutional requirement, but also other differences from the federal approach.

I am confident that states tend to be successful in managing their finances because the authorities of Governors are more closely patterned after those of chief executives in the private sector. Basically, we have more budgetary influence than the President.

As Virginia's Governor, and as most other Governors, I have substantial authority to develop and implement financial policies. This authority has a stabilizing effect on the process. For example, the line item veto, while not often used, and the authority to recommend amendments before I sign an appropriation bill, are both effective budget development tools to thwart efforts to increase spending or taxes.

As a Governor, and unlike the President, I also exercise strong budget management authority. This provides flexibility to change financial plans and is an incentive for long-range planning and forecasting.

For example, I can reduce or temporarily defer spending when revenues decline; transfer appropriations; and appropriate certain fund balances at year end. After a federal budget is approved, the President has virtually no flexibility to react to changing fiscal conditions.

I believe state budgets are responsible because state officials are clearly accountable. The are accountable because they have strong legal requirements to balance the budget and limit debt; and they have the authority to control and manage the state's finances.

There are no silver bullets or simple solutions to the federal deficit problem. I am, however, confident that there are solutions. But these solutions are possible only if all branches of government are willing to take and cede responsibility.

Such responsibility is a matter of trust for government—by demonstrating that we are spending our money wisely, we show that our initiatives are not frivolous programs, but sincere efforts to make a difference.

The National Governors' Association has adopted a policy that Congress support a constitutional amendment for a balanced budget when the federal deficit has been reduced to zero. I generally agree with this policy, but from a personal perspective, I believe we should have a policy that identifies when a budget deficit will be reduced to zero.

I am flexible as to the time frame and specifics of how this is done. It's far more important for the President and Congress to agree to the principle and stick to a process and time frame to accomplish it. To get consensus, it may be necessary to phase in deficit reduction and adopt other reforms. In the absence of action, however, I do not believe that we can restore the confidence of the American people in the federal budget process.

Other elements that need to be considered include a capital budget and restoring to the executive branch some of the authority needed to manage the nation's finances. Whether this is in the form of a line item veto, or enhanced rescission authority, or appropriation transfer authority is not important at this moment.

What is important is that such authority for the executive is distributed in a way that ensure accountability. Surely, this will improve the integrity of Federal financial management and responsiveness to the national interest.

Thank you for this opportunity to be with you today and to speak about the balanced budget amendment legislation presently pending before Congress. I would be pleased to answer any of your questions.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore. (Mr. MFUME). The Chair reminds Members that they should avoid references or direct quotes of Members of the other body.

Mr. KYL. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. ROHRABACHER].

Mr. ROHRABACHER. Well America, you have heard the debate. What do you buy? What side of the argument do you buy? You have heard people expressing on both sides of the aisle now.

I can tell you that I will be supporting any amendment that gives this Congress the incentive, yes, a mandate to balance the budget. This budget deficit is the greatest threat to our national well-being that we face as a Nation. It is the greatest challenge of our time, and anybody who says that we are going to try to confront this with just business as usual, trying to just reshape the rules of the road as we have up to date is kidding themselves or they are lying to the American people.

The fact is that we need some fundamental reform, and there is no silver bullet. Let me add I agree with them, there is no silver bullet like a constitutional amendment that is going to do the job for us. But that does not mean that we do not need the constitutional amendment or need the reform.

Yes, balancing the budget is going to require us to make some very tough decisions. We are going to have to change the taxing, spending, and regulatory policies that have resulted in this great threat to our national well-being.

On the spending side we are going to have to say no to anything that is not absolutely necessary. That is what we are going to have to do once this budget amendment passes. We need to say to the farmers, I am sorry, we cannot subsidize you anymore. That is right, farmers are going to have to be treated like other businessmen, because we cannot spend billions of dollars subsidizing certain industries. We are going to have to say the Government cannot

run a railroad anymore at billions of dollars' worth of subsi dies, or provide services like public broadcasting when it is done in the private sector, or we might not even be able to have a National Endowment for the Arts. But these things are better to get rid of than to let the whole system sink and to have our entire population impoverished because we are afraid to make decisions.

We have to have the ability to make tough decisions, and we have to be tough enough to clear away things, not just say no to spending, but tough enough to make reforms like, for example, to clear away anticompetitive regulations like antitrust laws that are no longer applicable, but drag our country's competitiveness down. Our country is crying out for liability reform. Liability reform itself would help spur economic growth, and we will know after this balanced budget amendment, unless we are willing to take on the lawyers that we are not going to be able to balance the budget. And we will also have to say no to some of the nonsense like striker replacement laws which also bring down American competitiveness, because we will know that it is going to drag down the economy, and even make the budget deficit harder to solve.

We are going to have to be more creative. We are going to have to be more creative and we are going to have to come up with some positive solutions when right now that pressure is not on us. For example, a lot of things the Government does can be privatized. Why does the Post Office have to be run by the U.S. Government in this day and age? Yes, that is a decision that we might have to face. We might have to privatize that service. We might have to privatize the ownership of airports in this country because we will not be able to tax the American people, not because it is not in the balanced budget amendment, which everyone passes, and I hope it is in there, but because the higher level of taxation will have a lower level of growth, and will have a higher budget deficit if we rely on higher taxes.

□ 2140

I will vote for any amendment that helps us make those tough decisions. I am willing to make the tough decisions now, and I hope that we pass a balanced budget amendment so we can get something good done for America and America's future.

The CHAIRMAN. The Chair will advise Members controlling the debate time that the gentleman from Texas [Mr. BARTON] has 25½ minutes remaining; the gentleman from Wisconsin [Mr. OBEY] has 9½ minutes remaining; the gentleman from Texas [Mr. STENHOLM] has 33 minutes remaining; and the gentleman from Arizona [Mr. KYL] has 13 minutes remaining.

Mr. BARTON of Texas. Mr. Chairman, I yield 4½ minutes to the gentleman from California [Mr. RIGGS].

Mr. KYL. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. RIGGS].

Mr. RIGGS. Mr. Chairman, I thank the gentlemen for yielding me this time.

Mr. Chairman, as this debate winds down, one plain truth emerges. Our budget deficits are the result of a political crisis, a lack of collective political will and resolve in this body, more than a financial crisis. Another way of putting that is we need not have deficits.

We have to start from that fundamental premise. We need not have a rapidly increasing debt that erodes the quality of life while consuming an ever-larger portion of the Federal budget and the gross national product if only we could muster the collective political will to balance Federal expenditures with Federal revenues. This is a political crisis that the GAO noted in rather prescient fashion in 1989 warrants, "the commitment and bipartisan spirit of compromise in the national interest that our political system traditionally brings to a crisis situation."

Do we need the external discipline of a balanced budget requirement if we already possess the constitutional authority to balance the budget? Well, the answer, again from history, is an unequivocal and absolute yes. Since World War II, we have had the Budget and Accounting Act of 1950, the Impoundment Act of 1974, and in more recent times to invoke some current memories, the Gramm-Rudman-Hollings Act of 1985, and last, but certainly not least in terms of what it has added to the Federal deficit, the Budget Enforcement Act of 1990 with its deficit-reduction plan, an inadequate and badly flawed plan.

Obviously legislative-mandated attempts did not work. Less than 3 months ago, in fact on March 31 of this year, 187 Members of this body voted to tear down the budget agreement firewalls that required defense savings, otherwise known as the peace bonus or peace dividend, to go directly to deficit reduction rather than into more spending or more funding for social programs.

This week or next, as the gentleman from Pennsylvania [Mr. COUGHLIN] commented about a little bit earlier, this House will take up again the urban aid package. When it left this body it had a budget authorization of $500 billion. Unfortunately, the other body reported out a bill with a budget authority of $1.95 billion, and the bill we are going to get on the House floor from the conference committee of the House and Senate has a budget authority of $2 billion, all off budget, all not subject to the pay-as-you-go financing rules of the budget agreement, all adding directly to the Federal deficit.

Since World War II, the Federal Government has spent $1.59 for every $1 it takes in, over the last year, $4 for every $3 it takes in. I find that my constituents back home can far better relate to these figures than hundreds of billions of dollars thrown around here and there.

But I do not think that many people ask themselves where do we get that money, where do we get the extra dollar to cover the deficit in the current Federal fiscal year. Well, we do print a little new money back here at the U.S. Mint. We do add a little money to the M2 money supply. But we cannot do a whole lot of that, because it would be hyperinflationary. Primarily we go out there and borrow from the capital markets where we are directly competing head to head with American business and, of course, we sell instruments of the Federal Government, Treasury bills and Treasury bonds, at auction, and principally to foreign investors, so we are going offshore to finance our deficit as well.

The results? An enormous and constant drag on the economy, costing us, according to knowledgeable economists, about 3 percent per year in lost economic growth during the decade of the 1980's.

In addition to the lost economic growth, obviously we are sapping the life directly away from future generations, but I want to dwell for just a moment on what I think passage of the balanced budget amendment will do aside from the cold-turkey reality of having to bring expenditures into line with revenues.

First of all, it will make no doubt about it, as certain Presidential candidates have been saying, it will expand the economic and employment base of this country. It is probably the single most important thing we can do to stimulate economic growth and to spur private investment and capital formation and to try and create some sort of national savings plan in the absence of an economic growth package.

I will predict to you that we will see an immediate effect in the capital markets and the stock market with probably an 8,000-point Dow by the end of this year if we pass this legislation. It would effectively reverse the perverse incentives that currently permeate American tax policy where we actually encourage consumption and spending over savings and investment. That is a situation that definitely needs to be turned around. It would help affect our imbalance of trade, and it would give some credence to reciprocity in trade when we talk about striving for fairer trade relations.

And last, by causing us to perform our fundamental duty of prioritizing Federal spending, it would cause us to fundamentally reform the budgetary process around here including the enforcement mechanisms necessary to

accomplish a balanced budget and the formulation of a politically sustainable and multiyear budget strategy. It would revolutionize American politics, probably even more so than term limits or campaign finance reform, by empowering Members of Congress. It would be very liberating, indeed, to bite the bullet and make the hard decisions that we must make in the interests of this country and future generations.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma [Mr. BREWSTER].

Mr. BREWSTER. Mr. Chairman, I rise today to speak for those who are not allowed to verbalize on the floor of this great Chamber—for the young couples who are starting their first home together, for the young women and men who have left the solace of parents and family to establish themselves in the work force, for college students, for high school and elementary students, for their younger siblings at home and even for the yet-to-be-born—these are the people whose future is being mortgaged by the reckless disregard of our Nation's monetary future.

We all share great concern for their future.

All these concerns are for naught if we continue to ignore fiscal responsibility.

We are concerned about improved education, we look for solutions to the health care problem, we worry about the environment. We want to make things better for those who follow.

There is little need for me to reiterate the facts here—that the nearly $4 trillion national debt is increasing at a rate of more than $1 billion a day, that interest on the national debt is nearly half of this year's deficit, that in a few short years interest on the national debt will exceed discretionary funds, that 40 percent of our national debt is owned by foreign interests—we are all quite familiar with the numbers. Yet, we have not taken the necessary steps to correct the problem.

There is an old saying, "if it ain't broke . . . don't fix it!" Today, every infant is born with a debt of $16,000—just 10 years ago, that share of the national debt was "only" $3,000—at the present rate of growth that debt will be nearly $25,000 by the year 2000. I submit Mr. Chairman: the system is broke. It's time we fix it.

The Washington Post and others have criticized this amendment as unnecessary clutter, point out Congress should balance the budget without the threat of a constitutional amendment.

That is good theory. That is how it should be. But, that is not realistic. The President will not submit a balanced budget and Congress will not balance the budget without being forced to do so.

Proof lies in congressional action of the past few years. Time and time again, Congress has recognized the problem. Gramm-Rudman-Hollings was going to force a balanced budget. OBRA was going to force a balanced budget. Yet the problem has only worsened. In less than 10 years the national debt has increased from less than $1 trillion to nearly $4 trillion. Deficits have increased each year. None will be successful without the constraint of a constitutional amendment.

Under our present system, there is no incentive to equalize the budget. There is plenty of blame to go around for our ever-increasing national debt.

The criticism should start with the White House for its inability to present a balanced budget plan. And, as former President Harry Truman would say, "the buck stops here". The final blame falls right here in the Halls of Congress for our failure to equalize income and expenses.

During the terms of every President since Mr. Truman, the Congress has appropriated less than the then sitting President requested—and not since Richard Nixon has a President submitted a balanced budget. In 7 of the last 10 years the Congress has appropriated less than the President has recommended.

No one comes to congressional hearings to testify against appropriations. Nearly everyone appearing before congressional committees is there to present their valid arguments in favor of many excellent programs—and most of our Federal programs are excellent. They are badly needed. But the truth of the matter is can we afford everything we need?

The Congress is at the end of the line. We have gone along to get along. This must stop—now.

Some criticize the push for a balanced budget amendment as a cop out—the easy vote.

Mr. Chairman, this is just not correct. This is not the easy way. Balancing the budget is not the easy way. The easy way is to continue with uncontrolled spending, cutting taxes, and increasing the national debt. Many Members will not be here to face the final consequences of continued undisciplined spending and unbalanced budgets.

Balancing the budget is just the opposite—it's the hard way—but it is the responsible way.

I am a junior Member of this body. I do not intend to stay a junior Member. I plan to continue to serve my constituents in the Congress for many years. Whether I stay 1 term or 20 terms, this is possibly the most important decision I will ever make.

As a former member of the Oklahoma Legislature, I faced just such a situation when Oklahoma's energy-based economy failed several years ago. Oklahoma has a balanced budget amendment which is much more stringent than the amendment being proposed here.

I sat with the leadership as we made the hard decisions—as we cut some excellent programs and as we increased some taxes. We made hard choices, we prioritized programs and we did what had to be done to pass balanced budgets.

In recent weeks I have attended many, many functions in my district—with veterans groups, Social Security groups, retired Federal employees, chambers of commerce, civic clubs. In every case I have discussed the proposed Federal balanced budget. I have told my constituents it will not be easy. I have warned them that their groups might face freezes, or even cuts, in their programs. In every case these groups have agreed a balanced budget is an absolute necessity. They understand the spending reductions they face. All they ask is fairness.

Mr. Chairman, I urge my colleagues to show their concern for our children's future. I urge my colleagues to join us and support the budget balancing amendment.

The material follows:

NATIONAL GRANGE LEGISLATIVE NEWS SERVICE,
Washington, DC, May 15, 1992.

GRANGE ANNOUNCES SUPPORT FOR BALANCED BUDGET AMENDMENT

In a letter dated May 12th that was sent to the full Senate, Robert E. Barrow, Master of the National Grange, strongly urged passage of Senate Joint Resolution 18, a bill that was introduced by Senator Paul Simon. This bill would amend the U.S. Constitution by requiring all future Federal budgets to be balanced. Barrow further urged all Senators to oppose any floor amendments that may be offered to Senate Joint Resolution 18.

In November of 1991, the delegates to the National Grange's 125th Annual Convention passed the following policy that led Barrow to make this stand:

"The National Grange supports a Constitutional amendment requiring a balanced budget as a permanent solution to our deficit problem."

In his letter, Barrow stated that "our national debt and deficit spending have truly reached runaway proportions. Our total national debt now exceeds $4.5 trillion. The gross interest payments on the national debt will be $315 billion in Fiscal Year 1993 (FY'93). That amount is larger than our FY'93 expenditures for national defense and is more than 30 times our FY'93 expenditures for federal farm programs."

He further said that, "Forty-nine states and every private business, farm, and household in the United States are required by law or necessity to spend no more than the current amount they can reasonably expect to take in each year. Grange members believe that our federal government should operate under the same principle."

The Grange is prepared to work with all of our nation's elected leaders in forming a consensus on what would be the fairest and most equitable budgetary decisions possible. We also understand that balancing the budget will require making difficult and painful choices over the next few years, but we cannot be part of a continuing conspiracy to saddle our children and grandchildren with the costs of government that our generation has been unwilling to pay.

TEXAS FARM BUREAU,
Waco, TX, April 23, 1992.

Hon. CHARLIE STENHOLM,
U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN STENHOLM: The Texas Farm Bureau strongly supports a constitutional amendment to require a balanced budget by the federal government. While we recognize the short term problems that such an amendment might cause, the long term future of the country depends on fiscal responsibility. In addition, a majority of the states operate under this mandated requirement. There is simply no reason why the federal government should not abide by the same fiscal limitations that apply to individuals, corporations and the majority of the states.

It is our understanding that the Congress will consider such an amendment prior to the end of this session. The Texas Farm Bureau would urge your active support for the passage of this constitutional amendment. Your signature on the discharge petition could be helpful in the event that impediments to committee approval occur.

We appreciate your efforts to mandate fiscal responsibility by the federal government.

Sincerely,

S.M. TRUE, JR.,
President.

THE GEPHARDT "BAIT-AND-SWITCH" BALANCED BUDGET AMENDMENT

Majority Leader Dick Gephardt has added his entry to the balanced budget amendment sweepstakes. Unfortunately, it appears that its prime purpose is to prevent any balanced budget amendment from passing the House at all.

Gephardt's amendment: would permit deficit spending by a simple majority vote; exempt Social Security spending from calculations of government outlays for the purpose of determining if the budget is in balance—this could easily be re-defined by statute to include any politically popular entitlement program.

Of course, the real balanced budget amendments being offered by Congressman Charlie Stenholm, and Congressman Joe Barton and Billy Tauzin are far better because they would impose real fiscal restraint, making it difficult (though still possible) to escape the restraint of the balanced budget requirement: ⅗ of both Houses must vote to increase taxes (Barton/Tauzin), or; a majority of the whole number of both Houses must vote to increase taxes (Stenholm); ⅗ of both Houses must vote to run deficits; ⅗ of both Houses must vote to increase the debt ceiling.

The phony Gephardt "Bait-and-Switch" amendment is nothing more than a rock behind which political cowards can hide. They can claim to have supported a balanced budget amendment (which really isn't) and say that they supported an amendment that doesn't touch Social Security (always a politically popular position). In reality, entitlement spending (Gephardt-exempted) must be addressed before any meaningful progress can be made toward a balanced federal budget. Everyone in Washington, and elsewhere, knows that. Too bad the sponsors of Gephardt's amendment don't know that.

(Prepared by USBIC Government Relations C. Bryan Little, Director, June 4, 1992.)

THE BALANCED BUDGET AMENDMENT AND IDEA WHOSE TIME CAME A LONG TIME AGO

The House will soon consider the Balanced Budget Amendment by Rep. Charles Stenholm (D-TX), which failed by only seven votes in 1990. In 1992, it appears likely that both Houses will consider a Balanced Budget Amendment and each will consider a version featuring a strong tax limitation feature. In the house, this will be offered by Reps. Joe Barton, Billy Tauzin, and John Miller, and in the Senate by Bob Kasten (R-WI).

House Democratic leaders will attempt to stop the Balanced Budget Amendment by offering a phony, "Bait-and-Switch" amendment by Rep. Dick Gephardt that would require a balanced budget but would permit Congress to waive that requirement by a simple majority vote—something Congress already does every single year!

Why support a real Balanced Budget Amendment? Here are a few good reasons: Sixty-two cents of every dollar in personal income taxes is spent on debt service; In the Fiscal Years 1991, 1992, and 1993, we will add $1 Trillion to the national debt, for a total of over $4 trillion. It took 200 years for the national debt to reach $1 trillion.

Of a $1.4 trillion federal budget this year, $300 billion will be spent on interest on the national debt—the second largest single item in the budget.

A Balanced Budget Amendment will finally change the balance of the fiscal debate in Washington by changing the underlying ground rules. For the first time, the practice of deficit spending will clearly contravene the highest law of the land. While it is true that politicians could merely ignore both the Constitution and the will of the people, one might ask what might happen if the President suspended the right to a speedy trial or to be secure from unreasonable search. What would be the chances of his re-election?

Under the current ground rules, Congress can spend a lot more, tax a little more, and borrow the difference—giving tax-and-spend liberals an automatic argument to oppose tax cuts and push tax increases. With a Balanced Budget Amendment in place, increased borrowing will be much more difficult (⅗ super majority requirement to raise the debt ceiling) and politicians can be held accountable for choosing to raise taxes to balance the budget rather than concentrating on the real problem, uncontrolled spending growth.

(Prepared by UBIC Government Relations, C. Bryan Little, Director, June 4, 1992.)

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, DC, June 8, 1992.

To: Hon. Charles Stenholm (Attention: Ed Lorenzen)

From: Kathy Dolan, analyst in American National Government, Government Division.

Subject: Waivers of the Congressional Budget Act of 1974.

This memorandum is in response to your request for information on House waivers of points of order under the Congressional Budget Act of 1974 (Titles I-IX of P.L. 93-344, as amended) during the 94th through 102nd Congresses to date.

The table below provides information on specific waivers which were granted by the House during this period through the adoption of special rules providing for the consideration of legislation. Because of your need for a quick response, waivers granted under the suspension of the rules procedure, by unanimous consent, or in special rules containing so-called "blanket waivers" (i.e., which waive all House rules without specificity) are not included. For the 94th through 101st Congresses, these figures were obtained from the *Survey of Activities of the House Committee on Rules* report provided at the end of each Congress and from the Library of Congress SCORPIO legislative database. The information for the 102nd Congress was obtained from the staff of the House Rules Committee and reflect waivers adopted through March 1, 1992. For the 94th through 97th Congresses, information in the above sources regarding special rules tabled by the House is limited. Therefore, for this period, figures in the table could possibly include a waiver which was granted by the Rules Committee but later tabled by the House.

The table provides the number of waivers for each Congress by the section of the Congressional Budget Act being waived. For an explanation of points of order under the Act and House practices for waiving these points of order, please see the accompanying CRS report *Points of Order Under the Congressional Budget Act of 1974* by Edward Davis.

I trust that this information will meet your needs. Please call me at 7-7026 if you need any further assistance.

HOUSE WAIVERS OF THE CONGRESSIONAL BUDGET ACT: 94TH-102D CONGRESSES [1]

Section	Congress								
	94	95	96	97	98	99	100	101	102
302(a)	.....	.....	.....	.....	.....	.....	1	.....	.....
302(c)/602d	.....	.....	.....	.....	.....	2	5	4	.....
302(f)	.....	.....	.....	.....	.....	17	13	13	2
303(a)	6	10	9	1	20	18	2	1	.....
303(a)(1)	.....	.....	.....	2	13	1	1	1	.....
303(a)(4)	.....	.....	.....	9	13	5	3	2	1
303(a)(5)	.....	.....	.....	.....	.....	.....	.....	1	.....
305(a)(1)	.....	.....	.....	1	1	1	1	1	1
305(a)(4)	.....	.....	.....	.....	.....	.....	.....	.....	.....
306	.....	.....	.....	.....	.....	.....	.....	.....	.....
309	.....	.....	.....	.....	.....	.....	.....	.....	.....
310(d)	.....	.....	.....	.....	.....	.....	.....	.....	.....
310(f)	.....	.....	.....	.....	.....	.....	.....	.....	.....
310(g)	.....	.....	.....	.....	.....	.....	.....	.....	.....
311(a)/605a	.....	.....	5	15	12	21	4	6	1
401(a)	16	43	23	21	6	5	1	.....	.....
401(b)(1)	.....	.....	13	7	9	6	7	4	.....
402(a)[2]	3	53	77	42	53	27	.....	.....	.....
606	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total	25	106	127	98	128	103	38	34	5

[1] Figures for the 102d Congress are as of March 1, 1992.

[2] Through 1985, section 402(a) prohibited consideration of authorization measures for the upcoming fiscal year reported after May 15. This requirement was repealed by the Balanced Budget and Emergency Deficit Control Act of 1985 ("Gramm-Rudman-Hollings Act," Public Law 99-177, as amended).

ECONOMISTS SUPPORTING THE BALANCED BUDGET AMENDMENT H.J. RES. 290

DEAR REP. CHARLES STENHOLM AND REP. BOB SMITH: As economists and concerned Americans, we commend your leadership in support of H.J. Res. 290, the proposed Balanced Budget Amendment to the U.S. Constitution. The amendment would challenge Congress to become more fiscally responsible. It also would make Congress more accountable to the people by requiring rollcall votes.

Congress makes daily decisions concerning the budget and the economy. It is these decisions that lead to deficits. A new framework is needed for this decision-making process.

The Balanced Budget Amendment will provide that framework enabling Congress to better control spending.

H.J. Res. 290 requires that estimated federal expenditures not exceed estimated revenues except in times of declared war or unless Congress jointly approves a specific excess of expenditures by a three-fifths vote. The President would sign the joint resolution. The same three-fifths majority would have to approve debt ceiling limit legislation. The measure also calls for a constitutional majority (51 in the Senate, 218 in the House) vote on any proposal to raise revenues. All these votes would be required to be by rollcall.

Additionally, as a partner in the budget process the President would have to submit a balanced budget proposal to Congress.

We, the undersigned, believe the Balanced Budget Amendment is necessary to curb federal spending, to check the growth of the federal debt and to hold Congress accountable so that the people can know who is voting for which proposal, essential requirements for our democracy to work.

Sincerely,

James M. Buchanan, Nobel Laureate—Economics, George Mason University.

Robert D. Tollison, Economics, George Mason University.

Bruce Yandle, Economics, Clemson University.

Michael Copeland, Economics, Montana State University.

Richard E. Wagner, Economics, George Mason University.

Viktor Vanberg, Economics, George Mason University.

Roger Meiners, Economics, Clemson University.

R.F. Hebert, Economics, Auburn University.

Dwight R. Lee, Economics, University of Georgia.

James D. Gwartney, Economics, Florida State University.

Terry Anderson, Economics, Montana State University.

Roger Garrison, Economics, Auburn University.

Shirley Svorny, Economics, California State University.

Viken Tchakerian, Economics, California State University.

Thomas Ireland, Economics, University of Missouri.

Wm. Craig Stubblebine, Economics, Claremont-McKenna College.

Richard C.K. Burdekin, Economics, Claremont-McKenna College.

Richard Muth, Economics, Emory University.

Mark V. Pauly, The Wharton School, University of Pennsylvania.

E.C. Pasour, Jr., Economics, North Carolina State University.

Craig M. Newmark, Economics, North Carolina State University.

Thomas E. Borcherding, Economics, Claremont-McKenna College.

Nancy Virts, Economics, California State University.

Anton Lowenberg, Economics, California State University.

Martin Anderson, Economics, Hoover Institution, Stanford University.

Rodney T. Smith, Economics, Claremont-McKenna College.

Ross D. Eckert, Economics, Claremont-McKenna College.

William P. Jennings, Economics, California State University.

William Riker, Political Science, University of Rochester.

David S. Ball, Economics, North Carolina State University.

Thomas Johnson, Economics, North Carolina State University.

Robert R. Ekelund, Jr., Economics, Auburn University.

Ken Ng, Economics, California State University.

Peter H. Aaranson, Economics, Emory University.

Randall G. Holcombe, Economics, Florida State University.

Thomas D. Willett, Economics, Claremont-McKenna College.

Paul Rubin, Economics, Emory University.

William A. Niskanen, Economics, CATO Institute.

Walter Thurman, Economics, North Carolina State University.

Charles R. Knoeber, Economics, North Carolina State University.

Colin Wright, Economics, Claremont-McKenna College.

Vernon L. Smith, Economics, University of Arizona.

Robert W. Poole, Jr., President, Reason Foundation.

Richard McKenzie, Economics, University of California, Irvine.

□ 2150

Mr. BARTON of Texas. Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. LEWIS].

Mr. LEWIS of Florida. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong support of the Stenholm balanced budget amendment.

Mr. Chairman, who do the opponents of this amendment think they are fooling? Their voting records speak for themselves. They are the biggest taxers and spenders in the history of this body.

I find it interesting that many of these opponents claim the amendment is unworkable. If this were true, they would not oppose it. It is precisely because this amendment will reduce out-of-control spending that they use it in their scare tactics.

I must, however, congratulate the opponents of this amendment for their efforts to scuttle it. First, they attempt another worthless statute so they can be on record for some sort of balanced budget vote.

That having failed, they are using scare tactics against our Nation's retired senior citizens, intimidating them by using fabricated numbers of what would happen in a worst case scenario.

Mr. Chairman, in my view the amendment's opponents know the American people are against them on this issue, and this is a mean-spirited attempt to garner political advantage out of their situation.

I find it interesting that many Members such as myself, who represent the largest numbers of retired citizens have been the strongest supporters of Social Security and a balanced budget amendment. This includes Democrats and Republicans.

Suddenly the balanced budget amendment's opponents are stronger supporters of Social Security than those of us who represent the most retired individuals. Again, who are they fooling?

Along with being a scare tactic, their Social Security scheme is a gigantic loophole. It will allow them to classify all of their favorite pork projects as Social Security and continue business as usual.

The majority party in Congress will have a large say in what programs will be cut to balance the budget if this amendment passes. Therefore, Social Security will only be cut if they support the cut—and they know that.

Finally, we are not enacting a balanced budget amendment. This amendment must be ratified by 38 States. We are giving the people the right to decide, and that is how it should be. It could be 4 or 5 years before this amendment is ratified and the people of this country will make that decision.

Mr. Chairman, I say to my colleagues that we have borrowed—no—we have taken—from our children and grandchildren long enough. Congress has amply demonstrated its inability to balance the budget. The time to act is now—before it is truly too late. The greatest gift we, the Congress, can give our children, grandchildren, and future generations is a balanced budget. Let us get on with it.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. BACCHUS].

Mr. BACCHUS. Mr. Chairman, I rise tonight in strong and unshakable support for the Stenholm balanced budget amendment. I did not come to Congress to spend the country into bankruptcy. I came to Congress to help save the country from bankruptcy for our sake and for our children's sake.

The balanced budget amendment is the beginning of our fiscal salvation as a nation. It is just the beginning, but it is the beginning.

I have heard the arguments of those who say that the amendment is an illusion, that it is a charade, that it will not work, but I have also heard the pleas of special interests of all kinds urging us, in every way possible, to vote no on this amendment. They are calling, they are writing, they are lobbying. The are urging us to vote no because they know this amendment will work. They know that it is already working. They have seen the outcome of some recent votes in this House when special pork barrel spending has been defeated. They have seen the progress of procedural budgetary reforms that are moving through this House because of the impetus of this amendment. They have seen our progress already on proposed implementation legislation to follow up on this amendment. None of this would have happened without this balanced budget amendment. With it, it will all come true. It all will happen.

Mr. Chairman, the debt threat is real. The balanced budget amendment is real. The consequences of this amendment will be real and I, for one, am willing to make the tough choices that those consequences will dictate. That is why I came to the Congress.

Mr. STENHOLM. Mr. Chairman, I yield 8 minutes to the gentleman from Wisconsin [Mr. MOODY].

Mr. MOODY. Mr. Chairman, I thank the gentleman for yielding me this time.

Everybody knows that we have to drastically reduce the deficit. People on both sides of this argument know that. It is killing our economic future in at least four ways.

No. 1, it is reducing our productivity by starving investments in our economy.

No. 2, it is mortgaging our economy to foreigners as more and more of the borrowing we have to do comes from Japan and other overseas savings surplus countries.

No. 3, it is transferring billions of dollars from moderate-income taxpayers to upper income bond holders.

No. 4, it is keeping interest rates higher than they would otherwise be—some have suggested 200 basis points—which is tax on every mortgage. A tax on every car payment. A tax on every consumer obligation. In short, it is a tax on the middle class.

The Citizens For Tax Justice, headed by President Carter's budget director, Jim McIntyre, points out what an extraordinary transfer of wealth from middle-income people to the richest people is taking place as a result of the deficit. It is not only crippling our economy and our future prospects; it is not only mortgaging our country to foreigners, but it is actually one of the most unfair things we could do to the middle class.

The Federal deficit is causing, an extraordinary crisis, and an extraordinary response is required.

Let me respond briefly to some of the criticisms that are being made against the balanced budget amendment, the same criticisms that I myself have voiced in the past when the deficit was not so extraordinary as it is now.

No. 1, it has been said that we should not put economic policy in the Constitution. Well, there is already substantial economic policy in the Constitution. The Constitution talks about trade. It talks about money. It talks about commerce.

I am happy to say that a majority of Democrats in our caucus are now in favor of one version or another of putting a balanced budget amendment in the Constitution, including our majority leader, the gentleman from Missouri [Mr. GEPHARDT]. That is a change for a lot of us.

No. 2, it is said that most economists are against the balanced budget amendment. Well, most economists are against a straitjacket version. I myself am against that version. But that is not the Stenholm amendment. The Stenholm amendment does not prohibit absolute imbalance, but it makes it harder. It requires a three-fifths majority, unless we are at war, et cetera.

Specifically, it would continue to allow us to meet our obligations, to manage the macroeconomics of this country by allowing temporary deficits in order not to be forced to raise taxes in a recession, which we would not want to do. So it has removed the major reasons why most economists have traditionally been against it.

No. 3, it is said that the balanced budget amendment does not itself balance the budget—a criticism we have heard here tonight. That is true. It does not balance the budget by itself, but it does change the ground rules whereby we make budget decisions.

Opponents say the Congress and the President should simply have the will and the judgment to balance the budget. We should, but we obviously do not. And it has become harder to muster that will as we go along because we have gotten in deeper and deeper in debt each year. It takes more will this year than it took last year, because of compound interest, the hurdle gets higher and higher. It took more will last year than it took the year before. And it is going to take more will next year than it took this year.

Being the realist that I think I am, I realize that will alone will not do it. Judgment alone will not do it. We should have the will and the judgment not to speed in our automobiles, but we have speed limits because we realize that judgment and will are not always enough.

The key point is that the Stenholm amendment changes the ground rules to make it significantly harder to increase the debt.

□ 2200

I would like to make a key point: Under the Stenholm version of the balanced budget there are three things that we would have to do if we find our budget will be imbalanced. We would have to cut spending, and that takes a majority, a simple majority, not a supermajority. Or we would have to raise taxes—again by a simple majority, not a supermajority. Or we would have to increase the debt—specifically choose increased debt.

We would have to do one of these three things. Right now, under our current system, we do not have to select the debt. We move between the spending cut and tax increase axis, and debt becomes simply an outcome, not a chosen result. We do not like taxes; we do not like cuts, and the debt just goes up, not as a chosen outcome but as a result. When that finally happens, we say we have to meet our obligations and we increase the debt ceiling. At that point we have no option but to do so.

But if we had to select a certain level of debt in advance, and do so by a supermajority, it would change the whole set of conditions affecting the choice. Changing the ground rules would change the whole chemistry of the process. And that would change the result. It would mean far lower new debt. That is good, for of the three possible outcomes—more taxes, sharper cuts, or more debt, more debt is the worst.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. MOODY. I yield to the chairman, the gentleman from California [Mr. PANETTA].

Mr. PANETTA. I thank the gentleman for yielding.

Mr. Chairman, I think that actually is a very good poster that the gentleman has presented because he shows that the ultimate answer is to either raise taxes or cut spending or do both. And that is the answer.

Mr. MOODY. I thank the chairman of the Committee on the Budget for pointing that out. Any serious solution may have to take a combination of efforts. At the same time, we may decide to increase debt some, as part of the outcome, but at least we are going to have to select it, and select it in advance. We're going to have to own up to it. And it would take a three-fifth's majority.

That brings me to my final point, and that concerns the question of a supermajority. That is the so-called evils of a supermajority for debt. I do not like supermajorities, generally. But we believe in supermajorities, of one size or another, when we want to prevent a very bad outcome. For example, having an unresolved conflict between the President and the Congress is a bad outcome, so we give the minority of one-third plus one the ability to resolve that impasse—in favor of the President in that case. In the judiciary, we also give the minority a special role. To prevent the very bad outcome of convicting an innocent man, we give 1 out of 12 jurors—a true superminority—the power to stop that outcome.

In the Senate, where they are dedicated to unlimited debate, we give 40 percent plus 1 the ability to prevent a shutoff of debate. In the House, where the Democrats have a clear majority we give the minority 50 percent control of the Ethics Committee. And now the administration of the House, we will give the minority 50 percent control. So we recognize that it is important sometimes to give the minority disproportionate power.

Finally, let me say when we realize that stopping a very bad outcome, in the form of new Federal debt, we should be willing to give a minority of two-fifths that power. To safeguard our country's productivity, our economic destiny, and our children's future standard of living, we must change the budgetary ground rules spelled out in the Constitution.

[From the U.S. General Accounting Office]

BUDGET POLICY—PROMPT ACTION NECESSARY TO AVERT LONG-TERM DAMAGE TO THE ECONOMY

The nation's long-term economic future depends in large part upon budget and investment decisions made today. Current trends, however, are not encouraging. Federal budget deficits have absorbed increasing proportions of national saving that would otherwise have been available to finance investment, either public or private.

In addition to their effect on national saving and investment, the deficits and the short-term budgetary focus they have engendered have placed and continue to place a disproportionate strain on federal investment activities. Investment in physical capital, human capital, and research and development plays a key role in economic growth, directly and by creating an environment conducive to private sector investment. Yet these spending categories have declined as a share of total federal spending.

Failure to reverse these trends in fiscal policy and the composition of federal spending will doom future generations to a stagnating standard of living, damage U.S. competitiveness and influence in the world, and hamper our ability to address pressing national needs.

This report is the second of a series addressing the long-term implications of the federal budget deficit. In "The Budget Deficit: Outlook, Implications, and Choices" (GAO/OCG-90-5, September 12, 1990), GAO discussed the dimensions of the deficit problem, policy options that might be adopted to attack the problem, and basic budget reform initiatives. This report builds on and moves beyond that discussion by examining the role of federal fiscal policy in increasing economic growth, specifically in increasing the amount of investment and/or the return on investment. In addition, the report discusses how changes in budget presentation and process might help decisionmakers place a greater emphasis on long-term consequences of budget decisions.

DEFICIT REDUCTION IS NECESSARY TO INCREASE FUTURE ECONOMIC GROWTH

Long-term economic growth is central to almost all our major concerns as a society. Investment is critical to economic growth. The surest way to increase the resources available for investment is to increase national savings, and the surest way to increase national savings is to reduce the federal deficit.

However, despite the passage of various deficit reduction measures, deficits remain embedded in federal fiscal policy. Legislation such as the Balanced Budget and Emergency Deficit Control Act of 1985, (commonly known as Gramm-Rudman-Hollings), and the more recent Omnibus Budget Reconciliation Act of 1990 (including the Budget Enforcement Act) constrained deficits but have not stopped their growth. Both measures suffered from significant, albeit different, design problems. Gramm-Rudman-Hollings exempted the largest domestic programs and encouraged misleading budgeting and accounting practices. The Budget Enforcement Act (BEA) places temporary caps on discretionary spending but for mandatory spending such as Medicare, Medicaid, deposit insurance and interest costs—the factors that now drive the deficit—the BEA only constrains legislated policy changes. Neither law contained a mechanism to force a reconsideration of past decisions or of the design of existing programs in light of their current and future effect on the deficit.

The average unified budget deficit during the decade of the 1980s was 4.1 percent of the Gross National Product (GNP), up from 2.1 percent the previous decade. At 6.3 percent of GNP, the Congressional Budget Office's (CBO) fiscal year 1992 deficit of $368 billion exceeds these averages. Although CBO projects deficits to decline to around 3 percent by 1997, the average deficit for the 1990s will remain at 4 percent. Moreover, absent a change in policy, CBO projects deficits again rising toward the 4 percent deficit level through the turn of the century.

If nothing is done to reverse current trends, deficits could explode over the longer term. If current tax and spending policies are continued, GAO's projection of current trends, using an adaptation of a long-term growth model developed by the Federal Reserve Bank of New York, suggests federal spending could increase from 23.3 percent of GNP to 42.4 percent of GNP by 2020 while revenues could rise from 20.3 to 21.8 percent.

The resulting explosion of the deficit to 20.6 percent of GNP by 2020 is due in part to the projected dramatic rise in spending for interest, health care, and retirement and in part to the fact that higher deficits and lower savings slow the growth of real GNP.

Although such "no action" projections are useful to illustrate the need for policy change, inaction is not a sustainable policy. If timely policy action were not taken, at some point external events would force belated and more painful policy changes. Accordingly, the key question facing policymakers is not whether to undertake major deficit reduction, but when and how. GAO's analysis shows that the timing of deficit reduction has a great impact on both the amount of sacrifice required and the economic benefits realized.

DEFICITS INHIBIT INVESTMENT

The short-run damage from deficits may not be as visible as the short-term costs involved in dealing with it. However, deficits matter in the long run because they consume savings that otherwise could be productively invested. Federal borrowing to finance the deficit has absorbed an increasing portion of net national savings since the 1960s. Meanwhile, the national saving rate declined during the 1980s. As a result, at the same time federal borrowing was increasing, net national savings available for new capital investment was dropping sharply.

In the absence of increased national savings, deficits must be financed either by a reduction in private investment or by an influx of foreign capital. During the 1980s, foreign capital helped finance government borrowing and permitted investment to exceed the level national savings alone could support. The deteriorating U.S. net international investment position shows the nation's increasing reliance on foreign investment during this period.

Although in the short run such reliance has prevented capital shortfalls, in the future, profits and interest payments will flow abroad from the U.S. Furthermore, should foreign investment decline, the nation could face increased interest rates as the reduced availability of capital raises its cost. An increase in national saving and a reduction in federal borrowing would reduce U.S. dependence on foreign capital and help cushion the U.S. economy from the effects of reduced foreign investment levels.

If the budget deficits had financed an equivalently higher level of public sector investment, the depressing effect on long-term economic growth might have been mitigated. But that is not what happened. When deficits are embedded in the budget as they are today, each year's interest costs add to the deficit an increment which must in turn be financed by still greater interest payments. Only policy changes that reduce the underlying deficit can cause a permanent shift in this pattern. The continued growth of interest costs, and that of "other" mandatory spending has meant a decline in funds available to finance discretionary programs. Since investment-oriented programs are financed out of discretionary funds, this shift in the composition of federal spending has dictated a decline in funding for investment.

Economists generally agree that well-chosen public investments aid economic growth, although the impacts of specific types of investments vary greatly and are still debated. Federal spending with the greatest long-term economic payoff—investment in nondefense physical capital, public programs, enhancing human capital, and in research and development (R&D)—has dropped as a percent of GNP while spending for consumption and interest on the debt has absorbed an increasing share. The share of federal outlays devoted to investment has recently been surpassed both by outlays for health and for net interest on the public debt.

BUDGET REFORM IS NEEDED

Although the budget process cannot be blamed for the existence of or the size of the deficit, changes in that process are necessary to facilitate and encourage focus on the long-term consequences of decisions.

FISCAL POLICY SHOULD SUPPORT LONG-TERM ECONOMIC GOALS

At the macroeconomic level, the budget process needs to adopt a longer term planning horizon linking fiscal policy with broader goals for the performance of the economy. Such long-term economic goals as real GNP growth and domestic savings should become the focus of policymaking which should then drive subsequent fiscal policy choices needed to attain these goals.

The kind of policymaking framework would seek to change the terms of the policy debate by focusing attention on economic goals and associated fiscal policy paths some 30 years into the future. The significant but short-term sacrifices of deficit reduction could be more easily compared with the long-term benefits accruing from such changes in budget policy. Further, when considered over the longer term, deficit reduction savings become exponential, thanks largely to reductions in net interest expense and in other areas where spending and revenues are influenced by the performance of the economy.

INCREASE THE BUDGET'S INVESTMENT ORIENTATION

Although federal programs vary considerably in their impact on the private economy, the present budget process and structure do not encourage decisionmakers to take these differences into account in allocating resources. Further, there is no framework to consider the investment implications of federal tax policy subsidies, such as depreciation rules or the research and experimentation tax credit, when making decisions on related spending programs. If planning for long-term economic growth is to become a central objective of the budget process, a new decisionmaking framework is needed, one in which the choice between consumption and investment spending is highlighted throughout the decision process, rather than being displayed for information purposes after the fact.

If such a framework were in place, the Congress, each year, could determine explicitly the aggregate funding for total investment-related programs, as well as for the physical capital, human capital and R&D components of that total. To support such a decision process focusing on investment choices, improvements would be needed in the tools and information used to evaluate the relative impacts or rates of return of the various federal investment programs, to ensure that limited federal resources are used to promote the best choices among competing strategies and programs.

GAO believes that the one-year-at-a-time focus of budgeting has failed to serve the na-

tion's needs. To build the foundation for a more productive nation in the future, it is essential that the budget process adopt a more future-oriented focus with respect both to aggregate fiscal policy and to the composition of spending.

CONCLUSION

A continuation of our current taxing and spending policies would, if sustained, slow economic growth, drive the deficit to 20.6 percent of GNP, and lead to a world in which the federal government pays rapidly increasing interest bills, rapidly increasing health care costs, and an enormous retirement bill. The economic and political reality is that the nation cannot continue on the current path. The question is when and how to act to reduce the federal deficit.

Changes of the necessary magnitude require a discussion of what the American people wish their government to do and how they wish to pay for it. The sooner action is taken to bring the deficit under control and to make the composition of federal spending more conducive to investment, the less the sacrifice, and the greater the benefit.

INTEREST PAYMENTS CREATE A TRANSFER OF WEALTH TO THE WEALTHY AND CROWD OUT MONEY FOR WORTHY PROGRAMS

Net interest will exceed $200 billion this year, gross interest will exceed $315 billion. Interest payments are a Pac Man devouring money in the federal budget. Interest payments are:

8 times higher than expenditures on education.

50 times higher than expenditures on job training.

55 times higher than expenditures on Head Start.

59 times higher than expenditures on housing programs.

140 times higher than expenditures on childhood immunizations.

Until we control our deficit problem, interest payments will continue to devour increasingly larger portions of the budget.

In 1960, interest payments consumed 6% of the budget.

In 1970, interest payments consumed 7.4% of the budget.

In 1980, interest payments consumed 8.2% of the budget.

In 1983, interest payments had increased to 11.1% of the budget.

This year, interest payments will consume 14% of the budget.

Interest payments will cripple the ability of future generations to make necessary investments in education, health care and other programs.

Interest payments will continue to crowd out funding for discretionary programs. GAO has estimated that interest payments could reach $1 trillion dollars by the year 2020 if we fail to deal with the deficit.

As Joe Kennedy said before the House Budget Committee: "While we hoard the crumbs, the whole loaf is being taken away from us."

Interest payments represent a transfer of wealth to upper-income individuals and foreign investors.

Interest is paid to individuals who own Treasury Bills—primarily the wealthiest 10% of citizens.

Approximately 14% of interest payments are sent overseas to foreign investors.

Mr. BARTON of Texas. I thank the distinguished chairman.

Mr. Chairman, I understand how difficult it is to keep up with the debate rotation. It is similar to keeping up with the rotation of the pitching staff of your beloved Baltimore Orioles. I want the chairman to know that the speakers in the Barton-Smith group are raring to go out of the bullpen at any point in time.

With that, Mr. Chairman, I yield 3 minutes to the distinguished gentlewoman from Nevada [Mrs. VUCANOVICH].

Mrs. VUCANOVICH. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise today in strong support of a constitutional balanced budget amendment. Such an amendment was the first request that President Bush made of Congress in February 1989, and it is an issue that I have supported since the day I ran for this office. In this 102d Congress, I am an original cosponsor of House Joint Resolution 290, and strongly support its provisions before us today. I will support any constitutional amendment to balance the budget, which we will have an opportunity to vote upon.

As everyone here is painfully aware, our national debt is perilously close to $4 trillion and is climbing this year by another $400 billion. The interest we pay on this debt is almost equal to the deficit we are running, approximately $316 billion for fiscal year 1993. This scenario sounds much like that of a bankrupt business seeking advice from a financial counselor—one who is actually paying as much interest on debt as is his current year's new debt.

Mr. Chairman, 61 percent of all individual tax revenues, 61 cents for every dollar that your constituents pay in income tax this year, will be used to pay interest on the debt—not the principal, just interest. This interest is more than the total revenues of the United States in 1976.

We are in a volatile situation that Congress has been unwilling to solve through intransigence and partisanship. The time has come for bold action. Of all the issues that face us today, the single issue that worries my constituents the most is the budget deficit.

It has been argued by opponents of a balanced budget amendment that particular programs such as Social Security and Medicare will be cut at the expense of the honorable senior citizens of this country. Mr. Chairman, nothing could be further from the truth. These are arguments being presented to the public by opponents of a balanced budget—opponents who currently survive on special interest programs that very well may be cut in an effort to balance the budget.

The Social Security trust fund is currently protected by law and the rules of the House. The amendments before us today do not change this fact. I have and always will favor the protection of the seniors in my district and this country. They are not a special interest, and I am outraged by those who would mislead senior citizens for their own selfish benefit.

The constitutional amendments before us today would force us to balance our budget before the end of the century. Not until this is accomplished can America again be a world leader, both economically and politically. It is time for political courage and a time for an end to partisanship. Let us do what is right for this country and not be derailed by those who favor spending over accountability.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentlewoman from South Carolina [Mrs. PATTERSON].

Mrs. PATTERSON. Mr. Chairman, I rise today in strong support of the balanced budget amendment.

To those who say we currently have the authority to balance the budget, I say you are right. As some of you have pointed out, what we need is the willpower to make the tough choices. Well, that is why I am here—to make those tough choices.

People who know me know I do not get mad often or easily. Today I am angry. I am angry about what we are doing to this, and the next, generation.

The debt we run up today will have to be paid tomorrow. Our children and our children's children are not here to object to this spending spree, but they will have to pay for it. Future generations are not here to raise their voices against taxation without representation, so I will do it for them. I believe that all Americans have a right to life, liberty, and the pursuit of happiness unincumbered by onerous debt.

We can remind each other of the $4 trillion debt, or the $400 billion deficit, but until we look at what this means to each one of us, these are just numbers on a page, and echo in these halls. In 1990, if we divided up the Federal debt, every American would owe about $13,000 per person. Last year people of South Carolina would have barely made enough to cover it, at about $15,000 per person.

Mr. Chairman, I am angry at those special interests and lobbyists who use fear and scare tactics on senior citizens, on children, and on the vulnerable of our country, I say shame on you—telling the people of my district untruths about what the balanced budget amendment would do to Social Security. I have protected that trust fund in the past, and I will do so in the future.

We are here in the House of Representatives, both supporters and opponents alike, to debate issues. The fact is, as soon as next year, the interest on the debt will be the largest item in the Federal budget—more than Social Security, more than defense, and more than any domestic program.

We have heard so much today about who will be hurt if this amendment passes—senior citizens, children, aver-

age Americans. I ask you, who is hurting now?

Let us look at this flip side of this—who stands to gain if this amendment fails? It is not the old folks, the children or the middle class; they do not have enough money to loan to the Government. They are the ones who have to pay for it.

Who holds our IOU's? Some of the wealthiest entities on the planet, including foreign governments.

What have we come to when spending what you have is such an overwhelming idea? What has this country come to? The balanced budget will require us to have priorities. If we continue on our current track, we will not have to worry about the policy initiatives we all support—the important programs we believe in—if we do not balance our budget, we will jeopardize their very existence. We will not be able to fund them.

Mr. Chairman, I support the balanced budget amendment. I will not be driven by beltway politics and special interest coalitions that claim to look out for the best interest of citizens. I offer my hand to my colleagues and our citizens. We all have to make the tough choices. We all have to work together to make it work.

TESTIMONY BY RICHARD W. RILEY, GOVERNOR OF SOUTH CAROLINA, 1979–1987

Mr. Chairman, it is a pleasure for me to have the opportunity to appear before you this morning along with my fellow former governors and current governors. I want to thank you and the Committee for taking a day of your important time and hearing from the states regarding this important issue to our Country.

It has been my position in the past that a balanced budget provided in the United States Constitution was a political "cop out" and that, before approving such an amendment, we should first develop fiscal discipline to show that this simple statement in the constitution could be responded to without throwing our country's progress into a tailspend. However, with the horrible increases in our national debt and the wild deficits occurring over the last decade, it is now my feeling that some drastic constitutional safeguard should be considered and put in place.

We, in South Carolina, have taken a number of steps to keep our fiscal house in order and perhaps our experience will be of some use to you. Ours is not one of the wealthier states and we have no easy revenue source to rely upon. We pay for what we get from government and we get no special favors from any source. Perhaps our method of handling our rather austere finances will be of special help to you as you face this national crisis of run-away debt.

South Carolina, along with only five other states, has a triple-A credit rating with both Standard and Poor and Moodys. Also, because of the accumulation of mandatory reserves, it has managed to weather the current recession with much less trauma than most other states. These facts along indicate to us that we are doing some things right. I fully recognize that there are vast differences in size, scope and complexity between fiscal activities of the various states and those of the federal government. It is, therefore, my intention to simply outline salient facts pertaining to South Carolina's experience with budget development, limitations and oversight. I shall attempt to draw some correlations. And, I shall then attempt to answer any questions you might have.

BUDGET DEVELOPMENT

Revenue estimates

South Carolina statutes call for a single source for revenue estimates. The Board of Economic Advisors is responsible for original estimates as well as periodic updates and is composed of a gubernatorial appointee serving as chair, an appointee of the Chairman of the Senate Finance Committee, an appointee named by the Chairman of House Ways and Means Committee, and the Chairman of the State Tax Commission, who serves actively but without the right to vote. He holds his office through appointment by the Governor.

It is interesting to note that of the three appointees, none is from government. One is a retired banker, another is an active banker and the chairman is an economist. Over the years this Board has had a very good track record of revenue estimates and the concept of a single body making these official estimates has been well accepted by both the executive and legislative branches.

Unitary operations budget

In South Carolina, the entire operating budget is considered in one bill which includes both the appropriation of State money and the authorization to spend specified amounts of federal and "other" funds.

A balanced budget is recommended by the Budget and Control Board (to be discussed later) and as a matter of tradition it is considered first by the House and then by the Senate. The Governor has item veto power for any appropriation bill. Supplemental appropriations are permitted but are the exception rather than the rule.

If additional or "other" funds are obtained, they may be expended only with the approval of the Governor after review and comment by a legislative committee known as the Joint Appropriations Review Committee.

Open-ended appropriations

Appropriations acts in South Carolina have no open-ended items except debt service. Each act carries a proviso that all appropriations are the maximum. The law provides that any agency head who exceeds his or her budget without approval of the Budget and Control Board can be held personally liable.

Off-line budgets

The State has only three agencies whose budgets are not appropriated and/or authorized in the appropriations act. These are the Ports Authority, the Public Service Authority and the Railway Commission. None of these receives funds from the State and all of their indebtedness is the sole responsibility of that entity.

Entitlement programs

While several appropriations are driven by federal entitlement programs, agencies are required to modify the corresponding state programs which are in danger of exceeding our "matching" appropriated funds.

There are safety valve procedures involving the Budget and Control Board and the General Assembly but in most cases reductions are required.

Retirement funds

In our State there is a constitutional requirement that the retirement systems be actuarially sound and that the funds be utilized only for retirement purposes.

Capital budget

The approval of capital projects is considered separately from the operating budget. Capital items are addressed on a biennial basis and, while the cost of a project may be included in the appropriations act, such costs are usually funded through the issuance of bonds. The annual debt service on the State's indebtedness is included in the Appropriations Bill.

A generally accepted rule is that the funded item or project must have a longer life than the term of the indebtedness. This procedure prevents non-capital or short life items from appearing in a bill authorizing long term indebtedness and forces them into the operating budget where they belong.

CONSTITUTIONAL LIMITATIONS

In testimony before your Committee on April 29, 1992, Dr. William A. Niskanen pointed out that, for its first 140 years, the Constitution of the United States was strictly and narrowly interpreted. This served to severely restrict spending at the Federal level. However, he further observed that during the last sixty odd years we have reached the point of viewing virtually any expenditure approved by Congress as being constitutionally acceptable.

To a somewhat lesser degree South Carolina and the other states have come under the same pressures to provide more and a broader range of services to be financed with public funds. As the resulting expenditures accelerated at an alarming rate, calls came from within the General Assembly, from the business community and from citizens at large for restrictions to maintain the fiscal integrity of the State. Voluntary efforts and even statutory requirements failed to stem the tide, so in recent years, a number of provisions have been added to our State Constitution limiting the spending of public monies, limiting debt and hiring. (South Carolina Constitution, Art. X, Section 7, Attachment I)

It has been our experience that these limitations have had a positive effect and none has proved to be detrimental. Most of these limitations were placed in the Constitution in the early 1980s during my Administration and at my request. They are as follows:

(1) Balanced budget: All states, with the exception of Vermont, have some sort of requirement for a balanced budget and South Carolina's mandate is contained in its Constitution. The simple and straightforward wording is as follows:

"The General Assembly shall provide by law for a budget process to insure that annual expenditures of state government may not exceed annual state revenue."

This precept is so ingrained in our citizens and General Assembly that it is never questioned.

(2) Spending and personnel limits: In our State there are constitutional limits on increased spending and on the number of personnel paid from appropriated funds. The limit on increased spending is determined by the average growth of the State's economy while the limitation on the number of employees is determined by the population growth. Neither of these limits has ever been reached, but both have played a very positive role in requiring legislators to give serious thought to present and future priorities for spending and hiring.

(3) General and capital fund reserves: The Constitution of South Carolina requires a 3% General Fund Reserve and a 2% Capital Fund Reserve. (South Carolina Constitution, Art. X, Sec. 36, Attachment II) The General Fund Reserve is a cash reserve and may be used

only if needed to avoid a deficit at the end of a fiscal year. Replenishment must begin under a defined formula during the next succeeding budget cycle.

The Capital Fund Reserve is a budgetary reserve and must first be used to offset any anticipated revenue shortfalls. If not needed to balance the budget, it may be used for capital expenditures or other one-time expenditures. It should be noted that prior to the constitutional amendment, efforts had been made to establish a voluntary budget reserve fund, but this reserve was immediately ignored.

(4) Limit on debt service: Our Constitution has for a long time provided for a limit on bonded debt by restricting the amount of annual debt service to a given percentage (5%) of the prior year's general fund revenue. (South Carolina Constitution, Art. X, Sec. 13). This has been a very positive influence in requiring lawmakers to give serious consideration to capital priorities and to hold the State's debt to an acceptable limit.

Budget and control board

A discussion of the fiscal situation in South Carolina would be incomplete without some comments about the State Budget and Control Board. This Board is composed of five members: the Governor who serves as Chairman, the State Treasurer, the Comptroller General, the Chairmen of the Senate Finance Committee and the House Ways and Means Committee.

For historical reasons too numerous to discuss here, our Governor has very limited statutory authority and many duties which are traditionally placed in his hands are assigned to the Budget and Control Board. These include the development of the budget recommendations to the General Assembly and the oversight of the budget after it has been adopted.

The aforementioned responsibilities include the continuous monitoring of revenue collections and agency expenditures and the ordering of budget reductions in the event of revenue shortfalls.

While purists among the family of political scientists stoutly maintain that the composition of the Budget and Control Board is unconstitutional, it has stood the test of several challenges before the State Supreme Court.

With respect to the activities of the Board, two facts need to be mentioned that have contributed significantly to the fiscal integrity of South Carolina and are particularly pertinent to this discussion:

1. It has been variously estimated that approximately 95% of the budget as recommended by the Board is ultimately included in the resulting appropriations act.

2. The Board has consistently and very effectively carried out its duty to order and oversee the implementation of budget cuts to avoid deficits.

Dr. Bernard T. Pitsvada, a professor of Public Administration at George Washington University, has been a critic of federal budgeting procedures and has had a particular interest in alternatives. He has found the idea of the Budget and Control Board intriguing.

In an article entitled "The Executive Budget—An Idea Whose Time Has Passed" (Public Budgeting and Finance; Vol. 8, Number 1), Dr. Pitsvada writes of South Carolina "These * * * budget practices demonstrate rather ingenious methods to defuse budgetary conflict before it begins."

He also wrote that "it is very unlikely that * * * the South Carolina * * * approach to budget preparation would ever be adopted in toto at the federal level. They are detailed here only to demonstrate the imaginative type of approach that is used and works elsewhere."

SUMMARY

In summary, I believe that the State of South Carolina has a very workable and responsible fiscal system which provides for the fair involvement of the executive and legislative branches. Our people feel that we have a carefully defined budgeting process which contains the following strong points:

(1) Before the process begins, all participants know and accept that a balanced budget is constitutionally required.

(2) A single entity of appointees, named by the executive and legislative branches, provides the revenue estimates which are utilized by all parties involved in the budgetary process. This entity, The Board of Economic Advisers, is given as much autonomy as is practical and is generally removed from the political process.

(3) At every stage of consideration of our Appropriations Bill, from the beginning through final passage, it must be within the estimated revenues as required by our Constitution.

(4) Authorizations for capital projects are contained in separate legislation, but debt service is included in the Appropriations Bill.

(5) There are no open-ended appropriations except debt service which is itself subject to a constitutional limit.

(6) The unified budget contains all expenditures (including state, federal and other funds) except for three off-budget agencies. These agencies receive no State funds and their financial obligations are specifically their own.

(7) The Governor has the line item veto for all appropriations.

(8) A clearly defined process is in place for monitoring the budget and making appropriate reductions if necessary to avoid a deficit.

(9) Reserves are provided as a safety net in the event that budget reductions are inadequate to prevent a year-end deficit.

While not perfect, I believe that South Carolina has a good budgeting system, parts of which are quite similar to the provisions proposed in H.J. Res. 290.

To draw upon our experience and using H. J. Res. 290 as a vehicle, I would observe:

1. Congress and the President must agree on an estimate of total receipts by passing a law declaring what the official estimate is for the next fiscal year. This is absolutely necessary and I would submit the model of my State's Board of Economic Advisers as an option for the process of anchoring this down.

2. For specific spending approval over estimated receipts, the weighted vote (3/5ths of the whole number of each House) and the rollcall vote would be a significant improvement. This is not as stringent as the South Carolina requirement but it would bring clear attention to the people and to the Congress that this "balanced budget" discipline is very important and should be followed. I note with interest, Congressional Budget Office Director Reischauer's concern that "a balanced budget amendment risks interfering with the ability of the federal government to stabilize the economy." I share this concern that our federal government should have the flexibility to deal with unusual times and economic conditions. This 3/5ths weighted vote provision would help resolve this concern. To gain flexibility, he had some interesting ideas about having the budget balanced over a moving five-year period, or that we look at a two-year budget which is a concept I have long been interested in.

3. The President should transmit to the Congress a proposed budget which is in balance. Again, Dr. Reischauer suggested that if this requirement was put in place, the President have a reasonable period of time to reach this requirement, such as five years. This also would make good sense to me.

4. The broad definition of "Total receipts" and Total outlays" including entitlement programs is how we handle our limitation and, in my judgment, is absolutely required to make good sense out of a balanced budget amendment. There should be no open-ended appropriations except for repayment of debt. These open-ended programs should be included in the budget and at certain intervals during the year, be re-visted. If the projections are low, some approval process should be provided for increasing the appropriated amount or cutting the program. But, a discipline is required in this area and it would be healthy for it to be within the budget process.

I read recently that Mozart was once asked, "What are you trying to express by your music?" He replied, "If I could express it in words, I wouldn't need the music." The mere words of a balanced budget requirement in our Constitution will not play the beautiful budgetary music of eliminating our deficits—but, if seriously addressed and carefully crafted, it could provide the words for a beautiful melody. We, as a people, and our government must be willing to suffer the pain and develop the discipline to make the beautiful music come forth.

Thank you, again, for permitting me to appear before you. I hope this information will be of use to you.

□ 2210

Mr. BARTON of Texas. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Missouri [Mr. HANCOCK].

Mr. HANCOCK. Mr. Chairman, I have heard a lot of eloquent speeches over the past several hours—most are logical with basic common sense and some that, in this Member's opinion, defy logic and basic common sense.

Let us look briefly to history and some of the learned and eloquent statesmen of the past.

Paraphrasing President Franklin D. Roosevelt, who said in the 1930's: A country, like a family, can, for a year or two, spend more than it earns, but a continuance of that habit means the poorhouse.

In the 1800's, Justice John Marshall said:

> That the power to tax involves the power to destroy is not to be denied.

Let us go way back into history, during the heyday of the Roman Empire.

The Roman statesman Cicero said:

> The budget should be balanced, the treasury should be refilled, the arrogance of officialdom should be tempered and controlled, and assistance to foreign lands should be reduced lest the state become bankrupt. The people should be forced to work and not depend on government for subsistence.

Finally, a statement from me that I hope will never be quoted when historians study the history of the former United States of America.

"We either balance the budget and limit taxes and spending now, or our society will go the way of the Roman Empire and other historical world powers."

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama [Mr. BROWDER].

Mr. BROWDER. Mr. Chairman, the vote on a balanced budget amendment is critical because, as the Washington Post noted Tuesday, it "carries extraordinary long-term implications for governing and the balance of power in Washington." Even so, some Americans who may be watching this debate are probably confused as well as being disgusted, and they might have trouble understanding what is going on.

As they watch, amid the many sincere, serious proponents and opponents of a balanced budget amendment, some on both sides of this issue are hollering about "courage" and "hypocrisy," and "political games," and "partisan politics."

The American people are tired of the insider's game of us blaming each other or the White House as an excuse for not doing something about our budget deficits. The American people don't care that it's been over 20 years since a President sent Congress a balanced budget. Congress should have had the courage as guardian of the public purse to refuse to spend money the public didn't have. The President didn't have that courage; Congress didn't have that courage—now is not the time for finger pointing.

Furthermore, with all due respect to my colleagues, I am not impressed with calls for us to reject the balanced budget amendment in favor of some promised, future, phantom fiscal responsibility, under the present rules of the game by Congress. Those who are making that pitch have had their chance over the past decade. Now, it is time to do something different, something positive, something that might be effective.

Voting for the balanced budget amendment may indeed be an act of frustration, but it is the same kind of frustration that is out there in this country, sinking the President and Congress to the bottom of the polls, encouraging the Ross Perot movement, term limits, and anti-incumbency.

Sending the Stenholm balanced budget amendment to the States will move us outside the Washington Beltway, beyond Washington politicians and organized special interests, and it will include the American people in meaningful, timely participation in this critical debate about the future of our country.

Do not pretend that this vote will magically balance our national budget. However, I can guarantee you absolutely that, without forcing a broad, public debate out there in the real world about the nature of the deficit problem and the tough choices facing Americans, then this Congress will never have the requisite courage and this Congress will never, never deal with the real human needs challenging the United States of America.

Mr. KYL. Mr. Chairman, I yield myself 2 minutes to make a point in response to an argument that was made earlier by the distinguished gentleman from Wisconsin [Mr. OBEY]. He was referring to the chart of the gentleman from Wisconsin [Mr. MOODY] and made the point that there were really only two choices here, and that was either——

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. KYL. Oh, I am sorry if I misspoke. It was the gentleman from California [Mr. PANETTA], the other distinguished gentleman at the table.

Mr. Chairman, he made the point that there were only two choices here, raising taxes, or cutting spending, or both, and I would suggest that there is a third way that involves limiting spending. The third way is the Kyl-Allen proposal to limit Government spending. It has inherent in it the incentives for Congress to pass progrowth economic policies that will increase our gross national product because, as the economy would grow, revenues to the Treasury would grow, and of course, therefore, we will have more money to spend.

Let me just read one quotation. Citizens for a Sound Economy, for example, said and I am quoting, "The Kyl-Allen balanced budget amendment would provide strong incentives to implement progrowth policies," and that is one of the theories behind the proposal, to attack this problem by limiting Federal spending and, therefore, providing it to GNP and, therefore, providing the Congress with an incentive to pass progrowth policies.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. KYL. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, I have heard the arguments before, and I think there probably is some merit to how we try to stimulate the economy, but the problem is that, when we talk about stimulus, we are largely talking about tax cuts or tax credit which, in fact, can impact on reduced revenues for the Treasury. In the short term they are going to add to the deficit. In the long term they might bring some money back in. But the problem is in the short term they can add to the deficit.

Mr. KYL. Reclaiming my time, Mr. Chairman, sometimes that is a very short term. As a matter of fact, at the same tax rates we can generate more revenues.

Let me quote Dr. James Buchanan, a Nobel laureate in economics. We are not talking now about just the average guy who is arguing here. This man knows his economics, and I am quoting now.

> Reducing Government as a share of GNP from its current level of 25 percent to, say, 20 percent would generate roughly a 2 percent increase in the rate of growth in GNP. And back-of-the-envelope arithmetic suggests that by the early 2000's, and forever beyond, the real value of the programs financed by Government would be larger than they would be under the regime that keeps Government's share at 25 percent.

That is with no change in tax revenues.

□ 2220

So the point I would like to make is that by keeping tax rates the same, we can have an increased share in the gross national product, increased revenues for the Federal Government to spend, and that is not changing the tax rates one bit.

Mr. PANETTA. Mr. Chairman, if the gentleman will yield further, the last time I heard that was from an economist called Laffer, it was called supply-side economics, it was 1991, and the result has been a $4 trillion debt.

Mr. KYL. Mr. Chairman, reclaiming my time, the result was the longest peacetime period of economic growth in the history of this country. That is what the result was.

Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. ROHRABACHER].

Mr. ROHRABACHER. Mr. Chairman, I might add the result was an increase in Government revenue. Revenues went up. It was the tax rates that went down. But this idea that you cannot have growth-oriented policies without giving tax incentives which cost the Government revenue is ludicrous. What about increasing Government efficiency? Is that not one good goal that would help stimulate the economy? How about cost-saving reforms, for example, liability reform that the country has been crying for but we have been able to put off because we can just add to the deficit? What about antitrust reform? What about deregulation?

Mr. Chairman, these are things that actually increase productivity in the country and spur economic growth that are not tax incentives. Today we do not have to worry about those things.

Mr. PANETTA. Mr. Chairman, if the gentleman will yield, the gentleman is absolutely correct. We ought to do every one of those things that the gentleman is suggesting. The problem is we are talking about $600 billion in deficit reductions. It does not get you much.

Mr. ROHRABACHER. Mr. Chairman, reclaiming my time, part of the solution has to be increasing the productivity of our country, increasing the growth of our country. The only option in doing that is not just providing tax

incentives, but let us get to those hard reforms that are always tough, because when you are up against an interest group like the lawyers and being able to say no, I am sorry, we are going to pare away some of these laws because it is going to make our bills more competitive and thus bring in more revenue.

Mr. STENHOLM. Mr. Chairman, I yield such time as he may consume to the gentleman from Fort Worth, TX, [Mr. GEREN].

Mr. GEREN of Texas. Mr. Chairman, I rise in strong support of the Stenholm balanced budget amendment, and I wish to add for the RECORD various pieces of correspondence regarding this subject, as follows:

AMERICAN TAX
REDUCTION MOVEMENT,
Los Angeles, CA, May 15, 1992.

Hon. CHARLES W. STENHOLM,
House of Representatives, Washington, DC.

DEAR REPRESENTATIVE: The quarter-million member American Tax Reduction Movement urges you to take immediate action to pass the Balanced Budget Amendment, S.J. Res. 18.

Our nation has been brought to the verge of economic ruin through fiscal mismanagement, at the core of which is decades of deficit spending. Deficit spending (massive borrowing) has reached such astronomic proportions that it is almost beyond human comprehension—long lines of mind numbing numbers.

What is easier to understand is that our failure to control government spending is destroying our country's economic competitiveness, fueling inflation and contributing to unstable money that precludes sound long term planning. The result of our massive borrowing is high taxes and the mortgaging of our children's future, and the future of generations of children yet unborn.

Is it any wonder that the people distrust Washington when our representatives accept an annual deficit that imposes virtual government servitude on American taxpayers? Is it any wonder that Congress is held in such a low esteem when its every effort to deal with the deficit has been an abject failure? Talking has not cured the problem. Nor has the Gramm-Rudman Act decreased government spending.

As a nation we can neither afford nor tolerate further delay in reforming government's profligate spending practices. The only way to avert catastrophe is to bring spending into line with income by using the force of the Constitution.

Taxpayers demand a Balanced Budget Amendment.

Sincerely,

JOHN SUTTIE,
President.

NATIONAL ASSOCIATION OF
WHOLESALER-DISTRIBUTORS,
Washington, DC, June 5, 1992.

Dear——: You will very soon be called upon to vote on one of the most important pieces of legislation ever to come before the House of Representatives—the Balanced Budget Amendment. On behalf of the over 40,000 companies represented by the National Association of Wholesaler-Distributors (NAW), we strongly urge you to support this legislation.

NAW has been an active supporter of a Constitutional Amendment for a balanced federal budget for almost a decade. Our members, their employees and families have all felt the effects of the ever-growing federal deficit, estimated to reach $400 billion this year. Unless action is taken now, federal debt and deficits will continue to cripple our economy and mortgage our children's future.

NAW favors the version of the amendment to be offered by Representatives Barton and Tauzin, which will require a supermajority vote to raise taxes as a means of balancing the budget. Our members believe that after decades of uncontrolled federal spending, Congress should be forced to rely more heavily on spending restraints to balance the budget, rather than further burdening the American taxpayer.

While NAW strongly favors the Barton/Tauzin amendment, should that fail to be adopted, we strongly urge you to support final passage of H.J. Res. 290, as introduced by Representatives Stenholm, Smith, Carper and Snowe as an effective Constitutional restraint on deficit spending.

Again, NAW strongly urges you, in the interest of fiscal responsibility for our country and for the sake of our children's future, to support the Balanced Budget Amendment.

Sincerely,

DIRK VAN DONGEN,
President.

ALAN M. KRANOWITZ,
Senior Vice President-Government Relations.

MARY T. TAVENNER,
Senior Director-Government Relations.

NATIONAL ASSOCIATION
OF MANUFACTURERS,
Washington, DC, June 1, 1992.

Hon. CHARLES W. STENHOLM,
House of Representatives, Washington, DC.

DEAR MR. STENHOLM: The National Association of Manufacturers believes reduction of the federal deficit should be our nation's top priority. Accordingly, we have been longstanding supporters of a constitutional amendment requiring a balanced federal budget. We support current legislative efforts to accomplish this, and strongly urge you to vote for the adoption of such a provision this year, without further delay.

While we believe adoption of the balanced budget amendment should occur now, we wish to raise a few concerns. First, we believe the version having the greatest support (H.J. Res. 290) could be improved greatly by adding a stronger limitation on tax increases, such as that found in H.J. Res. 248, requiring a supermajority vote to raise taxes. Lack of such a limitation, however, should not be an excuse for failing to adopt a balanced budget amendment this year.

Second, even though a balanced budget amendment would not likely become effective until fiscal year 1997 or later, it is essential that Congress begin to plan now for a phased reduction in the deficit to permit an orderly transition that does not disrupt the nation's economic growth.

Again, we urge you to act now to pass a constitutional balanced budget amendment, and look forward to working with you thereafter to implement a rational plan of phased deficit reduction.

Sincerely,

JERRY J. JASINOWSKI,
President.

AMERICAN FARM
BUREAU FEDERATION,
Washington, DC, April 16, 1992.

Hon. CHARLES W. STENHOLM,
House of Representatives, Washington, DC.

DEAR REPRESENTATIVE STENHOLM: The drive to enact a constitutional amendment to balance the federal budget is one of Farm Bureau's longstanding legislative efforts. Farm Bureau, which represents nearly four million member families throughout 50 states and Puerto Rico, supports a constitutional amendment to require the federal government to operate on a balanced budget each year. A balanced federal budget should be accomplished through spending restraint rather than new or increased taxes.

Two balanced budget resolutions have been introduced in the House of Representatives which are supported by Farm Bureau. These resolutions are H.J. Res. 290, introduced by Representatives Stenholm (D-TX), Bob Smith (R-OR), Carper (D-DE), Snowe (R-VT), Moody (D-WI) and Barton (R-TX), and H.J. Res. 248 introduced by Representatives Tauzin (D-LA) and Barton (R-TX). H.J. Res. 290 is a balanced budget amendment and H.J. Res. 248 is a balanced budget amendment with a tax limitation and a debt limit.

Farm Bureau has urged the House Judiciary Committee to schedule hearings on the balanced budget amendment and to report H.J. Res. 290 and H.J. Res. 248 from the Judiciary Committee. Both resolutions have substantial numbers of cosponsors which indicate widespread support in the House. H.J. Res. 290 has 267 cosponsors, and H.J. Res. 248 has 126 cosponsors.

Until there is a constitutional amendment to require a balanced budget through spending restraint, the federal deficit problem will not be solved. Farm Bureau asks you to cosponsor and vote for H.J. Res. 290 and H.R. Res. 248 when these measures come to the House floor, hopefully this summer.

Sincerely,

DEAN R. KLECKNER,
President.

AMERICAN FARM
BUREAU FEDERATION,
Washington, DC, May 22, 1992.

Hon. CHARLES W. STENHOLM,
House of Representatives, Washington, DC.

DEAR REPRESENTATIVE STENHOLM: Farm Bureau supports a constitutional amendment to balance the federal budget. Our members believe that a balanced budget should be accomplished through spending restraint rather than tax increases.

We have supported and continue to support H.J. Res. 290 (Representative Stenholm) and H.J. Res. 248 (Representatives Barton and Tauzin) in the House and S.J. Res. 18 (Senator Simon) and S.J. Res. 182 (Senator Kasten) in the Senate. We believe that all of these measures have stronger tax limitation than current law, particularly H.J. Res. 248 and S.J. Res. 182. We support measures that will bring accountability in federal spending.

Aside from Farm Bureau's support for a balanced budget, however, we are concerned by discussion of attempts to link a specific deficit reduction package with the vote on the balanced budget amendment. We strongly believe that a vote should occur on the balanced budget amendment without any tandem vote on deficit reduction. We are concerned that such linkage would lead to a tax increase that would stifle badly needed economic growth.

We urge you to vote against any deficit reduction package based on a ratio of spending reductions to tax increases. Beginning with the Tax Equity and Fiscal Responsibility Act of 1982, there has been promotion of a spending cut/tax increase ratio. Congressional history on this point has consistently reflected that promised spending reductions never materialized while tax increases became a fact of life.

We urge you to reject tax increases to spending reduction ratio plans if placed before the Congress. Farm Bureau asks that Congress and the administration reduce all federal spending, including entitlements, by an across-the-board cut or a spending freeze. Equity is needed in spending restraint. All areas of federal spending must participate in deficit reduction.

Sincerely,

DEAN R. KLECKNER,
President.

AMERICAN ASSOCIATION OF BOOMERS,
Irving, TX, June 4, 1992.

An Open Letter to Members of the House of Representatives:

The American Association of Boomers' 1992 membership survey indicates that a Balanced Budget Amendment is supported by more than 80 percent of our members. Our membership is diverse and represents accurately the broad spectrum of the "baby boom" generation's views, interests and concerns.

I urge you to support H.J. Res. 290 as introduced by Representatives Stenholm, Smith, Carper, and Snowe. Your support will be viewed by boomers as a ray of hope that our government can and will address the tough choices that lay ahead.

I must warn you that any attempt to pass a "watered down" version or one that exempts "sacred cows" will be viewed by boomers as final proof the current system is nothing more than a charade of special interests.

I am confident that your sense of patriotic duty will override the emotional pleas of your constituents who have been shamefully manipulated by special interest half-truths and innuendoes.

Sincerely,

KAREN MEREDITH,
Executive Director.

NATIONAL TAXPAYERS UNION,
Washington, DC, May 27, 1992.

DEAR REPRESENTATIVE: The House will soon consider H.J. Res. 290, the proposed Balanced Budget Amendment, offered by Representatives Stenholm, Smith, Carper and Snowe, cosponsored by 278 Members of the House, and supported by 32 of the required 34 state applications for a limited constitutional convention on this issue. Adoption of this critically important amendment is the highest priority of the 200,000 member National Taxpayers Union.

The chronic and growing federal deficit is the most pressing problem facing our nation. Polls indicate overwhelming public support for solving this problem through the adoption of a balanced-budget amendment to the Constitution.

Our current Constitution was adopted precisely because of fiscal collapse under the Articles of Confederation. As historian Sidney Homer wrote in "A History of Interest Rates," "The government of the Confederation could not even meet its own small expenses. Interest on its domestic and foreign debt went largely unpaid. * * * The finances of the nation were chaotic * * * [and] Government credit sank so low that * * * [its bonds] were worth less than fifteen cents on the dollar."

I quote this because many people believe that the credit of the federal government can be taken for granted. The evidence of our own history, and that of other nations, proves otherwise.

Nobel prize winning economist James M. Buchanan wrote that even though a balanced budget requirement "has never been a part of the written Constitution, [during most of our nation's history] budget-balance was a part of our effective fiscal constitution. * * * The unwritten rule or precept for budget-balance acted as a powerful inhibiting force on the natural proclivities of politicians to generate deficits * * *"

If we are to preserve our nation's good credit, and government's ability to provide for the common defense and promote the general welfare, we must find a substitute for this unwritten rule that had protected our country from fiscal irresponsibility. Prof. Buchanan concludes that a balanced budget amendment should be adopted as part of the Constitution. * * *

The rule governing Floor debate on H.J. Res. 290 will include debate and votes on several substitute amendments. We will strongly oppose any substitute which would weaken the provisions of H.J. Res. 290. H.J. Res. 290 is the leading budget proposal in the House, and has the strongest prospects for House approval. The most important action the House can take is to pass this bill.

In conclusion, I quote what Thomas Jefferson said about deficit spending: "The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves."

If Mr. Jefferson were among you, you know how he would vote on this amendment.

Sincerely,

JAMES D. DAVIDSON,
Chairman.

CHILD CARE AMERICA,
Newport News, VA, June 8, 1992.

Hon. CHARLES STENHOLM,
Longworth Office Building, Washington, DC.

DEAR CONGRESSMAN STENHOLM: The Board of Directors and membership of CHILD CARE AMERICA, the owners and administrators of licensed, private child care centers in eight states, strongly endorses your Balanced Budget Amendment.

The nation needs strong fiscal constraints, and statutes simply have not proven adequate to the task.

We commend you for your leadership.

Cordially,

Dr. WILLIAM J. TOBIN,
Director of Government Relations.

THE SENIORS COALITION,
Washington, DC, June 8, 1992.

DEAR FRIEND: America's senior citizens have had enough! They want Congress and the Administration to put aside their posturing and put our nation's financial house in order.

The main argument we hear from Congress against a Balanced Budget Amendment is that the President and Congress should do it without an amendment to the Constitution.

Well, Congress and a number of Presidents have had many years to pass a balanced budget and have not delivered. It's time to stop asking, and to make it law. Perhaps then government will do what needs to be done. It's a sad commentary on our government, but it will be a sadder, and more expensive story if a Balanced Budget Amendment is not passed now.

Some people claim that a Balanced Budget Amendment would somehow hurt senior citizens. Not necessarily true. Our enclosed issue paper on the subject exposes that argument for what it is, a desperate argument to do nothing but scare senior citizens.

Our members write us so often, asking why Congress and the administration can't stop overspending, that we have made the Balanced Budget Amendment the cover story of the June/July issue of The Senior Class (also enclosed).

Most of our members lived through the Great Depression and know what it is like to have to spend frugally. They also know how far a recession can go when Congress ignores the problem.

It's time to stop talking and start doing. Balance the budget, cut government waste, and get our economy back on track. It's possible to do, it just takes willpower and common sense.

Sincerely,

JAKE HANSEN,
Executive Director.

Mr. KYL. Mr. Chairman, I ask unanimous consent that the gentleman from Virginia [Mr. ALLEN] have the responsibility of yielding the remaining time on this side.

The CHAIRMAN pro tempore (Mr. MFUME). Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN pro tempore. The gentleman from Virginia [Mr. ALLEN] will be the designee of the gentleman from New York [Mr. FISH].

Mr. STENHOLM. Mr. Chairman, I have no further requests for time, and I reserve the balance of my time.

Mr. OBEY. Mr. Chairman, I yield 6 minutes to the gentleman from California [Mr. PANETTA], the distinguished chairman of the Committee on the Budget

Mr. PANETTA. Mr. Chairman, let me just in brief summary make a few points here, because this has been an extensive debate. But I also think it has been a good debate in the sense that there are many areas of agreements as Members have gone to the floor and discussed the issue, the concern about the deficit and the need to try to take some action here.

First of all, I really do think the goal is the same. I think many Members share a common goal here, which is to reduce this huge deficit that confronts the country and try to move toward a balanced budget. I think that is a goal that all Members share in.

The question then becomes how do we get there?

I think there is also a consensus in how we get there. There are a few Members here who think that it can happen through growth, or it can happen through some magic answers, but I think most Members know that tough choices have to be made, tough choices on how you reduce spending, tough choices on how you raise revenues, a combination of both. I think all Members know that. We would have balanced the budget a long time ago had there been a will to make those kinds of tough choices.

So we know how to get there. We know what has to be done to move in that right direction.

What is missing then? What is missing? We know the goal, that we want to

get there. We know that there are some tough choices involved. Why do we not get there?

Actually, I think there is probably agreement on that as well, which is there is not leadership, leadership from the President, leadership from the Congress, to address these issues.

So the fundamental issue, and this is probably what divides the Members when it comes to the question of a constitutional amendment, the fundamental issue is will passing a constitutional amendment provide the leadership that is missing now? That really is the key question that all of the Members have to ask and that the American people need to look at. Do we really need a constitutional amendment to get the right kind of leadership from the President and the Congress in order to deal with the issues I just discussed?

I do not think we do. I think, very frankly, there is not a Member here that does not have the will to confront these choices. Certainly, you do not go back to your constituents and say that you are cowards when it comes to making tough choices. You may say others are, but the fact is all of us go back to our constituents and say we are willing to make the tough choices.

We do not need a constitutional amendment to really make the decisions that have to be made. I think we proved that when we did the 1990 budget agreement.

So I guess my view is that I trust in the system and I trust in the Constitution that is there, and, frankly, I trust in the ability of this House and the President to assert the kind of leadership that is necessary on this issue, if the will is there. If the will is there.

I think the risks involved in having a constitutional amendment I guess are what concern me, because we are talking about a three-fifths requirement. It does involve then the ability to put a straitjacket on this institution when we have to deal with some very tough issues.

It also involves turning some very sensitive issues over to the courts, because the courts do have to enforce this issue. It was interesting, I was on a talk show this evening, and somebody called in and said, "What concerns me about this whole issue is that what you could be doing is handing a Federal court judge the decision as to whether or not we should raise taxes or cut spending." And a judge is the last person that ought to be making that decision, someone who is unelected, who is there for life. That is essentially taxation without representation.

But those are the kind of dangers that are involved here.

I would indicate that I have asked the gentleman from Texas [Mr. STENHOLM] several important questions related to interpretation of the amendment, because I think it is very essential that we provide an adequate record here for interpreting issues like what are revenues, what are estimates, what is national security, what is the standing to sue, and other main questions that have to be provided here so there is some guidance in the event that the amendment does pass.

Mr. Chairman, I would state to the gentleman from Texas [Mr. STENHOLM] that I have provided him a set of questions, and my understanding is that the gentleman from Texas [Mr. STENHOLM] will respond to those, and we will include those responses in the RECORD this evening.

Mr. Chairman, I rise in opposition to House Joint Resolution 290, the constitutional amendment to require a balanced Federal budget.

It is a rare occasion when this Nation decides to amend our Constitution. The Bill of Rights was adopted over 200 years ago. In the last two centuries, the Constitution has been amended only 17 times.

Nearly every one of those amendments guarantees fundamental rights to our citizens, or makes a fundamental change in the structure of government, such as how we elect or appoint our top Government officials.

There are virtually no constitutional amendments that address a specific policy issue. The best example is the prohibition amendment. That did little but reduce public respect for the law and the Constitution, and another amendment was adopted to repeal it.

The only other time an economic issue was dealt with, it was specifically to authorize the Congress and the President to do something they had not been permitted to do before—impose an income tax. It was needed because such authority had not existed before.

Today, we are considering a constitutional amendment that deals with a policy issue that also is an economic issue. But unlike the 16th amendment, it does not authorize Congress and the President to do something that we cannot now do. It tells us to do something that we not only are already empowered to do but in fact have done a number of times in the past—balance the budget.

The Constitution is a place for the Nation to state clear principles, not to seek to force Congress and the President to settle policy disputes. How many critical policy issues have gone unaddressed by Presidents and Congresses over the years? Today, we have a health care system that is in crisis; we have high unemployment and a dragging economy; we have cities that are becoming urban wastelands, plagued by homelessness, AIDS, poverty, and crime. Should we pass a constitutional amendment that requires the Congress and the President to solve the health care crisis? Should we pass a constitutional amendment that requires us to solve the problems of the cities? Of course not. Because Congress and the President already have the tools to address those issues, if they so choose. And the American people have in their hands the tools to force us to address those problems. It's called the vote, and they get to exercise it every 2 years.

The same is true for the budget deficit. We have the necessary tools in hand to address the problem, and the American people have the ability to force us to do it. The Constitution is not the problem here. The problem here is a failure of leadership, from the President and from the Congress. This amendment is little more than a crutch for that failed leadership.

There are some in the Congress, as well as the President, who like to bat the Constitution around like a political ping-pong ball. Whack, here's an amendment to ban abortion. Whack, there's an amendment to ban desecration of the flag. Whack, here's an amendment to permit prayer in the schools. Whack, there's an amendment to require a balanced budget.

They call themselves conservatives, but anyone who is willing to amend the Constitution at the drop of a hat, or at the drop of a difficult political issue, is no conservative. That is someone who lacks respect for our most fundamental governing document.

I do not disagree with the goal of a balanced budget; I support it. I have devoted much of my time as a Member and then as chairman of the Committee on the Budget to reducing deficits in this country. The worst mistake this Congress ever made was to go along with the Reagan policies of the 1980's, which caused deficits to soar and caused the national debt to triple in the span of less than a decade. Deficits and the debt steal the resources this Nation needs to restore its savings base and establish a foundation for future economic growth. It is truly a crisis.

But I am not sure I understand the purpose of this amendment. It tells us that we are supposed to balance the budget, except that it also tells us that we can override the requirement with a three-fifths vote. So it's important enough to put in the Constitution but not important enough to make an absolute requirement.

Moreover, the chief sponsor of the amendment has stated that the intent of the amendment "is not to reach a zero balance." One must assume, then, that the purpose is to reduce the deficit and get near a balanced budget. I think most of us agree with that notion, and some are even willing to do it. What we often disagree on is how to do it.

That is the fundamental problem. The Constitution is not the problem. The problem is our inability to agree on a solution.

It seems to me that what we should be doing is not amending the Constitu-

tion but discussing those policy choices.

For several weeks now, I have been suggesting that a vote on a constitutional amendment be linked to a vote on an enforcement mechanism as well as the policy choices—the actual spending cuts and tax increases—that are needed to balance the budget.

My greatest disappointment in this debate has been the reaction of the supporters of the constitutional amendment to my proposal. These are the Members who, like the President, think a balanced budget is so important it should be enshrined in the Constitution. In theory, these are the Members of Congress who, along with the President, are most eager to balance the budget. In theory, these are the Members of Congress who, along with the President, want to face up to the tough choices.

And yet, in reality, it is these Members of Congress who, along with the President, have fought the hardest to prevent a discussion of those issues as part of this debate. They have sought, as one witness who supports an amendment told our committee, to maintain a veil of ignorance to conceal from the American people the spending cuts and tax increases that will need to be imposed to balance the budget.

They have largely succeeded. They have succeeded by ensuring that the procedure does not permit such a debate. And they have succeeded by obfuscating the issue in their statements leading up to this debate.

The worst offenders have been the President and OMB Director Darman. But there have been many in Congress who have been nearly as deceptive, people who in the past have been far more willing to be honest with the American people.

The administration and others tell us balancing the budget will be fairly easy. All we need to do is, first, assume greater revenues from economic growth beyond current projections and, second, slow down the growth of spending. The two things we certainly won't have to do, they say, are to cut Social Security benefits or raise taxes.

A balanced budget without any pain. It sounds great. But if it's so easy, why haven't we done it already?

My colleagues all know the answer. The answer is that it is not easy. Balancing the budget requires painful spending cuts and tax increases. Anyone suggesting an easy solution either doesn't know the truth, or doesn't want the American people to know.

The reality is, there are no simple or easy answers. Let's talk about economic growth. We all want to increase economic growth, and we all hope growth will be stronger than current estimates, which have been figured into current deficit projects. But wishing will not make it so, and neither will the administration's self-described growth package.

Their idea is that tax cuts will lead to magical increases in economic growth, producing enough revenues to substantially reduce the deficit, or even balance the budget. Where have I heard that before? I heard it in 1981. Congress bought that line then, and we have a $4 trillion debt to show for it.

In testimony just last week before the Budget Committee, CBO Director Robert Reischauer said the impact on economic growth of any so-called growth measures, such as those proposed by the President, would be minuscule. I agree that some targeted growth measures might be desirable. But let's not pretend they can make a significant contribution to balancing the budget.

The next solution is to slow down or freeze the growth of Federal spending. Freezing spending for 5 years would probably do the job, but let's not pretend it's painless. Let's take an example that everybody understands—Social Security. Social Security spending increases about 6 percent every year because of cost-of-living adjustments [COLA's], which help beneficiaries keep up with inflation, and because of the ever-increasing number of people receiving benefits, as more people retire, with ever-higher benefits, than those who die each year. If we froze Social Security spending for 5 years, what would happen? COLA's would disappear, so people's benefits in 1997 would be worth about 80 percent of what they are now, due to inflation. And accommodating all those new retirees would require that everybody's benefits be reduced even further.

Medicare costs are rising at some 12 percent a year because of new recipients and, primarily, rapidly rising health care costs. Freezing spending means not compensating doctors and hospitals for their rising costs, not reimbursing for certain services, increasing the amount that beneficiaries pay in premiums, and increasing beneficiary copayments for medical services.

It's the same for most other programs. If you don't keep up with cost increases, that means a cut, potentially very severe, in services.

Now I am not saying that we cannot slow down spending growth. We can, and we must. But freezing or sharply limiting spending will mean sacrifices, often painful sacrifices. Let's not pretend that it won't. Let's not hide the truth from the American people.

CBO projects a $236 billion deficit in 1997. Clearly, we have to start attacking the deficit now, not later, if we are going to balance it by 1997. CBO, assuming normal economic growth, says we need to reduce deficits over the next 5 years by a cumulative total of nearly $600 billion.

Where will it come from? As Willie Sutton said, you have to go where the money is. Today, 14 percent of the budget is interest that must be paid on the debt. That cannot be cut. Another 5 percent is the cost of the savings and loan bailout, which must be maintained to guarantee insured deposits. The other 81 percent comprises 15 percent for domestic discretionary spending—education, space, transportation, housing, law enforcement, et cetera; 21 percent for defense; and a whopping 45 percent for entitlement programs. Half of the entitlement are retirement and disability programs—primarily Social Security, and Federal civilian and military retirement. A quarter are health programs—Medicare, Medicaid. The rest are farm price supports, veterans' programs, and others.

The Budget Committee staff has produced three illustrative plans for balancing the budget by 1997. They would require substantial cuts in Medicare, Social Security, through limits on COLA's or taxation of benefits, defense to well below the level the President supports, veterans' and farm programs, and foreign aid, elimination of the space station and the superconducting super collider, and numerous other domestic entitlement and discretionary spending reductions.

Two of the three plans would ease spending cuts somewhat by including tax increases, in the form of personal and corporate rate increases, or a higher gasoline tax, or limitations on itemized deductions, or a national sales or VAT tax. Regardless, the reality is that Medicare, Social Security, defense, and other big spending programs will have to be cut.

If we pass this constitutional amendment, I intend to begin work in my committee at the earliest possible date on enforcement of that amendment. And if anyone believes they can vote for this amendment and then avoid these tough choices, they are kidding themselves and the American people.

Mr. Chairman, the Budget Committee has, over the past several weeks, conducted a series of hearings on proposals to amend the Constitution to require a balanced budget. Those hearings have addressed a number of critical issues which I would like to discuss at this point in the RECORD.

LEGAL AND CONSTITUTIONAL ISSUES

Constitutional experts have expressed concerns about the proposed constitutional amendment at hearings before both the House and Senate Budget Committees. In addition, Judge Robert Bork has expressed his views on a similar amendment in a letter to the Speaker dated July 10, 1990.

Although the views expressed at these hearings on the issues presented by such an amendment vary, the testimony is consistent with Judge Bork's view, as expressed in his letter, that "[d]espite the urgency of the problem the proposed constitutional amendment seeks to address, * * * the cure

seems likely to be ineffective or damaging, and perhaps both."

He said that the idea of enforcing the amendment through lawsuits in the Federal courts "is either a vain hope or a dismal prospect."

In testimony before the House Budget Committee, Alan Morrison, director of the Public Citizen Litigation Group, urged that the text of a balanced budget amendment state clearly whether compliance with the amendment would be reviewable in the courts, but he noted that even if the amendment addressed the role of the courts directly, there was no satisfactory solution.

Allowing no review would make the "amendment into the budgeting equivalent of the War Powers Resolution," in Morrison's opinion, meaning that the courts, in practice, would exert little real authority over the issue. Allowing some review would mean that there would be "litigation over whether a given claim is litigable, a debate which profits no one save the lawyers who are being paid to litigate it." Finally, in evaluating the full review option, Morrison cited numerous possible bases for litigation covering every section of House Joint Resolution 290, except the effective date section, and every aspect of the budgetmaking process.

On the other hand, if the amendment were silent as to the role of the courts, Morrison concluded that:

[I]n the absence of a clear statement, it is likely that the only parties who could sue would be those seeking greater spending or reduced taxes, whereas actions to assure lesser spending will be thrown out on standing grounds. The end result will be that this litigation bias will further increase the deficit, precisely the opposite of what the proponents of the amendment are seeking.

In testimony before the Senate Budget Committee on a number of proposed constitutional amendments, including House Joint Resolution 290, Professor Laurence Tribe of the Harvard Law School took a more expansive view as to the persons who could sue to enforce the amendment. He argued that even if an amendment were silent on the issue of judicial review, taxpayers might have standing to sue.

[A] Federal taxpayer might be able to bring an action charging that what both branches agreed was a balanced budget was not in fact actually balanced, or that, in some other respect, Congress and the President had failed to adhere to the balanced budget amendment.

Tribe said.

At this point, a court would have little choice but to develop, as a matter of constitutional law, appropriate definitions of "outlays" and "receipts," and to hold a trial to determine whether the taxpayer's complaint had any basis in fact. If the court agreed with the plaintiff, it would likely enter a decree governing the federal budget and perhaps giving the court a continuing oversight role. Although the court would probably afford the President and Congress an initial opportunity to raise taxes or cut spending on their own, the court would be entirely justified in going further, especially if the political branches could come to no agreement between themselves. At that point, the court might issue an injunction directing the government to raise taxes and it could even begin the process of selecting federal programs for termination. Individual executive and legislative budget decisions might have to receive court approval before they could be implemented, much as legislative reapportionments in many States have to receive preclearance from federal courts or the Attorney General under the Voting Rights Act. Even those who do not oppose the idea of federal court's supervising a formerly segregated local school district would surely find it nightmarish for a court—even the Supreme Court of the United States—to assume ultimate responsibility for managing the federal budget.

In testimony the same day before the Senate Budget Committee, Prof. Walter Dellinger of the Duke Law School expressed many of the same concerns as Professor Tribe. Like Professor Tribe, he was also concerned about the possibility that a balanced budget constitutional amendment could be interpreted to give the President impoundment authority, arguing that if a President decided to cut spending for pensions, for example, in order to fulfill an amendment's requirement that outlays not exceed receipts, "[i]t would take a bold court to overrule this executive interpretation of the constitutional command." Professor Dellinger also argued that "[n]either the political question doctrine nor limitations on standing would appear to preclude litigation that would ensnare the judiciary in the bramble bush of budgetary politics."

He concluded his testimony with this observation:

It would be wonderful if we could simply declare by constitutional amendment that from this day forward the air would be clean, the streets free of drugs, and the budget forever in balance. But merely saying those things in the Constitution does not make them happen. Proposing a balanced budget amendment would not be a step toward a balanced budget, but a diversion from that goal. Sending this amendment to the states for ratification would thus disserve both the Constitution and the goal of fiscal responsibility.

Clearly, there is room for disagreement as to exactly how the courts would interpret a balanced budget constitutional amendment. It might be that only those whose benefits were cut or whose taxes were raised could sue, resulting in litigation that tended to increase, rather than decrease, the deficit. On the other hand, the courts might agree to allow taxpayer standing and, as Judge Bork speculated, "[t]he confusion, not to mention the burden on the court system, would be enormous."

But the critical point is that, whatever the outcome, none of these results would be good for Congress, the President, the courts or the deficit.

Beyond the issue of who has standing to sue in the Federal courts is how the courts would enforce the constitutional amendment. An amendment raises the prospect of unelected Federal judges making economic policy decisions that our Founding Fathers clearly intended to be made by a Congress and a President who periodically had to go before the voters to be reelected. Do we want judges deciding what taxes to raise and what programs to cut? Is that what the American people want? I think not. What the American people want is for their President and elected Representatives to exercise leadership.

SUPERMAJORITY REQUIREMENT—RECIPE FOR GRIDLOCK, UNFAIRNESS AND SHORTSIGHTED FISCAL POLICIES

The balanced budget constitutional amendment would allow an unbalanced budget only when supported by three-fifths of the House and Senate. This requirement would:

Provide another obstacle to a system already close to gridlock;

Place an unfair obstacle in the path of attempts to assist people hurt by natural disasters or recession; and

Make it more difficult for the Federal government to make long-term investments in economic growth.

A fundamental tenet in a democratic system of government is that a majority vote determines the outcome of political issues, including going to war, the most solemn issue any country can consider. The Founding Fathers reserved the supermajority vote for only a handful of critical matters—that is, amendments to the Constitution, overrides of a Presidential veto. It clearly was not meant to be applied to ordinary policy questions, even those of extraordinary importance. To elevate a vote on whether a budget should be balanced or not, a decision which essentially concerns economic policy, into supermajority status is inappropriate and unwise.

A system already subject to gridlock would be faced under a balanced budget amendment with a supermajority requirement to unbalance the budget and to increase the public debt. This change could make our political system even less responsive and chaotic than it is today. Bills to increase the debt limit are often passed, after great struggle, by one or two votes, even in the face of a total Government shutdown. If a majority of members of the House and Senate refuse to cut spending or raise taxes to balance the budget then the next step would be to raise the public debt. Securing three-fifths of the House and Senate to take that step could be impossible, based on our past experiences with such votes, thus frustrating the will of the majority.

A supermajority requirement would also threaten Congress's ability to help people who have suffered due to a recession or natural disasters. For example, additional unemployment benefits during times of recession or loans to repair homes damaged by hurricanes or

floods could be held hostage by a minority of members of the House or Senate. Running a deficit in times of recession or to assist after a natural disaster is usually difficult to avoid and occasionally desirable. Yet with the balanced budget amendment, a minority could derail needed assistance or stimulus.

And it is not just spending which would have to overcome this obstacle. The enterprise zone tax break proposal currently being considered to help the inner cities could also be threatened by a minority of members. When a minority can block basic governmental assistance to people in need, it sets the stage for tremendous unfairness and dislocation in the political system.

There are also times when the Federal Government should move into a deficit situation in the short-term to make long term investments to spur economic growth. American corporations borrow money to build factories and American families borrow for homes and for college education expenses. These investments are critical to a better future. The balanced budget amendment would severely constrain the Nation's ability to build a better future for our people. The deck would be stacked against efforts to borrow funds to invest in roads, ports, education or research and development—those areas which constitute sound investments for spurring future economic growth. Most States with balanced budget requirements are allowed to borrow funds to provide for capital investments. This approach would be denied to the Federal Government unless a supermajority agreed. Indeed, one can envision what kind of unnecessary borrowing would be needed to provide incentives to get individual members of the House and Senate to join a supermajority in support of necessary borrowing.

EVASION OF A CONSTITUTIONAL BALANCED BUDGET AMENDMENT

Promising a balanced budget is one thing, forcing the system to achieve a balanced budget where there is no will or political guts is another. If we do not have the guts to achieve a real balanced budget the political system will eventually invent methods to evade a constitutional amendment. The following are those we can identify today, and there are sure to be other innovative techniques developed in the future:

Nondebt promissory notes.—Shifting costs into the future by making Government purchases with nondebt promissory notes, the Federal Government could disguise the real cost of a program in the fiscal year for which a balanced budget was required.

Expand loan guarantees.—An increase in the use of loan guarantees and the repeal of the current credit scorekeeping practices adopted in the 1990 budget agreement would allow significant policy initiatives with only small expenditures, or perhaps none, being displayed during the fiscal year in which a balanced budget is required.

Asset sales.—Asset sales provide a one-time influx of receipts but provide no long-term deficit reduction. Popular in the 1980's, asset sales have become completely discredited as a form of deficit reduction. Look for their return if the balanced budget amendment becomes part of the U.S. Constitution.

Timing shifts.—Budget year payments are pushed into the previous or future fiscal years, providing a meaningless, quick-fix form of deficit reduction.

Quasi-Government entities.—Additional Government-sponsored enterprises could be created. Current examples include Fannie Mae and Sallie Mae. Governmental policies are carried out by these agencies, but they are not considered to be legal Government entities. Their activities would not be covered by a balanced budget amendment, so look for the creation of GSE's much more dependent on the Government than Fannie Mae or Sallie Mae.

Regulation.—Perhaps Judge Bork best described this method of evading a balanced budget constitutional amendment:

> Government need spend nothing on a program if it can find groups in the private sector that can be made to spend their own funds. Much of the heavy expenditure of funds to give us clean air or occupational safety, for example, does not appear in any governmental budget and requires neither taxing nor governmental spending. Industry is simply required to use its own funds. That technique could be used with respect to a variety of programs such as health care. The effect of diverting society's resources to governmental purposes would be the same as an increase in taxation, except it would be less equitable because the burden would be borne by particular segments of society rather than by all subject to taxation. (Letter to Speaker Thomas S. Foley, July 10, 1990)

Shift costs to States.—Finally, current Government efforts could simply be shifted to the States to free up room for additional spending at the Federal level.

Again, a balanced budget amendment in the Constitution means nothing if the political will is not there for tough spending cuts or tax increases. If we lack the necessary political will, pressure will simply build to use various methods of evading the constitutional requirement. All of these methods will at best be less efficient than traditional spending or revenue policies. At worst they will constitute wasteful gimmicks which will undermine and embarrass the political system and exacerbate economic inequities.

ECONOMIC ISSUES

A balanced budget amendment would destabilize the economy, making recessions more frequent and more severe. It would also create incentives to cut those Federal programs that are most important for long-term economic growth.

Economists have long argued that a rigid requirement to balance the budget every year would unbalance the economy. An exemption for times of recession is no more of an answer to this problem than is a device to shut the barn door after the horse has bolted.

Economists are the first to acknowledge that they have a poor record of forecasting turning points in the economy. For example, the recent recession began in July 1990; but the President's budget submission of the following February did not even use the word recession. The President's Council of Economic Advisers gave itself high marks for candor when it acknowledged the recession at that same time, 7 months after the recession began.

The budget is an automatic stabilizer for the economy because it helps to head off recessions and inflationary booms without any discretionary policy action. Weakness in the economy, with increasing unemployment and declining incomes, sets off its own reductions in income tax collections and increases in unemployment benefits. Likewise, excessive demand pressure is damped by increasing income tax collections and declining benefit payments. This automatic stabilizer in the modern budget is part of the reason why the post-World War II economy has been far more stable than in earlier times—when depressions and financial panics happened almost every decade.

The balanced budget amendment would weaken the automatic stabilizers in the budget. When the economy begins to soften, with income tax collections falling and benefit payments increasing, the balanced budget amendment would require that we raise taxes or cut spending to close the deficit gap. If past patterns—including the most recent recession—are any guide, it will be months later before we understand that the economy was headed toward recession, and we made things worse. To expect otherwise, to believe that the passage of a balanced budget amendment will somehow make the Congress of the United States an economic forecasting team of unprecedented prescience and precision, is to strain credulity, to say the least.

There is a risk on the other side of the business cycle as well. When the economy grows too rapidly and risks inflation, the budget pushes toward surplus, because tax revenues rise and benefit payments fall. If we accept a rule that the budget should always be balanced, we might welcome that move toward surplus as a signal that we have more money to spend. If we do so, we will aggravate the economy's move toward inflation, the mirror image of the likely aggravation of the economy's move toward recession.

Both of these risks could be avoided if the Congress had perfect economic foresight. Again, it does not, and it will not. The benefit of the current budget

law is that the automatic stabilizers are free to act, without the intervention of the Congress or any other authority, to keep the economy on an even path. The balanced budget amendment will disrupt the economy's gyrocompass, and thereby greatly increase the risk of discretionary policy errors.

The balanced budget amendment will also increase the risk of unwise decisions regarding individual Federal programs. If we were required to balance the Federal budget immediately, the required spending cuts and tax increases would be so large that they would hit the economy with a force of at least four times that of the 1973–74 oil shock, which drove the economy into a serious recession. Therefore, we must move the budget into balance gradually, but we must begin immediately; the longer we wait, the more our debt builds up, and the more painful the process becomes.

Similarly, if we were required to balance the Federal budget immediately, our menu of policy choices would be short. Much of spending would be off limits for cuts, because we would have contractual commitments for long-term purchases—like military hardware—and because we could not in conscience cut many other programs on such short notice. As a result, the likely cuts would primarily fall as they did in the 1980's: on infrastructure and human investment programs that are essential to economic growth. With a longer planning horizon, hardware purchases could be cut off at the early stages, and program beneficiaries could have fair warning; and so the list of potential spending cuts would be much longer.

Right now, the administration is demonstrating the risks of a balanced budget amendment to long-term economic stability and to Federal programs important to economic growth. The President says that he can balance the budget with no pain. All he needs is more rapid economic growth, and a minimalist cap on entitlement spending.

This course is totally unrealistic, and it will leave the budget far from balanced at the last moment before a constitutional amendment takes effect. We will then face a Hobson's choice: either we will impose enormous short-term cuts that will destabilize the economy and salvage growth-oriented programs; or we will waive the constitutional amendment in its very first year, trivializing the Constitution and sending the worst possible signal to our people and the world.

The President's proposed course banks on the same rosy scenario of economic fantasies that his predecessor raised in 1981 to justify irresponsible tax cuts and defense spending increases. Those mistakes put our budget into this deficit bind, and a repeat of the same mistakes will not get us out.

In January of this year, the President issued an economic forecast that assumed one level of economic growth for a business-as-usual policy course, and another, higher growth path assuming the adoption of his growth package of tax cuts for the wealthiest Americans. Reasonable economists dismissed the claimed economic payoff of these policies, just as history has shown that the growth package of 1981 paid no budgetary dividends.

Now, however, under the requirement of a proposed balanced budget amendment to show how he would achieve balance, the President has reverted to type and resorted to a rosy economic scenario to reduce the apparent pain. He is predicting even more rapid growth from the same economic program that he had already overestimated in January. So, just as in 1981, the administration shows that in a crunch, it will choose the easy way out.

The problem is that the day of reckoning under a constitutional amendment will not wait for the President to find reality. When these supply-side policies fail, the Congress and the President will need to find the deficit reduction that they should have undertaken now. As a result, there will be a fiscal year 1997 budget crisis, in which essential programs will be gutted to comply with the Constitution; or the balanced budget amendment will be waived in its very first year, spreading public cynicism from the President and the Congress to the Constitution itself.

Thus, a balanced budget amendment to the Constitution will ill-serve the economy in the large, and the Federal Government as a part of our economic system in the small.

State requirements for balanced budgets are not comparable to a constitutional amendment.

Supporters of a constitutional amendment make the argument that the Federal Government should have a constitutional requirement for a balanced budget because most of the 50 States do. That is an analogy that is both superficial and misleading, as was made clear in a House Budget Committee hearing on May 13.

One witness, Steven D. Gold, director of the Center for the Study of the States and probably the Nation's foremost academic expert on State government, said that

> The State experience does not buttress the case for a Federal balanced budget amendment. * * * It is naive to believe that since States balance their budgets, the government should be able to do so as well. States do not always balance their budgets. Many States avoid deficits only by using funds carried over from previous years or by relying on gimmicks that often represent unsound policy.

Connecticut Gov. Lowell Weicker told us at that same hearing that when he entered office, his State had build up a $1 billion deficit "despite a balance-the-budget law that had been on the books for 53 years." How do States avoid balanced budget laws and constitutional requirements? Many simply use gimmicks, ranging from acceleration of tax collections and shifting programs off-budget to delaying payments, underestimating spending and overestimating revenue, and selling assets.

One of the biggest loopholes was pointed out at our hearing by Gov. Douglas Wilder of Virginia and former Gov. Dick Riley of South Carolina, both of whom are supporters of a constitutional amendment. They testified that despite their States' balanced budget requirements, they were permitted to issue debt for certain activities, primarily capital projects. Such debt financing for capital investments, which provides considerable flexibility for government, would not be allowed under the proposed amendment.

As one witness stated, the constitutional amendment under consideration would be "more restrictive than those in most States, even thought the Federal budget requires more not less flexibility because of the different role it plays in our economy." He was referring to the fact that tax increases or spending cuts in one State to balance its budget do not have nearly the national impact that similar actions have at the Federal level. A State action cannot throw the Nation into a recession. A very large Federal tax increase or spending cuts can.

So when it is said that States balance their budgets, so the Federal Government should, too, we should not accept that argument at face value.

Mr. Chairman, a constitutional amendment is not a solution to our deficit problem. It only elevates what is now an economic and political crisis into a constitutional crisis. The political process has worked before to produce real deficit reduction. In 1990, the President issued a challenge to the Congress, and we cut spending and raised taxes and established an enforcement process that is in the process of achieving nearly $500 billion in deficit reduction. The recession, the Persian Gulf war, the savings and loan rescue, and other economic factors have combined to thwart our efforts to balance the budget. But the fact is that deficits would be $500 billion higher over 5 years were it not for the budget agreement.

What is there in the Constitution now that has to be changed to get the President to issue the same kind of challenge now? Does it take a constitutional amendment to get our elected leaders to act responsibly? If that is so, then we have far more to worry about than deficits or a constitutional amendment. If that is so, we must seriously question whether our democracy is working. No constitutional amendment is going to solve that problem.

What is needed is the right kind of leadership from the President and the Congress. For the lack of leadership, we have only ourselves and the President to blame. We can do better, and we must.

Mr. STENHOLM. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Texas.

Mr. STENHOLM. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, not only will we include the answers to the questions, but we will also be including in the RECORD this evening much additional explanation as to the amendment as it was offered, the intent. The authors of the amendment on both sides of the aisle, as best we can, will define for the RECORD the meaning that we imply in the amendment that we have offered tonight, plus the questions that the gentleman from California [Mr. PANETTA] has asked.

Mr. PANETTA. Mr. Chairman, reclaiming my time, I thank the gentleman from Texas [Mr. STENHOLM] for doing that.

Mr. Chairman, as I said, this is not going to be an easy decision for all of the Members as we approach this vote. But I would indicate to the Members that regardless of how this vote goes, it is my intent to bring an enforcement package to the floor so that ultimately we will put teeth in this amendment or put force and courage in ourselves to confront the choices that I have discussed.

Mr. SANTORUM. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I am happy to yield to the gentleman from Pennsylvania.

Mr. SANTORUM. Mr. Chairman, I would like to state to the gentleman from California [Mr. PANETTA], the gentleman said what we need is leadership. I could not agree with the gentleman more.

Mr. ALLEN. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. SANTORUM].

Mr. SANTORUM. Mr. Chairman, the gentleman from California [Mr. PANETTA] said what we need is leadership. The gentleman stated he is not convinced that this constitutional amendment will provide that leadership or that is the right thing to do. The gentleman said, "Well, I have faith in this body that somehow or another we will muster up the courage to do this."

Candidly, Mr. Chairman, I know the gentleman from California [Mr. PANETTA] has been working very hard, and I do not doubt that the gentleman has the intestinal fortitude to do it, because the gentleman has been trying to push the rock up like Sisyphus for a while now.

But the fact is the gentleman gets rolled all the time. Can the gentleman from California [Mr. PANETTA] tell me, if we are going to go back home and if that is what the gentleman wants us to do, because that is what the gentleman is asking us to do, saying don't vote for this, that somehow we are going to get some assurance that this is going to happen.

Tell me how it is going to happen, Mr. Chairman. Tell me how this is going to happen without any kind of motivation, where for a dozen years it has not happened.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. SANTORUM. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, I will tell the gentleman exactly how it is going to happen. It is when the President of the United States challenges this institution, the way he did in 1990, when he said we ought to come up with $500 billion in deficit reduction, and the leadership of the institution said, "We have to sit down and do that." And we did that.

□ 2230

Mr. SANTORUM. We have even higher deficits now than we did when that negotiation went on.

Mr. PANETTA. Not because of that agreement.

Mr. STENHOLM. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. MOODY].

Mr. MOODY. Mr. Chairman, I would appreciate a chance to discuss with the chairman of the Committee on the Budget a point or two he made.

Do I understand the gentleman, and I am very sincere about this, that he is saying that changing the rules of the game will not facilitate more leadership coming forward because we are not going to change human nature by this amendment? We all know that, but do not the rules of the game under which we operate have something to do with the willingness of Members to exercise leadership, or does the gentleman feel it is totally irrelevant to the rules?

We do have a shortage of leadership. Is it not possible that that will just continue? And frankly, I am very concerned that if Mr. Bush is reelected, we will not get any more leadership for 4 more years.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. MOODY. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, my biggest concern is that we always seem to look for some kind of gimmick or some kind of procedural change or some kind of gun or some kind of club or some kind of amendment or some kind of other excuse to deal with these issues. Is that really what we have to do to try to meet these issues? I do not think we do.

I do think that the 1990 budget agreement is an example of where the President and the leadership of the Congress can confront this issue. But if we do not want to do that, if we do not want to confront those choices, if we do not want to confront these constituencies, if we do not want to raise revenues, if we want to play read-lips politics, constitutional amendment or any other amendment is not going to change that. That is my concern.

Mr. MOODY. Mr. Chairman, I understand that. I am not looking for excuses myself.

Mr. PANETTA. Mr. Chairman, I know that.

Mr. MOODY. The 1990 agreement was an exercise in some leadership, probably not nearly enough, frankly. We now know that we summoned up apparently all that we could summon and many Members on one side of the aisle are saying that the President should never make that mistake again and they are going to pin his ears back if he ever tries it.

So I am not sure we can look forward to that much leadership in the next 4 years if Mr. Bush is reelected. That is going to put us in a deep hole, which I do not think we will ever recover from.

I am willing, having not been willing before, to try to change the ground rules.

Mr. BARTON of Texas. Mr. Chairman, may I inquire of the Chair how much time I have remaining that I control?

The CHAIRMAN pro tempore (Mr. MFUME). The Chair advises all Members controlling time that the remaining time is as follows: The gentleman from Texas [Mr. BARTON] has 13 minutes remaining; the gentleman from Wisconsin [Mr. OBEY] has 4½ minutes remaining; the gentleman from Texas [Mr. STENHOLM] has 12½ minutes remaining; and the gentleman from Virginia [Mr. ALLEN] has 7 minutes remaining.

Mr. BARTON of Texas. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. RIGGS].

Mr. RIGGS. Mr. Chairman, I thank the distinguished chairman of the Committee on the Budget for being here at this hour of the evening and engaging in these colloquies. I think he reflects a certain pride of authorship that perhaps clouds his judgment when he speaks of the 1990 Budget Enforcement Act.

That is a bill, that is a law that has been obviated and circumvented on every occasion that this body finds it convenient to do so.

The stark political reality of the situation is that agreements such as the Budget Act are the gimmicks. We absolutely need to have the shadow of a balanced budget constitutional amendment looming over this body in order to get us to do the right thing for the very reasons we have articulated tonight, the inability to muster political will, the absence of the sort of political leadership that we need in both bodies.

Let me ask the chairman of the Committee on the Budget, if I might, let

me share with him an impression. When I got there 18 months ago, I heard, and I think this is common on both sides of the aisle, the first advice I got in this body was, "Do whatever it takes to get reelected."

I quickly learned that that translates in congressional politics today to basically trying to be all things to all people. Trying to say yes to as many groups as possible, something that the chairman, of course, well knows. So what we try to do here, what we ultimately end up doing is trying to give everybody a little piece of the Federal pie.

I am frankly looking forward to joining with my colleagues over here in pushing for fundamental reforms. If not the balanced budget amendment, perhaps some proper political reforms that would again give the Congress the ability to stand up and do just exactly what the gentleman is advocating, Mr. Chairman, make these kind of difficult decisions.

I do not see in the current process that we have or in the current law that we have where that gumption and resolve would come from.

I want to throw it back to the chairman and get his reaction to my impressions and find out if we are on the same sheet here.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. RIGGS. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, I think there is a problem of leadership not wanting to take risks. When we take risks, we basically put our jobs on the line.

If we are going to make those choices, we have to take those risks. The problem I see with the constitutional amendment is that my fear is that Members will vote for a constitutional amendment and then, when it does come to the tough choices, they will still escape.

Mr. STENHOLM. Mr. Chairman, I have no remaining requests for time, and I reserve the balance of my time to close out the debate on this amendment.

Mr. OBEY. Mr. Chairman, I have one more speaker, and I reserve the balance of my time.

Mr. BARTON of Texas. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we have been here today for approximately 10½ hours debating the pros and cons of various balanced budget amendments, and whether we should even adopt one or not. I think there is consensus that we should do something. There is still diversity of opinion about what exactly should be done.

Before I respond to the specific amendments, I would like to make some comments in response to some earlier statements made by the distinguished gentleman from the great State of Texas, the Honorable CRAIG WASHINGTON. The gentleman from Texas, CRAIG WASHINGTON, is a very intellectually honest and a very intellectually astute Member, served this body well and before that the State senate in the great State of Texas well. But in his statement earlier on the House floor he spoke of various programs in Texas that we were receiving: the space station, the super collider, the V-22, the B-2 bomber. The gentleman said that there was some lack of political courage on many of the Members of the Texas delegation because we had refused to work against those programs, so to speak.

I would like to point out to the Members of this body that Texas is 47th out of the 50 Sates in numbers of dollars sent to Washington that are then returned to Texas. In fact, for every dollar we send to the Federal Government, we get approximately 7 cents back.

Mr. MOODY. Mr. Chairman, will the gentleman yield?

Mr. BARTON of Texas. I yield to the gentleman from Wisconsin.

Mr. MOODY. Mr. Chairman, does that include the S&L bailout money that is coming back to Texas?

Mr. BARTON of Texas. Mr. Chairman, my understanding is, it does. I would not swear to that under oath that it does.

The problem is not a Texas problem or a California problem or a Wisconsin problem or any other particular State's problem. The problem is that for every man, woman, and child in this country, we spend each year approximately 6,000 Federal dollars, of which 1,000 of those dollars are borrowed. We simply will not say no to any program.

As a result, the debt in this country has exploded.

When the good Lord and my mother brought me into this world in 1949, my share of the Federal debt that I assumed as the newest American citizen at that point in time was a little over $1,600. Today it is $16,000 and by the year 1995, it will be $20,000.

We have had 23 straight years of Federal deficits. My son, who was born on August 19, 1970, has never lived in a year that the Federal Government balanced its budget. He will be a senior in college this coming year.

There is simply no incentive to balance the Federal budget. As the distinguish Senator from Texas, the Honorable PHIL GRAMM, has said, "We all want to get to balanced budget heaven, but no one wants to make the sacrifices necessary to get there."

Many Members on the Democratic side of the aisle have attacked President Reagan and President Bush for not submitting a balanced budget. I would point out that the President recommends, that Congress enacts and the Committee on the Budget, the Committee on Appropriations, the authorizing committees, in no year has the Congress passed or even suggested passing a balanced budget amendment. There is blame to go around both in the executive branch and the legislative branch.

In the 7½ years that I have been a Member of the House of Representatives, I have had literally thousands of people come through my office asking for more money for their particular pet program. I have not had one person come in to my office and say, "Congressman BARTON, cut my program." Not one. There is simply no incentive to do that.

□ 2240

It is very similar to a wartime situation. When we are actually in a shooting war, very few people volunteer to go to the front for active duty, so we institute a draft. Once we institute that draft, most Americans will serve their country and do their duty.

That is what the balanced budget amendment is all about, implementing a draft that then will force us to do our duty. I think it is very, very necessary that we do that.

Tomorrow when we come to the debate on the specific amendments there are going to be four specific amendments offered:

The Allen-Kyl-Fish amendment that is a spending limiter, with a line-item requirement;

The Obey-Gephardt amendment, which is a general balanced budget amendment that exempts Social Security;

The Barton-Tauzin amendment that has the supermajority vote to borrow money, the supermajority vote to raise the national debt, and the supermajority vote to raise taxes;

And, finally, under the "king-of-the-hill" approach, the Stenholm-Smith-Carper amendment that says a supermajority vote to borrow money, a supermajority vote to raise the debt ceiling, and a simple constitutional majority to raise taxes.

We can disagree or agree over which particular amendment we support or oppose, but the bottom line is, at approximately 5 o'clock tomorrow afternoon we are going to be voting on one of these amendments for the two-thirds required to pass a constitutional amendment.

I sincerely hope that amendment that we vote on for final passage is the Barton-Tauzin supermajority tax limitation amendment. It has been supported by President Bush, 13 national conservative organizations, and in every opinion poll that has been taken, when the American people have had a choice to make, they have supported more strongly a balanced budget amendment with the supermajority vote to raise taxes than any other amendment.

But if it is not Barton-Tauzin, and in all probability it will not be, in all

probability it will be the Stenhold-Smith amendment, I urge every Member of this body to vote in the two-thirds majority required for a constitutional amendment to pass Stenholm-Smith, if that is the amendment. We simply have no other alternative.

Winston Churchill once said about American democracy that "we always did the right thing once we had tried everything else." That is where we are. We have tried everything else. We simply have not been able to balance the budget, and will not be able to balance the budget at the Federal level until we pass a balanced budget amendment to the Constitution.

I urge us to vote for Barton-Tauzin tomorrow, and then on final passage, if it is the Stenholm-Smith vote, let us vote the two-thirds required to get that amendment into the Constitution.

Mr. Chairman, I yield back the balance of my time.

Mr. ALLEN. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. ROHRABACHER].

Mr. ROHRABACHER. Mr. Chairman, I would like to make a point, a point that was made earlier by the distinguished chairman of the Committee on the Budget concerning the 1990 budget agreement. The 1990 budget agreement was a balanced budget amendment that gave us things such as forward funding. The public may not realize what forward funding is, but there was a budget agreement that was reached to limit spending, and without a balanced budget amendment, we ended up spending next year's money this year and calling it forward funding.

What we ended up with also was dire emergency bills that have nothing to do with dire emergencies. For example, just the recent bill that we were doing to help the city of Los Angeles out after this great riot situation has come back to us with $2 billion which are not really emergency funds. These are types of things we get when we do not have a balanced budget amendment, and we rely instead on these types of compromises which do not change the basic fundamentals of the process around here.

Changing the process with a balanced budget amendment would indeed be a congressional empowerment act as well as a balanced budget act, because it would empower us to make the decisions that would be necessary to really fulfill the need that we have today.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. ROHRABACHER. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, nothing in this balanced budget amendment would stop forward funding.

Mr. STENHOLM. Mr. Chairman, I have no remaining requests for time. I would like the privilege of closing out the debate, and I reserve the balance of my time.

Mr. ALLEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we have heard many comments. We have heard a lot of comments here toward the end as to these great fears of a constitutional amendment.

The gentleman from California [Mr. PANETTA] on one hand fears a constitutional amendment will not do anything, that the restrictions will be avoided. Of course, if we look at the record of Congress and the record of the Federal Government, obviously, I can understand why he feels that it will be avoided. The national debt is nearly $4 trillion, and the Federal Government has run deficits 53 of the last 61 years and 30 of the last 31 years, so I can understand why he does not have any faith in the machinations or has fear of the machinations of the Congress and the Federal Government.

The gentleman then says that the constitutional amendment is a gimmick. It is not a gimmick. It has been tried out by virtually every State. It is part of their constitutions and their laws in the States, and it works well in the States.

On the other hand, the gentleman from California says there is a danger in passing such a constitutional amendment because it is going to cause drastic cuts, or he fears it will go to Federal judges to make these decisions. I do have faith in the President and in the Congress that these institutions, the executive and the legislative branch, will certainly not want to abdicate their responsibility to the judiciary.

The real danger, the real danger, and why so many of us are in favor of a constitutional amendment, is, and I will give a bill of particulars, the largest item in this year's fiscal 1993 budget is the interest on the national debt. It is 21 percent of all Federal spending. This spending is in fiscal year 1993 is more than the total revenues the Federal Government received in 1976. The interest on the national debt amounts to over $7,000 for every family of four.

That is the situation we are in, and that is why we need to have a constitutional amendment. The alternatives are many. The gentleman from Arizona [Mr. KYL] and I will have the first amendment to be voted on tomorrow. It will be under the Fish amendment.

Ours requires a balanced budget, limits spending to 19 percent of the gross national product, which has been the average for the past 25 years, and provides Congress with an incentive to implement positive economic growth policies to get more revenue in. It allows Congress to waive the balanced budget requirement and the spending limit with a three-fifths vote, and it provides line-item veto authority to the President.

This is the only substitute with an enforcement mechanism, and the only opportunity that Members have ever had on this floor to vote for the line-item veto.

What have others said about the Kyl-Allen amendment? The gentleman from Arizona [Mr. KYL] quoted Citizens for a Sound Economy that said, "The Kyl-Allen—balanced budget amendment—would provide strong incentives to implement pro-growth policies." We have that, and the amendment of the gentleman from Texas [Mr. STENHOLM] does not.

Michael Schuyler of the Institute for Research on the Economics of Taxation stated:

> The Kyl-Allen proposal would tackle rising Government spending head-on. For added fiscal discipline, another section of the proposal would arm the President with a line-item veto.

Americans for Tax Reform says that "Americans for Tax Reform is opposed to any balanced budget amendment that does not contain a tax or spending limitation clause." "We support * * * the Kyl-Allen spending approach." The Stenholm amendment, the amendment from the gentleman from Texas, does not include that.

The U.S. Chamber of Commerce is concerned with a balanced budget because they strongly urged the support of an amendment to the Constitution that includes taxes and spending limitations, rather than using the growing support for a balanced budget amendment as an excuse to raise taxes again. Again, the Kyl-Allen amendment has that, the Stenholm amendment does not.

Finally, we do have the line item veto, which the National Taxpayers Union says would be an important tool to achieve a more fiscally responsible budget.

Yes, a constitutional amendment is absolutely necessary to force a discipline on the President and the Congress. We have to adopt, in my view, Mr. Chairman, the best protection for the taxpayers, the best protection for our economy, and the best protection for future generations.

I hope the Members will vote tomorrow for the Kyl-Allen amendment. If it does not have sufficient numbers in favor of it, I hope they will support the Barton amendment, and in the event that those all fail, I certainly hope they will support the Stenholm-Smith amendment, because the discipline is absolutely necessary, because the record of Congress is one of profligate spending. We need the sobriety of a constitutional amendment to put discipline into this system we have up here in Washington.

□ 2250

Mr. Chairman, I yield back the balance of my time.

Mr. OBEY. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I would simply like to say in closing that, as I said many

times before, everybody has their favorite philosopher. People talk about Plato, they talk about Aristotle. I talk about archy the cockroach, and archy said something which I think fits this debate. He said:

Man always fails because he is not honest enough to succeed. There are not enough men continuously on the square with themselves and with other men. The system of government does not matter so much, the thing that matters is what men do with any kind of system they happen to have.

I really think that is true in this case. I do not believe that we need a constitutional amendment to bring back fiscal sanity to the U.S. Government. But if the majority of this House feels that we do, and apparently they do, then it seems to me that we have an obligation, while using the force of the Constitution, to reintroduce the Government to fiscal sanity. We have the obligation in the process not to enshrine in the Constitution the principle of minority rule, especially on something as important as economic policy. And I also think that we have an obligation not to threaten Social Security. And I think most of all we have an institutional obligation to reintroduce the Presidency to its responsibilities to be real in the kind of budgets they send, because as I said earlier in the debate, no Congress going back to Harry Truman has ever changed any President's budget by any more than 3 percent. The fact is that Congress over the last decade has appropriated in all but 1 year less than the President asked for, and, in fact, over that decade has appropriated over $20 billion lower than the President has asked.

The other thing I think we have an obligation to do is to begin the process now rather than waiting until the hereafter, as we are asked to do by some of the other amendments before us this evening.

So I would urge support for the Gephardt-Obey amendment when it is before us tomorrow.

Mr. RIGGS. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from California.

Mr. RIGGS. Mr. Chairman, I appreciate the gentleman's thoughtful statement. I am curious, since the gentleman is opposed to a constitutional balanced budget requirement, but is in favor of the administration being an active partner in it——

Mr. OBEY. No; I am the sponsor of the Gephardt amendment.

Mr. RIGGS. I realize that. But the gentleman made some statements which I would like to clarify if I might. Does the gentleman support a Presidential line-item veto?

Mr. OBEY. Our amendment is better than a line-item veto authority which has nothing whatsoever to do with spending. It has everything to do with power. Under our amendment we say that the Congress will not be able to raise the total spending level above the amount recommended by the President at the beginning of any fiscal year. We give the Congress the authority to debate priorities within that overall cap. And since the Congress has very rarely exceeded spending recommended by the President, I think what we are simply doing is recommending what, in fact, is reality. And I think it is better than a line-item veto because it is honest. It gives the President the authority to control spending levels, but it does not give him the power to control every jot and tiddle within that limit.

Mr. RIGGS. So just to clarify, if the gentleman will yield for a moment more, the gentleman then does support a balanced budget amendment?

Mr. OBEY. I do not regard any of these as balanced budget amendments. None of these amendments will balance the budget. What they do is build in institutional incentives one way or another. But any one of them that claims to balance the budget is in my view a fraud.

Mr. SANTORUM. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Pennsylvania.

Mr. SANTORUM. Mr. Chairman, I am curious that the gentleman criticizes the amendments that are being offered by the gentleman from Texas [Mr. BARTON], and the gentleman from Arizona [Mr. KYL], because they enshrine supermajority rule. Yet in your amendment you enshrine a program that was just created what, 50 years ago, 55 years ago. You enshrine in the Constitution a program, a Government program that was adopted back in the 1930's, you enshrine it in the Constitution in perpetuity.

Mr. OBEY. Which program is the gentleman describing? Is the gentleman against Social Security?

Mr. SANTORUM. I am not saying that I am against it. I am just saying that if you are a constitutional purist, be a constitutional purist.

Mr. OBEY. Does the gentleman think we ought to cut Social Security? I do not.

Mr. SANTORUM. There we go again. Here we go again. Let us throw fear out into this debate again.

The CHAIRMAN pro tempore (Mr. MFUME). The time of the gentleman from Wisconsin [Mr. OBEY] has expired.

The Chair recognizes the gentleman from Texas [Mr. STENHOLM] to close debate.

Mr. STENHOLM. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would make just a few closing points. First I want to sincerely thank Mr. SMITH, Ms. SNOWE, Mr. MOODY, Mr. CARPER, Mr. BARTON, Mr. TAUZIN, all of our staff and all of the other staff who have worked throughout this day, throughout the last week, and for many throughout the last many years as we have reached the point now in debate in which we look forward to once again voting whether or not we shall in fact have a constitutional amendment to require a balanced budget.

I have never inferred in the slightest that our amendment will balance the budget. What we have contended, very close to 290 Members, and we shall see tomorrow, what we have contended is that we do need an additional restraint, an additional reason, an additional backbone firmer or whatever you might want to call it to give this Congress, this President, the next President and the next Congress the courage or the reason to do that which we believe is extremely important to the future of this country.

We have had many references today about our children and our grandchildren, and I think that is what it is all about. And I, like the gentlewoman from South Carolina, wonder what the senior citizens who have been flooding the phones really are thinking. I wonder if they really realize that what they are saying is that we want more today so that you can pay more tomorrow. You cannot escape that.

I appreciate the fact that we have not quite gone over the edge today in once again politicizing Social Security, because that would be a mistake to go over the edge on that one again, because I think in the final analysis we are going to have to have the support of every single citizen in America if we are going to deal with this debt and deficit.

I have asked over and over and answered the question over and over: Do you believe that our debt and our deficit are important? If you say no, then let us just keep on trucking. If you believe that it is, as those of us who support this amendment believe that it is, then let us take a look at how we can in fact give us those necessary tools.

I have been amused by many of my colleagues today who have talked about the need of courage and leadership. I cannot help but remember in 1984, April 4, Roemer, 59 Members had the courage. If we had had 218 that day we would not be here talking about a $400 million deficit.

I remember May 23, 1985, Leath, SLATTERY, MacKay, and JIM SLATTERY of Kansas is still with us, and the other two have retired. Once again, we had an opportunity to show courage on this floor of the House and 56 men and women stepped forward that day to provide the courage and the leadership.

March 23, 1988, our colleague from Minnesota, TIM PENNY, in one of his many moves, and that day 27 of us stepped forward.

And then just a few weeks ago we had the walls vote. And again it is interesting to read the editorials and listen to the conversation and the debate and

the statements about courage and the importance of the deficit and why we believe our way is right. Check the voting record.

□ 2300

There are quite a few Members who stood up that day that have spoken today, but as we look back over a period of 6, 8, 10 years, we have been lacking. You know, I cannot help but wonder, as many of my colleagues I know have, what it was like 200-plus years ago when our forefathers sat down and wrote the original Constitution. We read about that. We have studied it in the history books, and we find that most of us marvel that they were ever able to find in that case, not 200 votes, a majority of votes. There were 52, was it, who were supposed to be there. Forty-three showed up, and how they ever got a consensus, but they did, because they were willing to compromise.

Do you know what I say to those who oppose this tomorrow? It is a very close vote. We can win it 290 to 145. We can lose it 289 to 146.

I would submit to the Members that those of us who believe that we are ready to step up to the plate and that the Constitution is a very serious document and that our amendment to it is taken very seriously, that we will have a much better opportunity to find 218 votes to provide the courage for dealing with it in the Congress out of that 289 than we are going to find in the 146. Perhaps I am wrong, and I too, like my chairman, the gentleman from California [Mr. PANETTA], of the Committee on the Budget, win or lose tomorrow, this Member is going to be extremely interested in enforcement.

Because win or lose tomorrow, the problem will still be there, and we are still going to have to deal with it. It is still going to require courage and willingness to compromise and dropping some of our personal desires. The ones of us who absolutely have to have it perfect and convince our folks back home that we have got all the ideas and try to explain why 217 do not agree with us.

I listened to my colleague, the gentleman from California [Mr. DELLUMS], very attentively today, and every year he brings up his amendment, and he gets less than 100 votes. Then I hear folks on the other side that say, "You know, if you use the 'T' word, you are off the reservation. You are never going to sit down and talk." If you eliminate 100 on this side and 150 over here, where are we going to get 218 votes? Most of us in the 290 are saying, "Look, let us deal with it seriously, but we need a constitutional amendment."

Believe it or not, we need something to give us the courage and the reason to do something which is necessary. I wish we did not have to do it. I wish I did not have to stand here and say that. But I believe it in my heart that it is the truth.

Therefore, as we close the debate tonight, as we look forward to tomorrow, I cannot think of a better way to close it than to say to all who are interested in this question: Do not forget the children.

Mr. Chairman, I am including for the RECORD the section-by-section analysis of our amendment that I had promised the gentleman from California [Mr. PANETTA]. It is here, and we will be submitting it for the RECORD. The specific questions, we believe, are answered in this. Should they not be, we will have the entire answers to his questions by 9 o'clock in the morning. I submit this for the RECORD at this time.

SECTION-BY-SECTION ANALYSIS

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.J. RES. 290 OFFERED BY MR. STENHOLM

Section 1. Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the whole number of each House of Congress shall provide by law for a specific excess of outlays over receipts by a rollcall vote.

This section sets forth the general rule of this Article, and the central principle to be observed and enforced, that the Government of the United States shall not live beyond the means provided for it by the true sovereign, the people.

Therefore, this section establishes, as a norm of federal fiscal policy and process, that the government's spending should not exceed its income. While popularly—indeed, universally—referred to as requiring a "balanced budget", its mandate is both simpler and more comprehensive, requiring a balance (or surplus) of cash inflows relative to cash outflows.

Any departure from the general rule in this section and its guiding principles should be an extraordinary event, based on a compelling need. As is commonly the case with constitutionally established parameters for the legislative process, no attempt is made to enumerate all the circumstances that might justify deficit spending; if a three-fifths supermajority of each House of Congress believes an emergency, crisis, or urgency exists (and if the President concurs), it does. This formulation both makes the option of deficit spending difficult to exercise, yet available when a fairly strong national consensus exists.

Detailed analysis:

"Total outlays" and "total receipts" are defined below in Section 7.

". . . fiscal year . . ." is intended as a term defined in statute and having no other, specific, constitutional standing. It is a commonly understood term in both private and public usage. While the definition of a fiscal year could be changed from time to time, the concept is sufficiently well understood that a blatant attempt to contravene the intent of the amendment would not be acceptable.

For example, creation of a "transition fiscal year" of 18 months to facilitate reforms in the budget process clearly would be consistent with the amendment. On the other hand, legislation purporting to implement the amendment that promised to balance the budget for the fiscal year 1993–2008, with little or nothing in the way of procedural discipline in the early portion of that "year", clearly would be unconstitutional. Certainly, a simple "rule of reason" would be applied to any statutory definition of a "fiscal year".

"* * *" is a term readily obvious in its intent, spirit, and application. It is mandatory language simply meaning you may not. Saying that "Total outlays * * * shall not exceed total receipts" states both the goal to be pursued and the yardstick by which successful compliance with this amendment is measured. It prohibits fiscal behavior intended or reasonably likely to produce a deficit within a fiscal year.

"* * * three-fifths of the whole number of each House of Congress * * *" indicates the minimum proportion (60%) of the total membership of each House needed to approve expenditures producing a deficit. Currently, this would mean 60 of the 100 Senators and 261 of the 435 Representatives.

The term "whole number" is derived from, and intended to be consistent with, the use of the phrase in the 12th Amendment to the Constitution, "two-thirds of the whole number of Senators" (which is set as the quorum necessary for the purpose of electing the Vice President in case no candidate receives an Electoral College majority).

"* * * shall provide by law * * *" both states a simple consistency with other provisions of the Constitution and clarifies a difference between the deficit spending provided for under this amendment and a deficit planned for in a Congressional Budget Resolution.

Article I, Section 7, Clause 3 of the Constitution states: "Every Order, Resolution, or Vote to which the Concurrence of the Senate and House of Representatives may be necessary (except on a question of Adjournment) shall be presented to the President of the United States" for signature or a veto. Clearly, a vote by both Houses that results in deficit spending would be such a vote.

However, an additional reason for adding this clarifying language is that such a vote might easily be confused with the deficit that may be estimated in a budget resolution, which currently is not presented to the President. While budget resolutions are Concurrent Resolutions generally passed by both Houses, concurrence is not necessary, since budget resolutions actually fall under the "Rules of its Proceedings" that "(e)ach House may determine" under Article I, Section 5, Clause 2. This is because budget resolutions merely set target amounts for subsequent budget decisions made within each House. (The ultimate decisions requiring concurrence, appropriations or other direct spending bills, are presented to the President.) In fact, the House often has proceeded to act pursuant to a House-passed budget resolution in prior to and in lieu of House-Senate agreement on a single resolution.

Obviously, the ⅗ vote on permitting a deficit under this amendment is not a determination of an internal rule in either House, but has direct and immediate consequences external to the rules of either House. Therefore, the words "by law" state what normally would be obvious, but which might be confusing here, due to current budget resolution procedures.

"* * * a specific excess of outlays over receipts * * *" means that the maximum amount of deficit spending to be allowed must be clearly identified. Thus, enforcement of the amendment through the political process will be facilitated by improving elected officials' accountability to the public. The specific excess which is provided for by law would not apply to outlays in more than one fiscal year and may, in fact, apply to an excess that occurs over a shorter period, such as the remainder of a fiscal year, when the law is enacted mid-year.

Ensuring such accountability is a cornerstone of the Balanced Budget Amendment, and restores the public's general interest in fiscal responsibility to an equal competitive footing with the special interests who demand programmatic spending and tax preferences. Today, federal officials can reap the rewards of satisfying the incremental demands of special interests without ever having an individual decision identified as a decision that results in a deficit. This informational imbalance is corrected by the mandate in Section 1 that deficit spending can not occur without a specific identification of the amount.

Changes from H.J. Res. 290, as introduced:

As originally introduced, Section 1 of H.J. Res. 290 read:

"Prior to each fiscal year, the Congress and the President shall agree on an estimate of total receipts for that fiscal year by enactment of a law devoted solely to that subject. Total outlays for that year shall not exceed the level of estimated receipts set forth in such law, unless three-fifths of the whole number of each House of Congress shall provide, by a rollcall vote, for a specific excess of outlays over estimated receipts."

The new Section 1 in the substitute takes cognizance of numerous comments offered, regarding the original language, in 1987 and 1990 hearings in the House Committee on the Judiciary, 1992 hearings in the House Committee on the Budget, during House floor debate in 1990, and otherwise. The authors have attempted to be responsive to all thoughtful comments and criticisms and to streamline and simplify the language.

"Prior to each fiscal year" was deleted both as hortatory (possibly even surplus) language, and in response to the inevitable question, "What if it isn't done by the beginning of the fiscal year?" Such simple timing questions are best left up to implementation and enforcement legislation.

"Congress and the President shall agree" was removed because "agree" truly was hortatory language. Although it stated a laudable goal, this phrase caused some confusion and raised a question of the legal consequences of a lack of an actual agreement. The words, "by enactment of a law", in the original language referring to establishing a receipts estimate, have clear meaning within the Constitution currently and would control, rather than the hortatory "agree" language. It was intended that Congress still could override a presidential veto of a receipts estimate. In deleting all of the first sentence of the original Section 1, all such possible confusion is also removed.

"* * * an estimate of total receipts * * * by enactment of a law devoted solely to that subject * * *" is deleted from Section 1 to remove the mandating of a specific procedural step that, however beneficial, is not necessary in the Constitution.

The authors in no way intend for the substitute to require a less flexible process in the establishment of a receipts estimate and the use of that single estimate as a benchmark against which to measure total outlays throughout the fiscal year. On the contrary, the substitute provides the same flexibility as would have been permitted under H.J. Res. 290 as introduced, and consistent with the language and purpose of Section 1 of the substitute. The permissible use of estimated receipts is moved to a new Section 6 which requires implementation and enforcement legislation.

Section 2. The limit on the debt of the United States held by the public shall not be increased unless three-fifths of the whole number of each House shall provide by law for such an increase by a rollcall vote.

No section of this Article should be read in isolation, especially Section 1. Section 2 provides the essential mechanism which not only enforces an honest budgeting process in pursuit of the general rule and principle stated in Section 1, but also will operate to make the amendment self-enforcing.

This Section is inspired by the often-quoted desire expressed by Thomas Jefferson, in his November 26, 1798 letter to John Taylor:

"I wish it were possible to obtain a single amendment to our constitution. I would be willing to depend on that alone for the reduction of the administration of our government to the genuine principles of its constitution; I mean an additional article, taking from the government the power of borrowing."

The authors here have drawn from recent experiences of the government and modern economic theory to reach a compromise with then-Vice President and later President Jefferson: Section 2 takes from the government the power of borrowing, unless three-fifths of the total membership of both Houses votes to approve a specific increase in the amount that may be borrowed.

Section 2 provides strong enforcement, indeed, for the provisions of Section 1. When the government runs a deficit, that necessitates additional borrowing to meet its obligations. Failure to authorize that level of borrowing could, in a worst-case scenario, result in a default by the government of the United States. Treasury securities might not be redeemed. Government services could be threatened with a shutdown, subject to the availability of receipts.

Today, such a consequence is occasionally threatened when an impasse with Congress or between Congress and the President jeopardizes passage of essentially ministerial legislation raising the statutory limit on the public debt by a simple majority. Under this amendment, the threat of default would loom when the government runs a deficit, thus providing one of the most powerful incentives imaginable for balancing the budget.

The simple threat of default does not fully explain the way Section 2 will operate to enforce the fiscal norm of balancing outlays and receipts. Because a debt-increase bill represents an admission of failure of enormous magnitude, passage is always a difficult matter.

Under current law, Members of Congress not infrequently have rounded up 50% plus one of the Members of one House to threaten to push the government to the brink of insolvency unless a pet amendment is added to this must-pass legislation, despite consistent efforts by the Administration and the Congressional leadership of both parties in both Houses to pass a "clean" debt bill. This "debt bill blackmail", in fact, was the tactic used to enact the original Gramm-Rudman-Hollings law of 1985.

By lowering the "blackmail threshold" associated with passage of the regular debt limit bill from 50% plus one in either body to 40%+ one, Section 2 increases the motivation of the Administration and the Leadership, including the Chairs of the relevant committees, to do whatever is necessary, legislatively and cooperatively, even to the point of balancing the budget, to avoid facing such a difficult debt vote.

It is in no way the intent of the authors and supporters of this amendment that a default or shutdown should happen. However, the threat of such consequences is analogous to the deterrence effect of fines or legal damages in other situations.

Because borrowing, and increases in any limits on cumulative borrowing, must be enacted in law, Section 2 makes the amendment effectively self-enforcing. Such legislation usually involves large enough numbers of dollars to be borrowed that extensions of authority to borrow generally are used up in a year or so. The current statutory limit on the public debt, enacted as a part of the Budget Enforcement Act late in 1990 and allowing borrowing into 1993, is very much an exception in this regard; this lengthy term of borrowing, not quite three years, was made possible only by the status of the Act as an extraordinary, five-year plan. Virtually no elected official can stand the political heat of supporting a huge, multi-year increase in the government's level of indebtedness. This simple political dynamic will ensure that the self-enforcement provided by Section 2 occurs frequently enough to be effective.

Finally, when three-fifths of both Houses have "gutted up" and, under Section 1, voted explicitly for a specific excess of outlays for an identified purpose, there is no intent in this amendment to "punish" them by later forcing a second three-fifths vote on the debt limit. Both decisions can be approved by the same, single, three-fifths vote in the same legislation.

Detailed analysis:

* * * debt of the United States held by the public * * *" is a widely used and understood measurement tool. The Congressional Budget Office's January 1992 Economic and Budget Outlook: Fiscal Years 1993–1997 book, in its Glossary, defines "Publicly held federal debt" simply as: "Debt issued by the federal government and held by nonfederal investors (including the Federal Reserve System)." On page 66 of the same volume, CBO further explains, "Debt held by the public represents the government's appetite for credit and is the most useful measure of federal debt." The current, widely used and accepted meaning of "debt held by the public" is intended to be the controlling definition under this Article.

The "debt held by the public" differs from the gross federal debt in that the latter, according to CBO, page 66, "includes the securities (about $1 trillion and climbing) issued to government trust funds." The gross debt is the "close cousin" (per CBO) of the "public debt".

The Congressional Research Service's Manual on the Federal Budget Process, December 24, 1991, in its glossary, defines "Public debt" as: "Amounts borrowed by the Treasury Department or the Federal Financing Bank from the public or from another fund or account. The public debt does not include agency debt (amounts borrowed by other agencies of the Federal Government). The total public debt is subject to a statutory limit."

A requirement of a three-fifths vote on the "public debt" has been used in some previous formulations of the Balanced Budget Amendment. The use, here, of "debt held by the public" is a refinement based on a 1990 recommendation by the Administration and subsequent review by the authors of the implications of using the different measures of debt. "Debt held by the public" has been chosen for two reasons:

First, as pointed out by CBO, common sense suggests that the most appropriate benchmark to use is the federal government's borrowing from all non-federal-government sources.

Second, the purpose of this section is to motivate an avoidance of deficits. When the

Social Security or other federal trust funds run surpluses, this does not cause total outlays to exceed total receipts and the government does not increase its borrowing from non-government sources. Therefore, Congress and the President should not be forced to surmount the three-fifths vote hurdle on debt bills if they have not run a deficit and increased net federal borrowing. Section 2 matches the benchmark used in the enforcement process to the policy objectives desired.

"The limit on the debt * * * held by the public * * *" obviously assumes the establishment of a new statutory limit on this measure of federal borrowing. This limit may be established in addition to, or as a replacement for, the current statutory limit on the public debt. Article I, Section 8 of the Constitution simply says, "The Congress shall have Power * * * To borrow Money on the Credit of the United States. * * *" The exact process of carrying out this power is left up to the Congress to provide for by law.

When establishing a new statutory limit on the debt held by the public (which will require a three-fifths vote to increase), Congress may or may not wish to continue to set by statute a limit on the public debt. The fact that a simple majority could continue to be required to pass such a public debt limit would not, in any way, create procedural or legal conflicts. At times when a trust fund surplus necessitates an increase in the public debt, such action would become more ministerial and less difficult than currently is the case. Increases in both limits certainly could be contained in the same bill that is passed by a three-fifths vote.

Changes from H.J. Res. 290, as introduced:

The substitute makes no changes to this section as it appeared in the Article as introduced.

Section 3. Prior to each fiscal year, the President shall transmit to the Congress a proposed budget for the United States Government for that fiscal year in which total outlays do not exceed total receipts.

In Section 3, the amendment extends to the President's annual budget the same norm of fiscal balance expected of the Congress.

The current statutory requirement that the President submit a budget is codified in the Constitution to ensure that the President remains engaged with Congress in the budget process. Of course, this requirement of submission of a single document in no way alters the current constitutional balance of powers or separation of responsibilities. It also is perfectly consistent with the current constitutional provisions that the President "shall * * * recommend to [Congress'] Consideration such Measures as he shall judge necessary and expedient" (Article II, Section 3).

Detailed analysis:

"Prior to each fiscal year * * *" was retained in Section 3 because of the long-understood legislative principle that deadlines certain can be set, and in fact are commonly expected to be set, for specific actions by the Executive. Currently, the deadline for submission of the President's budget is set by statute and occurs well in advance of the fiscal year for which it is written. Such statutory provisions are, and will remain, consistent with Section 3.

"* * * a proposed budget * * *" means a document similar, in broad terms, to that which is regularly submitted under current law. The amendment in no way restricts the discretion of Congress to enact changes in what is or is not required in such a budget, as long as the document remains useful for the purposes of planning federal spending activities.

"* * * in which total outlays do not exceed total receipts." per se, a "budget" is a document in which all relevant future numbers are planned, recommended, projected, estimated, or assumed. This is true, as a matter of definition, of all documents called "budgets," public or private. Therefore, no qualifiers are added to this language in Section 3, such as "estimated receipts" or "recommended outlays". To include such terms would be redundant at best, inadvertently confusing or limiting at worst.

Changes from H.J. Res. 290, as introduced:

The substitute makes no changes to this section as it appeared in the Article as introduced.

Section 4. No bill to increase revenue shall become law unless approved by a majority of the whole number of each House by a rollcall vote.

The purpose of this section is to increase the accountability of Members of Congress when they consider legislation to increase revenue, in light of the amendment's requirements to balance receipts and outlays. The increased pressure the amendment will create for fiscal discipline may increase temptation to shield a certain amount of legislative decision-making from public view. Tax bills have been known to pass, occasionally, by voice vote.

The enhanced "tax accountability" (or, more precisely, accountability with regard to passage of bills to increase federal revenue) provided by the unvarying requirement for a rollcall vote, is supplemented by the requirement that such bill also shall not become law unless passed by a supermajority, in this case a majority of the whole number of each House.

The rollcall vote and supermajority requirements will serve to maintain a level playing field between the public's more general and diffuse interest in restraining the government's appetite for revenues and the more focused pressure that special interest groups can apply for individual spending programs.

Detailed analysis:

"No bill * * * shall become law unless * * *" is drafted in the negative to conform to the style used in Article I of the Constitution, in phrases such as, "No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census * * *" and "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law * * *."

"* * * revenue * * *" has the same meaning here as in Article I, Section 7, which states, "All Bills for raising Revenues shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills."

"* * * bill to increase revenue * * *" means legislation making policy changes in the government's exercise of its sovereign power to tax or otherwise compel payments to the government. "Revenues" and "receipts" are largely synonymous, but not always so, especially when being used prospectively. Both are expressed in terms of quantities of dollars flowing into the Treasury. However, "revenue" is more closely connected to the tax rates, tax base, Customs rates, or other policy criteria formulated to produce inflows of receipts. A "receipt" is a more purely and more comprehensive quantitative concept. For example, a bill to step up Internal Revenue Service enforcement of current tax laws and enhance collection of taxes currently going uncollected definitely would result in increased receipts, but would not be "a bill to increase revenue," and therefore, not subject to the requirement of a majority of the whole House for passage. ("Receipts" are further defined under Section 7.)

"* * * majority of the whole number of each House * * *" means, under current law, never less than 218 votes among the 435 Members of the House of Representatives and never less than 51 votes among the 100 Members of the Senate. The "whole number of each House" is defined under Section 1, above.

Changes from H.J. Res. 290, as introduced:

The substitute makes no changes to this section as it appeared in the Article as introduced.

Section 5. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect. The provisions of this article may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House, which becomes law.

This section reaffirms the traditional priority presumptively attached to matters of national self-defense. In such cases, especially when the Congress and the President have taken an action as extraordinary as declaring war, financing that effort should proceed unimpeded by any requirement of additional, extraordinary votes.

Detailed analysis:

The first sentence of Section 5, or a virtually identical counterpart, has been a fixture in almost every major version of the Balanced Budget Amendment over the years. Consistent with Article I, Section 7, Clause 3, such a simple majority vote to waive this Article would have to be presented to the President for his or her approval.

The second sentence recognizes that, for most of the military conflicts in which the United States has engaged, there was not a formal declaration of war. Nevertheless, a sufficient self-defense interest is present in such situations that a Section 1 supermajority should not be required to fund such an engagement. Further definition of the criteria set forth for the "majority of the whole number" waiver in Section 5 is not needed, since the Section requires simply that the joint resolution required for the waiver declare such conditions to be present.

Changes from H.J. Res. 290, as introduced:

The first sentence of the substitute Section 5 makes no changes to this section as it appeared in the Article as introduced. The second sentence, which has been added in this substitute, has been approved by the Senate Committee on the Judiciary as an amendment to companion legislation, S.J.Res. 18. The difference between and graduation of the waiver requirements in the two sentences is intentional, and is based on the principle that the threshold of difficulty for deficit spending should be raised as the declared level of the seriousness of the military engagement declines.

Section 6. The Congress shall enforce and implement this article by appropriate legislation, which may rely on estimates of outlays and receipts.

This section requires the adoption of legislation necessary, appropriate, and reasonable to enforce and implement the Balanced Budget Amendment. There is no need—and arguably it would be a bad idea—explicitly

to foreclose the possibility of judicial interpretation or enforcement. However, this language further tilts presumptions of such responsibilities toward extremely limited court involvement. This language also is intended to prevent the possibility of an interpretation that could shift the current balance of power among the branches in favor of the Executive.

Detailed analysis:

"The Congress shall enforce and implement * * *" differs from clauses included in several other amendments that state, "The Congress shall have power to enforce * * *." This latter clause has been employed only where there was concern that the question could arise as to whether Congress had the power to pre-empt state laws or constitutions or was venturing impermissible beyond its constitutionally enumerated powers and into the rights reserved to the states or the people.

Here, no such question of pre-emption is conceivable. Congress clearly has the power to enforce and implement this Article, under the "necessary and proper" clause in Article I, Section 8, which states: "The Congress shall have Power * * * To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the government of the United States, or in any Department or Officer thereof.

Unlike previous amendments, this section creates a positive obligation on the part of Congress to enact appropriate implementation and enforcement legislation. As a practical matter, this language simply requires what is inevitable and predictable. It is a simple statement that, however well-designed, a constitutional amendment dealing with subject matter as complicated as the federal budget process needs to be supplemented with legislation. It is a means of owning up to the truth in the arguments made by many Members of Congress—both supporters and opponents—that Members must expect to do more than cast this one vote to pass this one amendment, to ensure that deficits are brought down and, ultimately, eliminated.

"* * * which may rely on estimates of outlays and receipts." This phrase allows Congress the flexibility in explicit language that it will need in practical effect, to make reasonable decisions and use reasonable estimates, when appropriate, as a means of achieving the normative result required in Section 1. To some extent, this phrase, too, states the obvious, that the process of budgeting and taxing and spending inevitably involves relying on estimates. "Estimates" means good faith, responsible, and reasonable estimates made with honest intent to implement Section 1 and not evade it.

The estimates contemplated in Section 6 do not apply in any way to a determination of the amount of debt referenced in Section 2. "Debt" there means actual, not estimated, debt.

Section 1 provides the standard by against which compliance with the amendment is measured. Section 6 clarifies that implementation and enforcement legislation may provide for the use of reasonable and appropriate estimates in the process of complying with Section 1. Section 6 is intended to support, strengthen, and aid the effectiveness of the other provisions of the amendment. This provision also will provide additional insurance against intrusion by the courts into the finer details of questions of compliance with the amendment.

Section 6 must not be interpreted in any way that would weaken or allow evasion of any other provision of this amendment. Over the course of the fiscal year, outlays may not exceed receipts. To the extent that any reasonable and lawful action can be taken to prevent an excess, it must be taken. On the other hand, for example, a brief dip in receipts or jump in outlays need not trigger a sequester, rescission, or other offsetting action if there it is reasonable to assume that such a "glitch" will be offset naturally in the near-term by normal economic or budgetary fluctuations.

In order to allow for an unexpected shortfall of receipts or an unexpected increase in outlays without triggering a three-fifths debt vote under Section 2, it would be necessary that the actual debt held by the public be held below the debt limit, by a sufficient amount to offset the amount by which actual receipts or outlays may differ from estimated receipts or outlays.

It also should be noted that outlays are both more predictable and more controllable than receipts. Therefore, the handling of outlays necessarily must be held to a stricter standard than the treatment of receipts. To be more specific, of course, is difficult until the actual design of implementation and enforcement legislation emerges. In all cases, the standard to be applied to the accuracy and adjustment of estimates is to be a rule of reason.

Changes from H.J. Res. 290, as introduced:

Section 6 is a new section. It was added to this substitute in part to clarify the role of Congress in the implementation and enforcement of the amendment, in part to require the enactment of such legislation, and in part to clarify that whatever process Congress enacts to enforce this amendment may provide for the use of reasonable estimates.

It is also the intent of this provision to allow the use of a single level of total estimated receipts for a fiscal year, enacted into law at the beginning of the budget process, as the fixed target amount which outlays throughout the fiscal year may not exceed. In other words, Section 6 is intended to allow Congress to enact into law the process of measuring actual outlays against a fixed receipts estimate in the same way that was outlined in H.J. Res. 290 as introduced. Nothing in H.J. Res. 290 as introduced would have prevented Congress from imposing a more stringent process of measuring actual outlays against constantly-updated receipts estimates throughout the fiscal year. Section 6 of the substitute is no more and no less restrictive in this regard.

Section 7. Total receipts shall include all receipts of the United States Government except those derived from borrowing. Total outlays shall include all outlays of the United States Government except for those for repayment of debt principal.

This section makes clear that, for purposes of computing a deficit, balance, or surplus under this amendment, there is no such thing as "off-budget" receipts or outlays. By requiring all cash inflows and outflows to be counted, the most commonly anticipated loopholes are prevented from ever being created. Simple refinancing of outstanding debt at the same net cost of borrowing would not be affected in the normal course of business and, of course, borrowing is not considered a receipt, but rather is recognized as only the means of financing deficit spending.

As currently used and reported, both "receipts" and "outlays" are well-understood, inclusive concepts used with consistency in the budgetary process.

Detailed analysis:

"* * * receipts * * *" is to be interpreted consistently with the use of "Receipts" in Article I, Section 9, Clause 7, which provides, in part, that "a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time."

The definition of "budget receipts" in A Glossary of Terms Used in the Budget Process (1981), as quoted in S. Rept. 99-162 and S. Rept. 99-163 (committee reports on S.J. Res. 13 and 225, respectively) still applies:

Collections from the public (based on the Government's exercise of its sovereign powers) and from payments by participants in certain voluntary Federal social insurance programs. These collections, also called governmental receipts, consist primarily of tax receipts and social insurance premiums, but also include receipts from court fines, certain licenses, and deposits of earnings by the Federal Reserve Systems. Gifts and contributions (as distinguished from payments for services or cost-sharing deposits by State and local governments) are also counted as budget receipts. Budget receipts are compared with total outlays in calculating the budget surplus or deficit. Excluded from budget receipts are offsetting receipts which are counted as deductions from budget authority and outlays rather than as budget receipts.

"* * * outlays * * *" means all disbursements from the U.S. Treasury, directly or indirectly through federal or quasi-federal agencies created or under the authority of Acts of Congress. The Glossary (as cited above) defines "outlays" as follows:

Obligations are generally liquidated when checks are issued or cash disbursed. Such payments are called outlays. In lieu of issuing checks, obligations may also be liquidated (and outlays occur) by the maturing of interest coupons in the case of some bonds, or by the issuance of bonds or notes (or increases in the redemption value of bonds outstanding). Outlays during a fiscal year may be for payment of obligations incurred in prior years (prior-year outlays) or in the same year. Outlays, therefore, flow in part from unexpected balances of prior-year budget authority and in part from budget authority provided for the year in which the money is spent. Total budget outlays are stated net of offsetting collections, and exclude outlays of off-budget Federal entities. The terms expenditure and net disbursement are frequently used interchangeably with the term outlays.

Glossary defines "budget authority" as:

Authority provided by law to enter into obligations which will result in immediate or future outlays involving Federal Government funds, except that budget authority does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government. The basic forms of budget authority are appropriations, authority to borrow, and contract authority. The latter two types of authority are also commonly referred to as "backdoor authority".

"Expenditures", in fact, also appears in Article I, Section 9, Clause 7 as quoted above, and is used there in symmetry with "Receipts". "Outlays" is used in this Section because of that word's overwhelmingly prevalent use in recent and current budget terminology.

Changes from H.J. Res. 290, as introduced:

The substitute makes no changes to this section as it appeared in the Article as introduced.

Section 8. This article shall take effect beginning with fiscal year 1998 or with the second fiscal year beginning after its ratification, whichever is later.

By passing this amendment and sending it to the states for ratification, the Congress intends to bind itself, in mutual cooperation with the President, to adopt an orderly deficit reduction plan that will bring the budget into compliance with this amendment no later than fiscal year 1998.

Changes from H.J. Res. 290, as introduced:

The effective date has been moved from fiscal year 1995 or the second fiscal year to fiscal year 1998 or the second fiscal year. This change reflects both the passage of time since H.J. Res. 268, 101st Congress, was considered on the House floor in 1990 (with the fiscal 1995 date) and a realistic, consensus estimate of the time needed to allow for a "glide path" down to a zero deficit.

QUESTIONS AND ANSWERS ABOUT H.J. RES. 290, BALANCED BUDGET CONSTITUTIONAL AMENDMENT

Won't a constitutional requirement of a "balanced budget" simply invite moving some items off-budget?

H.J. Res. 290 does not require that a single document, a "budget," be written in balance. Instead, it deals with actual spending and taxing bills, and how actual outlays conform to estimated receipts. Taking any item "off-budget" would have absolutely no effect on the operation of H.J. Res. 290.

Wouldn't the temptation remain great to commit some other evasion, such as manipulating the definitions of terms used in the BBA?

Terms such as "outlays", "receipts", "debt held by the public", and "raising revenue" either already appear in the Constitution or are commonly understood. In the 99th Congress, Senate Reports 99–162 and 99–163 and Senate floor debate on S.J. Res. 225, and in the 101st Congress, the House floor debate, went to some lengths to establish a legislative history for and preventing misinterpretation of these and other terms as used in a BBA. This year the House Budget Committee compiled a formidable amount of testimony on all sides. It also remains the appropriate role of the Members engaged in floor debate this year to build similarly clear definitions.

Won't the BBA be unenforceable in other ways, causing erosion of respect for other Constitutional provisions as well?

To a certain extent, the provisions of H.J. Res. 290 are self-enforcing or interactively enforcing. Effective enforcement and orderly implementation certainly are expected in the form of enabling legislation; Members such as the Chairman of the Budget Committee have served notice most effectively in that regard. Beyond that, enforcement either is implied by the ramifications of stalemate or inaction or, to a very limited degree, could be obtained in the courts.

The Constitution requires Congress and the President to take the necessary steps to carry out Constitutional mandates. Congress is empowered to make all laws that are "necessary and proper to execute the mandate of the constitution." The President and Members of Congress take only one oath, promising to "preserve, protect and defend the constitution." It is assumed that Congress and the President will monitor each other and to the limits of their authority enforce the provisions of the amendment against the other.

The public will also have a significant role. A breach of the amendments' provisions would be readily apparent, and if a breach occurs a political firestorm very likely would erupt from the public. Public accountability is provided for in the provision that requires any vote to run a deficit to specify which outlays are "excess."

Finally, as a last resort, the judicial branch may act to insure that the Congress and President do not subvert the amendment. A member of Congress or an appropriate Administration official probably would have standing to file suit challenging legislation that subverted the amendment.

Wouldn't H.J. Res. 290 dangerously and inappropriately transfer power to the courts in a whole new area by opening up to court challenge on Constitutional grounds virtually every budgetary decision made by Congress (and the President)?

The courts could make only a limited range of decisions on a limited number of issues. They could invalidate an individual appropriation or tax Act. They could rule as to whether a given Act of Congress or action by the Executive violated the requirements of this amendment. Indeed, a limited role is appropriate: In the words of *Marbury* v. *Madison*, the judiciary has a fundamental obligation to "say what the law is."

But it would be inappropriate for the courts, and it would be inappropriate to call upon the courts, to rewrite budget priorities and fiscal law. Senate Reports 99–162 and 99–163 and the accompanying Senate debate once again provide much guidance, this time as to how the "political question" doctrine of *Baker* vs. *Carr*, 369 U.S. 186 (1962), the requirement to a justicable case or controversy (see e.g., *Aetna Life Insurance Co.* vs. *Haworth*, 300 U.S. 227 (1937), and questions of standing would prevent the floodgates of litigation from opening upon the process in place under a suitable BBA. For example, *Riegle* v. *Federal Open Market Committee*, 656 F.2d 873 (DC Cir. 1981), "counsel[led] the courts to refrain from hearing cases which represent the most obvious intrusion by the judiciary into the legislative arena: challenges concerning congressional action or inaction regarding legislation."

The traditional judicial doctrine of "standing" requires that a plaintiff has a direct and specific, personal stake or injury. A "generalized" or "undifferentiated" public grievance, such as would suggest "taxpayer" standing vis-a-vis macroeconomic policy decisions, is not recognized.

Most questions that will arise as to compliance or enforcement will either be resolved through enabling legislation or will arise during policy-making events that trigger the self-enforcing mechanisms in the BBA (i.e., 3/5 vote to pass an increase the debt that results from a deficit in a given year) or currently in place (i.e., threat of government shutdown if a legislative deadlock persists).

Finally, absolutely no role for the courts is foreseen beyond that of making a determination as to whether an Act of Congress or an Executive action is unconstitutional and a court order not to execute such Act or action. A purely restraining role is anticipated for the courts and could be guaranteed by Congress in appropriate legislation specifying standing, jurisdiction, and remedies.

If the judiciary is involved, couldn't a case drag on for years past the fiscal year in question, making every case moot?

The courts have shown an ability and willingness to expedite their processes in an emergency. Recent examples are the reapportionment cases involving Massachusetts and Montana that went all the way to the Supreme Court and were resolved in a matter of months. Congress could further ensure expeditious handling, for example, giving the Supreme Court exclusive and original jurisdiction over cases arising under the BBA.

What if the President and Congress do not enact necessary legislation required in implementing and enforcing statutes?

Currently, under the Constitution, if Congress fails to make appropriations or provide for further Treasury borrowing the government faces risk of shutdown. We will face the same result if Congress fails to pass necessary legislation required by implementing legislation. Absent the enactment of some other specific procedure, and assuming a deficit situation begins developing in a fiscal year, the amendment obviously implies that responsibility on the part of Congress and the Executive to estimate receipts and monitor outlays on an ongoing basis and to identify the point during the fiscal year at which disbursements simply will have to cease.

In any event, of course, failure to enact legislation or take other positive actions required or implied by this amendment will result in the "train wreck" of an increase in the debt held by the public needing to pass by a three-fifths vote of both Houses.

What if Congress, ignoring the provisions in H.J. Res. 290, nevertheless passes appropriations in excess of estimated revenues?

The general charge that outlays not exceed receipts creates a general obligation for Congress and the Executive to construct a statutory framework to enforce and implement the BBA, in advance of its effective date. Indeed, such legislation would be essential in managing the budget down its "glide path" to an eventual balance. The ultimate form of such legislation could include a revised Gramm-Rudman-Hollings type sequester, an enhanced Pay-as-you-go mechanism, or some other process reforms.

The language of Section 1 also creates an ongoing obligation to monitor outlays and make sure they do not breach the target amount fixed in an estimate of receipts. This does not envision any sort of discretionary "impoundment" power on the part of the President or courts. However, the Executive branch would be under an obligation to estimate whether outlays will occur faster or at higher levels than expected and to notify Congress promptly. If an offsetting rescission is not enacted or other appropriate legislative action not taken, then the President would be bound, at the point at which the government "runs out of money," to stop issuing checks (unless, of course such exigencies already have been accounted for in enforcement and implementation legislation in advance).

The deterrent of a budgetary "train wreck" always exists to motivate responsible budgeting: either the possibility of a government shutdown or of the need to round up ⅗ of both Houses to pass a debt increase bill without any "blackmail amendments." (For example, Gramm-Rudman-Hollings was a "blackmail amendment" attached to a debt ceiling bill in 1985, when 51 Senators refused to pass a "clean" bill.)

What is to prevent Congress and the President from drastically over-estimating revenues and then declaring "oops," when outlays and receipts are unbalanced at the end of the fiscal year?

If such a scenario occurred, Congress would have to pass a debt ceiling increase by a three-fifths vote. The threat of a "train wreck" on the debt limit vote provides a powerful incentive for truth-in-budgeting. Any such mis-estimates will catch up rapidly with its authors within a year. A transparent mis-estimate would be subject to the very public process of budget-making. Congress and the President would avoid a widely publicized "mistake" because of its political impact.

Why is H.J. Res. 290, as introduced, different from previous BBA versions, in that it requires ⅗ vote to raise the limit on federal "debt held by the public", rather than the "public" or "gross" debt?

When the Social Security, and other trust funds run surpluses, those surpluses are invested in U.S. Treasury securities, meaning they are borrowed by the U.S. Treasury and the "public debt" (approximately the same as the "gross federal debt") is increased by that amount. Such borrowing is an intragovernmental transfer between accounts, and does NOT increase the "debt held by the public." Since the intent of the debt limit vote in the BBA is to enforce the amendment and deter deficits, the "debt held by the public" is the closest currently-used and commonly-understood measure of indebtedness that approximates the amount that indebtedness has been increased because of total deficit spending. In other words, H.J. Res. 290 was not meant to "punish" Congress by requiring a difficult ⅗ vote just because trust funds are running a surplus.

If a contracting economy causes a revenue shortfall, wouldn't harmful, pro-cyclical measures, such as cutting spending or raising taxes be required in mid-year?

Not under H.J. Res. 290. This BBA was designed to react flexibly to sudden changes in the economy by establishing the joint receipts estimate as the outlay ceiling for the entire fiscal year. A revenue shortfall would not precipitate any mandatory changes in taxing or spending.

If a contracting economy causes social spending outlays to rise in mid-year, would compensating action be required?

Possibly. Rather than try to anticipate every economic contingency in Constitutional language, the authors of H.J. Res. 290 wrote what they believe remains a sufficiently flexible amendment. Several responses are possible; for example:

(1) Congress can only control what is reasonably controllable. Often, such outlay changes will be sufficiently small that it cannot be determined with reasonable precision that an imbalance will exist at the end of the fiscal year. In such a case, no adjustment would be necessary.

(2) To the extent such outlay increases are foreseeable and fairly certain, a mid-year adjustment might be necessary, relying on offsetting rescissions or other account adjustments, as is the case when a supplemental appropriations must be made deficit-neutral.

(3) If Congress and the President agree that the economic situation warrants outlay levels above the receipts ceiling, achieving a ⅗ majority to approve such spending is not an insurmountable hurdle.

What if a law enacted in the good faith belief which is revenue-neutral turns out to increase revenues?

As with other laws that may be challenged on Constitutional grounds, if it were shown that Congress and the President acted in good faith and had a reasonable basis for projecting revenue-neutrality, the law would not be struck down.

What if a bill provides for both increases and decreases in revenues?

H.J. Res. 290 refers to a "bill to raise revenue." The clear intent is to look to the overall revenue effect of a bill.

What effect would H.J. Res. 290 have if in the process of building a "consensus deficit-reduction bill," revenue increases were combined with spending reductions?

H.J. Res. 290 differs from some previous BBAs in that it does not require a "vote directed solely to that subject" in the case of increasing revenues. Certainly, most of the sponsors of H.J. Res. 290 would not object to such language. However, as currently written, H.J. Res. 290 simply would require the authors and managers of such a combination bill to make a strategic decision as to whether they preferred to offer separate revenue and spending-cut bills or to subject the spending-cut provisions tied to the revenue-raising provisions in a single bill, with a need to pass by a majority of the whole membership.

Couldn't the various super-majority requirements in H.J. Res. 290 thwart the wills of majorities in both Houses and the President?

Yes. Such is also the case with Senate filibusters, Gramm-Rudman-Hollings points of order, and other procedures today. As is the case with all super-majority requirements in the Constitution (or in law), the purpose is to protect the immediate rights of a significant minority, and arguably the long-term rights of the people, against a "tyranny of the majority," a phrase frequently invoked by the nation's Founders.

In the case of H.J. Res. 290, a sufficient structural bias exists for deficit spending and against accountability in tax decisions that compensating super-majority protections are warranted. Moreover, it is noteworthy that the super-majority levels involved are reasonable and modest.

Shouldn't economic policy be kept out of the Constitution?

Economics is politics and vice-versa. Governance inescapably involves addressing questions of economics. Moreover, our Constitution is replete with economic policy. For example, it refers to private property rights; prescribes Congressional (and Executive) roles in federal fiscal activities such as raising revenue, spending, and borrowing; provides for uniform duties, imposts, and excises; discusses the regulation of interstate commerce; discusses the coinage and value of money; and deals with counterfeiting, patents, and but whether it encompasses broad and fundamental principles, its relevance is not transitory, and its importance is far-reaching in scope and over time. The need for a BBA and the proposal of H.J. Res. 290 in response meet this test.

Shouldn't the federal government have the flexibility to enact counter-cyclical economic measures?

Yes, and this flexibility is preserved in H.J. Res. 290 by allowing Congress to spend in excess of revenues if three-fifths of the members agree that deficit spending is warranted. What the amendment would do is mitigate against the structural bias to spend and borrow (and raise taxes somewhat in preference to restraining spending) in good times as well as bad. In restoring this level playing field, H.J. Res. 290 strikes a reasonable balance between requiring fiscal responsibility and allowing flexibility.

Wouldn't adopting a BBA result in cutbacks in services for the poor and needy, for senior citizens, for health and housing programs, and even possibly for defense programs?

The BBA itself would do none of these things. It would force the Executive and Legislative Branches to prioritize within a balance of receipts and outlays and force into the light of day what actual decisions and trade-offs are necessary. If this does not result in cutbacks of government programs, it will ensure that we pay for all the government we want.

Since "the BBA itself would do none of these things," isn't it just a "political free lunch," raising false hopes while diverting attention from the real and difficult budget decisions that need to be made?

Far from that, H.J. Res. 290 would force Congress, the President, and the public to own up to the hard choices that need to be made. It is general because most provisions in the Constitution, encompassing broad principles as they do, should be broadly worded. But its result will be to make unavoidable the asking of those questions some in elective office have avoided: How much government do we want? How willing are we to pay for it? Which programs should be priorities?

Should the Constitution dictate such details as the budgetary period (fiscal year)?

Some such reasonable parameters are necessary to provide for an enforceable amendment. Again, the authors are receptive to perfecting changes, although it is important that whatever parameter is used is not susceptible to subterfuge (e.g., merely including a term like "fiscal period" to be defined in statute). Senate Reports 99-162 and 99-163 suggested using "fiscal year," but allowed that a reasonable statutory re-definition could include a biennial "year."

Doesn't H.J. Res. 290 imply that the President would have enhanced powers to block spending based on a pretext of unconstitutionality?

A frequent criticism of previous BBA proposals has been that the President is not brought into the budget process sufficiently to share the responsibility of governing and the blame of impasse, although the President can criticize the Congress that "holds the purse strings." H.J. Res. 290 recognizes the accepted role the President has played under statute since the 1920s, by requiring the President to submit a balanced budget. The President must also share fiscal and political responsibility with Congress for H.J. Res. 290's joint receipts estimate. But beyond the role in that new joint estimate H.J. Res. 290 does not broaden in any way the powers of the President. On the other hand, it does make the President more accountable for how the budget process proceeds.

Why do so many economic analyses project devastating results under a BBA?

Those that do generally assume either (1) that a balanced budget would be imposed immediately, without transition, or (2) that the requirement for balance will be adhered to without exception and that Congress (and the President in his or her recommendations) will not exercise its perrogatives under a flexible amendment to enact counter-cyclical measures.

This amendment will not go into effect until, at the earliest, two years after ratification. Once passed through both houses, we would hope that Congress would recognize the impending deadline and act to meet that date by which the budget must be balanced. By allowing a multi-year phase in, we believe any such "drastic" economic effects would be diminished, if not erased.

This amendment has the flexibility to address economic emergencies through the 3/5 release vote on balancing the budget. This allows Congress and the President to act in response to circumstances such as a recession or some other emergency, while insuring that such a decision is made in a fiscally responsible manner.

Of what use is a BBA in today's atmosphere of impending fiscal crisis, if it won't be in force for several years?

(1) A BBA is a long-term proposition. It should be adopted because it is a valid response to a long-term and structurally inherent problem.

(2) It's long-term nature not withstanding, even a BBA that is not in effect for several years will prompt deficit-reduction actions in anticipation of its being in place. Therefore, submission of the amendment to the states would stimulate an immediate response in federal fiscal behavior.

QUESTIONS, ANSWERS, AND RESPONSES BY HON. CHARLES W. STENHOLM TO THE STATEMENT OF ALAN MORRISON OF PUBLIC CITIZEN

Mr. Morrison, you conclude your testimony by stating, "if my testimony has frightened you, that was my intent in giving it." I think you will find that, like me, most Members of Congress find the specter of a $4 trillion debt far more terrifying than anything in your testimony. The vision of what we are doing to our children and grandchildren is much more disturbing and frightening.

We believe that the primary purpose of the United States Constitution is for the protection of the rights of U.S. citizens. Unfortunately, when it comes to fiscal matters, the Congress and the President have not protected the rights of our youngest and yet-to-be-born citizens. That is why we look to the Constitution now.

As I read your testimony, it seemed to me that you included a few red herrings, a few things on which reasonable people can disagree, but very few suggestions for things which we can fix within the amendment.

You have expressed your personal legal opinion about the ultimate consequences of what the amendment would be, vis-a-vis the courts. Other competent legal opinions abound. For example, John C. Armor, Adjunct scholar for Constitutional Studies at the American Legislative Exchange Council has written, "My view is the Court would probably use standard, Declaratory Judgment powers all federal courts now have, to state whether a budget is in excess. If so, it would strike it down, leaving the cure of the problem to Congress."

The point here is that no one should be misled: there are multiple opinions on the Constitutional questions involved here.

I appreciate your comments and believe you have very sincere and deeply felt reasons for arriving at the bottom line which you deliver at the end of your [prepared] statement: That "the Balanced Budget Constitutional Amendment is a terrible idea." I believe that this bottom line, understandably, is what has determined the rest of your statement.

We in the legislating business understand just as well as you in the litigating business the tactic of trying to kill a proposition you oppose by attempting to question it to death. I am disappointed that your statement contains virtually nothing but questions. That's kind of the easy way out. I think a detached scholar would have supplied some of both, questions and answers. And those of us who have worked for years in support of the Balanced Budget Amendment realize it is our responsibility to make sure the answers are available.

Mr. Morrison, these volumes I'm holding up are just some of the reports that the Senate Judiciary Committee has issued over the years on such an amendment. We have had a little more difficult time over here in the House establishing legislative history, since we have had to do so almost exclusively from the Floor, in a limited amount of time, and only on two occasions. Nevertheless, we have built a considerable record. This clipped stack of papers is a copy of the House's October 1, 1982 debate on a balanced budget amendment. And here I am holding up the 1992 Senate debate. Next, I have the July 17, 1990 Congressional Record containing that day's debate on H.J. Res. 268, the predecessor to this year's H.J. Res. 290. Finally, this collection represents several days of Senate Floor debate in 1986.

I hold up these exhibits for a simple reason: Of all the skeptical questions I have heard raised in these hearings, there are answers. Most of them have been answered thoroughly and exhaustively in these documents and debates. The folks who have come in here and asked, "What's the definition of an 'outlay'?" or, "Aren't we worried about the courts writing budgets?" just haven't read these materials. These and other questions have already been answered.

I don't want to take up an extreme amount of time here, today, Mr. Chairman, but I do make the commitment that I and my staff will make sure that, prior to and during Floor debate, we will refer to, reproduce, and augment the legislative record that already has been built so that the House produces a clear and sufficient record for our amendment.

This hearing is supposed to focus on the operation and enforcement of the amendment. First, I want to emphasize—and I can't emphasize it strongly enough—when ratified, this Constitutional amendment will not be operating in a vacuum. There will be implementing and enforcing legislation. The Chairman and I have a slight difference as to timing, but there will be follow-up legislation.

Implementing legislation is the usual and appropriate place to work out procedural details. We've spent 125 years writing implementing legislation for the 13th, 14th, and 15th Amendments, the Civil Rights Amendments that followed in the wake of the Civil War. Many think we haven't finished writing such legislation. We've spent 89 years writing implementing legislation for the 16th Amendment, authorizing a federal income tax, with no end in sight.

The earliest our amendment is likely to take effect is fiscal 1997. That gives us adequate time to carefully and thoroughly write and consider implementing and enforcing legislation—and to bring the President to the table in that process, as well. From the Budget act of 1974 to Gramm-Rudman-Hollings I, II, and III, to the 1990 Budget Enforcement Act, we've seen that months of negotiation and attention to detail is necessary to write any major budget process legislation.

But a Constitutional amendment is different from that legislation. It's supposed to be a framework. Its language is supposed to be elegantly simple. But it has to be adequately and completely enough formulated to be enforceable and practicable.

This is one of the main reasons we have so much legislative history. Over the last five years, I've worked with our former House colleague Larry Craig and current colleagues Bob Smith, Tom Carper, Olympia Snowe, Jim Moody, and others, to comb through that legislative record, to listen to the questions and criticisms, and to come up with an amendment that is brief enough but complete enough to belong in the Constitution, tough enough but flexible enough to stand the test of time.

Once we as a Congress have decided to put ourselves in this particular box, requiring us and the President to balance outlays and receipts, then we can figure out how to work within the confines of that box.

Now, I do want to address specifically some of the points you have raised today, Mr. Morrison.

Let's go right to the question of court enforcement, first. There are numerous court precedents that limit a party's "standing" to bring cases into federal courts, especially in areas where the courts traditionally have deferred to the elective branches in their Constitutional role of making "political decisions", and in cases where there is only a "generalized grievance * * * common to all members of the public" (U.S. v. Richardson, 418 U.S. 166, 177, 179–80 (1974)). The court has an obligation to "say what the law is" (Marbury v. Madison, 1 Cranch, 137, 177 (1803)), but it also consistently has preferred to prescribing the least intrusive remedy that the law requires.

Under our amendment, and assuming for the moment that Congress does not further legislate on the court issue, the court would be limited to finding individual Acts of Congress unconstitutional and to restraining the Executive from some action or activity.

But, going back to that assumption I just mentioned: The Congress can, through legislation, confer, deny, or limit court jurisdiction over cases arising under this amendment. The Congress can, through statute, confer or deny standing. The Congress can say what—if any—specific remedies a court could apply. The Congress can provide for expedited adjudication. I think it's appropriate—and good—for the relevant committees of jurisdiction to sit down after H.J. Res. 290 goes out to the states for ratification and go over the role of the courts in detail.

However, there are two additional, major reasons that I feel the courts will virtually never be called upon to resolve questions arising under this amendment.

The first is that implementing, procedural legislation will be enacted to handle the details of how to operate under, and enforce the amendment. We may have Gramm-Rudman-Hollings IV or V, we may have Son-of-Budget Enforcement Act, or we may have something new and different. But Congress—with some input from the President—will decide whether there's a sequester, what programs will be priorities, and how spending caps will be complied with.

Second, the principal sponsors of H.J. Res. 290 have spent years listening to comments such as yours and others. We have built on and refined earlier proposals and have included two provisions in H.J. Res. 290 that will help make it self-enforcing.

The first self-enforcing provision is the requirement that a receipts estimate be enacted as a prerequisite for the rest of the budget process to go forward. You and others have correctly guessed what happens if no receipts estimate is enacted: The same thing as happens under current law if Congress and the President fail to agree on spending levels or if the debt limit were not raised on schedule: The government shuts down. If outlays can not exceed estimated receipts, and receipts have not been estimated, then outlays can not go forward, except by the ⅗ vote the amendment allows to spend in excess of estimated receipts.

You, and others, have raised the question, "What if Congress routinely gets in the habit of providing for excess outlays by a ⅗ vote year after year after year?"

My answer to that is simple: If the government habitually waives the amendment, then there really is no hope for our children's economic future. But that is the direction in which we are headed under the current system. At least the Balanced Budget Amendment would make it harder to run those deficits and would hold the nation's

elected officials fully and publicly accountable.

Incidentally, you and others have raised a valid complaint about the word "agree" in our amendment. Obviously, our intent is to require enactment of a law establishing a receipts estimate. Those are the words in our amendment that already have meaning under the Constitution. But I will talk to my other principal sponsors, and I think we can offer a technical amendment to clarify the confusion caused by requiring the President and Congress to "agree."

The second self-enforcement mechanism in our amendment is the ⅗ vote requirement for increasing the limit on debt held by the public. Such a vote will be unnecessary if we balance the budget every year. Such a vote will serve as a significant deterrent to gaming the system or to using a Rosy Scenario receipts estimate. The debt limit vote operates especially as a motivator on precisely those most responsible for managing the budget process: The Congressional Leadership and the President, since these principals are always those most concerned about any debt limit votes.

One final point: I find more than a little surprising your assertion that parties will sue, as a result of enforcement of this amendment, for more spending. I don't see how the court could order the Congress or the President to violate the Constitution to fulfill some obligation that doesn't already exist pursuant to another Constitutional mandate.

I don't want to put you on the spot this moment, but if you can find a Supreme Court case in which the government was forced to spend to provide a benefit which, by law, it had decided not to provide, I would appreciate it if you could share that case with my staff so that we can avoid any misunderstandings or misinterpretations when we build our legislative record.

Ms. PELOSI. Mr. Chairman, I rise in support of H.R. 5260, legislation to extend the current emergency unemployment compensation program. This bill would provide up to 26 weeks of additional unemployment benefits to workers who exhaust their regular State unemployment benefits after June 13, 1992. This bill also modifies the permanent extended benefits program to facilitate making future benefits available during high unemployment periods.

The millions of people who are still unemployed would strongly disagree with the President's statements that the current economic downturn has improved. In May, the number of unemployed persons increased by 349,000 to 9.5 million, raising the unemployment rate to 7.5 percent. This is the highest unemployment rate American workers have faced since August 1984. The President tells us not to worry because this increase is largely explained by school kids trying to find summer jobs, however 3.4 million of these individuals have been out of work for more than 15 weeks, the highest level since November 1983. And, most of this increase is accounted for by the 2 million persons who have been out of work for more than 6 months.

Mr. Chairman, the Congressional Budget Office projects only a modest recovery in the second half of this year. Now is not the time to cede our good judgment to statistical economic indicators and turn our backs on individuals who are unable to find jobs. Unless this legislation is enacted, the current temporary extended benefits program will expire July 4. Mr. Chairman, having their unemployment benefits pulled out from under them is not the way for this country's unemployed workers to commemorate America's Independence Day.

Mr. BROOMFIELD. Mr. Chairman, I want to express my strong support for House Joint Resolution 290, the balanced budget amendment.

I have served in this body for 36 years, and I cannot recall a time when Congress has been held in lower esteem by the American people.

We wring our hands when it comes to dealing with the problems that concern them, be it health care, the banking system, or even the recession.

But that doesn't stop us from spending their money—and spending their children's money as we run unprecedented deficits year in and year out.

Today, we have an opportunity to change the harsh judgment that is being brought to bear against the 102d Congress.

If we are willing to put politics aside and do what's right for America, this Congress could be remembered as the Congress that finally put an end to this sea of red ink that is threatening to bankrupt our Nation.

As I prepare to retire, I am often asked What is the most important vote you have cast in Congress?

During my career, I have cast many historic votes.

I voted for the landmark Civil Rights Act of 1964.

I supported the Jackson-Vanik amendment that demanded that the Soviet Union respect the human rights of its citizens if it was going to get most-favored-nation trading status from the United States.

And I helped pass the legislation that gave the President the authorization he needed to stand up to Saddam Hussein in the Persian Gulf.

But today's vote, if it is successful, may well overshadow all these.

I don't take the decision to amend our Constitution lightly. Nor do I kid myself that a constitutional amendment will instantly make all our budget problems disappear.

But a balanced budget amendment will take away the congressional charge card and accomplish what nothing else has succeeded in doing since I arrived here 36 years ago—it will force Congress to make the hard choices.

Making decisions is exactly what our constituents sent us here to do. Instead, we have become expert at avoiding them.

At what price? A national debt that is going to top $4 trillion. Interest payments alone consume 62 cents of your personal income tax dollars.

And your children's taxes.

I have four young grandchildren. I want them to be able to enjoy the fruits of their labor, not hand them over to Uncle Sam to pay the bills we have left them.

I urge my colleagues to stop mortgaging the future. Pass the balanced budget amendment today and send it to the States for ratification and we will leave a legacy to be proud of.

Mr. CONDIT. Mr. Chairman, I rise today in support of House Joint Resolution 290, the Stenholm proposal for a constitutional amendment to require a balanced Federal budget. I do not take this position lightly. We should not trifle with our Constitution. But, as we have seen in recent years, our political institutions have failed to come to grips with the financial bankruptcy of our Nation.

Mr. Chairman, in 1992, the U.S. Government will spend more money it doesn't have than any time in the history of our Nation. Never before, in time of world war or great depression, has our Government's budget fallen so far into the red. In just the last 10 years, our national debt has tripled—and now approaches $4 trillion.

What does this mean in real terms?

Our National Government, in this next fiscal year, will be spending more to pay debt service than any other item in the Federal budget—including defense, Social Security, and Medicare.

Were it not for this debt service obligation, we would have $300 billion available to help balance the budget, pay for comprehensive national health care, enact a middle class tax cut, or provide aid to our cities and counties.

We add over $1 billion to the national debt every day.

For every $200 billion we add to the debt, we obligate our children to pay an additional $7,000 in taxes for interest costs alone over their lives as taxpayers.

There is no easy solution to this problem. Any politician who suggests that a solution can be painless or who suggests a solution is not necessary is lying to the American people. I believe that we have only one option: We must bite the bullet and make the tough choices. The only way that discipline can be imposed on both the President and the Congress is for the adoption of a constitutional amendment mandating a balanced Federal budget. Short of that, I am afraid, will spell the economic doom of this Nation. I urge my fellow colleagues to support House Joint Resolution 290.

Ms. OAKAR. Mr. Chairman, I rise today out of concern that once again, a concerted effort is underway to attack the benefits of our Nation's Social Security, civil service, military, veterans, and railroad retirees. I am pleased to have the opportunity to support the distinguished majority leader's amendment to legislation establishing a constitutional requirement for a balanced budget. This amendment deals honestly with the American public on how we consider the Social Security trust fund in the context of the Federal budget. I worked hard alongside my colleague, the gentleman from North Dakota, [Mr. DORGAN], to ensure off budget status of the Social Security trust funds. Social Security is a trust—a promise to our people of financial security in retirement. If the Congress has really taken Social Security off budget, as we promised the American people in the last Congress, there is no good reason that trust fund should be a part of this discussion.

For too many retired Americans, two-thirds of whom are women, Social Security means the difference between poverty and just getting by. Yet Social Security is not a handout, it is their money. By the same token, a cost-of-living adjustment is not some kind of extra benefit, an annual COLA holds the line and protects the value of these fixed incomes. A one time elimination of the COLA will imme-

diately push at least 160,000 Americans below the Federal poverty line.

Mr. Chairman, we must ensure that the Social Security trust fund is protected from would-be raiders. For the very same reason, we must go one step further to protect Federal, military, veterans, and railroad retiree benefits from the potential chopping block, as well. I believe our Nation must move toward a balanced budget. Yet, without continued vigilance, the end result of the required across-the-board cuts could mean an 11-percent reduction in these retirees' income. To make my point clear, today I will reintroduce cost of living adjustment equity legislation for all Federal annuitants. This legislation ensures that all Federal annuitants are guaranteed a full cost-of-living adjustment next year, including Social Security, veterans, military, railroad, and civil service annuitants. In the 101st Congress I introduced a similar bill, which attracted almost 370 cosponsors. I hope that all of my colleagues will join with me, once more, in support of retirement security for all Federal annuitants.

Mrs. COLLINS of Illinois. Mr. Chairman, I rise in opposition to House Joint Resolution 290 and urge my colleagues to vote down this misguided attempt at reducing our burgeoning deficit.

First let me say that I certainly agree with the basic principle of what we are debating today, namely, that our budget process is in desperate need of reform and that the tremendous budget deficit and Federal debt are placing a ball and chain around the leg of each and every one of our children. A decade of living the fiscal high-life by the Federal Government during the 1980's has produced more red ink than all of the previous 200 years of our history combined. The deficit inhibits our economy, stifles growth, and forces our Government to operate under extraordinary constraints. I am, however, saddened that we have found it necessary to come to this point of actually putting our Nation's fiscal policy within the body of our Constitution. Now I'm not a constitutional scholar, but I do know that amending the most basic document of our democracy is something that should be based on reason and facts, not hysteria generated by public opinion polls and election year politics.

Yesterday we had the opportunity to vote on a proposal, which I supported, to write into law a balanced budget statute. This measure would have required the President to do something George Bush or Ronald Reagan never did—submit a balanced budget to the Congress—by 1998. Unlike the amendment, the statutory approach would have taken effect in fiscal year 1994, rather than circulating among the States for the next 4 or 5 years, where ratification is far from guaranteed. Furthermore, it would have provided for a gentle transition into a balanced budget without affecting Social Security. But with a Ross Perot-like fanaticism, many of my colleagues have latched on to this untested, unproven constitutional amendment, regardless of the possible consequences, in the hope that it will somehow painlessly put our country back on the right track to fiscal responsibility.

What troubles me, Mr. Chairman, is that I don't think they or the people really realize what it is going to mean to have to cut $400 billion from the Federal budget. "Let's have a balanced budget," sounds great; but it's where this money is going to come from that scares me. Those who are the most vocal supporters of this motion claim that it will not affect Social Security or Medicare. Inasmuch as the President has said that he will not cut defense any more than it has already been cut and certainly will not raise taxes, and inasmuch as we certainly can't stop paying the interest on our astronomical debt, that doesn't leave a whole lot of Government spending to cut or revenue generating options to fall back on. Yet somehow this amendment is being touted as the magic snake oil which is going to suddenly cut through the Washington gridlock and instill us all with a sense of bipartisan cooperation and brotherhood. And if you believe that I have a Ouija board to sell you.

The rhetoric is indeed confusing, Mr. Chairman. When one hears the President speaking of his massive urban renewal plan in one breath, but speaking of a balanced budget amendment in another, you have to wonder how he intends to pull it off. The two are not complimentary objectives. Clearly, as a Member from an urban congressional district, I have serious concerns over the possible effects of broad, across-the-board budget cuts. Many of my constituents depend on the Federal Government for the barest essentials of life: housing, food, health care. And with the classic circle of poverty showing little sign of abating, the results of Federal austerity could be tragic.

In this election year many of my colleagues are likely to support House Joint Resolution 290 for purely political advantage. But what will those who do tell your constituents when the real cuts are going to have to be made. Few of you who embrace Stenholm expressed a willingness to raise taxes on the rich. And I haven't heard you say much about the fact that entitlements will have to be scaled back. Earlier today, I heard one of my colleagues extolling the virtues of the American dairy industry. I wonder if that Member will be willing to cut dairy subsidies to his State in order to help cut the deficit. And what about Members who represent the farmers? Will they be willing to open up the 1990 farm bill to look for unnecessary spending within these programs? I do not know what you will do in such cases but I do know that all of us better be prepared to have our favorite Federal program come under the scrutiny of this balanced budget amendment.

When most Americans think of Federal spending, they generally only think about welfare, food stamps, and housing programs, or that, frankly, Federal spending plays no role in their life. They forget that the Federal Government spends money on highways, bridges, food safety, crime fighting, national parks, and allocates billions of dollars to help keep your local taxes lower. Each and every one of these and all other Federal programs will be affected.

Mr. Chairman, we already have the necessary tools in place to help fight runaway spending, but unfortunately we seem to collectively lack the intestinal fortitude to implement them. Even if this measure passes, legislation will still have to be passed to give this amendment the appropriate mechanisms to cut the deficit. rather than looking to the Constitution, I think we should be looking at ourselves and our individual determination, or lack thereof as the case may be, to balance the budget. Mr. Chairman, this legislation, well intentional though it may be, is pure and simple window dressing and I urge my colleagues to vote "no" on House Joint Resolution 290.

Mr. KANJORSKI. Mr. Chairman, although I strongly support efforts to reduce the Federal deficit, and believe that reducing the Federal deficit must be a top national priority, I cannot in good conscience vote for House Joint Resolution 290, the so-called balanced budget amendment. I welcome this opportunity to explain my vote.

On January 3, 1991, I along with every other Member of the 102d Congress, swore a sacred oath to "support and defend the Constitution of the United States against all enemies, foreign and domestic."

The so-called balanced budget amendment is the biggest domestic assault on the Constitution of the United States since the Civil War. It is a classic example of the old adage that the ends, no matter how worthy, do not always justify the means.

The balanced budget amendment is fatally flawed in four ways. It promises more than it can deliver. It is based on a fundamental misunderstanding of Federal and State budgets. If it does work, its consequences will be devastating for average working families and senior citizens on fixed incomes, as well as for the economy as a whole. And it is constitutionally unsound.

I will elaborate on the four fatal flaws of the so-called balanced budget amendment, describe the possible calamitous consequences of its enactment, particularly in northeastern and central Pennsylvania, provide the analysis of noted economists and businessmen on it, and then offer my own constructive alternative to reduce the budget deficit.

THE AMENDMENT PROMISES MORE THAN IT CAN DELIVER

Dr. Robert D. Reischauer, the Director of the Congressional Budget Office, has described the so-called balance budget amendment as:

> Another empty promise, one that further erodes public confidence in our political institutions. * * * A balanced budget amendment, in and of itself, is not a solution. * * * In this election year, it would be a cruel hoax to suggest to the American public that one more procedural promise in the form of a constitutional amendment is going to get the job done.

Nothing in the amendment describes how the budget is to be balanced, what programs should be cut, and what taxes should be raised. It is not a self-fulfilling prophecy.

Adopting an amendment which says that the budget is to be balanced does not make it so, any more than adopting an amendment saying that the Earth is flat would make it flat.

The truth is that balancing the budget requires tough decisions on specific programs and specific taxes. It requires tough decisions which no President has been willing to make for several decades. Despite all the balanced budget rhetoric that we have heard from this President and his predecessor, neither one has proposed even a single balanced budget over the last 12 years.

The amendment is a political ploy designed to make politicians look good while actually making no difficult or painful decisions. It is a veritable fig leaf created to give its proponents cover until after the next election.

Dr. Lawrence Chimerine, senior economic counselor and DRI/McGraw-Hill fellow at the highly regarded Economic Strategy Institute, summed up the so-called balanced budget amendment as follows:

In my judgment, it is simply another gimmick like * * * Gramm-Rudman. * * * It will not only be an ineffective tool in dealing with the problem, but in my view is simply a way to attempt to avoid what will be difficult choices.

It is likely to encourage even more use of optimistic forecasts, program underestimation, moving programs off-budget, and other similar techniques in order to avoid the tough decisions that will need to be made to actually balance the budget. Thus, the balanced budget amendment has the potential of making the budget process even more flawed than it was in the 1980's.

* * * adoption of a Federal balanced budget amendment would create a tendency to increase the amount of off budgeting and other budgetary gimmicks. Since we're already had 12 years of this, this would be a very undesirable result.

THE AMENDMENT IS BASED ON A MISUNDERSTANDING OF FEDERAL AND STATE BUDGETS

I frequently hear the complaint, "I have to balance my budget. State and local governments have to balance their budgets. Why is the Federal Government unable to balance its budget?"

The short answer is that the Federal Government uses a stricter set of accounting rules than State and local governments, businesses, and household.

The Federal Government uses what is called a unified budget in which all expenses, revenues, and assets are listed on one ledger sheet. State and local governments, as well as most businesses and households, however, have two separate budgets: an operating budget for day-to-day expenses, and a separate capital budget for investments in assets which will continue to have a value at the end of this fiscal year.

For State and local governments, examples of operating expenses are salaries for municipal employees and teachers, welfare payments, and the cost of garbage collection. State and local capital expenditures include roads, sewer and water systems, school buildings, prisons and dike systems.

For businesses, operating expenses include employee labor costs, and the cost of parts and raw materials. Capital expenses include the cost of new plant and equipment, and the development of new products and production methods.

For households, operating expenses include food, clothing, and medical care. Capital expenses include home, car, and furniture costs.

If State and local governments, businesses, and households were measured using the stricter "unified" budget standard used by the Federal Government, none of them would have balanced budgets.

State and local governments, businesses, and households all borrow money for capital expenditures, and often even for operating expenses. Thus, like the Federal Government, they are all technically in debt.

If you own a home, and have a home loan, you are in debt. If you own a car, and have a car loan, you are in debt. If you have an outstanding credit card balance because you purchased furniture or took a vacation, you are in debt. Many people are continuously in debt from the day they become old enough to sign a loan agreement, to the day they die.

Debt, in and of itself, is not necessarily bad if a government, a business, or a household has assets, or collateral, to back up that debt.

Your house stands behind your home loan, your car behind your car loan. A plant or purchase commitments stand behind commercial loans. Physical assets such as schools, prisons, roads, and sewer systems stand behind State and local bond issues.

Much of what the Federal Government purchases each year has similar value. It is just that under the Federal Government's stricter accounting standards, it does not get credit for the value of these assets on its books, the way that State and local governments, businesses, and households do.

Each year the Federal Government spends hundreds of billions of dollars on items which retain value long after the end of the fiscal year. It buys ships, planes, and weapons for the Defense Department. It builds highways and airports. It funds community development and builds housing for senior citizens. It funds water and sewage system construction projects, finances industrial development, dredges waterways, and cleans up hazardous wastesites. It also has vast holdings of land with a virtually incalculable worth.

Stephen D. Gold, the Director of the Center for the Study of the States has written that:

The experience of the states does not buttress the case for a federal balanced budget amendment. * * * It is naive to believe that since states balance their budgets, the Federal Government should be able to so as well. States do not always balance their budgets. Many states avoid deficits only by using funds carried over from previous years or by relying on gimmicks that often represent unsound policy.

California is probably the state that has the greatest similarity to the fiscal predicament of the federal government. Despite a balanced budget requirement, a relatively strict limitation on state spending passed in 1979 and Proposition 13, it has had deficits three times in the past decade (in 1983, 1988 and 1991). Another enormous deficit is inevitable this year. $9 billion is a good estimate of its size. * * * no cure for the deficit is in sight. The state credit rating was reduced last year, and another reduction is probable before long. California's predicament clearly shows that a balanced budget provision is no panacea. In fact, at present it seems almost an irrelevancy.

A study by the CATO Institute, a very conservative think tank, revealed that State and local governments have created more than 25,000 off-budget entities which tax and spend outside the normal budget process. According to Roy Ash, Budget Director under Presidents Nixon and Ford:

These account for hundreds of billions of dollars of ever growing debt even while states live with constitutionally mandated balanced budgets.

Dr. Louis Fisher of the Library of Congress notes that this proliferation of special State and local budget entities has the additional disadvantage of fragmenting State and local governments and weakening accountability to citizens, thus further undermining public confidence in Government.

A 1985 study by the independent, nonpartisan, General Accounting Office, pointed out that in some States the percentage of funds covered by balanced budget requirements was as low as 46 percent of total expenditures, and in no State was it more than 66 percent of total expenditures.

If you applied the same 34 to 54 percent discount to the Federal budget, it would also be in surplus.

Similarly, in the past, debt backed by the full faith and credit of State and local governments made up almost all of State and local borrowing. Today, full faith and credit debt makes up less than a third of all State and local borrowing, and debt incurred by special districts and authorities makes up more than two-thirds of all State and local borrowing.

Even the President's own Office of Management and Budget estimates that more than $256 billion of this year's budget is for capital expenditures. If that $256 billion worth of expenditures—and the interest associated with previous years' expenditures for capital assets—was in a separate capital budget, the Federal Government's operating budget would look very different.

When comparing the fiscal health of the Federal Government with the fiscal health of State and local governments, businesses, or households, it is important to use identical measuring sticks so that you are comparing apples to apples, rather than apples to oranges. If the Federal Government had to liquidate its holdings, and pay off all of its debt today, as individuals do when they die, and as businesses do when they go out of business, the Federal Government would have more than enough assets to pay off all of its debt.

IF THE AMENDMENT DOES WORK, THE CONSEQUENCES WILL BE DEVASTATING FOR NORTHEASTERN AND CENTRAL PENNSYLVANIA, AND FOR OUR NATIONAL ECONOMY

If we assume that the amendment is effective, its implementation will be devastating for average working families, senior citizens living on fixed incomes, and for the economy of our Nation and region.

In the upcoming fiscal year, 1993, the budget for the Federal Government is estimated to be as follows:

Outlays, $1,500 billion.

Revenues, $1,173 billion.

Deficit, $327 billion.

Of our total $1,500 billion in outlays, $214 billion is for interest on the national debt, an item which cannot be cut. Outlays for all other expenses thus total $1,286.

If we want to balance the budget by cutting all programs equally, including such vital programs as Social Security, Medicare, and veterans' benefits, then we have to cut $327 billion out of a total of $1,286 billion.

That is almost exactly a 25 percent cut in every program, popular and unpopular, vital and expendable, alike.

Imagine the impact in our area of a 25-percent cut in every program the Federal Government operates. Imagine telling senior citizens that instead of getting a cost-of-living adjustment [COLA] this year their benefits are going

to be cut by 25 percent. Imagine telling them that their Medicare costs are also increasing by 25 percent.

In just Pennsylvania's 11th Congressional District alone in fiscal year 1990—the most recent year for which data is available—senior citizens received more than $539,668,407 in Social Security benefits. Medicare benefits totaled $315,905,880. VA compensation and pensions totaled an additional $53,923,317. The Black Lung Compensation Program provided $108,943,333 in benefits to retired mine workers, their survivors and dependents.

A 25-percent cut in these programs would reduce the income of senior citizens in northeastern and central Pennsylvania by $254,610,234. And remember, this figure is low because the data is almost 3 years old.

A $250 million dollar cut in Federal spending in the 11th Congressional District for just these 4 programs is roughly equivalent to laying-off all of the employees of the 10 largest private employers in our district. Imagine the devastating impact of layoffs that large.

We also have to remember that in addition to the hardships which cuts of this magnitude will impose on senior citizens, there is an additional ripple effect because these individuals will have to reduce their expenditures for food, shelter, clothing and other necessities of life. This will hurt many other necessities of life. This will hurt many other local businesses, and result in increased unemployment and business bankruptcies.

Families USA estimates that the average Pennsylvania senior citizen would lose at least $1,873 a year in Social Security and Medicare benefits if the amendment is passed. Statewide, senior citizens would lose more than $4.2 billion dollars a year. Ron Pollack, the executive director of Families USA says, "That would be like cutting off Social Security checks 2 weeks before Thankgiving and not starting them up again until a week after Christmas." Pollack added, "President Bush's constitutional budget amendment is like a dagger aimed at the heart of Medicare."

In fiscal year 1990 the Federal Government spent over $3,713,922,334 in the 11th Congressional District. A 25-percent across-the-board cut would remove $928,480,583 from our local economy. The ripple effect will magnify the impact of these cuts by more than 100 percent.

A $928 million cut in Federal spending in the 11th Congressional District is roughly the equivalent of laying-off all of the employees of the 25 largest private employers in the district.

Let us assume, as many do, that Social Security, Medicare, and veterans benefits are too popular to be cut by 25 percent and that the most that will happen is that their funding will be frozen, that is no COLA's.

Funding for these three programs totals $469 billion. If we subtract $469 billion and the $214 billion payment for interest on the national debt from our total outlays, all that remains is $817 billion.

In order to balance the budget we then need to cut $327 billion from a total of $817 billion. That is almost exactly a 40-percent across-the-board cut in every Federal program.

What does that mean? To begin with, it means a 40-percent cut in the $108,943,333 our district receives in black lung compensation. That is a $43,577,333 cut. Since relatively few areas of the country benefit from the Black Lung Compensation Program, we cannot assume that it will be immune from budget cuts. In fact, it is a likely candidate for complete elimination.

This also means a 40-percent cut in defense spending. And 40-percent cuts in the FBI, the Drug Enforcement Administration, air traffic control, medical research, student loans, Head Start, food and drug inspection, environmental cleanups and regulation, school lunches, flood protection, job training, unemployment compensation, and economic development.

Overall it means $1.2 billion less will be spent in the 11th Congressional District, and thus more layoffs and more business bankruptcies, particularly when we take into account the multiplier effect.

But President Bush tells us he will veto any bill that cuts that much from the defense budget. He insists that we spend at least $296 billion on defense.

To date, the Congress has not overridden even one of President Bush's vetoes because overriding a veto takes a two-thirds majority. That means that if President Bush insists on spending $296 billion for defense, he will probably get his way.

If we subtract President Bush's $296 billion in defense spending from the outlays we are allowed to cut, then we must cut $327 billion form a remaining budget of only $521 billion. That would require a 63-percent across-the-board cut in all of the programs listed above.

In the Black Lung Program alone, that means a $68,634,300 cut in our congressional district.

Overall it means $1.9 billion less will be spent in the 11th Congressional District, and thus even more layoffs and even more business bankruptcies, particularly when the multiplier effect is taken into account.

Wharton Econometrics, one of the Nation's most prestigious economic forecasting firms, predicts that in just the first year after the amendment goes into effect, Pennsylvania will lose 176,000 jobs and suffer a loss of $31.6 billion in personal income if the amendment is adopted. These are consequences we cannot afford.

THE AMENDMENT IS CONSTITUTIONALLY UNSOUND

The Constitution is the lifeblood of our democracy. It is not a document with which to trifle. Since it was drafted two centuries ago, it has been amended only 27 times. When you consider that the first 10 amendments, the Bill of Rights, were adopted almost immediately after ratification, the Constitution has been amended only 17 times in 200 years. That is an average of less than once a decade.

Mr. Roy L. Ash, the president of Litton Industries, a Fortune 500 company, and the Director of the Office of Management and Budget under both Presidents Nixon and Ford summed up the constitutional argument against the so-called balanced budget amendment quite succinctly:

> The Constitution is not a trivial document. It's meant to be binding, in a very serious way. The other side of the coin is that it articulates citizen rights. Under the amendment proposed, Federal taxing, spending, and even bookkeeping would be subject to challenge, in the courts, by any citizen of standing who could assert his own idea of how the books should have been kept and how taxing and spending should have been conducted. Do we want the Federal courts to be our fiscal policy makers too? And establish our bookkeeping rules?

We have already seen in a number of cities what happens when the Federal courts take over local school districts. We also know what has happened in the telecommunications field when a Federal judge attempted to micromanage an entire industry. Neither has been very successful. Both have outraged the public. Yet these takeovers will pale in comparison to what will happen when unelected Federal judges, with life tenure, attempt to set budgetary policy.

Massive judicial involvement is inevitable because the terms of the proposed amendment are vague and subject to multiple interpretations. And there is no way to definitively define them all in the Constitution.

Alan B. Morrison, a noted constitutional scholar who has won several landmark cases before the U.S. Supreme Court, has outlined just a few of the provisions of the amendment which would be endlessly litigated:

What is a fiscal year?

Can a fiscal year be changed?

What is an outlay?

Does the amendment cover only actual cash outlays, or does it also cover obligations to spend in future years, such as when the Government buys an aircraft carrier over 5 years or makes a mortgage commitment for 30 years?

How should programs with their own trust funds like Social Security and the highway trust fund be treated?

What about quasi-governmental entities like Amtrak, Conrail, the Federal Home Loan Mortgage Corporation, Postal Service, the Tennessee Valley Authority, and the Student Loan Marketing Association?

How are direct Federal loans to be treated? Are they outlays?

How are Federal loan guarantees to be treated? Are they outlays?

How should Federal insurance, like crop insurance, mortgage insurance, deposit insurance, and flood insurance, be treated? Are they outlays?

What is a revenue?

What is a user fee?

What happens if the President waits until the end of the fiscal year before sending his proposed budget to the Congress?

What happens if the President's economic assumptions are inaccurate, and who determines if they are inaccurate?

What happens if the President and the Congress cannot agree on a budget? Who makes the cuts then?

What happens if actual receipts are less than estimated receipts?

Who determines if funds are being spent at a rate which will, by the end of the year, exceed the allowed amount? As Morrison put it:

> This would mean that the Federal courts would be in the business of having to review all of the complicated budget data to decide whether the spending laws were in compliance with the Constitution, on a highly accelerated schedule, with new data coming in

all the time, and with the extraordinary time pressures that the inevitable end of the fiscal year places upon litigants and the trial judge, let alone the judges in the courts of appeals and the Supreme Court.

If cuts have to be made in the middle of a fiscal year, how will they be made?

How will conflicts be resolved between this amendment and the constitutional prohibition on laws impairing the obligation of contracts?

Should funds be counted as outlays the day a check is written or only when the check is presented for payment?

If the Government shifts the cost of running certain programs to the private sector is this a tax?

Does the amendment implicitly give the President line-item veto power?

The so-called balanced budget amendment would do serious damage to the delicate system of checks and balances the Founding Fathers established for our Nation. The balance of power among the three branches of our Government would be forever changed. The executive and judicial branches would assume virtually full control over the budget and the Government.

Mr. Morrison concluded his testimony on the so-called balanced-budget amendment by stating:

Each of you should ask yourselves whether you really want the federal courts to control the federal government. Do you really think that litigation is a preferable solution to negotiation between the Congress and the President? * * * the Balanced Budget Constitutional Amendment is a terrible idea. Unbalanced budgets may be bad for the economy, but this solution is plainly worse for everyone, except perhaps for the lawyers who will be handling the cases.

With all of these questions up in the air and subject to litigation, a likely result of the adoption of the so-called balanced budget amendment is a constitutional crisis. The amendment may tell us where we want to go, but it does not tell us how to get there, nor does it guarantee that we ever will.

A BETTER WAY

Fortunately, there are alternatives to a constitutional amendment which can bring our budget under control without devastating our economy and without undermining our Constitution.

ADOPT A CAPITAL BUDGET

Like the States, most businesses, and most families, the Federal Government should separate capital spending from normal operating expenses. Expenditures for capital assets which will retain a value—highways, weapons systems, national parks, et cetera—should be financed through a separate capital budget, just as States' roads, businesses' plants, and families' homes are financed. The Federal Government spends more than a quarter of a trillion dollars each year on capital assets that retain a value for many years. Separating these expenditures, and the tens of billions of dollars of interest costs associated with them, into a separate capital budget will provide a more accurate accounting of Federal assets and liabilities.

ADOPT BIENNIAL BUDGETING

Annual budgets may have made sense 50 or 100 years ago, but in today's more complex world the Federal Government should switch to 2-year [biennial] budgeting. A 2-year budget would provide greater certainty to the budget process and makes it possible to do more advance planning and to take greater advantage of economies of scale. Some economists suggest that just switching to biennial budgeting could reduce overall expenditures by 5 to 10 percent.

PRIORITIZE FEDERAL SPENDING—UTILIZE ZERO-BASED BUDGETING

We must set priorities. Currently, last year's budget is used as the "baseline" for this year's budget. This process must stop and we must convert to zero-based budgeting, where no expenditure is taken for granted. Using this approach, in each 2-year budget cycle, each program must demonstrate its continued worth. Instead of instituting across-the-board cuts which hurt valuable programs as much as less valuable programs, we must prioritize our spending. This may mean the total elimination of some less valuable programs in order to preserve more critical programs.

CUT FOREIGN AID

Foreign aid may be only 1 percent of the overall Federal budget, but it is an area which can and must be cut. Until we get our economic house back in order we can no longer afford to be every Nation's favorite spendthrift uncle. Since the end of World War II, the United States has been the most generous nation on earth. In today's environment, however, it is fiscal lunacy to continue borrowing money only to hand it out as foreign aid to other countries.

ACKNOWLEDGE THAT THE COLD WAR IS OVER

The President is simply wrong when he says the defense budget cannot be cut. The cold war is over and we have won. It is time to redeploy our resources to meet our domestic needs, including cutting the deficit.

Instead of redeploying, however, the United States still has hundreds of thousands of troops in Europe and Asia. We can bring many of those troops home, or ask our European and Asian allies to pay for the cost of keeping our troops on their soil. If they want our assistance in keeping the peace, they should defray our expenses.

Similarly, we can eliminate redundant weapons systems, reduce our orders for new weapons, and cancel work on ultra-expensive and unreliable proposals like star wars, Brilliant Pebbles, and the B–2 bomber. Why spend billions on a new plane which appears not to work, especially when the Soviet military is a shambles and there no longer is any radar to evade? Cutting star wars alone would save $4.3 billion this year, and hundreds of billions over the next several decades.

CUT LOW-PRIORITY DOMESTIC SPENDING

When you are rich you can afford to buy everything. When tough economic times come, however, you have to tighten your belt. Over the last few months, for example, I have voted to eliminate funding for both the superconducting super collider, a multibillion dollar theoretical physics research project with no known practical applications, and for the space station. In the best of times, these projects might be worth undertaking. In today's economic environment, however, we cannot afford these two projects which will cost nearly $9 billion this year, $40 billion over the next decade, and more than $125 billion over their lifetimes. The easiest way to control spending, is by stopping it before it is too late to back out.

CAREFULLY CULL "PORK" AND "FAT"

In the last month the Congress has successfully cut $8.2 billion from President Bush's original budget request for this year. This process should continue. A little bit here and a little bit there really does add up. Nothing infuriates me, or the American people, more than hearing that Federal funds have been used for some absurd or unnecessary project. While earmarked projects are not necessarily all bad, they should have to prove their worth like every other Federal program.

It is commonly, but inaccurately, believed that Congress is responsible for most spending and that the President is always trying to rein in congressional spending. In reality, it is the President who is usually the "big spender," and the Congress which is curbing presidential spending requests.

Since the end of World War II, Congress has appropriated $189 billion less than the President has requested. Just since 1984, Congress has appropriated $44.6 billion less than President Reagan and Bush requested.

ELIMINATE ADMINISTRATIVE WASTE IN HEALTH CARE

The cost of health care is the single fastest growing portion of the Federal budget. It is also the fastest growing portion of most families' budgets, which is why so many people are pressing for a national health insurance system.

While our current health care system has made medical advances which many people never even dreamed of a generation ago, it has also spawned a paperwork and billing morass which consumes nearly one-third of all expenditures for health care. We need to adopt a simplified and streamlined accounting and billing system as part of a national health insurance plan which will eliminate this expensive waste of scarce Federal and family resources. Doctors, patients, insurance companies, and the Government alike should spend more time and money on actually providing health care, and less time fighting over bills and paperwork.

CLOSE FOREIGN TAX LOOPHOLE

Each year foreign companies use fancy accounting gimmicks to transfer hundreds of billions of dollars in income and profits from the United States to other nations. As a result, the United States is deprived of $30 to $40 billion a year in tax revenue it should be receiving. In addition, American workers lose job opportunities because production is moved offshore in order to take advantage of this tax loophole. Congress should pass my bill, H.R. 4304, to close this unconscionable tax loophole.

MAKE THE TAX CODE MORE PROGRESSIVE

It is not fair that an individual making $10 million a year pays the same tax rate as a person making $100,000 a year. There should be more than three tax brackets. Multimillionaires made out like bandits in the 1980's as a result of supply-side economics, those who have made the most in the past, should be willing to contribute the most to our deficit problems.

The steps I have outlined will not, in and of themselves, eliminate all of our deficit problem overnight. As I have documented, no reason-

able plan to balance the budget immediately exists. That should not come as a surprise since, after all, the problem was not created overnight.

Nonetheless, we can, on a bipartisan basis, make substantial and meaningful steps toward a balanced budget. Regardless of the success or failure of this amendment, I am committed to making the hard decisions that are necessary. I want to work with the President, and Members from both parties, to leave our children and grandchildren a legacy of accomplishment, instead of a millstone of debt.

Mr. COYNE. Mr. Chairman, any proposal to amend the U.S. Constitution demands the most solemn debate and careful attention of the House. This is especially true of proposals to adopt a constitutional amendment to balance the Federal budget.

There is no question that the Federal deficit must be controlled. I strongly support a balanced budget, and I am willing to cast the votes necessary to cut the deficit. The United States cannot afford $400 billion deficits. Still, I oppose amending the U.S. Constitution—America's guarantee of liberty and democracy—to paper over a basic political dispute over national budget priorities.

The Stenholm balanced budget amendment would shatter the basic foundations laid by America's Founding Fathers for the operation of the legislative, executive and judicial branches of government. This proposed amendment radically alters the system of checks and balances devised to guide our Republic through political debates and national crises. This amendment shifts final responsibility for Federal budget decisions from men and women elected by the will of the people to a body of appointed Federal judges holding office for life.

The Stenholm amendment would require that, prior to each fiscal year, the Congress and the President agree on an estimate of total receipts for that fiscal year by enactment of a law devoted solely to that purpose. What would happen if there was no agreement? Could either the President or the Congress seek judicial intervention to force the other party to accept its estimate, with the possibility that Federal judges could simply pass down their own estimate from the bench? The American people expect their elected representatives to make budget decisions and not hide behind the robes of Federal judges.

A Federal budget reflects the priorities of the American people. Congress deals each year with budget decisions affecting Social Security, the health needs of seniors, the poor, and working Americans, educational opportunities, economic development, and national security. Under our democratic system of Government, Congress must eventually make these decisions on the basis of majorities reflecting the will of the people.

The Stenholm amendment would overturn the principle of majority rule in favor of government by a minority whenever the needs of the American people demand spending in excess of receipts.

This amendment allows a 40-percent minority of the full House and Senate to defeat any proposal which necessitate outlays over estimated receipts. This minority would be able to block disaster relief for any community, defeat proposals to extend unemployment benefits, or deny senior citizens an increase in the Social Security earnings limit ceiling if such proposals required spending in excess of estimated receipts.

The Stenholm amendment is not the answer to our Nation's budget deficit problems. The budget deficit problem was not created because of the lack of a constitutional amendment. The problem is the lack of political will shown by elected officials who talk about balanced budgets but never offer the level of personal commitment required to actually balance a budget. Not one Republican President has submitted a balanced budget in the past 12 years. Reagan and Bush talk about balanced budgets and amendments to the U.S. Constitution but they have never presented a budget that pays for itself.

If George Bush left the White House today, the legacy of the Reagan and Bush administration would be a national debt in excess of $3.8 trillion. Members of the House may recall that the total accumulated Federal debt of over 20 years was $914 billion in 1980 when Jimmy Carter left the White House.

What George Bush called voodoo economics in 1980 led to this explosion of debt and deficits. The Reagan-Bush-Qualye policies of cutting taxes for the wealthy and increasing defense spending played a central role in tripling the national debt. Huge deficits were inevitable in the face of Democratic opposition to gutting programs serving middle class families, the working poor, seniors and America's children.

It is worth noting that President Bush has endorsed a balanced budget amendment for future presidents but is unwilling to defend his own efforts to control the deficit. The 1990 budget agreement cut the growth of the deficit by a total of $496.2 billion over 5 years through a combination of tax increases, program cuts and spending controls. Unfortunately, the heat of the current political year was apparently too much for President Bush to defend his part in crafting this deficit reduction agreement.

If President Bush is unwilling to offer the strong political leadership required to implement a limited deficit control program over 5 years, then how can we expect him to make the tough decisions that would be required if the Stenholm amendment were part of the Constitution today.

The Stenholm balanced budget amendment would devastate the U.S. economy and lower the standard of living for millions of Americans. The chairman of the House Budget Committee has detailed some of the steps which would have to be taken if the budget were to be completely balanced by 1997 when the Stenholm amendment might go into effect. Specific steps would likely include $45 billion in Medicare cuts, reduction of Social Security and other retirement COLA's; cancellation of space station and super collider, elimination of Amtrak and mass transit subsidies, and many other spending reductions. If one accepts that these massive spending cuts would accomplish two-thirds of all deficit reduction, Congress would still have to enact a range of tax increases, which could include steps to limit the tax benefit of itemized deductions to 15 percent; or an increase in the personal income tax rates to a range of 15.5 to 39 percent, plus a 1 percent increase in the corporate income tax rate, plus a cap on the mortgage interest deduction at $20,000 for couples and $12,000 for singles.

I am willing to cast the tough votes needed to control deficit spending but I am not willing to sacrifice the U.S. Constitution and the needs of the American people. My budget priorities are the working men and women, middle class Americans, who would suffer from meat axe budget cutting proposals under the Stenholm balanced budget amendment.

Mr. Chairman, Congress and the President should sit down and agree on budget priorities that include paying for what is spent. Real deficit control should start today. We should not pass this challenge on to a future Congress and President. The Stenholm amendment should be rejected.

Mr. WILLIAMS. Mr. Chairman, the proposals to amend the Constitution to require a balanced budget do little to guarantee a balanced budget. In the absence of clear enforcement procedures, it is a destructive amendment because it would involve the courts in establishing fiscal policy. By doing so, it represents the most dramatic break with elected representative government in our country's history and would give control of our economy to the branch of government that has no experience or expertise in fiscal matters.

The Constitution is designed for statements of fundamental principle, and not for matters subject to waiver. No other constitutional principle, free speech or equal protection, can be waived away.

This rigid fiscal policy does not belong in the Constitution. A requirement of an annual balanced budget inhibits the operation of the automatic stabilizers currently built into the Federal budget.

At present, tax revenues fall and outlays for unemployment compensation rise when the economy falls into a recession. These responses lessen the severity of an economic downturn, at the cost of a temporary increase in the deficit. This is a normal condition during a recession. Prohibiting deficits or making it very difficult to get them authorized would force us to raise taxes and/or cut outlays during a recession. Such action would push us deeper into a recession.

During this century, we had a balanced budget from 1920–30 just prior to our worst depression in our country's history. We also had one 1947–48, 1951, 1956–57, 1960, and 1969. Generally speaking, our country has operated well with minimum deficits.

In the past, our country's fiscal history has been punctuated by deficits when we have invested in our future growth, in roads, in the education of our children, in research and development. Deficits are not inherently bad or wrong so long as borrowing is used for future growth and investment.

No one disagrees that the accumulated debt of the Reagan-Bush era must be reduced. However, by treating all spending identically, as would occur under a balanced budget, the very investments which are needed for economic growth would be stifled.

The Stenholm amendment shifts the balance of power in the Congress from the majority to the minority by requiring a three-fifths

"super majority." Our country's fiscal policy should not be left to a minority in either House of the Congress.

The effective data for the Stenholm balanced budget amendment is 1997. The budget for that year is now projected to be $1.73 trillion, and the deficit $236 billion. That assumes that the S&L bailout will be over, that we will enjoy economic growth with low inflation in the interim, and that no new programs will be added without paying for them. Interest will still remain at about 15 percent of the 1997 budget. The facts are to reach a balanced budget:

Without a Social Security cut or a major tax increase, the rest of the budget would have to be cut by more than one-sixth or 17 percent below current law.

If defense was also protected from cuts, the rest of the budget would have to be reduced by about a fourth or 25 percent.

To erase the deficit with taxes alone, taxes would have to be raised by about one-seventh or 14 percent.

THE STATE BUDGET MODEL

Should we model our budget after the States? President Reagan thought so and made the claim in 1984: "the balanced budget amendment * * * would force the Federal Government to do what so many States and municipalities and all average Americans are forced to do * * * to live within its means. * * *"

The facts are otherwise. States do not live within their means, they borrow. If States actually balanced their budgets, we would never hear about States and local bonds and worries about bond ratings.

Limitations on the authority of State legislatures to borrow have been circumvented by the creation of numerous special districts and authorities with borrowing authority.

Since these limitations usually only apply to "full faith and credit debt" secured by general revenues of the Government, States turn increasingly to nonguaranteed bonds to avoid debt limitations. During the last decade, full faith and credit debt grew 52 percent, from $49 billion in 1980 to $75 billion in 1990; while nonguaranteed debt grew 241 percent, from $71 to $241 billion.

The fact that 31 States have balanced budget constitutional constraints requiring Governors to submit a balanced budget and legislatures to pass one, does not lead us to a similar position for the Federal budget. Capital projects, universities, highways, income from mineral production, and retirement and pension funds are outside the realm of State operating budgets.

The President's budget for 1993 projected a deficit of $337 billion. This year, in the President's own budget document, the President's budget was presented using the California model and deficit of $537 billion resulted. Clearly, the answer is not to follow the pattern of the States.

Mr. RINALDO. Mr. Chairman, I rise in support of the proposed amendment to the Constitution to require a supermajority vote in Congress to pass a Federal budget that is not balanced.

I do so without any great confidence that this resolution is some kind of magic formula that will automatically and painlessly eliminate the deficit. The only thing worse than this amendment is the fact that it has become necessary.

We are all familiar with the figures on the size of the Federal budget deficit. In my view, the most telling fact is that next year interest payments on the deficit are going to be the largest single category of Federal spending, surpassing the national defense and Social Security. Fifteen percent of our budget will go toward paying for our past overspending, and we will get nothing in terms of current benefits or services in return for this enormous expenditure.

Opponents of this measure are exhorting House Members to act courageously by voting against the proposed amendment. But what is courageous about voting essentially to continue the status quo? For more than a decade, Congress has been subject to statutory requirements that we keep spending within the bounds of available revenues, and for all of those years ways have been found to circumvent the requirements.

Opponents claim that this proposal is an election-year gimmick being pushed by that all-purpose villain, the special interest group. In point of fact, most of the special interest groups I have heard from on this amendment have been opposed to it. On the one hand, they claim that it will do nothing to cut the budget deficit, and on the other hand they predict that it will inevitably lead to severe reductions in the most vital Government services. Opponents of the resolution have already played the Social Security card, trying to persuade low-income retirees that their Social Security benefits will be completely cut off if this amendment passes. If we really want to do the politically expedient thing in an election year, we should defeat this resolution and continue with business as usual.

I am going to vote for this resolution, however, because I feel that the future of our country is more important than the political future of any individual Member of Congress. Unless effective action is taken now to reduce the deficit, our children will not have the same standard of living that we have enjoyed. As our economy deteriorates, there will be more demand for Government services and fewer financial resources for the Government to tap. To some extent, we are already seeing this happen, and we must reverse the situation before it becomes any worse.

It is certainly true, as opponents of the resolution argue, that Congress should intelligently evaluate spending choices and continue funding for the most vital Federal programs. The proposed constitutional amendment in no way prevents Congress from setting these spending priorities. All it says is that spending decisions must be made with a view to the amount of money that is actually available. Programs that are less than necessary, that are nice but not critical, will have to be allowed to lapse, but funding for the most important programs can certainly be preserved. Far from preventing us from carrying out these responsibilities, the proposed amendment will force us to determine priorities more carefully and to be more energetic about finding and eliminating waste from the Federal budget. I am confident that Members of this body will have enough respect for the Constitution to give this amendment more than the lip service that has been given to previous attempts to statutorily require a balanced Federal budget.

What opponents of the amendment are really saying is that it is more important to meet current demands for Federal spending than it is to prevent a future financial disaster. They say that they are concerned about the deficit, but they emphasize the dire consequences of doing anything about it. These arguments against the balanced budget amendment are really arguments in favor of an indefinite continuation of deficit spending.

This country cannot afford to have its Government continue with such a disastrous fiscal policy any longer. It is time now for Congress to exercise the leadership the public expects from us and to put our Government on the road to a balanced budget by the beginning of the new century. I urge my colleagues to join me in supporting the balanced budget resolution.

Mr. LAGOMARSINO. Mr. Chairman, I rise in support of passing a balanced budget amendment to the Constitution.

The time has come to make fiscal responsibility part of the core of our American Government. It is past time that balancing the budget became more than just a good idea.

While the deficit may seem so outrageous as not to be real, it's damaging effects on the American economy and the American family are very real. The interest on the Federal debt alone takes up to 14 percent of the Federal budget.

In others words, the Federal Government spends more money just to pay the interest on the Federal debt than it spends on the total of education, training, employment, social services, health, and the environment. Reducing the deficit is the only way to reduce this dangerous drain on limited Federal funds.

Statutory requirements for a balanced budget have not worked. Congress has repeatedly passed supposedly tough laws demanding a balanced budget, only to see the rules changed later in the game to serve the convenience of congressional big spenders. Now the United States is faced with A $400 billion deficit and an accumulated debt of about $4 trillion. Balanced budget statutes have not worked.

However, this recent move to pass a balanced budget amendment, did not originate here in Congress. Rather, the cry for a constitutional basis for balancing the Federal budget came from outside the beltway. My constituents told me that they wanted Congress to follow the same principle that they and every other American family must practice, do not spend more than you have.

Importantly, however, I continue to oppose tax increases and I believe that the budget should be balanced by limiting Federal spending. If Federal revenues need to be increased, Congress should focus on job creation and economic growth. Tax increases will stifle job creation and further weaken the economy.

I urge my colleagues to support amending the Constitution to require a balanced budget. Further, I urge your support for measures that will balance the budget by limiting spending, not raising taxes.

Mr. GALLO. Mr. Chairman, I rise today in support of the balanced budget amendment to

the Constitution. I firmly believe that we must pass this resolution and send this amendment to the States for ratification.

Deficit spending is out of control. This year, the Federal deficit will reach $399 billion. The total national debt will soon surpass the $4 trillion mark. This year, 62 cents out of every dollar paid in income taxes will go to pay the interest on the national debt. This can not continue.

Over the course of the past 10 years, Congress has enacted a number of laws designed to bring the budget into balance. None of them have worked. The big spenders in Congress have always found a loophole to keep them from having to meet the requirements of these laws.

That is why I believe that we must send a balanced budget amendment to the States for ratification.

Unfortunately, a number of people and organizations opposed to this amendment have been using scare tactics to try to derail the growing effort to enact this much needed constitutional requirement.

I recognize that thoughtful people can have sincere disagreements about the wisdom of enacting a balanced budget amendment. I respect these honest differences, honestly stated. That is what our country is all about.

However, I deplore the cynical attempts by some to frighten the American people—especially senior citizens—with doomsday predictions that have no basis in fact or reality.

They maintain, for example, that drastic cuts in programs like Social Security and Medicare will have to be made if this amendment is passed.

They suggest that the balanced budget amendment is really a wolf in sheep's clothing, hiding a secret agenda to balance the budget on the backs of America's seniors.

Then they suggest that the only way to turn back this assault is by making a phone call—and by sending them a check.

I deplore this cruel attempt to manipulate the American people with half-truths and fear.

What they are saying is simply not true.

The balanced budget amendment provides for a phase-in period; the earliest it will take effect is in fiscal year 1998, 5 years from now. That means we will have the time we need—if we start today—to bring the budget into balance.

The Congressional Budget Office—not the administration—projects that Federal Government revenues will grow over the course of the next 5 years from $1.102 trillion to $1.492 trillion. If we can just slow the growth in Federal spending, we will be able to balance the budget without having to cut important programs or raise taxes. I believe the Federal Government should be able to make do on $1.5 trillion a year.

By running these huge deficits, we are leaving unpaid a huge debt that will have to be made good by our children and grandchildren. A child born today inherits a $16,000 debt—that is his or her share of our exploding national debt. I can not, in good conscience, let this trend continue.

Mr. Chairman, I urge my colleagues to pass this resolution with a resounding show of support. Let us show the American people that we are capable of doing the right thing. Pass the balanced budget amendment.

Mr. SENSENBRENNER. Mr. Chairman, Congress found its way around Gramm-Rudman and abandoned its limited controls. In the current session, Congress tried to ditch one of the few meaningful disciplines in the Budget Enforcement Act of 1990, the firewalls. Chances are, the majority leadership will have its way and the firewalls will come down before long. What this says is that Congress will continue piling up debt and circumventing statutory spending restraints until the good credit of the U.S. Government collapses. Future generations will look back on today's decision as a turning point, either toward restoring the credit of the U.S. Government and affording unborn Americans a standard of living similar or better than that we have come to expect, or reducing future generations to eroded living standards, chronic debt, and an America incapable of providing opportunity or prosperity.

I have long supported a balanced budget amendment to the Constitution. In fact, one of my first acts after being elected to Congress was to introduce balanced budget amendment legislation. Since this time, the lessons of climbing deficits and out-of-control spending should convince even the skeptics that this remedy is necessary. In fact, I hope Congress goes even further, providing the President line-item veto authority of pork-barrel spending. Congress must not flinch when presented this historic opportunity to prescribe the antidote for its failings.

The balanced budget constitutional amendment is supported by the great majority of Americans because Congress has proven itself helpless in addressing deficits. Deficit spending means Congress can avoid setting priorities and making the difficult decisions. Congress has become so accustomed to financing programs in the red, the implications of our actions are lost and diluted by the sheer magnitude of the numbers involved and by assurances that all Government programs are absolutely essential. A balanced budget constitutional amendment will force Congress to implement enforcement mechanisms with the weight of this country's primary charter guiding our decisions. Opponents of the amendment refer to a lack of congressional courage as the only obstacle to fiscal responsibility. In that case, a constitutional amendment provides the very spine Congress lacks.

In the same way an alcoholic fears putting the cork in the bottle for the very last time, the fear and trepidation concerning the balanced budget constitutional amendment are understandable. However, we cannot keep the bottle open and hold out hope that some unforeseen action will give Congress the political will to abstain from taking a drink. History, and the odds are against this happening, and we cannot gamble with the future of America any longer.

Mr. ANNUNZIO. Mr. Chairman, the balanced budget amendment is a sugar-coated misnomer. After you scrape away the sugar, the whole thing stinks.

Is it any wonder that over 400 of the Nation's leading economists have come out against the amendment. Most of them predict that passage of the amendment would throw the economy into a depression.

And it is not only economists who are opposed to the amendment. Groups ranging from organized labor to senior citizen groups and the U.S. Chamber of Commerce also oppose the amendment.

And here is what former President Gerald Ford, who served in this body for 25 years, had to say about the balanced budget amendment, he called the proposal a gimmick.

Now, before we rush forward to embrace this proposal, let me remind Members of this body of a previous attempt that Congress made to get cozy with a sugar-coated misnomer.

In 1988, a public law was enacted called the Medicare catastrophic coverage bill, which in effect, imposed an $800 surcharge on Medicare recipients. You will recall the outcry from every corner of this Nation. You will recall the cards, letters, and phone calls from constituents in record numbers. You will recall that there was such an outcry against that law that we had to come back in the next Congress and repeal it. Have we learned nothing from our mistakes?

Now remember, we were only talking about an $800 surcharge in the 1988 Medicare legislation. The balanced budget amendment, it is estimated, would cost the average Social Security recipient $1,027 in lost payments in 1995. The Medicare beneficiary would lose $679 in benefits in 1995 under the balanced budget approach.

Ron Pollack, executive director of Families USA, said that the constitutional amendment is "a dagger aimed at the heart of Medicare * * * and it will also slash Social Security benefits for 42 million Americans."

Now, what I would like to know is what is going to happen when those 42 million Americans realize that the balanced budget amendment is going to be balanced on their meager pocketbooks and wallets?

This legislation is not going to cause any financial hardships for the rich and big businesses, but it is going to cause severe economic problems for those who can least afford any reduction in their income—namely our veterans, our elderly, and other Social Security beneficiaries.

The name "balanced budget" has a wonderful ring to it. It is the type of legislative title that we can all dance around and lead cheers much like a college pep rally. But like that sugar-coated misnomer, what we see with the balanced budget amendment is not what you get. Let's call this amendment by its real name, the "Social Security and Medicare payment reduction constitutional amendment." How many of you want to lead cheers at that pep rally?

Like the Medicare catastrophic coverage legislation, the balanced budget amendment is going to launch a howl of protest from our senior citizens. We can either answer their concerns now, by voting against the constitutional amendment now, or we can wait until they are marching on Washington, and frantically try to come up with the solution to the problem.

In conclusion, let me say to the Members of this body, before you vote on a constitutional amendment, do you really want to take a chance of having 42 million Americans led into further economic hardship?

Mr. STARK. Mr. Chairman, I am not going to vote for any of these amendments today,

but I will vote against enough spending and for enough cost savings this year to ensure that if a majority of Members made similar votes, we would not have a deficit this year—we would have a surplus. I note for the record that in checking my votes for the last 3 years—1989, 1990, and 1991—I voted against House passage of $897.4 billion in Federal spending. If a majority of Members had cast similar votes, we would have had surplus budgets in 2 out of 3 years and a near balance in the third.

We do not need a constitutional amendment to tell us how to do our duty and how to make tough choices.

Nevertheless, I expect that one version of the amendment will pass. It will then be most interesting to see how the President and Members begin to enforce the restraints.

In the last several weeks, the Ways and Means Health Subcommittee Democrats and I have developed a health cost containment bill designed to stop the outrageous inflation in health care costs in our society. I would say to all the Members that you will never balance the Federal budget until you can control health care costs. Our proposal sets a budget for health care expenditures in our society at about 15 percent of gross domestic product. By the year 2001 it will save the Federal Government about $91 billion a year; in 2002 it will save $114 billion per year. Equally important, it will save the private sector $230 billion in 2001 and $291 billion in 2002, thus enabling American industry and workers to be more competitive. To give an example, today GM spends about $1,023 on employee health costs for every vehicle it makes. In the year 2000, without cost containment, the price will be $2,127 per vehicle, $1,656 in 1992 constant dollars. With cost containment, the cost in 8 years can be held to $1,295 in constant dollars. I mention this as an example of the kind of step we should take. But, I also note that the President, the House Republican Members, and many Members of my own party who are avid supporters of the balanced budget amendments oppose our efforts to enact these health care savings. I would hope that those who vote for constitutional amendments today will also support efforts to contain health care costs.

In the coming weeks, I plan on seeking permission to offer amendments to eliminate the Selective Service System and U.S. Information Agency libraries that are operating in NATO and OECD countries. They are clearly bureaucracies that have helped win the cold war, but which are no longer necessary. It is incredible that we are paying for four USIA libraries in Australia, for example, when domestic libraries throughout America are being shut down and curtailed. I don't think that we need to spend taxpayer dollars on information centers to convince the Aussies that they should resist communism.

I recently polled my congressional district on where they would like to see budget cuts, and I received over 4,000 responses urging cuts in a wide variety of areas. The overwhelming majority of my constituents favor major cuts in weapons spending, and I did vote against the Defense authorization bill because its spending levels were too high. My constituents also oppose foreign aid spending, agricultural subsidies, the level of NASA spending, and irrigation projects. They also supported increases in corporate taxes and taxes on the upper income. I will be voting accordingly in the coming weeks, and I hope that the passage of this amendment will help encourage other Members to support these tough choices.

Mr. GREEN of New York. Mr. Chairman, while I support restraining runaway Federal spending and eliminating our troubling $400 billion budget deficit, I rise in strong opposition to all the measures being considered that would amend our Constitution to require balanced budget.

It is imperative that the Government maintain the ability to react to economic trends, especially in times of recession or world crises. The balanced budget amendments are economically perverse. They would require spending cuts or tax increases as recessions cut revenues and increase calls on entitlements like welfare and Medicaid. A better prescription for recreating the Great Depression cannot be imagined.

But it will be argued that the amendments have emergency escape provisions. However, since they require a supermajority—three-fifths—of the Members to breach a balanced budget we would permanently alter the constitutional principle of majority rule as well as create the potential of tyranny by a minority. Not only could a minority deny Congress the ability to exempt itself from a balanced budget in time of recession or emergency, it could, if it so chose, extract concessions from the majority totally unrelated to the emergency at hand as a price for its support.

These balanced budget amendments also fail to guarantee a balanced budget because they do not provide for an enforcement mechanism. As my colleagues know, beyond deceiving the American people, amending our Constitution does absolutely nothing to reduce or eliminate our $400 billion budget deficit. It does nothing to eliminate our $4 trillion national debt. Balancing the budget requires more than idle words and painless gimmicks. There must be political will and fiscal resolve.

I urge my colleagues to vote no on all the balanced budget amendments. Let us balance our budget. However, let us not destroy the constitutional principle of majority rule by giving control of our economic destiny to a minority.

Mr. PASTOR. Mr. Chairman, after nearly a generation—23 years—of borrowing from the future to pay for current consumption, it is time that the Congress and the President face up to the reality of paying our bills with our current revenue. Currently, we are getting further into debt at the rate of about $1 billion per day; or $1,600 for every man, woman, and child per year. Our total public debt is approaching $4 trillion. The interest alone to service this debt is 14 percent of the Federal budget and growing. The deficit is sapping the strength of our economy, and it must be attacked aggressively. We just cannot continue to mortgage the future to pay for the present.

The deficit is the result of excessive spending combined with insufficient revenues. The Congress, the President, and the American people agree that taxes are already too high and most agree on the need to reduce Government spending in general, but unfortunately we all cherish the use of public money for particular programs that we believe serve an important need.

Keynesian economists tell us that Government spending is good during economic downturns, much like an aspirin is used for a headache. John Maynard Keynes also warned that surpluses are necessary in periods of prosperity. But over the last 23 years, we have an undisciplined political system that encourages spending without balancing revenues and without regard for the economic cycle.

We are at a critical decision point on the fiscal future of our country. We must find the courage to make the tough, but compassionate and fair decisions on spending priorities; and to balance these priorities with equitable tax policies that encourage future growth.

My friends, this debate is born out of desperation. In the last 7 years this body has struggled to enact statutory balanced budget requirements. Attempts to impose spending limits by Gramm-Rudman I and II, and by negotiated agreements between the President and the Congress have failed because of our insatiable thirst to spend money we do not have. We even fought a war—the Persian Gulf war—off-budget.

Do we need to amend the Constitution to balance the budget? Of course, we don't. Will we balance the budget without an amendment? Probably not. Will an amendment help us to achieve a balanced budget? Maybe. Winston Churchill said "* * * No one pretends that democracy is perfect or all wise. Indeed, it has been said that democracy is the worst form of Government except for all those other forms that have been tried from time to time." Similarly, a balanced budget amendment is better than anything that has been tried or proposed thus far to restore sanity to our fiscal policy.

We now have before us several choices for a balanced budget amendment. Of primary concern is the future of Social Security. I view Social Security as a covenant between the people and their government; a covenant that should not be broken unilaterally. Therefore, Social Security must be self-supporting and off-budget. I also believe that the principle of majority rule need not be abandoned in order to achieve sound fiscal policy. Finally, the responsibility for developing a comprehensive Federal budget rests with the President. That need not and should not change.

I will vote for House Joint Resolution 496, the only choice that meets these criteria—protect Social Security, preserve majority rule, retain Presidential responsibility—to amend the Constitution to provide a balanced budget of the U.S. Government. The next step will be to agree on the enforcement mechanisms that will allow for the tough decisions.

Mr. ALLARD. Mr. Chairman, today I rise in full support of the balanced budget amendment.

The discharge of this bill in less than 9 hours speaks to the outrage of average American citizens who are demanding accountability from Congress, including a balanced budget amendment. The balanced budget amendment was successfully discharged from the Judiciary Committee by the signature of at least 218 of our colleagues. This is only the

second time in the history of the House of Representatives that a discharge petition has been completed in 1 day.

This amendment would require the President to propose a balanced budget and the Congress to adopt a balanced budget, unless three-fifths of both the House and the Senate agree to unbalance the budget for a particular year.

By raising the threshold of difficulty for deficit spending and requiring House members to go on record to raise taxes, this amendment would force the President and Congress to set priorities rather than allowing them to postpone tough budget decisions from one year to the next.

The legislation further states that it will take effect the second fiscal year after ratification by three-quarters of the States or by 1998 whichever is later. I am convinced that it's possible to do this without cutting spending from year to year or raise taxes any further. It does mean that uncontrolled spending cannot continue and that Congress must set priorities and be accountable.

I feel that we need limits on spending and taxes. The balanced budget amendment is a step in the right direction. A more complete solution would be to limit the increase in receipts and limit the increase in spending.

By limiting receipts so that they do not increase at a rate greater than the increase in national income says that Government should not have more than the average Americans—working Americans who have to pay the bill.

The proposal to limit spending to 19 percent of the gross national product is another way of bringing the huge Federal bureaucracy under control. The average level of Federal tax revenues collected over last 25 years has been 19 percent of the GNP.

These are all reasonable proposals, especially when taken in their total context. Remember, Congress can respond to emergencies with a supermajority vote. One of the exceptions that is reasonable is a declaration of war.

Further, I support a line-item veto. And I will vote to include the line-item veto to provide the President with authority to enforce the balanced budget and spending limitations requirements. This is used in 43 States and I see no reason why Congress cannot implement this important fiscal tool.

These are all thoughtful solutions when combined with the balanced budget amendment. This is not being Draconian, it is recognizing that the working American family has the right to keep their hard-earned money. This Nation needs to start making a commitment to reduce the size of Government, not increase it.

We must be more accountable in the Congress. The balanced budget amendment is another brick which we should be put in place to build a foundation of accountability.

Those who oppose the amendment say it will destroy our future. In reality, all generations are counting on us to pass this amendment, young and old alike.

My colleagues, our children, and our children's children are placing their future in our hands, we must take this opportunity and regain control of the economic future of this Nation.

Balance the budget now.

Mr. THOMAS of Wyoming. Mr. Chairman, I rise in support of the balanced budget amendment. It's a little difficult to find something different to say. The same issues have been raised over and over again. They basically revolve around the contention from those opposed to the amendment that it isn't needed—that all we need to do is buckle down and come to grips with the problem. The other side says Congress has had 30 years to do that and failed—and the American people want success at least once.

It's amazing to me the level of passion the opponents of this amendment have brought to the floor. They introduced the question of changes in Social Security, obviously designed to bring about fear on the part of Social Security recipients. The fact is that nothing in this amendment changes the relationship to Social Security from what it is this very day. Indeed, Social Security is designed to be off budget—it's funded by its own tax and, in my view, really has nothing to do with balancing the operating budget of the United States.

Opponents say a balanced budget amendment is just an easy way out—that you can pass this and still not have to balance the budget. It's my belief that the evidence shows we do not balance the budget without some kind of constitutional discipline. Obviously, it's not a perfect approach. It has to be followed by continued tough votes. But, there's no reason to expect Congress will be successful in being financially responsible by continuing to do what the Congress has done for the last 30 years.

The opponents of a balanced budget amendment continue to suggest that the deficit is completely the fault of the President. I don't happen to accept that argument; but rather than to quarrel with it, let me simply say that the Congress—the House of Representatives, in particular—has the opportunity and, indeed, the responsibility to change the President's budget if they don't like it. And, in fact, there has been substantial change. The change, however, has not resulted in a balanced budget, but in a greater deficit.

I must say, Mr. Chairman, I'm impressed with the gentleman from California, the chairman of the Budget Committee. But I am puzzled with his insistence that we don't need an amendment; we just need to "face tough issues." Mr. Chairman, that could have been said for many, many years; and that could have been done for many, many years. We could have faced tough issues. The fact is, this House is set up in such a way that each Member wants to do something for his constituency and will insist upon that particular expenditure being made, regardless of what it does to the overall level of expenditures. I've sat here and marveled in this House during my 3-year tenure at the same people who come to the floor in the morning talking about the irresponsibility of not balancing the budget and coming in the afternoon arguing for projects for their districts, or indeed, entire agency budgets, that exceed the previous year's spending by 10, 12, 15 percent. And then they behave as if there's no relationship between the two things.

Mr. Chairman, there's a great unrest in the country about the operation of the Federal Government and the area of financial responsibility is one of the chief areas of contention. I'm absolutely amazed that the core of opposition to this amendment comes generally from people who have been here a very long time who continually take to the floor here and, I suspect even more often at home, and talk about needed change and then rise with great indignation to oppose any change that might make a difference in what the Congress has been doing with regard to balancing the budget.

I am for a balanced budget. I hope this Congress will be for a balanced budget. I think we need to do something different if we expect results that differ from what we've had for too many years.

I urge my colleagues to vote "yes" on the balanced budget amendment.

Mr. STENHOLM. Mr. Chairman, I yield back the balance of my time.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. RAY] having assumed the chair, Mr. MFUME, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the joint resolution (H.J. Res. 290) proposing an amendment to the Constitution to provide for a balanced budget for the U.S. Government and for greater accountability in the enactment of tax legislation, had come to no resolution thereon.

GENERAL LEAVE

Mr. STENHOLM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous material, on House Joint Resolution 290, the joint resolution just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE 11TH ANNUAL REPORT OF THE DEPARTMENT OF ENERGY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Energy and Commerce:

To the Congress of the United States:

In accordance with the requirements of section 657 of the Department of Energy Organization Act (Public Law 95–91; 42 U.S.C. 7267), I transmit herewith the 11th Annual Report of the Department of Energy, which covers the year 1990.

GEORGE BUSH.

THE WHITE HOUSE, *June 10, 1992.*

COMMUNICATION FROM THE HONORABLE BOB MICHEL, REPUBLICAN LEADER

The SPEAKER pro tempore laid before the House the following communication from the Honorable BOB MICHEL, Republican leader:

OFFICE OF THE REPUBLICAN LEADER,
Washington, DC, June 8, 1992.

Hon. THOMAS S. FOLEY,
Speaker of the House, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to Section 303(c) of Public Law 101-549, I hereby appoint Dr. Virginia V. Weldon of St. Louis, Missouri, to the Risk Assessment and Management Commission.

Sincerely,

BOB MICHEL,
Republican Leader.

VOTE FOR KYL-ALLEN AMENDMENT TO BALANCED BUDGET AMENDMENT

(Mr. KYL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. KYL. Mr. Speaker, the first amendment that we are going to have the opportunity to vote on to balance the budget will be an amendment offered by myself and the gentleman from Virginia, Mr. GEORGE ALLEN. It will be the Fish substitute, and it will either be voted on late this evening or tomorrow morning.

This substitute limits Federal spending. As an article in today's Wall Street Journal by Paul Craig Roberts points out, limiting Federal spending is really the only way to go. As he notes, most people who would like to see a balanced budget, "really have their sights on constraining spending." Without a spending limit, he notes, a balanced budget requirement is likely to result in politicians assigning public spending responsibilities to private businesses and individuals, and that is why he says an outright spending limit such as the one that we have proposed keeps the real targets in sight.

What is more, he notes that by tying it to the gross national product, our spending limit provides an incentive to the Congress to promote pro-economic-growth policies, because in that way, by increasing the size of the gross national product, we increase Federal revenues and, therefore, have more money to spend.

I include for the RECORD this article from the Wall Street Journal by Paul Craig Roberts, and I urge my colleagues to support a Federal spending limit as the way to balance the Federal budget. That would be an "aye" vote on the first amendment. Support the Kyl-Allen amendment.

The article referred to follows:

[The Wall Street Journal, Wednesday, June 10, 1992]

BUDGET CONTROL: THE AMENDMENT CAN GO WRONG

(By Paul Craig Roberts)

To improve its image with the public, Washington is gearing up to pass a balanced budget amendment to the Constitution. Many people who would like to see a balanced budget are nevertheless worried that the amendment would become a constitutional device for raising taxes. Sen. Bob Kasten (R., Wis.), among others, wants to add a tax limitation to the amendment to ensure it does the intended job of controlling spending. However, in light of recent action by the Supreme Court, even this could fail. Without a spending limit, a balanced budget requirement is likely to result in politicians assigning public spending responsibilities to private businesses and individuals.

Recently the court let stand a square-footage tax (called a "fee") imposed on commercial developers by the city of Sacramento, Calif. The proceeds are to be used to finance welfare housing. The developers argued that it was a violation of their rights to assign to them social responsibilities normally borne by all taxpayers. However, the city hired a consultant to argue that workers attracted by building jobs remained on the city's hands afterward, unemployed and unhoused. The Ninth U.S. Circuit Court of Appeals accepted the argument, and declared the "fees" to have "a rational relationship to a public cost."

Judge Robert Beezer understood what was afoot and dissented, declaring it to be a violation of the takings clause to single out developers to underwrite social policy. Looking into the future, Judge Beezer warned that "we can be expected next to uphold exactions imposed on developers to subsidize small-business retailers, child-care programs, food services and health-care delivery systems."

The judge could just was well have added taxes on restaurants and clothing manufacturers to feed and clothe the needy, taxes on automobile dealerships to pay for traffic police, and taxes on newspapers, bottlers and packaging companies to finance garbage removal. Booksellers could be assessed to pay for public libraries, and blue-eyed blonds could be taxed to provide reparations for "oppressed minorities."

With casual empiricism and a "logical relationship" as the only tests the new extractions must meet, all of these taxes and others are potential revenue sources. It seems bound to happen sooner or later, but a balanced budget amendment that does not restrict spending will speed the process. We would be no better off with the increased uncertainty and higher cost of capital from saddling industries and businesses with public responsibilities that we are with a deficit.

Most supporters of a balanced budget amendment really have their sights on constraining spending. It is true that the combination of a tax limit and a borrowing limit is a spending limit, but it is also true that this roundabout approach lets the focus slip off spending. An outright spending limit, such as the one proposed by Rep. Jon Kyl (R., Ariz.), keeps the real target in sight. There are different approaches to limiting spending. One way is to hold the growth of spending below the real growth rate of the economy. Rep. Kyl's way is to limit spending to 19 percent of the gross national product. This way Congress wants more money to spend. It must support policies that encourage economic growth.

Balancing the budget is much simpler than the enormous effort required to devise, pass and ratify a balanced budget amendment. All the government has to do is hold the growth of spending below the growth of the economy. If impatient, we can freeze the budget for a year or two. No one would be materially harmed by receiving the same amount of money next year as this year. No political revolution would occur, and widows and orphans would not starve in the streets. The deficit would be the only casualty.

A president who made this case could sustain a budget freeze with vetoes. it is the absence of leadership and political will that forces us to turn to constitutional restraints. The problem here is that if governments and the special interests they serve don't want spending constrained, a constitutional requirement will prove ineffective. There is a good argument that a constitutional rule is harder for governments to ignore than a statutory requirement. The cost of evading a constitutional rule is higher and requires more effort than it took to get around the Gramm-Rudman-Hollings balanced budget act, for example.

However, if we think government will ignore or evade a constitutional requirement for a balanced budget, we should not pass one. If the government does not abide by the spirit and law of the requirement, the result is to cheapen all other constitutional protections. Is a balanced budget worth taking that chance?

Rules often have unexpected results. Many supporters of the Budget Control Act of 1974 thought it would produce a balanced budget. Politicians could legislate big deficits by voting in favor of separate appropriation bills. By forcing politicians to vote on the size of the deficit directly, the Budget Act would put the big spenders on the spot and ensure lower limits on spending.

However, it did not work out that way. Economic policy justified budget deficits as a full employment policy, and politicians structured the vote on the budget in terms of employment vs. unemployment, not in terms of red ink vs. a balanced budget. The Budget Act further raised the deficit by stripping away the president's impoundment power.

A balanced budget amendment could be self-defeating for another reason. Just at the time when a fed up public is beginning to hold politicians accountable, we risk slipping into the belief that we can deal with the problem of government with another rule. An alternative is to get on with the revolt and break up the system that has turned public finance into a lotto for organized interests.

THE EARTH SUMMIT CONVENTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. SCHEUER] is recognized for 5 minutes.

Mr. SCHEUER. Mr. Speaker, I just had the experience of spending 4 days in Rio at the Earth Summit Convention with over 150 nations of the world represented by their chiefs of state. It was a galvanizing experience. The hope, the excitement, the enthusiasm ran very high.

But I feel that despite the opportunity presented by this conference, the opportunity to reorder our priorities and to achieve identifiable progress is not high. I am not optimis-

tic that the UNCED Conference, the U.N. conference, will produce dramatic results. It did produce excitement. It did raise the consciousness level of the world. It was covered massively by the media, the press, radio, television, and so it was a consciousness-raising experience. That is an advantage.

I think that the delegates felt that this was not the end, rather it was a beginning. Mr. Speaker, it was the beginning of a path that could achieve real progress over the next 5 years or perhaps 10 years.

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We found in at least three areas that I will describe the international will and the international consensus to accomplish a worthwhile objective was thwarted by a self-serving, very narrowly and perhaps selfishly directed minority of the nations there.

Unfortunately, the United Nations operates on a consensus basis. There are perfectly good reasons and it is self-evident that should be so, but in a case like this where 1 nation out of 150 feels very strongly particularly about the subject and are willing to use their muscle to produce it, they can destroy, they can rend apart that consensus and prevent the 150 nations of the world who feel deeply motivated to make progress. They can prevent them from achieving anything, and unfortunately that happened. I will describe three instances in which that took place.

The first instance was in the case of Saudi Arabia where Saudi Arabia was the one single minority voice threatening to disrupt an international consensus on the use of renewal energy.

Now, Saudi Arabia perhaps spoke for some of the other oil-producing nations of the Persian Gulf and perhaps oil producing countries elsewhere; but they are insisting, even as I speak, that the section in Agenda 21, which is the long specific agenda of the detailed projects which were being treated, that the Agenda 21 section on the use of renewable and alternative sources of energy be rewritten—imagine—be rewritten so as to remove any suggestion that alternative sources of energy, renewable sources of energy such as solar, wind, tidal, hydro, biomass, geothermal, that they be written out of the documents and that the rational, logical quest from the leaders of the developing world and the developed world alike for a more environmentally sustainable use of energy that would reduce the world's dependence on fossil fuel and particularly oil, petroleum, be reduced.

Now, Mr. Speaker, we all know that during the consideration of our energy bill in the House here only a month ago, massive attention and energy and time were devoted to reducing this country's dependence on fossil fuel, and we gave all kinds of encouragement to the application of conservation, to the application of energy efficiency, to more efficient motors, to more efficient lighting, more efficient systems of air-conditioning, heating and the like.

Here in the international arena where it is even more critically needed, especially by the leaders of the developing world, we find Saudi Arabia was using its muscle to remove any reference to the desirability of reducing the Earth's reliance or even addiction to fossil fuel that is getting us into such desperate trouble with global warning and the like around the world.

They wished to reduce also any reference to the promotion of sustainable development through energy efficiency, transportation, industrial development, stratospheric ozone depletion and transboundary air pollution.

While negotiations on the elimination of this chapter are ongoing, it defies logic for the centerpiece of the document for this environmental conference to remain silent on the issue of sustainable energy production.

There are two other instances of that same use of insistent destruction of consensus.

The second was our country's lack of forthrightness in dealing with the biodiversity convention.

The SPEAKER pro tempore (Mr. RAY). The time of the gentleman from New York has expired.

S. 250, MOTOR VOTER LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. MICHEL] is recognized for 5 minutes.

Mr. MICHEL. Mr. Speaker, today the Rules Committee granted a closed rule for consideration of S. 250, the Senate-passed motor voter legislation.

The rule makes in order a Republican substitute which I am including in the RECORD at this point:

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO S. 250 OFFERED BY MR. MICHEL OF ILLINOIS

Strike out all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Voter Registration Enhancement Act of 1992".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) the right to vote is a fundamental right;

(2) it is the responsibility of each citizen to exercise that right;

(3) it is the duty of the Federal, State, and local governments to promote the exercise of that right;

(4) discriminatory and unfair registration laws and procedures can have a direct and damaging effect on voter participation in elections for Federal office;

(5) such laws and procedures can disproportionately harm voter participation in such elections by members of various groups, including racial minorities;

(6) all citizens of the United States are entitled to be protected from voter fraud and from voter registration lists that contain the names of ineligible or nonexistent voters, which dilute the worth of qualified votes honestly cast; and

(7) all citizens of the United States are entitled to be governed by elected and appointed public officers who are responsible to them and who govern in the public interest without corruption, self-dealing, or favoritism.

(b) PURPOSES.—The purposes of this Act are—

(1) to increase registration of citizens as voters in elections for Federal office;

(2) to make it possible for Federal, State, and local governments to enhance voter participation in elections for Federal office;

(3) to protect the integrity of the electoral process;

(4) to ensure that maintenance of accurate and current official voter registration lists; and

(5) to guarantee to the State, and to their citizens, a republican form of government, including elections conducted free of fraud, and governmental processes conducted free of corruption, self-dealing, or favoritism.

TITLE I—VOTER REGISTRATION ENHANCEMENT

SEC. 101. FEDERAL COORDINATION AND BIENNIAL ASSESSMENT.

The Attorney General—

(1) shall be responsible for coordination of Federal functions under this Act;

(2) shall provide information to the States with respect to State responsibilities under this Act; and

(3) shall, not later than June 30 of each even-numbered year, submit to the Congress a report assessing the impact of this Act on the administration of elections for Federal office during the preceding 2 calendar years and providing recommendations for improvements in Federal and State procedures, forms, and other matters affected by this Act.

SEC. 102. RESPONSIBILITY OF CHIEF STATE ELECTION OFFICIAL.

The chief State election official of each State shall be responsible for coordination of State functions under this title.

SEC. 103. VOTER REGISTRATION ENHANCEMENT BLOCK GRANTS.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Attorney General—

(1) for making grants under this section for fiscal years 1992, 1993, and 1994, a total of $25,000,000; and

(2) such additional sums as may be necessary for administrative expenses of the Attorney General in carrying out this title.

(b) BLOCK GRANTS.—(1) From the amounts appropriated under subsection (a) for any fiscal year, the Attorney General shall make grants to States, through chief State election officials, for the purposes of supporting, facilitating, and enhancing voter registration.

(2) To qualify for a grant under paragraph (1), a State shall match any amount of Federal funds dollar for dollar with State funds for voter registration enhancement activities, such as, but not limited to—

(A) providing for voter registration for elections for Federal office at State departments of motor vehicles; and

(B) providing for uniform and non-discriminatory programs to ensure that official voter registration lists are accurate and current in each State.

(c) ALLOCATION OF GRANTS.—(1) The Attorney General shall by regulation establish criteria for allocation of grants among States based on—

(A) the number of residents of each State;

(B) the percentage of eligible voters in each State not registered to vote; and

(C) other appropriate factors.

(2) In promulgating criteria pursuant to paragraph (1), the Attorney General shall give special consideration to State-sponsored programs designed to improve registration in counties with voter registration percentages significantly lower than that for the State as a whole.

(d) ADMINISTRATIVE REQUIREMENTS.—(1) The Attorney General shall by regulation establish administrative requirements necessary to carry out this section.

(2) To be eligible to receive a grant under this section, a State shall certify that the State—

(A) has in place legislative authority and a plan to implement procedures to promote and facilitate, to an extent and in such manner as the Attorney General may deem adequate to carry out purposes of this title, voter registration for Federal elections in connection with applications for drivers' licenses;

(B) agrees to use any amount received from a grant under this section in accordance with the requirements of this section;

(C) agrees that any amount received through a grant under this section for any period will be used to supplement and increase any State, local, or other non-Federal funds that would, in the absence of the grant, be made available for the programs and activities for which grants are provided under this section and will in no event supplant such State, local, and other non-Federal funds; and

(D) has established fiscal control and fund accounting procedures to ensure the proper disbursement of, and accounting for, grants made to the State under this section.

(3) The Attorney General may not prescribe for a State the manner of compliance with the requirements of this subsection.

(e) REPORTS.—(1) The chief State election official of a State that receives a grant under this section shall submit to the Attorney General annual reports on its activities under this section.

(2) A report required by paragraph (1) shall be in such form and contain such information as the Attorney General, after consultation with chief State election officials, determines to be necessary to—

(A) determine whether grant amounts were expended in accordance with this section;

(B) describe activities under this section; and

(C) provide a record of the progress made toward achieving the purposes for which the block grants were provided.

SEC. 104. DEFINITIONS.

For the purpose of this title—

(1) the term "chief State election official" means, with respect to a State, the officer, employee, or entity with authority, under State law, for election administration in the State;

(2) the term "election" has the meaning stated in section 301(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(1));

(3) the term "Federal office" has the meaning stated in section 301(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(3)); and

(4) the term "State" has the meaning in section 301(12) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(12)).

TITLE II—PUBLIC CORRUPTION

SEC. 201. ELECTION FRAUD AND OTHER PUBLIC CORRUPTION.

(a) AMENDMENT OF TITLE 18 OF THE UNITED STATES CODE.—Chapter 11 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 226. Public corruption

"(a) Whoever, in a circumstance described in subsection (d), defrauds, or endeavors to defraud, by any scheme or artifice, the inhabitants of the United States, a State, a political subdivision of a State, or Indian country of the honest services of an official or employee of the United States or the State, political subdivision, or Indian tribal government shall be fined under this title, imprisoned for not more than 20 years, or both.

"(b) Whoever, in a circumstance described in subsection (d), defrauds, or endeavors to defraud, by any scheme or artifice, the inhabitants of the United States, a State, a political subdivision of a State, or Indian country of a fair and impartially conducted election process in any primary, runoff, special, or general election—

"(1) through the procurement, casting, or tabulation of ballots that are materially false, fictitious, or fraudulent or that are invalid, under the laws of the jurisdiction in which the election is held;

"(2) through paying or offering to pay any person for voting;

"(3) through the procurement or submission of voter registrations that contain false material information, or omit material information; or

"(4) through the filing of any report required to be filed under State law regarding an election campaign that contains false material information or omits material information,

shall be fined under this title, imprisoned for not more than 20 years, or both.

"(c) Whoever, being a public official or an official or employee of the United States, a State, a political subdivision of a State, or an Indian tribal government, in a circumstance described in subsection (d), defrauds or endeavors to defraud, by any scheme or artifice, the inhabitants of the United States, a State, a political subdivision of a State, or Indian country of the right to have the affairs of the United States, the State, political subdivision, or Indian tribal government conducted on the basis of complete, true, and accurate material information, shall be fined under this title, imprisoned for not more than 20 years, or both.

"(d) The circumstances referred to in subsections (a), (b), and (c) are that—

"(1) for the purpose of executing or concealing such scheme or artifice of attempting to do so the person so doing—

"(A) places in any post office or authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the Postal Service, or takes or receives therefrom, any such matter or thing, or knowingly causes to be delivered by mail according to the direction thereon, or at the place at which it is directed to be delivered by the person to whom it is addressed, any such matter or thing;

"(B) transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce any writings, signs, signals, pictures, or sounds;

"(C) transports or causes to be transported any person or thing, or induces any person to travel in or to be transported in, interstate or foreign commerce; or

"(D) in connection with intrastate, interstate, or foreign commerce, engages the use of a facility of interstate or foreign commerce;

"(2) the scheme or artifice affects or constitutes an attempt to affect in any manner or degree, or would if executed or concealed so affect, interstate or foreign commerce; or

"(3) as applied to an offense under subsection (b), an objective of the scheme or artifice is to secure the election of an official who, if elected, would have some authority over the administration of funds derived from an Act of Congress totaling $10,000 or more during the 12-month period immediately preceding or following the election or date of the offense.

"(e) Whoever defrauds or endeavors to defraud, by any scheme or artifice, the inhabitants of the United States of the honest services of a public official or person who has been selected to be a public official shall be fined under this title, imprisoned for not more than 20 years, or both.

"(f) Whoever, being an official, public official, or person who has been selected to be a public official, directly or indirectly discharges, demotes, suspends, threatens, harasses, or in any manner discriminates against an employee or official of the United States, a State, a political subdivision of a State, or an Indian tribal government, or endeavors to do so, in order to carry out or to conceal any scheme or artifice described in this section, shall be fined under this title, imprisoned for not more than 5 years, or both.

"(g) For the purposes of this section—

"(1) the term 'official' includes—

"(A) any person employed by, exercising any authority derived from, or holding any position in an Indian tribal government or the government of a State or any subdivision of the executive, legislative, judicial, or other branch of government thereof, including a department, independent establishment, commission, administration, authority, board, and bureau, and a corporation or other legal entity established and subject to control by a government or governments for the execution of a government or intergovernmental program;

"(B) any person acting or pretending to act under color of official authority; and

"(C) any person who has been nominated, appointed, or selected to be an official or who has been officially informed that such person will be so nominated, appointed, or selected;

"(2) the terms 'public official' and 'person who has been selected to be a public official' have the meanings stated in section 201(a) and shall also include any person acting or pretending to act under color of official authority;

"(3) the term 'State' means a State of the United States, the District of Columbia, Puerto Rico, and any other commonwealth, territory, or possession of the United States; and

"(4) the term 'under color of official authority' includes any person who represents that such person controls, is an agent of, or otherwise acts on behalf of an official, a public official, or a person who has been selected to be a public official.".

(b) TECHNICAL AMENDMENTS.—(1) The table of sections for chapter 11 of title 18, United States Code, is amended by adding at the end thereof the following item:

"226. Public corruption.".

(2) Section 1961(1) of title 18, United States Code, is amended by inserting "section 226 (relating to public corruption)," after "section 224 (relating to sports bribery),".

(3) Section 2516(1)(c) of title 18, United States Code, is amended by inserting "section 226 (relating to public corruption)," after "section 224 (bribery in sporting contests),".

SEC. 202. FRAUD IN INTERSTATE COMMERCE.

(a) AMENDMENT OF TITLE 18 OF THE UNITED STATES CODE.—Section 1343 of title 18, United States Code, is amended—

(1) by striking "transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds" and inserting "in connection with intrastate, interstate, or foreign commerce, engages the use of a facility of interstate or foreign commerce"; and

(2) by inserting "or attempting to do so" after "for the purpose of executing such scheme or artifice".

(b) TECHNICAL AMENDMENTS.—(1) The heading of section 1343 of title 18, United States Code, is amended to read as follows:

"§ 1343. Fraud by use of facility of interstate commerce".

(2) The chapter analysis for chapter 63 of title 18, United States Code, is amended by striking the analysis for section 1343 and inserting the following:

"1343. Fraud by use of facility of interstate commerce.".

SEC. 203. PRESERVATION OF THE EFFECT OF STATE LAW THAT PROVIDES GREATER PROTECTION AGAINST VOTE FRAUD.

In the case of any conflict between the provisions of this Act and any provision of the civil or criminal law of any State, the law of the State shall prevail to the extent that such State law provides for more stringent suppression of vote fraud than this Act.

Amend the title so as to read "An Act to establish national voter registration procedures for Presidential and congressional elections, and for other purposes.".

A SALUTE TO FATHER DOMINIC OLIVIERI AND 50 YEARS OF SERVICE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. COYNE] is recognized for 5 minutes.

Mr. COYNE. Mr. Speaker, I am pleased to recognize Father Dominic Olivieri and commend him for his 50 years of service as a priest. Father Dom has set an example of service and public commitment which deserves the notice of the U.S. House of Representatives.

Father Dominic Olivieri will be saluted for his 50 years of service as a priest at the celebration of a Golden Jubilee Mass in his parish, the Immaculate Conception in the Bloomfield area of Pittsburgh, at 3 p.m. on Sunday, June 14, 1992. This special Mass commemorates a half century of devotion to priestly duties which began in June 1942, when Father Dominic Olivieri was ordained a priest.

On many occasions, Father Dom has shared with his parishioners and many friends in Pittsburgh an explanation of his motivations to serve as a priest for over 50 years. He has noted the lessons he learned from his parents, Louis and Christina Olivieri, who emigrated from Abruzzi, Italy, to Derry, PA. The fifth of nine surviving children, Dominic Olivieri was taught to set high standards for himself, enjoy the beauty of the God's creation, and savor the wonders of life.

As one of seven children who graduated from college, Father Dom was the only son to enter the priesthood. He graduated from St. Vincent Seminary in Latrobe, PA, in 1942, and was ordained on June 14, 1942. Over the years, he has served in a number of parishes before being named pastor in 1969 of Bloomfield's Immaculate Conception where he has served up to the present time.

Father Dom has compiled a record of outstanding accomplishment over the course of 50 years of dedicated service to local parishes. He helped in the building of the present Mount St. Peter's Church as an assistant in the New Kensington parish. He served as a loyal administrator in Bloomfield when the local pastor, Father DiFrancesco, was in poor health. At Regina Coeli, on Pittsburgh's North Side, he played a central role in working with Father Biondi in a successful effort to have the church pay off its debt. As the pastor of St. Lucy's, Mahoningtown, Father Dom was nominated Man of the Year for the energetic work he performed on behalf of the people of his parish who were victims of a flood that devastated half of the town. Following the directives of Bishop Dearden, Father Dom joined two Sharpsburg parishes, St. Joseph and Madonna, and was recognized again for his service by being selected Man of the Year by the people of Sharpsburg.

As the present pastor of Immaculate Conception Parish in Bloomfield, Father Dom has labored over the past 24 years to provide the people of his parish with service reflecting the highest standards of priestly devotion. He led a successful campaign to clear the parish ledger of the large debt held at the time he became pastor. Father Dom has given his full energy to the task of providing local parents with the option of sending their children to a Catholic school. His dynamic leadership has helped to keep open the largest school in the diocese of Pittsburgh, providing a first-class educational environment for over 500 local students.

Father Dom's record of service extends far beyond the parish confines. He serves as a chaplain of the American War Vets, and was recognized for his service by being named as Man of the Year. In addition, he serves as a chaplain for the Fraternal Order of Police.

It is hardly surprising that Father Dom would be selected Bloomfield's Man of the Year in light of his outstanding service to Immaculate Conception Parish and the community of Bloomfield. Father Dom has earned communitywide reputation for his dedication to serving every member of his parish. He has served his parish with selfless devotion and has always been ready to respond cheerfully and tirelessly to the needs of the people of this community.

Mr. Speaker, I am proud to salute Father Dominic Olivieri for his 50 years of service as a priest. I wish him the best in his continued service to the people of his parish and to our community.

OVERPOPULATION AND UNCED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. GREEN] is recognized for 5 minutes.

Mr. GREEN of New York. Mr. Speaker, I commend Mr. MILLER for requesting this special order, which provides an opportunity for those Members of Congress who recently attended the U.N. Conference on Environment and Development to share their views of that historic event.

The U.N. Conference on Environment and Development, convened in Rio De Janiero, has been 3 years in preparation with more than 170 nations and 10,000 delegates attending.

I do not disagree with the principles or the goals of the Conference; who would not agree that we need a global partnership to "protect the integrity of the global environmental and developmental system?" I am seriously concerned, however, that after reading through the overview and the 27 principles presented by the Preparatory Committee, I see that the words "overpopulation" or "voluntary family planning services" are never once mentioned.

And nowhere in the text of UNCED's chapter on "Demographic Dynamics" are the words "family planning" or "contraceptives" mentioned. Those two phrases were purposefully omitted during the course of delicate negotiations on a chapter that, with more courage and leadership, should have been called Population Stabilization.

To discuss environment without focusing on population is missing the point. Without worldwide attention to this issue, I fear for the quality of life for all earth's inhabitants.

Principle 1 does state that:

> Human beings are at the center of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature.

Principle 8 does state that:

> To achieve sustainable development and a higher quality of life for all people, States should reduce and eliminate unsustainable patterns of production and consumption and promote appropriate demographic policies (emphasis added).

But nowhere do the UNCED principles spell out that one of the most serious threats facing our global environment is overpopulation. When we look at global warming, destruction of the tropical rain forests, and the elimination of species diversity, we must understand the connection between those phenomena and the population explosion. Money spent to address our growing environmental problems will be wasted unless we simultaneously address the population issue. Halving the per capita emission of greenhouse gases accomplishes nothing if we double the earth's human population.

It is not a connection we can leave to some future convention on the environment. The often-used phrase "before it is too late" truly applies here. At the beginning of this century, the world had approximately 1.5 billion people. Today there are almost 5.4 billion, with 95 million more added every year. Without strong leadership supporting international family planning programs, experts predict that in just 35 years the world's population is likely to double in size to 10 billion.

An invaluable resource in understanding the interrelation of population and environment has been produced by the United Nations. In its pamphlet, "Population and the Environment: The Challenges Ahead", the United Nation points out "It is unrealistic to discuss sustainable development and a common future

without reference to socioeconomic constraints and related forces impacting on the environment and the world's resources base. The debate is also meaningless if population issues are ushered to the sidelines."

Population issues not only have been ushered to the sidelines in the UNCED proposed text, they have been buried 6 feet under. And we all know the reason. It may be acceptable to talk about "appropriate demographic policies" but discussing population stabilization makes people nervous. Extreme antiabortionists have been successful in reducing U.S. support for voluntary family planning efforts around the world. They have moved their rhetoric from forced abortions to birth control counseling, but allowing this influence to pervade UNCED, makes UNCED meaningless.

Tropical forests are being destroyed at an alarming rate; about 11 million hectares a year, according to the United Nations. But, will it also point out that population growth may be responsible for up to 80 percent of recent deforestation in the tropics as growing populations slash and burn forests to scratch out a few acres to farm?

There is also the problem of dwindling and polluted freshwater resources. "In much of sub-Saharan Africa, the Middle East and parts of Asia, water consumption will reach 30–100 percent of available reserves in 10–15 years—a result of population growth and inefficiencies in use," according to the U.N. environment pamphlet. Will UNCED deal only with dwindling water and not address the causes?

I attended the UNCED conference in Rio, despite the State Department warnings of crime, cholera, and overcrowding. I went because there is a message to be delivered. And that message is:

Environmental solutions without population stabilization do not work.

In many cases, the United Nations points out, "attained family size exceeds desired family size" and more of our resources must be focused on maternal and child health care and family planning services.

We must recognize the fundamental importance of women's role in the world, especially in developing countries, where women play a pivotal role in managing the environment, but are too often overlooked in development programs.

The United States, for its part passed legislation in 1973 mandating that special attention be given to development projects aimed at better integrating women into their national economies, thus improving their status and assisting the total development effort. Nearly 20 years later, however, this concept is more often tolerated than encouraged in U.S. development planning and practice. Improving the status of women around the world means devoting the necessary resources to ensure ready access to family planning services, as well as improving access to maternal and child health care, education and employment opportunities. Women need to be a central priority in development policy, not an afterthought.

Overall, I believe the Rio Conference dodged an extremely important responsibility by failing to focus on the issue of overpopulation. It should have been insisted on by the administration. As Congressman George Bush said in 1970 when he chaired a Republican Task Force on Population and Earth Resources:

By the end of this decade, family planning and birth control should be as important to every parent as the family budget. As U.S. Representative to the United Nations George Bush said, economic development overseas would be a miserable failure unless the developing countries had the knowledge and supplies their families needed to control fertility.

To this I would add, when its all said and done, UNCED will fail if we let politics rather than science guide it in dealing with the population explosion.

On another issue, while at the conference, I had the pleasure of attending a press conference sponsored by the Consortium for International Earth Science Information Network [CIESIN]. This consortium, comprised of some of our Nation's most outstanding universities, and given the task of managing much of NASA's environmental data, proposes that our Nation lead the way in sharing environmental data. This is a laudable goal, and one in which the United States, with its wealth of data, can lead the way. CIESIN is uniquely situated to assist in this effort and I support this concept. Shared knowledge about environmental and developmental processes is the common basis for decisionmaking among all peoples, and I feel it is incumbent on our Nation to share these resources.

In closing, I should also like to include, for the RECORD, an excellent piece by Anna Quindlen entitled, "Zero Population Talk" which was printed in today's New York Times.

ZERO POPULATION TALK

(Anna Quindlen)

With each day that passes the Earth Summit begins to seem more and more like the planet versus the President of the United States. The President touts an initiative on forest protection and the developing nations say we're playing bully boys. The rest of the world agrees on a biodiversity treaty and the President says it's too expensive.

And so far George Bush has saved his greatest passion for that most critical of environmental issues: Who in blazes leaked a memo designed to embarrass the head of the Environmental Protection Agency?

So much for deforestation, global warming, the greenhouse effect and the world community. The conference does not look promising. The fact is that it has not looked promising for some time, ever since a central issue of environmental moment was taken off the table.

The issue was population growth.

It's difficult to imagine that anyone could take a serious and substantive look at the environment without considering the effect of people. We fell trees for our houses, work in factories that produce effluents, buy products that pile up in landfills, burn fuels that foul the air, produce wastes that taint the oceans.

The more of us there are, the more these things take place. It's not a simple equation; it is possible for us to learn to use fewer trees, produce less garbage, make less of a mess of things. Those are some of the issues being explored in Brazil.

But the idea that population growth would not be a linchpin of this summit is preposterous. It was also inevitable. When pre-summit bickering between developed and developing nations began, the Vatican stepped into the breach. And family planning became a no-show. No separation of church and state here. The ban on birth control espoused by the Catholic Church—but ignored by millions of its own people—has shaped the summit for those of all faiths.

For years the United States has been a leader in international family planning, and that leadership made a difference; because of American aid, the numbers of people in developing countries who use birth control has soared.

But in 1984 we enforced the first gag rule, the one that said we would end aid to any international agency that mentioned abortion, the one that sent a signal about what kind of nation we'd become. And when preparations were under way for Rio, we were so obdurate about maintaining our old life styles that we were in no position to persuade other nations to change their own. Mr. Bush, whose idea of the long view is always November, was not the man to break a deadlock on what George Zeidenstein, the president of the Population Council, described as "overpopulation versus overconsumption."

We're not simply talking about too many people here, the fact that some estimates have world population doubling in the next century on what already seems to be a "No Vacancy" planet. And we're not talking population control, the forced limitation of family size. Family size should be a matter of informed choice.

In many nations, it's not—not informed, and not a choice. In some countries, women sneak off for contraception because their husbands still consider family size a measure of their manhood. In others, contraceptives are just a rumor, a diaphragm a dream, and abortion the primary method of birth control.

All over the world there are women who want to space and limit their child-bearing, not because of the global environment but because of their own environment—the contents of their cupboards, the limits of their stamina. Their governments have been either indifferent to those needs or, influenced by religious leaders, hostile to them.

At the Earth Summit those needs are barely acknowledged, except for a clause that urges countries to adopt "appropriate demographic policies." Yet one doomsday prediction after another says that in the centuries to come untenable levels of population will be staved off only by famine, disease or wars. How can anyone think those preferable to the condom, the intrauterine device or the birth control pill? "There are too many of us," a nurse in a clinic in Africa said last month of the malnourished children of her country. There is no strong voice to speak for her, and so many others like her, at the Earth Summit. Because of that, we all lose.

THE BALANCED BUDGET AMENDMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. SANTORUM] is recognized for 60 minutes.

Mr. SANTORUM. Mr. Speaker, I am here today with my colleague, the gentleman from California [Mr. RIGGS].

For those of you who cannot sleep tonight on the East Coast or on the West Coast or maybe even just getting home from work, we have had a long day today debating the balanced budget amendment and having an opportunity

in and out of meetings and other things to listen to it. I think it was a good quality debate.

One of the things that I thought was lacking really up until the end of the debate was a good healthy exchange of ideas. It is unfortunate the hour is so late here that we could not keep some Members around that were not under the constraints of time. Every Member wanted to get their 2 minutes in, to really have some give and take and some prodding and some questioning as to what are the motives behind the efforts to either support and oppose, really true debate as opposed to everyone getting up here and either pointing the finger at the other side or sort of giving their 2 minute spiel that at least presents their opinion, instead of the interaction that true debate yields as far as enlightenment not only to Members of this body, but I am told there are some who are still undecided on this issue, but certainly the American public for the record and for those who might be observing.

The SPEAKER pro tempore (Mr. RAY). The Chair would note that the gentleman should not address the television audience.

Mr. SANTORUM. One of the reasons I wanted to get up and talk was I wanted to take the opportunity to observe that we, and I say we being Members, younger Members who have been interested in reforming this institution, have been criticized many times in our actions saying, "Why don't you address the real issues of the day down here? Why don't you get to the real substantive issues instead of"—in their opinion—"monkeying around with the institution?"

Obviously, I do not agree with their connotation of monkeying around with the institution. What I think we have done is to shine light into some areas that absolutely need to be exposed; but I wanted to take some time tonight to talk about one of the real issues, one of the real reform issues that I have been supporting since I decided to run for office back in late 1988 or early 1989, and that is the balanced budget amendment.

I cannot help but express the true sense of just bewilderment when I see 2 days back to back, 1 full day today talking about how much we want to balance the budget, and even the folks who are against the balanced budget amendment all come to the floor and say how much they want to balance this budget, yet just yesterday—yesterday, I mean, the ink is not even dry on the record, just yesterday we voted here in this House to increase the Federal deficit by almost $5 billion more.

□ 2320

Yesterday. And today we are here debating like, "Well, we are really going to get religion here and we are going to do the right thing and reduce the deficit." And as the chairman of the Committee on the Budget, for whom I have the greatest respect, the gentleman from California [Mr. PANETTA] has said many, many times, these involve tough choices. I can tell you as someone who comes from an area with very high unemployment and chronic high unemployment for a long time that a vote against unemployment extension, no matter whether I supported another version or whatever the case may be, a single vote against that is a very, very difficult vote. I did it, and I had the opportunity just yesterday before the vote, when I got a call from someone in my district who is unemployed, I picked up the phone after it rang, and he said, "I wanted to talk to Congressman Santorum." I said, "You got him." He said, "How are you going to vote on the unemployment extension?" I said, "I am going to vote against it." He said, "Well, I am unemployed. My benefits may be running out, they are not going to run out real soon but they may be running out by the end of the year, and I need that unemployment extension because of the strike situation."

And I said, "Well, certainly the problem is not that I do not support unemployment extension, everybody in this chamber supports unemployment extension. But what I cannot support is I cannot support, No. 1, raising taxes, particularly raising taxes on the people in my State disproportionately to the rest of the country, because of the way they changed the taxation by increasing the base on which you tax from $7,000 to $27,000 of salary and then lowering the rate. It penalizes high-wage States, like Pennsylvania."

But also, it increases the deficit. And I said, "It is not fair to you and to your children to not only increase taxes and make it harder for you to get a job if a job ever opens up, and, No. 2, increase the deficit on you and your children and, as a result, you have to pay more and more toward the national debt."

So I said that I could not support it. He said, "I understand. I agree with you." He said, "I would vote against it too."

So I believe that even though the panic around here is "my goodness, you can't vote against unemployment extensions, because it is politically undoable," I think we sell the American public short, I think you sell the unemployed short. These people want the benefits, sure they want their benefits, they deserve the benefits in these tough economic times. But they want to do the right thing, too. They want to make sure that we are doing the right thing here, and the right thing is to be responsible every day in this House of Representatives, every day, not just for the balanced-budget amendment when it comes up, but every day to be responsible in this chamber.

And we are not. We are simply not.

The principal reason I wanted to take this few minutes is that I wanted to talk in brief at this point with the gentleman from California. I believe the gentleman from California would like some time at this point, and I yield to him.

Mr. RIGGS. Mr. Speaker, I would be happy to stay with the gentleman as he continues his special order because I know as a valued member of the Committee on the Budget he has extensive knowledge of this particular subject area and has a real contribution to make in terms of where we might go from tomorrow, assuming the balance budget amendment does pass. We are then confronted with the further challenge of having to come up with a budget enforcement mechanism, a budget enforcement process, as well as confronted with, I think, the long-overdue need to revolutionize the budgetary process around here, to really get into more of a long-term thinking and planning mode where do, perhaps, the Federal budget on a minimum 2-year, perhaps better yet, a 5-year budget cycle, rather than this year-to-year or every 2 years election-to-election contest that we currently use.

But I do want to, at the outset, thank the gentleman for conducting this special order. I want to say to him that I realize he is most sincere in his desire to address the Federal budget deficit at the No. 1 problem facing us as an institution and as a country and society today. I know it is his concern for the Santorum children, the one that is here and the one that is on the way, that motivates him to take the well tonight and do the special order. I like to believe in my heart of hearts that it is also concern for my kids, the Riggs kids, which motivated me to run for Congress in the first place, it motivates me to make that weekly cross-country commute because I really do believe that this is all about their future. And it was out of concern for their future and, as I said earlier, the erosion of the quality of life and the fact that our generation will be fundamentally failing in our primary legacy to make the world a better place for our children than we inherited from our parents.

Those are the motivating factors that drive us to put on this special order tonight, to implore any undecided colleagues to step up and do the right thing tomorrow, to carefully consider the various amendments that we will take up under the king-of-the-hill procedure prior to the vote and final passage for a constitutional balanced budget amendment.

I also want to say to the gentleman, since I think he and I think very much alike, that we are aware of the extraordinary pressures that are brought to bear on a Member of Congress and make it very difficult to perform our

fundamental duty pursuant to the Constitution, and that is to prioritize Federal spending.

Mr. Speaker, you learn very quickly when you come back to this body, the extraordinary honor and privilege as that surely is—and it really is the opportunity and privilege of a lifetime—but you learn very quickly that there are certain inert political pressures that come with being a Member of Congress. Internally the pressure is to go along to get along. The external pressure imposed is that of a demanding public and all of our constituencies to spread the money around so that the message that comes through to a new Member is, A, do whatever it takes to come back to this place, do whatever it takes to get reelected, whatever it takes to perpetuate yourself in office.

That too often means, again, trying, as I said, trying to be all things to all people, trying to spread the Federal dole around so we give a little bit of the pie to everybody.

You learn very quickly that the way to get reelected is by saying "yes" and spending money, not by saying "no" and trying to conserve.

Mr. SANTORUM. If I might interrupt the gentleman for a moment, the point I was trying to make earlier in the debate was how many bills are sponsored in the Congress to raise spending. It is approximately a ratio of: For every 200 bills that raise spending in the Congress that we introduce in the Congress, there is 1 bill introduced to cut spending. And if you look at the vast majority—and I do not have the most recent budget tracking system that the National Taxpayers Union has put together—but it is at least 95 percent of the Members of Congress have sponsored bills which would—the net result of that 95 percent of the Members of Congress would even further increase the national debt.

What I was saying earlier was that it is even odder that the folks who are opposing the balanced budget amendment and saying that what we need is to discuss the issues, and after we get some leadership and discuss the issues we will be able to solve this problem, have sponsored on average about $128 billion more in deficit spending as a result of the bills that they would like to see become law. They have their names on it. Versus the folks who are supporting the balanced-budget amendment on average are sponsoring about $27 billion more in spending. But still that gives you an idea that at least some of the folks who are for a balanced budget are serious about reducing Federal spending. Unfortunately, some are not so serious.

I have seen, and the gentleman has cosponsored many of them—some bills that would reduce spending, and I put my name on the line. I got that question at many, many town meetings, "Well, Congressman, you said you are going to cut spending. Where are you going to cut spending? Well, then I pull out of my briefcase a stack of bills about this high, saying, "Here is where I will cut spending. Here is the budget that I put together with JOHN KASICH and TOM DELAY, JOHN MILLER, and here is where we will do it." And I hand them out. I show my constituents where we are going to cut spending and how we can begin to reduce the deficit.

I explain the problem that has been explained here so eloquently by many as to the problem. And I say to them we have to make these tough choices. I again agree with the chairman of the Committee on the Budget that you are not going to balance this deficit by cutting waste, fraud, and abuse. There is not enough waste, fraud, and abuse in this Government to balance the budget. I am convinced of that. What we have to do is we have to reform a lot of programs, we have to encourage productivity, which will help our deficit situation because it will result in growth. And what we have got to do is make very tough decisions on what we are going to spend money on and set priorities, and that is something that we just simply do not do in this place.

□ 2330

It is all well, OK. We can stick a few dollars in here and a few dollars there just to keep everybody off our backs, and I yield back.

Mr. RIGGS. Mr. Speaker, I appreciate the observations of the gentleman, and he is so right because I guess we have to honestly acknowledge that the passion for spending around this place is bipartisan and universal.

Mr. SANTORUM. No question.

Mr. RIGGS. And it is is something, as a relative newcomer to the body, one learns in the earliest days of their service, and it is an example of how far we have to go.

I mean I think the distinguished chairman of the Committee on the Budget was gracious enough to come down to the floor tonight and engage in genuine debate, and the gentleman, as a very valuable member of the Committee on the Budget, has made the stipulation operating from the premise at the outset that all Federal budget items have to be on the table. I personally believe that the balanced budget amendment and what will follow it will be very healthy for the economy and very healthy for the American political process and will go a long way toward restoring voter confidence and restoring trust in Government.

But just as an indication of how far we have to go, as the gentlenman knows, the Bush administration has proposed a means of means testing, or needs testing, for Medicare benefits. Of course they accompanied that with malpractice reform proposals that would lower Medicare costs or at least help control soaring medical costs, and specifically in the Medicare Program, but that proposal was a very modest one and, as I recall it——

Mr. SANTORUM. I will explain it exactly because I use this as an example in every town meeting I go to, and it has to do with Medicare part B, and there are two parts to Medicare. There is Medicare part A, in which every person as a working American—although as a Member of Congress we get questioned about that, but I will testify at 11:30 at night I am working American. I pay taxes into the Social Security trust fund for Medicare part A, which is basically hospitalization coverage when I retire.

There is a separate Medicare Program, Medicare part B. Medicare part B is not funded, one dime, out of the Social Security trust fund. It is not funded by payroll taxes that one pays to the Social Security trust fund. It is funded. It is a public insurance program. It is not mandatory. Anybody, if they are eligible age-wise, they are eligible to participate in this program.

But it is funded by two revenue streams. The first revenue stream is by premiums paid by retirees. Retirees pay $31.80 a month for Medicare part B coverage. In fact, the $31.80 that seniors pay covers 25 percent of the cost of the program. The other 75 percent is taken from the general fund, from general revenues, and we have a situation where we have a family of four, parents, and maybe both have minimum wage jobs, no health insurance, barely making it, probably have some sort of assistance from the Government to begin with, paying taxes into the Federal Government.

So, Ross Perot could buy Medicare part B and be subsidized at 75 percent of the cost of that, and most people, when I tell them that at my town meetings, say, "That's outrageous. There is no way people with high incomes need to get that kind of subsidy from the regular, ordinary taxpayer," and I say to them, "Well, the President put together a very modest proposal. We modified it a little bit. Our proposal was starting at $70,000 per couple—now you have a couple, age 65 or older, earning $75,000 a year. We begin at that point, $70,000 a year. We begin at that point to increase the premium ever so slightly. So, at $80,000 a year, you're probably paying $40 a month for this program, up to $200,000 of income. At $200,000 you pay the full fare, $120, or something like that which still, by the way, and I've checked with some insurers, is a good deal. At that point you're on your own."

It just has no political support in this body, none.

Mr. RIGGS. Mr. Speaker, if the gentleman will yield for just a moment, my recollection is we have been through two budget cycles, or we are nearly through the second cycle since we came here in January of last year.

Both times the administration has proposed this form of needs testing, or means testing actually, for Medicare part B benefits, and, as the gentleman put it, it is a very modest proposal. Both times these proposals have been declared political nonstarters on Capitol Hill.

Mr. SANTORUM. That is absolutely right, and the reaction I get from people is just amazement that we cannot pass something that is just a real minor reform, and, to be perfectly candid with the gentleman, but yet a very principled reform, but we hear all the arguments about fairness. My goodness, what is fair about families without health insurance subsidizing people that are making hundreds of thousands and maybe even millions of dollars a year in their health insurance bills?

I mean that is absolutely absurd that something like that goes on, and I say to people, "if you think that's bad, of the $700 billion to almost $800 billion in entitlement programs, what are listed as entitlement programs in the Federal Government, whether they be agriculture, or retirement, or unemployment compensation, just name it, all the entitlement programs, aid to families with dependent children, just name it; all those programs of the nearly $800 billion that is spent," I ask people, "How much of that money do you think—how much of that $800 billion goes to people at or below the poverty level, because that's what these programs are supposed to be about. They're supposed to be poverty programs."

Well, Mr. Speaker, people say, "Oh, I don't know; half or maybe 25 percent," because they are cynical, and I say, "How about 12 percent? How about $1 out of every $8 goes to people at or below the poverty level?"

Now these were supposed to be safety net programs, and they have not—they have sort of transformed into safety net programs, and my theory on that is they transform into middle class entitlement programs in a sense because that is where most of the votes are, and if we can keep that money coming, then we can make sure that we can maintain it. I know the control and the political electability of keeping those benefits coming to those folks.

Mr. Speaker, that to me is again the kind of cynicism that goes on around her that I think the American public is fed up with. I think they want tough choices. I have had person after person come up to me after my meetings and say, "You know, you're absolutely right. You know, I don't need to have this kind of benefit and, you know, I take it because I'm a good consumer and I should take it," and I certainly do not fault the people for doing so.

However, Mr. Speaker, we have a responsibility for future generations, not to allow that kind of largess, in some instances, to punish future generations.

Mr. RIGGS. I agree with the gentleman. If the gentleman will yield, I think the American people, and this is a real strong sense derived from 38 town hall meetings in 18 months, but I think the American people are willing to make sacrifices provided that we demonstrate the leadership from here and provided also that we set a personal example by tightening our own belts, and by that I mean the money we spend on ourselves, the legislative branch appropriation.

Mr. Speaker, this was certainly an issue in 1990 when the Congress granted itself a pay raise, a substantial increase, 40 percent or better, and the issue then was not whether or not the salary was commensurate with the duties and responsibility of the position.

Having been here, having performed those duties and responsibilities for 18 months, I have to say that I believe the salary rate or the level of compensation is commensurate with the duties and responsibilities of the position. But the message that we were sending to the American people at a time of record deficits is that we were unwilling to tighten our own belts, and we were unwilling to set a permanent example of what must follow if we are going to get the Federal budget in balance.

I also view this, and I sort of whispered it in the ear of gentleman from California [Mr. ROHRABACHER], and he used this in his final comments as we ended the debate. But I really view the balanced budget legislation as a congressional empowerment act for a lack of a better term.

□ 2340

I am absolutely convinced that this legislation, assuming that it passes the House tomorrow, that it is passed by the other body, and then ratified by 38 or more States, I really believe that this legislation will empower the Members of Congress to deal with other policy issues, whether we are talking about congressional reform, health care reform, as several Members in the debate earlier today alluded to the fact that we must control soaring medical costs because it is a very expensive and ever-increasing item of the Federal budget, as the gentleman from the Committee on the Budget well knows and just alluded to in his comments regarding the Medicare Program.

It will also help us again I think take a healthy look and reexamine our own internal budgetary process. Fundamentally and ultimately it will probably lead to this body, through its Committee on the Budget, reexamining how we perform and deliver basic governmental services. And we are going to have to become obviously, as the gentleman well knows, much more entrepreneurial in the delivery of those services.

My pet peeve is it will at least put some credibility behind the statements you hear all too frequently in this body and the other body about demanding reciprocity in trade.

I hear Members out there all the time saying that free trade means fair trade. But as long as we are going to foreign investors and asking them to finance our deficit, I seriously question how much credibility those statements have, how much leverage we have in trade negotiations.

I am sure the gentleman agrees with me that it is very uncommon for a consumer to walk into a bank and dictate the terms by which they will borrow money from the lender. That is essentially the kind of situation we have now, particularly as we look to the Japanese to finance our budget deficit.

So the ultimate ramifications of this bill are vast indeed. It will surely be probably more than anything else we could do, including term limits or truly fundamental campaign finance reform, is empower Members of Congress to go about their business and perform their basic financial responsibilities.

Mr. SANTORUM. I want to pick up on that empowerment theme, because, the gentleman from Wisconsin [Mr. OBEY] quoted a gentleman, Archie, and I can't recall his last name, I think it was Cutler, but the last part of the quote was the important thing is what men do with any kind of system you might have.

Well, that is true. The important thing is the character and what we actually do here. But the rules we play by are certainly very important to find out, the result of what men can do, and what men through whatever motivation is necessary are forced to do. That is something that was sort of brushed over.

I mean, if we had a system that specifically said, you know, it does not require a balanced budget, and in fact encourages you not to balance the budget, maybe if we had a constitutional amendment that says the budget would be out of balance by such and such a percent, you would have a field day.

Whatever mechanism is set up, we see this in the Committee on Rules all the time. I mean, the rules of how a place is governed dictate in many instances what happens and what comes out of the institution.

I think the rule of requiring fiscal discipline and forcing Members to make those tough choices, I mean deficits, certainly deficits of this size, other than in wartime, where just really unheard of in the early years of the democracy, and really it is a rather recent phenomena.

When we did have deficits we quickly paid them off in subsequent years, because that was sort of expected. This is a very recent phenomena. This Congress has to change as, unfortunately, this country is changed, and I think that gets back into a whole lot of things as far as the political environ-

ment and your accountability and a whole lot of other things.

If the gentleman would like some more time?

Mr. RIGGS. I would just like to follow up on the last comment the gentleman made, and that is one of the other things, and I know this is the eternal optimist in me speaking, but one other thing that I hope will come from this process, this balanced budget act leading to congressional empowerment, is that perhaps Members of Congress at long last will be able to summon the will and demonstrate the leadership ability to address the many perverse incentives that permeate American society today. Whether we are talking about a tax policy that awards consumption and spending over savings and investment, or a political process, such as we have, and make no mistake about it, budgeting decisions around this place are primarily influenced in terms of discretionary funds by political considerations.

We have a political process in this country today that rewards spending, or increasing spending, and cutting taxes. That is a chief contributing cause of how we have gotten into this mess.

So eventually, and I hope sooner than later, we are going to have to change the budgeting process of the Federal Government to one that is much more performance-based. That is to say, we are going to have to make budgetary decisions based on competition and results, and much less on seniority, connections, and political input, which is how budgeting decisions are made at the present time.

So I commend the gentleman for his leadership in this regard and will happily follow his lead as we press on beyond the balanced budget amendment and try to get fundamental budget reform in the House of Representatives.

Mr. SANTORUM. I thank the gentleman. One of the things I was saying in a lot of the talks I gave and radio interviews I gave during the time of the bank scandal, I said, in fact I said on the "Phil Donohue Show" when the people seemed to be very excited and riled up and angry with what was going on here in the Congress and the perks that were handed out and the abuses at the bank, and people had real passion and real fire in their eyes.

And I said to them, I said, "I hope you have that same passion when it comes to important issues that we face here in the Congress, and that you write your Congressman and call them up and express that passion for this instance, for the real reforms that are necessary in this Congress."

What I am hearing, and I have not gotten any calls personally on this, but what I am hearing is that the special interests are at work. That the phone calls are coming in through the score tactics of the special interests.

I take this as our failure. I take this as the failure of the people of America. I take it as our failure to better communicate the message that I think is necessary to reach people, that we have not communicated to America somehow what we are doing here and how important it is. We have debates on the floor of the House, but somehow that message does not permeate out as it did maybe with the bank scandal.

I was looking up at the gallery most of the day, and I did not see any media up there covering what I think is a very historic debate. There was nobody up there.

My goodness, when we were talking about the bank scandal it was SRO up there. That is a pretty sad commentary on the media and the media's obligation in my opinion to at least give the opportunity for the American public to get as excited about reform of their budgetary system in this country as they are about reform of their House banking system in this country.

I want to thank the gentleman for taking the time to be with me here and communicating for the purpose of the RECORD what our feelings are and how important it is to do that.

In closing, I wanted to talk just briefly about the reason that I think the balanced budget is so important. It is this little lady right here who is sitting in a wash basin. Her name is Elizabeth Ann Santorum. She is 14 months old now.

I took the liberty of looking at Elizabeth's future when it comes to the financial affairs of this country.

When Elizabeth was born on April 9, 1991, her share of the national debt was about $15,000. She came into this world in debt, as every American comes into this world in debt. We had a $3.6 trillion debt.

When my little girl goes to first grade, she is going to owe roughly $20,000.

□ 2350

The debt will be over $5 trillion. When my little girl gets out of grade school, she will owe $26,000, and the debt will be over $7.29 trillion.

By the way, these are very conservative estimates. They include Social Security surpluses. They include just about everything.

We tried to make the most conservative estimates we could. When she graduates from high school, very proud, as I am sure I will be of her, $32,000 she will owe toward the national debt.

By the way, we are adjusting for population increases. So as the population is growing, it is still, the deficit outpaces.

Finally, when Elizabeth Anne graduates from college, as I hope she will, she will owe $36,000, in addition probably three or four times that amount in student loans. And the national debt will be $11 trillion. That is if we do nothing today and tomorrow.

That is if we stand up and give all the reasons to say no again. If we stand up and say the special interests are just too powerful, coming back here, getting reelected is just too important to me.

Say to those people who are on the phone, who are calling saying, "Please don't pass this balanced budget amendment because it may some day in the future result in some change of Social Security, God knows what." I think you and I both know that will not happen, but the fear is out there.

I would suggest to them to look not at my little girl but look in the faces of their children and their grandchildren who, by the way, if we look at where the Federal money is spent in this country, Federal spending per capita on children, the most recent figures I could come up with was 1987, per child we spent in this country $854 per child on Federal Government spending. Per person over 65, we spent $10,010, over 10 to 1.

Look that child in the face, your grandchild, your niece, and say, "It is more important for me than for you to not leave you an opportunity to have at least the same quality of life, the same chances, not better, because it is getting harder out there, not better, just the same as I had."

I can tell my colleagues every meeting I go to, my generation is not counting on Social Security. They are not counting on it at all. They know that 50, 60 years from now it may not be around.

Consider the little ones, the ones that do not have the special interests calling. Consider them.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. NICHOLS (at the request of Mr. MICHEL), for today and the balance of the week, on account of personal reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. SANTORUM) to revise and extend their remarks and include extraneous material:)

Mr. SANTORUM, for 60 minutes, today, and for 5 minutes on June 11.

Mr. MICHEL, for 5 minutes, today.

(The following Members (at the request of Mr. STENHOLM) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. COYNE, for 5 minutes, today.

Mr. JONTZ, for 60 minutes, today.

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EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. SANTORUM) and to include extraneous matter:)

Mr. GREEN of New York.
Mr. MACHTLEY.
Mr. GILMAN.
Mr. BEREUTER.
Mr. MCEWEN.
Mr. ZIMMER.
Mr. ROS-LEHTINEN.
Mr. HOPKINS.
Mr. FAWELL.
Mr. RITTER.

(The following Members (at the request of Mr. STENHOLM) and to include extraneous matter:)

Ms. PELOSI in two instances.
Mr. FEIGHAN.
Mr. TRAXLER.
Mr. SWETT.
Mr. HOYER.
Mr. KOSTMAYER.
Mr. TORRES.
Mr. SCHEUER.
Mr. CARDIN.
Mr. GUARINI.
Mr. PEASE.
Mr. JACOBS.
Mr. BRYANT.
Mrs. LOWEY of New York in two instances.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 273. Joint resolution to designate the week commencing June 21, 1992, as "National Sheriffs' Week"; to the Committee on Post Office and Civil Service.

ENROLLED BILLS SIGNED

Mr. ROSE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 1642. An act to establish in the State of Texas the Palo Alto Battlefield National Historic Site, and for other purposes;

H.R. 1917. An act for the relief of Michael Wu; and

H.R. 2556. An act entitled the "Los Padres Condor Range and River Protection Act."

ADJOURNMENT

Mr. RIGGS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to, accordingly (at 11 o'clock and 55 minutes p.m.) the House adjourned until tomorrow, Thursday, June 11, 1992, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executives communications were taken from the Speaker's table and referred as follows:

3728. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the fiscal year 1992 security assistance program allocations; foreign military financing grants (FMF-G); to the Committee on Appropriations.

3729. A letter from the Under Secretary of Defense, transmitting notification for funding to test conventional defense equipment manufactured by major allies of the United States, pursuant to 10 U.S.C. 2350a(g); to the Committee on Armed Services.

3730. A letter from the Auditor, District of Columbia, transmitting a copy of a report entitled "Review of Receipts and Disbursements of the Office of the Public Service Commission's Agency Trust Fund," pursuant to D.C. Code, section 47-117(d); to the Committee on the District of Columbia.

3731. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting its quarterly report concerning human rights activities in Ethiopia, covering the period January 15 through April 14, 1992, pursuant to Public Law 100-456, section 1310(c) (102 Stat. 2065); to the Committee on Foreign Affairs.

3732. A letter from the Under Secretary of State for Management, transmitting the International Narcotics Control Program for fiscal year 1992 financial plan, pursuant to 22 U.S.C. 2291(b)(2); to the Committee on Foreign Affairs.

3733. A letter from the Assistant Secretary of State for Legislative Affairs, transmitting copies of the original report of political contributions of Kenneth L. Brown, of California, Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of Ghana, and members of his family, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

3734. A letter from the Corporation for Public Broadcasting, transmitting a copy of the semiannual report on activities of the inspector general for the period October 1, 1991 through March 31, 1992, pursuant to Public Law 95-452, section 5(b) (102 Stat. 2526); to the Committee on Government Operations.

3735. A letter from the inspector general, Office of Personnel Management, transmitting a copy of the semiannual report on activities of the inspector general for the period October 1, 1991 through March 31, 1992, pursuant to Public Law 95-452, section 5(b) (102 Stat. 2526); to the Committee on Government Operations.

3736. A letter from the Chairman, Panama Canal Commission, transmitting a copy of the semiannual report on activities of the inspector general for the period October 1, 1991 through March 31, 1992, pursuant to Public Law 95-452, section 5(b) (102 Stat. 2526); to the Committee on Government Operations.

3737. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

3738. A letter from the Federal Prison Industries, Inc., Department of Justice, transmitting the fiscal year 1991 annual report of the board of directors of Federal Prison Industries, Inc., pursuant to 18 U.S.C. 4127; to the Committee on the Judiciary.

3739. A letter from the U.S. Coast Guard, Department of Transportation, transmitting a report on options to prevent exotic species from entering U.S. waters in ships' ballast water, pursuant to Public Law 101-225, section 207(a) (103 Stat. 1913); to the Committee on Merchant Marine and Fisheries.

3740. A letter from the Secretary of Transportation, transmitting a biennial report, "The Status of the Nation's Local Mass Transportation: Performance and Conditions," pursuant to 49 U.S.C. 308(e); to the Committee on Public Works and Transportation.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SOLARZ (for himself, Mr. HAMILTON, Mr. GILMAN, Mrs. MORELLA, Mr. RANGEL, Mr. LEWIS of Georgia, and Mr. BERMAN):

H.R. 5360. A bill to reaffirm the obligation of the United States to refrain from the involuntary return of refugees outside the United States; jointly, to the Committees on Foreign Affairs and the Judiciary.

By Mr. ENGEL:

H.R. 5361. A bill to establish an agency to coordinate activities related to exports; jointly, to the Committees on Foreign Affairs, Banking, Finance and Urban Affairs, and Energy and Commerce.

By Mr. GLICKMAN:

H.R. 5362. A bill to amend the Federal Aviation Act of 1958 relating to general aviation accidents; jointly, to the Committees on Public Works and Transportation, the Judiciary, and Energy and Commerce.

By Mr. HAYES of Illinois (for himself, Mr. HORTON, Mrs. BYRON, Mr. GILMAN, Mr. MCCLOSKEY, Mr. MCNULTY, and Mrs. COLLINS of Michigan):

H.R. 5363. A bill to amend title 39, United States Code, to permit essential civilians supporting military operations, in an overseas area designated by the President, to mail at no cost, letters or recorded communications of a personal nature; to the Committee on Post Office and Civil Service.

By Mr. KOSTMAYER:

H.R. 5364. A bill to direct the Secretary of Health and Human Services to conduct a study of the feasibility and desirability of exempting services furnished to individuals who are over 21 and under 65 years of age in private freestanding psychiatric hospitals from the rule prohibiting Federal financial participation under title XIX of the Social Security Act for services furnished to such individuals in an institution for mental diseases, and for other purposes; to the Committee on Energy and Commerce.

By Mr. KOSTMAYER (for himself, Mr. MILLER of California, Mr. VENTO, Mr. DORGAN of North Dakota, Mr. PETRI, Mr. ZIMMER, and Mr. ANDREWS of Maine):

H.R. 5365. A bill to amend the Reclamation Project Act of 1939 to reform irrigation assistance repayments and to require the Secretary of the Interior to redetermine the ability of irrigators to repay construction charges at least every 5 years; to the Committee on Interior and Insular Affairs.

By Mr. LEACH (for himself, Mr. DURBIN, Mr. NUSSLE, Mr. EMERSON, Mr. NAGLE, Mr. PENNY, Mr. LIGHTFOOT, Mr. GRANDY, Mr. MICHEL, Ms. MOLINARI, Mr. JONTZ, Mr. COLEMAN of Missouri, Mr. BILIRAKIS, Mr. TALLON, Mr. DORGAN of North Dakota, Mr. SLATTERY, Mr. WALSH, Mr. PETERSON

of Minnesota, Mr. BEREUTER, Mr. JOHNSON of South Dakota, Mr. ALLEN, Mr. EVANS, Mr. BOEHNER, Ms. NORTON, Mr. COX of Illinois, Mr. LANCASTER, Ms. LONG, Mr. ATKINS, Mr. HASTERT, Mr. BRUCE, and Mrs. MEYERS of Kansas):

H.R. 5366. A bill to require that all Federal printing be performed using cost-competitive inks whose pigment vehicles are made entirely from soybean oil, and for other purposes; jointly, to the Committees on House Administration and Government Operations.

By Ms. OAKAR:

H.R. 5367. A bill to provide for cost-of-living adjustments in 1993 under certain Government retirement programs; jointly, to the Committees on Post Office and Civil Service, Armed Services, Foreign Affairs, Intelligence (Permanent Select), and Energy and Commerce.

By Mr. OBEY:

H.R. 5368. A bill making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1993, and for other purposes; to the Committee on Appropriations.

By Mr. PAYNE of Virginia:

H.R. 5369. A bill to modify the boundary of Appomattox National Historical Park; to the Committee on Interior and Insular Affairs.

By Mr. ROBERTS (for himself, Mr. POSHARD, Mr. THOMAS of Wyoming, Mr. WILLIAMS, Mr. ESPY, Mr. SYNAR, Mr. LANCASTER, Mr. PAYNE of Virginia, and Mr. JOHNSON of South Dakota):

H.R. 5370. A bill to amend the Public Health Service Act and title XVIII of the Social Security Act with respect to health professional shortage areas; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. SANTORUM:

H.R. 5371. A bill to suspend until January 1, 1995, the duty on n-butylisocyanate; to the Committee on Ways and Means.

H.R. 5372. A bill to suspend until January 1, 1995, the duty on cyclohexylisocyanate; to the Committee on Ways and Means.

By Mr. ORTON:

H.J. Res. 506. Joint resolution proposing an amendment to the Constitution of the United States relating to the election of the President and Vice President; to the Committee on the Judiciary.

By Mr. HOYER (for himself, Mr. WOLF, Mr. MCMILLEN of Maryland, Mrs. MORELLA, Mr. CARDIN, Mrs. BENTLEY, and Mr. MORAN):

H. Con. Res. 331. Concurrent resolution authorizing the use of the Capitol grounds for the Greater Washington Soap Box Derby; to the Committee on Public Works and Transportation.

By Mr. ROBERTS:

H. Res. 478. Resolution to establish a panel of constitutional experts to recommend to the House an appropriate process for its selection of a President under the 12th and 20th articles of amendment to the Constitution; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

485. The SPEAKER presented a memorial of the House of Representatives of the State of Hawaii, relative to "Japan-Bashing" and "America-Bashing"; jointly, to the Committees on Ways and Means, the Judiciary, and Foreign Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 258: Ms. PELOSI.

H.R. 784: Mr. MCCLOSKEY and Mr. DORNAN of California.

H.R. 806: Mr. BROWN.

H.R. 815: Mr. SANGMEISTER.

H.R. 911: Mr. PACKARD.

H.R. 1244: Mr. ENGEL.

H.R. 1443: Mr. HOCHBRUECKNER and Ms. KAPTUR.

H.R. 1473: Mr. STALLINGS.

H.R. 1536: Mr. SHAW.

H.R. 1916: Mr. ROE.

H.R. 2070: Mr. GUARINI and Mr. SWETT.

H.R. 2083: Mr. LEVIN of Michigan.

H.R. 2248: Mr. STUDDS.

H.R. 2966: Mr. OBERSTAR.

H.R. 3071: Mr. STALLINGS, Mr. COX of California, and Mr. ALLEN.

H.R. 3164: Mr. LIPINSKI, Mr. WALSH, and Mr. HAYES of Illinois.

H.R. 3258: Mr. RAY.

H.R. 3311: Mr. MCCOLLUM.

H.R. 3373: Mr. GRANDY and Mr. RITTER.

H.R. 3471: Mr. FISH.

H.R. 3477: Mr. GALLO.

H.R. 3598: Mr. LIPINSKI.

H.R. 3871: Mr. RAVENEL, Mr. ABERCROMBIE, Mr. MANTON, Mr. POSHARD, Mr. MACHTLEY, Mr. SCHEUER, Mr. LIPINSKI, Mr. MRAZEK, and Mr. SABO.

H.R. 3986: Mrs. BOXER.

H.R. 3989: Mr. FISH.

H.R. 3992: Mr. FISH.

H.R. 4008: Mr. FOGLIETTA, Mr. ENGEL, Mr. BUSTAMANTE, and Mr. ZELIFF.

H.R. 4031: Mr. BROWN.

H.R. 4034: Mr. FISH.

H.R. 4083: Mr. COYNE and Mrs. LLOYD.

H.R. 4104: Mr. HYDE.

H.R. 4176: Mr. LAUGHLIN.

H.R. 4208: Mr. MCDERMOTT.

H.R. 4275: Mr. OWENS of New York, Mr. LANTOS, Mr. SWETT, and Mr. SMITH of New Jersey.

H.R. 4320: Mr. TOWNS, Mr. WILSON, Mr. TORRES, Mrs. SCHROEDER, and Ms. DELAURO.

H.R. 4571: Mr. BROWN, Mr. SANGMEISTER, Mr. ATKINS, Mr. SERRANO, and Mr. HAYES of Illinois.

H.R. 4595: Mr. LAGOMARSINO and Mr. WOLF.

H.R. 4600: Mr. ZIMMER.

H.R. 4601: Mr. ZIMMER.

H.R. 4602: Mr. ZIMMER.

H.R. 4603: Mr. ZIMMER.

H.R. 4604: Mr. ZIMMER.

H.R. 4605: Mr. ZIMMER.

H.R. 4606: Mr. ZIMMER.

H.R. 4608: Mr. ZIMMER.

H.R. 4609: Mr. ZIMMER.

H.R. 4689: Mr. COX of California, Mr. KASICH, Mr. DOOLITTLE, and Mr. BROWN.

H.R. 4790: Mr. DEFAZIO, Mr. PAXON, Mr. WALSH, Mr. QUILLEN, Mrs. SCHROEDER, Mr. TRAXLER, Mr. KOPETSKI, Mr. ZELIFF, Mr. EWING, and Mr. SCHUMER.

H.R. 4961. Mr. DOOLITTLE.

H.R. 5000: Mr. GILCREST.

H.R. 5010: Mr. BEILENSON, Mr. HAYES of Illinois, and Mr. BUSTAMANTE.

H.R. 5014: Mr. BEREUTER, Mr. NAGLE, Mr. KLUG, and Mr. DINGELL.

H.R. 5024: Mr. DIXON, Mr. TRAXLER, Mr. BATEMAN, Mr. CLEMENT, Mr. QUILLEN, and Mr. BONIOR.

H.R. 5124: Mr. HYDE and Mr. OWENS of New York.

H.R. 5126; Mr. ABERCROMBIE, Mr. BOEHLERT, Mr. CALLAHAN, Mr. CONDIT, Mr. DINGELL, Mr. DWYER of New Jersey, Mr. GEKAS, Mr. GREEN of New York, Mr. HOAGLAND, Mr. JENKINS, Mr. KLECZKA, Mr. LAROCCO, Mr. LENT, Mr. MICHEL, Mr. RITTER, Mr. SCHUMER, Mr. SMITH of Oregon, Mr. VISCLOSKY, Mr. WILLIAMS, Ms. MOLINARI, Mr. GEPHARDT, Mr. KASICH, Mr. BILBRAY, Mr. BUSTAMANTE, Mr. CARR, Mr. DAVIS, Mr. DOWNEY, Mr. FAZIO, Mr. GEREN of Texas, Mr. HERTEL, Mr. HOBSON, Mr. JOHNSON of Texas, Mr. LAFALCE, Mr. LEHMAN of California, Mr. MCGRATH, Mr. MOORHEAD, Mr. ROGERS, Mr. SIKORSKI, Mr. THOMAS of Georgia, Mr. WHEAT, Mr. WOLPE, Mr. FROST, Mr. ROWLAND, and Mr. HAMMERSCHMIDT.

H.R. 5155: Mr. KOPETSKI and Mr. SOLOMON.

H.R. 5209: Mr. HAYES of Illinois.

H.R. 5219: Mr. EVANS and Mr. BUSTAMANTE.

H.R. 5229: Mr. BALLENGER, Mr. HANCOCK, Mr. ALLEN, Mr. THOMAS of Wyoming, Mr. KYL, Mr. BUNNING, Mr. DELAY, Mr. BOEHNER, Ms. ROS-LEHTINEN, Mr. ZELIFF, Mr. DOOLITTLE, and Mr. GINGRICH.

H.R. 5240: Mr. WALSH, Mr. BOEHLERT, Mr. BILIRAKIS, Mr. ROBERTS, Ms. SLAUGHTER, Mr. KLUG, Mr. STUDDS, Mr. SUNDQUIST, Mr. COX of California, Mr. GUNDERSON, and Mr. SHAYS.

H.R. 5258: Mr. BALLENGER, Mr. DANNEMEYER, Mr. GILCHREST, Mr. HENRY, Mr. MCGRATH, Mr. HORTON, Mr. INHOFE, Mr. ZELIFF, Mr. RITTER, Mr. SENSENBRENNER, Mr. AUCOIN, Mr. BUSTAMANTE, Mr. JOHNSON of South Dakota, Mr. HALL of Ohio, Mr. JONES of Georgia, Mr. MANTON, Mr. MAVROULES, Mr. KENNEDY, Mr. MCCURDY, Mrs. MINK, Mr. OBERSTAR, Mr. PENNY, Mr. SISISKY, Mr. PRICE, Mr. SWIFT, and Mr. TOWNS.

H.R. 5263: Mr. COLORADO.

H.R. 5282: Mr. BUSTAMANTE and Mr. FEIGHAN.

H.R. 5325: Mr. COUGHLIN and Mr. MCEWEN.

H.J. Res. 239: Mrs. MEYERS of Kansas.

H.J. Res. 271: Mr. DE LA GARZA, Mr. BOEHLERT, Mr. SKAGGS, Mr. KOPETSKI, Ms. KAPTUR, Mr. MORAN, Mr. PAYNE of Virginia, Mr. GEREN of Texas, Mr. MCCURDY, Mr. BEVILL, Mr. PASTOR, Mr. BEILENSON, Mrs. BOXER, Mr. FAZIO, Mr. LANTOS, Mr. MARTINEZ, Mr. WAXMAN, Mr. MCMILLEN of Maryland, Mr. SWETT, Mr. LAUGHLIN, and Mr. HAMMERSCHMIDT.

H.J. Res. 351: Mr. FISH.

H.J. Res. 391: Mr. MCCLOSKEY and Mr. KOLTER.

H.J. Res. 455: Mr. LIPINSKI, Mr. ARCHER, Mr. CALLAHAN, Mr. CLEMENT, Mr. COLEMAN of Texas, Mr. BENNETT, Mr. RANGEL, Mr. ESPY, Mr. GINGRICH, Mr. GRANDY, Mr. EDWARDS of Texas, Mr. DOOLITTLE, Mr. DE LUGO, Mr. KASICH, and Mr. GEREN of Texas.

H.J. Res. 469: Mr. BEVILL, Mr. VENTO, Mr. SANGMEISTER, Ms. DELAURO, Mr. DYMALLY, Mr. MCDERMOTT, Mr. DARDEN, Mr. SHAW, Mr. LEWIS of Georgia, Mr. COLEMAN of Texas, Mr. EMERSON, Mr. DEFAZIO, Mr. ACKERMAN, Mr. WAXMAN, and Mr. LEVINE of California.

H.J. Res. 476: Mr. DOWNEY, Mr. DEFAZIO, Mr. BRUCE, Mr. HAMMERSCHMIDT, and Mr. FOGLIETTA.

H.J. Res. 478: Mr. EVANS, Mr. BUSTAMANTE, Mr. HALL of Ohio, and Mr. DINGELL.

H.J. Res. 479: Mr. HUGHES, Mr. QUILLEN, Mr. SANGMEISTER, Mr. BUSTAMANTE, and Mr. TORRICELLI.

H.J. Res. 486: Mr. WAXMAN, Mr. HAMMERSCHMIDT, Mr. GILCHREST, Mr. LENT, Mr. RANGEL, Mr. MCDERMOTT, Mr. MORAN, Mr. KASICH, Mr. BORSKI, Mr. BREWSTER, Mr. HAMILTON, Mr. PICKETT, Mr. STOKES, Mr. JEFFERSON, Mr. SHAYS, Mr. BARTON of Texas, Ms. NORTON, Mr. MONTGOMERY, Mr. OBERSTAR, Mr. HERTEL, Mr. GUNDERSON, Mr. DE LA GARZA, Mr. CONDIT, Mr. LIVINGSTON, Ms. SNOWE, Mr. KILDEE, Mr. TAYLOR of North Carolina, Mr. ROHRABACHER, Mr. WISE, Mr.

PERKINS, Mr. KOPETSKI, Mr. NAGLE, Mr. MCMILLEN of Maryland, Mr. COLEMAN of Texas, Mr. SMITH of Florida, Ms. PELOSI, Mr. DORNAN of California, Mr. MARTIN, Mr. BLILEY, Mr. COX of California, Mrs. MINK, Mr. FAWELL, Mr. GILMAN, Mr. HUNTER, Mr. HYDE, Mr. PURSELL, Mr. LEWIS of Florida, Mr. MCCRERY, Mr. MCGRATH, Mr. MCCOLLUM, Mr. MCDADE, Mr. INHOFE, Mr. EMERSON, Mr. PAXON, Mr. QUILLEN, Mr. MFUME, Mr. LEWIS of California, Mr. RINALDO, Mr. RHODES, Mr. RIGGS, Mrs. JOHNSON of Connecticut, Mr. MAZZOLI, Mr. TOWNS, Ms. HORN, Mr. GUARINI, Mr. BUSTAMANTE, Mr. ESPY, Mr. HOCHBRUECKNER, Mr. LAFALCE, Mr. LIPINSKI, Mr. STARK, Mr. FAZIO, Mr. CHAPMAN, Mr. FALEOMAVAEGA, Mr. HASTERT, Mr. ROEMER, Mr. SISISKY, Mr. FROST, Mr. RAMSTAD, Mrs. VUCANOVICH, Mr. CAMP, Mr. SMITH of New Jersey, Mr. SOLOMON, Mr. MCCLOSKEY, Mr. WYLIE, Mr. BATEMAN, Mr. HORTON, Mr. RAVENEL, Mr. HANSEN, Mr. BENNETT, Mr. COBLE, Mr. SCHAEFER, Mr. WALSH, Mr. JONES of Georgia, Mr. WEISS, Mr. YATRON, Mr. ASPIN, Mr. BERMAN, Mr. BILBRAY, Mr. COSTELLO, Mr. CLEMENT, Mr. DICKS, Mr. DELLUMS, Mr. DIXON, Mr. DWYER of New Jersey, Mr. DYMALLY, Mr. EVANS, Mr. GEREN of Texas, Mr. CONYERS, Mr. MOAKLEY, Mr. MURPHY, Mr. ROE, Mr. SABO, Mr. SAVAGE, Mr. SCHEUER, Mr. SERRANO, Mr. SHARP, Mr. SKELTON, Mr. SOLARZ, Mr. VOLKMER, Mrs. UNSOELD, Mr. OWENS of New York, Mr. TRAXLER, Mr. TORRICELLI, Mr. SLATTERY, Mr. SPRATT, Mr. STAGGERS, Mr. WOLPE, Mr. MCNULTY, Mr. NATCHER, Mr. NEAL of North Carolina, Mr. PRICE, Mr. BACCHUS, Mr. CALLAHAN, Mr. THOMAS of Georgia, Mr. BUNNING, Mr. SHAW, Mr. WEBER, Mr. SAXTON, Mr. MAVROULES, Mr. TORRES, Mr. SCHIFF, Mr. REGULA, Mr. VANDER JAGT, Mr. IRELAND, Mr. GINGRICH, Mr. COUGHLIN, Mr. GEKAS, and Mr. SKEEN.

H.J. Res. 495: Mr. STOKES, Mr. SOLOMON, Mr. FROST, Mr. SANGMEISTER, Mr. BUSTAMANTE, and Mr. SAXTON.

H. Con. Res. 298: Mr. SCHIFF, Ms. MOLINARI, Mr. KOPETSKI, Mr. WOLPE, Mr. STOKES, Mrs. BOXER, Mr. JOHNSTON of Florida, Mr. BURTON of Indiana, Mr. DURBIN, Mr. EVANS, Mr. LANCASTER, Mr. HUGHES, Mr. GLICKMAN, Mr. GILLMOR, Mr. JEFFERSON, Mr. FISH, Mr. SHAW, and Mr. PAXON.

H. Con. Res. 316: Mr. MCHUGH, Mr. LIGHTFOOT, Mr. SISISKY, Ms. DELAURO, Mr. FASCELL, Mrs. KENNELLY, Mr. GEPHARDT, Mr. MILLER of Washington, Mr. SMITH of New Jersey, and Mr. BURTON of Indiana.

H. Con. Res. 321: Mr. LANCASTER, Mr. PAYNE of Virginia, Mr. MARLENEE, Mr. ESPY, and Mr. JOHNSON of South Dakota.

H. Con. Res. 325: Mrs. SCHROEDER, Mr. KOPETSKI, Mr. GIBBONS, Mr. HAYES of Illinois, and Mr. MCMILLEN of Maryland.

H. Res. 272: Mr. GUNDERSON, Mr. ENGEL, and Mr. FISH.

H. Res. 314: Mr. BROWN.

H. Res. 372: Ms. SLAUGHTER, Mr. STALLINGS, Mr. GREEN of New York, and Mr. FISH.

H. Res. 417: Mr. KLECZKA.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.J. Res. 290

By Mr. KYL of Arizona:

—Strike all after the resolving clause and insert the following:

That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after the date of its submission for ratification:

"ARTICLE —

"SECTION 1. Except as provided in this article, outlays of the United States Government for any fiscal year may not exceed its receipts for that fiscal year.

"SECTION 2. Except as provided in this article, the outlays of the United States Government for a fiscal year may not exceed 19 percent of the Nation's gross national product for that fiscal year.

"SECTION 3. The Congress may, by law, provide for suspension of the effect of sections 1 or 2 of this article for any fiscal year for which three-fifths of the whole number of each House shall provide, by a rollcall vote, for a specific excess of outlays over receipts or over 19 percent of the Nation's gross national product.

"SECTION 4. Total receipts shall include all receipts of the United States except those derived from borrowing and total outlays shall include all outlays of the United States except those for the repayment of debt principal.

"SECTION 5. The President shall have power, when any Bill, including any vote, resolution, or order, which contains any item of spending authority, is presented to him pursuant to section 7 Article I of this Constitution, to separately approve, reduce, or disapprove any spending provision, or part of any spending provision, contained therein.

"When the President exercises this power, he shall signify in writing such portions of the Bill he has approved and which portions he had reduced. These portions, to the extent not reduced, shall then become a law. The President shall return with his objections any disapproved or reduced positions of a Bill to the House in which the Bill originated. The Congress shall separately reconsider each such returned portion of the Bill in the manner prescribed for disapproved Bills in section 7 of Article I of this Constitution. Any portion of a Bill which shall not have been returned or approved by the President within 10 days (Sundays excepted) after it shall have been presented to him shall become a law, unless the Congress by their adjournment prevent its return, in which case it shall not become a law.

"SECTION 6. Items of spending authority are those portions of a Bill that appropriate money from the Treasury or that otherwise authorize or limit the withdrawal or obligation of money from the Treasury. Such items shall include, without being limited to, items of appropriations, spending authorizations, authority to borrow money on the credit of the United States or otherwise, dedications of revenues, entitlements, uses of assets, insurance, guarantees of borrowing, and any authority to incur obligations.

"SECTION 7. Sections 1, 2, 3, and 4 of this article shall apply to the third fiscal year beginning after its ratification and to subsequent fiscal years, but not to fiscal years beginning before October 1, 1996. Sections 5 and 6 of this article shall take effect upon ratification of this article.