

## A PERMANENT RESTRAINT ON FEDERAL SPENDING

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As the budget battle rages, President Reagan, Congress and the American public have focused on next year's budget deficit. While it's important that the deficit be lowered, it's more important that Congress take a less myopic view of the budget process and act in the long-term interests of national economic stability. Americans should urge Congress to enact constitutional spending restraints designed to halt the ravenous spending habits of the Federal government.

For years Americans have suffered under inflation rates, interest rates and tax rates that are too high, and productivity, savings and investment, and employment rates that are too low. One of the reasons is that the Federal budget mechanism itself is out of alignment, producing economic policies out of sync with the desired objectives of our economy: stable prices, available credit, maximum employment, and steady growth.

In examining the federal budget over the past three decades, it quickly becomes apparent that one of its flaws is an institutional bias that encourages uncontrolled growth of expenditures, quick and easy tax increases, and higher and higher deficits. Not only have we failed to limit spending to income in 19 of the last 20 years, but deficits have grown almost geometrically to the point where the next fiscal year's deficit will likely exceed the total federal budget of 1967.

Congress has tried many ways to stanch the flood of red ink with little success. Consider the deficit spending record of the past thirty years:

<i><b>Decade</b></i>	<i><b>Total Deficits (in billions)</b></i>
1950-1959	\$18
1960-1969	\$56
1970-1972	\$318
1980-1983 (4 years)*	\$291

What should be done to decrease the current deficit? We clearly cannot allow major pieces of the budget -- defense, the entitlement programs, Social Security -- to be spared from budget scrutiny and adjustment. In both economic and political

terms, it is clear that deficit reductions are not possible if these programs are exempt from change.

But there remains a larger question: how can we permanently bring to a halt the persistent and massive overspending of the Federal government. When Congress has demonstrated neither the political will nor the procedural mechanism to control spending? Five administrations and ten congresses have demonstrated over twenty years that spending, taxes and deficits will continue to grow without some external spending restraint.

To enact such a restraint, some suggest a constitutional convention. Indeed, thirty-one states have passed such resolutions: only thirty-four are needed to call a convention. But, it is clear we do not want a constitutional convention of any kind. Such a convention would lead us to the ultimate constitutional catastrophe -- a dissolution of our current constitutional structure through a rewrite of its provisions. All six Articles and twenty-six Amendments would be subject to revision -- everything from freedom of speech to the right to bear arms. As observed by Robert Bork, former Solicitor General and a U. S. Court of Appeals Judge for the District of Columbia, "A constitutional convention ought to be the last resort of a floundering nation, not the casual practice of a successful one."

Nor do we want a constitutional crisis based on the refusal of Congress to call a convention following passage of a call by the thirty-fourth state. Such a course of action obviously risks a constitutional confrontation, with Congress poised on one side and the Supreme Court and the states on the other.

To avoid these constitutional crises, Congress must take the initiative and promptly pass a constitutional spending restraint. An amendment requiring a "balanced budget" will simply not do -- such an amendment would be dangerously inflexible, or could merely lead to the balancing of a budget with very high levels of both revenues and expenditures. Congress needs to focus its attack on Federal spending growth by first enacting a statute, and then a constitutional amendment to limit the growth of federal spending. Key provisions of such an amendment would include:

- Limiting growth of total outlays to that of the previous year, adjusted upward by GNP growth and downward by an inflation penalty;
- An emergency increase in spending growth by a 3/5 vote of the Congress following a Presidential declaration of emergency, or through a Congressional action alone by a 2/3 vote;
- Suspension of all spending limitations if a declaration of war is in effect.

The process of implementing spending limits to halt the persistent growth of Federal spending will be no easy task. It will require a unique brand of political courage on the part of Congress. But that political courage could result in the restoration of public confidence essential to an economic recovery and long term prosperity.

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