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FISCAL RESPONSIBILITY AMENDMENT

A vote in the Senate Judiciary Committee is expected early in March on a proposed constitutional amendment to reform the budget, tax and spending procedures of the federal government. The Subcommittee on Constitutional Amendments sent S.J.Res 126 to the full Committee in December, after more than 40 years of Congressional debate on the subject.

Section 1 would require Congress to adopt a budget for each year, setting forth all receipts and expenditures (including items now regarded as "off-budget"). The budget would have to be balanced unless a 3/5th majority of each House of Congress specifically determined otherwise.

No appropriation bill could be approved which would cause expenditures to exceed the level stated in the budget. However, a modified budget would be adopted at any time. Congress could waive Section 1 in any year in which a declaration of war is in effect.

Section 2 would prohibit increases in the share of national income going to the federal government unless a specific increase were approved by federal law. This would have the effect of prohibiting the automatic tax increases which result when inflation pushes people into the higher tax brackets of the progressive income tax system (called "tax bracket creep").

Many scholars believe that (1) inflation and many other economic problems result from excessive government spending, and (2) spending is excessive because our political system is biased toward increased spending. The spending bias exists because it is politically advantageous for politicians to support spending programs and disadvantageous (or at least not advantageous) to oppose them.

Groups which benefit from a particular program have a high awareness of spending proposals which affect them. They produce intense lobbying pressure, and their

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election-year promises of support or threats of defeat are very credible.

On the other hand, the taxpayers, who bear the costs of such programs, are not aware or vocal about specific spending programs. The financial costs are so dispersed that the politicians can avoid political responsibility. Consequently, lobbying against a spending program has only a fraction the impact of lobbying for a particular program.

In other words, spending advocates and taxpayers do not compete on an equal basis in the real world of politics. The political advantage a Congressman can gain through voting for a spending bill is not offset by the political advantage from voting to keep spending down.

This situation confronts every Congressman regardless of his personal spending philosophy or campaign promises because additional revenue is available from borrowing and increased revenues which pour into the treasury as a result of inflation.

S.J.Res. 126 would reduce the pro-spending bias by making deficit spending less available and by requiring that Congressmen be fully accountable for tax increases. It would have the effect of a spending limit because spending advocates would no longer compete solely against the taxpayer in a bid to raise the total budget.

Spending advocates would be forced to compete with each other for higher shares of a fixed budget level. They would be compelled to show not only that their programs are beneficial, but that the benefit of alternative programs would not be as great.

The proposed amendment is brief, free from economic jargon, and without arbitrary numerical limits. It avoids dictating economic policy decisions which should be made in the political process.

S.J.Res. 126 is intended only to reduce a flaw in the political process, the spending bias, in order that our system may once again reflect the true will of the majority of the American people. The goal is to eliminate bias, not substitute a different one. Thus, the constitutional amendment would not prohibit the majority from acting through the normal legal process to increase overall spending, if that is the wish of the people.

It looks like the American people are ready to establish the constitutional norm that spending dollars must be matched by tax dollars. S.J.Res. 126 represents a response to the nearly three dozen separate amendments which have been introduced this year, and to the 30 states which have applied for a constitutional convention on this subject.

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