P.S. to the NEWS
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RELEASE: MAY 22

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AMENDMENT TO LIMIT SPENDING

Senators John Heinz (R-Pa.) and Richard Stone (D-Fl.) have jointly introduced into Congress a proposed constitutional amendment which would limit spending by the federal government. If enacted, it might be the most valuable tool our country could fashion to control inflation.

This amendment is self-titled as one which will "protect the people of the United States against excessive governmental burdens and unsound fiscal and monetary policies by limiting total outlays of the government." The technique of accomplishing this would be to limit any increase in federal spending to a percentage equal to the preceding year's percentage increase in Gross National Product.

But that's not all. The amendment has a kicker in it to protect us against inflation. It provides that, if and when the annual inflation rate exceeds three percent, additional limits would be placed on the growth of federal outlays.

The anti-inflation formula of the proposed amendment would induce Congress to control inflation by decreasing the growth of federal spending whenever inflation is greater than three percent in a year. If inflation exceeded the three percent rate, federal spending would be constitutionally limited to the percentage increase in the Gross National Product MINUS one-fourth the difference between the inflation rate and three percent.

The amendment does not limit the growth of the federal government per se, but it prevents the government from growing faster than the economy. In other words, it prevents government from taking a bigger bite of our Gross National Product than it does already, except in time of emergency.

Senators Heinz and Stone are ready to provide Congress with many statistical tables to show how different our economic profile would look today if their amendment had been in effect during the past ten years. They claim that, instead

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of our cumulative deficit's increasing by $271 billion, it would have been reduced by $22 billion.

Sponsors of the Heinz-Stone amendment also claim that it would have held the federal budget to 19 percent of the Gross National Product instead of letting it rise to its current 22 percent.

All the bleeding-heart bureaucrats who promote increases in federal spending on the argument that we must provide more and more services and financial assistance to the poor and elderly will be out in force to fight passage of this amendment. But the facts of life are that nothing in this world hurts the poor, the elderly, and others living on fixed incomes so much as inflation.

The spectre will be raised against this amendment that Congress will attempt to circumvent the restrictions of the amendment by shifting increased financial burdens onto the states. The amendment plugs this loophole in Section 5 by requiring that federal grants to state and local governments for the first six years after ratification shall not be a smaller fraction of total outlays than in the last three fiscal years prior to ratification.

Another boogeyman will come forth with dire predictions of how this amendment may hurt us in time of war, depression, or other emergency. Heinz and Stone have foreseen this circumstance, too.

Section 3 provides that the spending limitation can be overriden if the President declares an emergency and the Congress votes emergency outlays by a 2/3 vote in both Houses. Section 4 provides that, even without Presidential action, Congress can do likewise by a 3/4 vote in both Houses.

A balanced federal budget is a worthy goal to work for, but it should not be our preeminent objective. Simply to require a balanced budget could mean raising taxes to finance the present outrageous level of federal spending.

The Heinz-Stone amendment takes a more flexible and realistic approach. It would gradually lead to a balanced budget by limiting the percentage of our nation's wealth which the government can control. After the budget is balanced, excess revenues would be used to reduce the national debt.