

BALANCED
BUDGET



SENATE OF MARYLAND

OFFICE OF THE PRESIDENT

November 7, 1979

The Honorable Robert H. Ziegler
Box 7500
Ketchikan, Alaska 99901

Dear Bob:

Under separate cover, we are sending you a considerable amount of material on the pros and cons of the Balanced Budget Amendment.

My personal view is that the present system has not worked. In fact, we can't even keep to the schedule which is set by statute for passing the budget resolutions. Experience has shown us that the states have benefited greatly by the constitutional provision which requires a balanced budget. Most all of the states are in good financial shape; whereas, the Federal government is tottering on the brink of disaster.

I think the central point is that without constitutional discipline, a representative democracy will always err on the side of excesses. Representatives will always try to give their constituents everything they desire even if it is unaffordable. I call this the disease of representative democracy.

I hope this will be helpful to you, and if there is anything else you would like to have, please let me know. If you can secure the passage of this resolution at the next session you will have made a great contribution towards maintaining our freedoms and liberties in this country.

Sincerely,

James Clark, Jr.

P-I 2/29/80

Top Banker Warns Of National Bankruptcy

NEW YORK (AP) — Felix Rohatyn, the banker who played a leading role in saving New York City from fiscal collapse, said yesterday that the United States is "headed for a national bankruptcy."

He called for a freeze on wages and prices coupled with federal budget cuts and a large gasoline tax.

"What is happening to the United States in 1980 is similar to what happened to New York City in 1975, namely a slide towards bankruptcy," said Rohatyn, a partner of Lazard Freres & Co. who served as chairman of the Municipal Assistance Corp., set up by the state.

In a speech prepared for delivery to the Conference Board, a business-financed research organization, Rohatyn said New York's political leaders "did not wake up to reality until the credit markets closed on the city," stopping it from borrowing.

"The present near-collapse of the credit markets is finally focusing attention of the government and the public on what has been the inescapable reality for some time, namely that we are headed for a national bankruptcy, in this case called runaway inflation," he said.

The federal government has been forced to pay record interest rates to borrow this year as investors have sought high rates to protect them against inflation. The rates have been rising rapidly in recent weeks, forcing some companies and municipalities to avoid borrowing money through the bond markets.

Rohatyn called for a "temporary 12-month wage-price freeze, together with extreme budgetary restraint. This should include a cut of at least \$20 billion in current outlays to break inflationary expectations."

The Anchorage Times

ROBERT B. ATWOOD
Editor and Publisher

WILLIAM J. TOBIN
Associate Editor
And General Manager

FRED DICKEY
Executive Editor

Page A-6

Wednesday, March 19, 1975

Carter's cutbacks

HARD TIMES ARE coming, and apparently more rapidly than any politician really wants to admit. But the signs are there, and those who will be affected the most are wage earners and their families. The recurring theme of the warnings now being heard from economists and certain officials in the public and private sector is that everybody's standard of living is about to take a substantial and frightening drop.

President Jimmy Carter laid some of the groundwork last week in an address to the nation, advising us of what he said would be severe steps taken by the administration to bring inflation and escalating living costs under control. The short-range effect of Mr. Carter's plan apparently will be beneficial, but from all sides now are being heard predictions that what the president is doing is far off target and won't achieve any long-range solutions.

We're not surprised.

Mr. Carter clearly hasn't come to grips with the issue, and the magnitude of his continued refusal to take proper positive steps is nowhere more apparent than it is in Alaska. All Alaskans aren't necessarily economics wizards, but most of them can see that Mr. Carter's policy is haywire when it comes to energy.

DESPITE THE GRAVITY of a situation which even he acknowledges, Mr. Carter still stubbornly sticks to the blind unreasonableness of Interior Secretary Cecil Andrus. In return for election year support from the environmental zealots, the president persists in his backing of Mr. Andrus' determination to lock up millions of acres of Alaska natural resource land in untouchable wilderness regions.

The truth is that the nation

will never solve inflation, will never righten its listing economy and will never control soaring living costs until it makes a priority commitment of the need to produce new domestic oil and gas supplies — and reduce dependency on foreign petroleum imports.

At a time when the national budget is over the \$600 billion mark, Mr. Carter's brave determination to cut federal expenditures by \$13 billion is a drop in the bucket. It will not stave off the threat of economic disaster or depressionary peril.

Greater expenses by far are being run up by the Department of Energy, whose annual budget is said to outstrip the profits of all the oil companies combined. On top of that now comes the cost of a new Department of Education, which surely eventually will be as large.

EVEN IN ALASKA, Mr. Carter is proposing — through Secretary Andrus — to spend millions in policing the wilderness largely frozen in place by the shortsighted policies of this floundering administration.

Can anyone really believe that President Carter is doing anything more than political posturing when on the one hand he tones the need to reduce federal spending while on the other he authorizes the National Park Service to seek \$3.5 million for the construction of 11 one-bedroom houses for park rangers who are supposed to oversee the new monuments created by the infamous Andrus edict?

That's \$318,000 per house for this environmentalist playground created by Mr. Carter's Interior secretary.

Heaven help you family budget. It's for sure Jimmy Carter won't.

Carter's Policy Leaning Toward Balanced Budget

WASHINGTON (UPI) — The administration's emerging new anti-inflation policy yesterday focused heavily on balancing the federal budget for the first time in a decade.

A number of other possible anti-inflation steps have all but been ruled out in the administration's policy review, sources said. These include credit controls involving automobile purchases and housing, gasoline rationing and a stiff gasoline tax.

Carter still might propose using the Credit Control Act of 1969 to tighten the Federal Reserve's control over credit issued by banks, possibly by extending its authority to banks that are not members of the Fed.

Mandatory wage-price controls were ruled out earlier in the government's review. Instead, the administration plans to step up monitoring of prices under its voluntary wage-price guidelines program and seeks other ways to make that program more effective.

The Council on Wage and Price Stability, with only about 60 professional price monitors, may borrow more from other government agencies.

Administration officials do not regard a balanced budget as an "overnight panacea" for inflation. Some studies show that, by itself, it would affect inflation by only a few tenths of a percent.

But they hope such a move would effectively convince Americans Carter intends to bring inflation under control — and thereby puncture the buy-it-now psychology officials believe is fueling inflation.

The administration studied proposals to cut government spending by possibly \$4 billion during the remainder of this fiscal year.

In addition, government agencies have come up with possible spending cuts to trim about \$10 billion from the \$15.8 billion deficit President Carter had projected for fiscal year 1981, which begins Oct. 1.

Program re-estimates based on more current information and possible delay of some new programs might take care of the remaining 1981 deficit, administration sources said.

If so, it would be the first time since 1969 the federal budget came out of the red.

Editorial Opinion and Comment of

FAIRBANKS

Daily News - Miner

"Independent in All Things... Neutral in None"

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

Too little, too late

Time is running out for President Carter's promises to balance the federal budget and control inflation. As our nation's economy moves faster toward the recession that's somehow been put off since last year, he has announced a program designed more toward the prospects of his next election than the promises of the last one.

About the only good thing one can say about the Carter plan is that it does not adopt wage and price controls. This could be a rare bit of good sense in the Carter administration, or it could be nothing more than the fact that wage and price controls are a program identified with the president's Democratic primary election opponent, Sen. Edward Kennedy.

But whatever the motive, President Carter's program is too little, too late. Rather than cure inflation, it's more likely to cause an increased call for Kennedy-like solutions in three or four months when it becomes obvious that both the Carter plan and the Kennedy campaign have failed.

The president plans to at last balance the budget. This is to be done by both cutting the budget and raising more revenue through new federal oil taxes. Yet the budget for the current fiscal year is to be cut by only \$2 billion. Next year, we're promised, the budget will be cut by another \$13 billion. We won't be told where these cuts are to be made until after the next few primary elections.

About \$10 billion of the new oil revenue will come from an import fee on foreign crude oil. The administration that has been unfairly blaming all our inflation problems on expensive foreign oil is now raising the price of foreign oil to fight inflation.

There's no big delay in the higher oil prices Americans will have to pay. They went into effect at midnight Friday night.

At least we should be happy that the president has rededicated himself to balancing the budget, by whatever means. The federal budget deficit has been the leading actor in the inflation tragedy since the Johnson administration, while oil prices have only played a supporting role for the past six years.

In the simplest terms, the Carter plan calls for the public to pay now while he promises to cut the federal budget after the election.

That's not good enough, given the record of Jimmy Carter's promises and the failure of his previous three inflation fighting plans.

What now?

So what do we do, now that the nation's inflation rate is booming along at an annual rate of 18 per cent and the only thing that will stop it is a recession? What do we do, now that the bumbling in Washington D.C. is making that recession look more like an old-fashioned depression all the time?

The prescription has been given many times before. It's not bitter medicine, except for the politicians and bureaucrats. What makes it hard is that in this case the politicians run the drug store.

We need big cuts where the federal budget has grown the most in useless bureaucratic fat. One good area is the Department of Energy, which spends billions to tie up our nation's domestic oil and coal production. Another place to cut is the new Department of Education. Since both of these are pets of the Carter administration, we'll need a new president too.

We also need cuts in federal income taxes. That will increase the take-home pay of every American, thus pumping billions of dollars into the economy to strengthen businesses, create new jobs and in turn increase other federal revenues. Tax cuts can fight unemployment and ease the effects of the recession better than any federal government "assistance" program.

We also need a state income tax cut right here in Alaska. The reasons for that are the same as those for a federal tax cut, but in Alaska's case the arguments are even stronger because of the budget surplus our state will soon be enjoying. A tax cut is not the only way the state's oil resource wealth can be shared with the people here, but it's the fastest, easiest and simplest act open to us now.

After all, we're not in the penny pinch or the election year straitjacket that grips the federal government.

Development Planning and Research Associates, Inc.
200 Research Drive, Manhattan, Kansas 66502

BRISTOL BAY RED SALMON
PROJECTED
1981 MARKET CONDITIONS

To

State of Alaska
Office of the Governor

P. 407

May, 1981

BALANCE THE BUDGET AMENDMENT COMMITTEE

Why A Balanced Federal Budget Amendment Is Needed

A constitutional amendment is needed to curb federal spending, reduce inflation, and balance the federal budget on a regular basis. It is a needed check against the strong bias in our political system for higher spending. Many of our economic problems - inflation, unemployment, low productivity - can be traced to excessive spending by the Federal government.

The key factor in this bias for excessive spending is pressure group politics. Well organized special interest groups make strong demands for programs that benefit them greatly, but these demands are weakly opposed because costs are thinly spread over all taxpayers, each of whom stand to lose comparatively little. Deficit spending helps hide these costs in the form of borrowing, inflation, and reduced economic growth.

Because of these factors, the budget has been balanced just once in the last 20 years. Successive Congresses and Presidents have proven themselves unable to resist pressures to spend. Conventional legislative remedies and new approaches to budgeting have failed. Only a constitutional amendment will be strong enough to provide the necessary fiscal discipline.

Benefits of a Balanced Budget

A balanced budget will help reduce interest rates. When the government borrows money, it soaks up available capital, raising interest rates. Businessmen can't get needed funds for investment and consumers must pay high interest rates to finance the family home or car.

A balanced budget will reduce inflation. Deficits are financed by the hidden tax of inflation. When the government increases the money supply to pay for the deficit, each dollar becomes worth less. From 1950 to 1965 the average annual federal deficit was \$2.6 billion and the average inflation rate was under 2%. From 1965 to 1978 the average deficit was \$25.8 billion, and the average inflation rate was about 5.5%. With deficits averaging over \$50 billion in the last 3 years, the current inflation rate is over 10%. Chronic deficits also feed an inflationary psychology. In the long run, a balanced budget will reduce the rate of inflation substantially.

A balanced budget will help reduce unemployment. Deficits are being financed out of private savings, with the result that less money is available to finance private investment. This shift of resources causes a lower growth rate and an increase in unemployment.

A balanced budget will reduce wasteful spending. The costs of spending programs are not fully considered, since they are partly hidden by deficit financing. Without a check on federal spending, Congress has little incentive to stop waste.

A balanced budget will slow the growth of federal spending. Since all new programs will have to be paid for with new taxes, Congress would be far more reluctant to enact new programs, without cutting out old and unnecessary ones.

A balanced budget will increase government accountability. Chronic deficit spending is fundamentally dishonest. It's an attempt to treat spending programs as if they have no tax cost.

Public support for a balanced budget amendment is overwhelming. Gallup polls consistently find that about 75 percent of those polled favor an amendment. A 1979 Roper poll found a three to one margin in favor of a convention "called to consider an amendment to limit federal spending."

The Necessity For State Action

Congress is very reluctant to propose such an amendment which would restrain itself. Every proposed constitutional amendment to require a balanced budget has died in committee. Article V of the Constitution enables the states to amend the Constitution when Congress fails to do so. To date, 30 of the required 34 states have passed resolutions asking for a limited convention on a balanced budget amendment if Congress does not act.

As the drive for a convention nears success, Congress will probably propose the amendment on its own, and no convention would be necessary. This has happened before. Congress proposed an amendment to provide for the direct election of U.S. Senators in 1912 but only after enough states had called for a convention. Congress will not propose a balanced budget amendment unless the states again call for a limited convention. Mere memorial resolutions cannot force Congressional action.

A convention would have one purpose only - to draft a balanced budget amendment. It would not have any other powers which Congress has. This convention can only propose an amendment which would become law only after it is ratified by 38 states.

The resolutions before the state legislatures plainly state that the resolution is void if a convention is not limited to this one exclusive purpose. There is strong legal authority that the States and Congress have the power to limit a convention to one subject. This is the official position of the American Bar Association. This is also the conclusion of former U.S. Attorney General Griffin B. Bell, former U.S. Senator Sam J. Ervin, Jr. the Deans of Harvard and University of Chicago Law Schools, and many others.

Besides the moral and legal safeguards which would assure a limited convention, there are three additional "checks" to limit a convention.

The mode of ratification of amendments (by either legislatures or conventions in three-fourths of the states) must be selected by Congress. By refusing to make the selection, Congress can block ratification of an amendment that went beyond the convention call. An extraneous amendment could also be subject to disapproval by the Federal Courts. Finally, any proposed amendment must be ratified by at least three-fourths (38) of the states.



OFFICE OF
The Secretary of State
STATE HOUSE
Phoenix, Arizona

ROSE MOFFORD
SECRETARY OF STATE

April 9, 1980


Senator Clem V. Tillion
President of the Senate
State Capitol
Juneau, Alaska 99811

Dear President Tillion:

The Arizona State Legislature, Second Regular Session, 1980, passed Senate Concurrent Memorial 1004, urging the Congress of the United States to propose an amendment to the Constitution of the United States to limit federal expenditures to a percentage of the gross national product.

The members of the Legislature have asked me to transmit the enclosed copy to you, with the hopes and request that your legislative body will swiftly adopt a similar Memorial.

Sincerely,


Rose Mofford
Secretary of State

RM/bp



SENATE OF MARYLAND

ANNAPOLIS, MARYLAND 21401

JAMES CLARK, JR.
PRESIDENT

242 WILDE LAKE VILLAGE
COLUMBIA MARYLAND 21044
PHONE: 397-3572

December 31, 1980

The Hon. Robert H. Ziegler, Sr.
307 Bawden Street
Ketchikan, AK 99901

Dear Bob:

It was good talking to you the other day, and as agreed, I have written to Patrick Rodey asking him to consider helping with the passage of the resolution. I sent him a copy of the model and I am also enclosing another one for you.

Hopefully 1981 will be the year we are successful in this endeavor. Please let me know if there is anything further that I might do.

Sincerely,



Jim Clark

JC/m



SENATE OF MARYLAND

ANNAPOLIS, MARYLAND 21401

JAMES CLARK, JR.
PRESIDENT

542 WILDE LAKE VILLAGE
COLUMBIA, MARYLAND 21044
PHONE 997-2572

December 31, 1980

The Honorable Patrick Rodey
601 W. 5th Ave., Suite 320
Anchorage, AK 99501

Dear Senator:

Please allow me to introduce myself. I am James Clark, Jr., and have been a member of the Maryland General Assembly for 22 years. Since 1974 I have given a great deal of effort and time to promoting an amendment to the Constitution for a balanced federal budget. At this point we have had 30 states adopt a balanced budget resolution, which calls upon the Congress to give us such an amendment, or in the event that the Congress does not choose to act, calls upon them to convene a constitutional convention for the specific and exclusive purpose of taking up such an amendment.

I would hope that Alaska would be willing to join the 30 states that have already taken this action. It seems to me that 30 years of fiscal irresponsibility by the Congress is about enough. We cannot continue to deficit spend without dire consequences for our great Country. Further, I would hope that you could see fit to help in the passage of such a resolution at your coming legislative session. I am enclosing a "model" resolution which has been used in most of the states.

Wishing you a happy and successful new year.

Sincerely,

Jim Clark

JC/m
Enc.

Budget of the United States

FOR the purpose of requesting appropriate action by the Congress, either acting by consent of two-thirds of both Houses or, upon the application of the legislatures of two-thirds of the several states, calling a constitutional convention to propose an amendment to the Federal Constitution to require, with certain exceptions, that the total of all Federal appropriations may not exceed the total of all estimated Federal revenues in any fiscal year.

WHEREAS, With each passing year this Nation becomes more deeply in debt as its expenditures grossly and repeatedly exceed available revenues, so that the public debt now exceeds hundreds of billions of dollars. .

The annual Federal budget continually demonstrates an unwillingness or inability of both the legislative and executive branches of the Federal government to curtail spending to conform to available revenues.

Unified budgets do not reflect actual spending because of the exclusion of special outlays which are not included in the budget nor subject to the legal public debt limit.

Knowledgeable planning, fiscal prudence, and plain good sense require that the budget reflect all Federal spending and be in balance.

Believing that fiscal irresponsibility at the Federal level, with the inflation which results from this policy, is the greatest threat which faces our Nation, we firmly believe that constitutional restraint is necessary to bring the fiscal discipline needed to restore financial responsibility.

Under Article V of the Constitution of the United States, amendments to the Federal Constitution may be proposed by the Congress whenever two-thirds of both Houses deem it necessary, or on the application of the legislatures of two-thirds of the several states the Congress shall call a constitutional convention for the purpose of proposing amendments. We believe such action vital; now, therefore, be it

Congress of the United States that procedures be instituted in the Congress to add a new Article to the Constitution of the United States, and that the _____
_____ requests the Congress to prepare and submit to the several states an amendment to the Constitution of the United States, requiring in the absence of a national emergency that the total of all Federal appropriations made by the Congress for any fiscal year may not exceed the total of all estimated Federal revenues for that fiscal year; and be it further

RESOLVED, That, alternatively, this Body makes application and requests that the Congress of the United States call a constitutional convention for the specific and exclusive purpose of proposing an amendment to the Federal Constitution requiring in the absence of a national emergency that the total of all Federal appropriations made by the Congress for any fiscal year may not exceed the total of all estimated Federal revenues for that fiscal year; and be it further

RESOLVED, That this application by this Body constitutes a continuing application in accordance with Article V of the Constitution of the United States until at least two-thirds of the legislatures of the several states have made similar applications pursuant to Article V, but if Congress proposes an amendment to the Constitution identical in subject matter to that contained in this Joint Resolution then this petition for a Constitutional Convention shall no longer be of any force or effect; and be it further

RESOLVED, that this Body also proposes that the legislatures of each of the several states comprising the United States apply to the Congress requesting the enactment of an appropriate amendment to the Federal Constitution; or requiring the Congress to call a constitutional convention for proposing such an amendment to the Federal Constitution; and be it further

RESOLVED, That copies of this Resolution be sent by the Secretary of State to (our members of Congress); and be it further

RESOLVED, That the Secretary of State of this State is directed to send copies of this Joint Resolution to the Secretary of State and presiding officers of both Houses of the Legislature of each of the other States in the Union, the Clerk of the United States House of Representatives, Washington, D.C. and the Secretary of the United States Senate,

Learned Anything?



Cicero, that great Roman statesman made these suggestions for good government:

- The budget should be balanced.
- The treasury should be refilled.
- Public debt should be reduced.
- The arrogance of officials should be tempered and controlled, and assistance to foreign lands should be curtailed lest we become bankrupt.
- The people should be forced to work and not depend on the government for subsistence.

Keep in mind of course that Cicero lived about two thousand years ago.

Have we learned anything?

April 18, 1980

Ms. Rose Mofford,
Secretary of the State
Arizona House of Representatives
Phoenix, Arizona 85007

Dear Secretary Mofford:

We appreciate receiving a copy of your Senate Concurrent Memorial 1004.

Alaska is taking similar steps, both at the federal and state level, as you can see by the enclosures.

You might tell your Arizona troops that we sure as hell see eye to eye with them.

Please remember me to President Corbet, Peter Kay and other members of your legislature whom I've met over the course of years at Western Conference of the Council of State Government meetings.

Regards,

Robert H. Ziegler, Sr.

RHZ:lk

Enclosures

bcc: Senator Tillion

★★*Former Treasury Secretary Michael Blumenthal*—"The current Congressional budget process provides a fully adequate formal mechanism for controlling spending and the deficit. The real task before us is not to write new statutes and Constitutional amendments, but to use the existing legal machinery to achieve balance in fact. The test of fiscal restraint is not what we say, but what we do."

★★*Senator Howard H. Baker, Jr. (R-Tenn.) Jr.*—"I have come to the conclusion that a constitutional mandate for a balanced federal budget, except in case of clear national emergency, is necessary and proper."

"I have co-sponsored a Constitutional amendment, proposed by Senator Richard Lugar (R) of Indiana, which states that the federal budget, as set in the Congress' Concurrent Budget Resolution, shall be balanced unless two-thirds of both the House and the Senate vote otherwise."

"While I do not fear another Constitutional convention, I believe the more sensible and expeditious approach would be for the Congress itself to recognize its own failing and take the strong but necessary measures to put its financial house in order."

★★*Senator Edmund S. Muskie (D-ME)*—"I believe a fundamental danger exists in any plan to call a new Constitutional convention."

"In the two hundred years since 1776, we have had only one Constitutional convention. That was the one in which James Madison, Benjamin Franklin and their colleagues shaped the system of government we know in America today. I am not eager to expose their work to the prospect of massive revision. No one knows for sure that a new convention would limit itself to the balanced budget issue."

"Constitutional scholars are not at all sure that a convention could be forced to limit its agenda. What would be the outcome? Would the delegates ban abortion or give abortion a specific guarantee? Would they outlaw guns or outlaw gun control? Would they stop forced busing or give forced busing an explicit Constitutional blessing?"

"We have no business taking such chances with the fundamental law of the land. Through wars, depression, impeachment proceedings and an amazing array of changes, this nation has never found it necessary to call a new Constitutional convention. It is not necessary now."

"No Constitutional amendment and no legislative act can be drafted so carefully that it is not susceptible to evasion and circumvention. One option, for example, would simply be to balance the federal budget by separating operating costs from capital investments and counting only the former as subject to a yearly balance. That is what the states do, and if we were to do it in Washington, the budget would be close to balance now. But that kind of budgeting is inappropriate for Washington."

★★*Senator Henry Bellmon (R-OK)*—Ranking minority member of the Senate Budget Committee has been outspoken in his call for a balanced budget.

"The federal government has become accustomed to spending in the red. We've had only eight balanced budgets since 1934 and only one since 1980. The deficit for this year alone will be over \$30 billion and our total national debt will be about \$800 billion, equal to \$3,000 for every man, woman and child in this country."

"What's really frustrating is that the government, which causes inflation, benefits most from inflation. Because of the progressive tax system, federal revenues increase 1½ percent when inflation goes up 1 percent. When you receive additional income and move into a higher tax bracket, the government takes a higher percentage and the end result is that your income won't buy as much."

★★*Congressman James R. Jones (D-OK)*—Is very much in favor of a balanced federal budget, and proposes that the federal budget be limited to 10 percent of the nation's gross national product. Jones is a key member of the powerful House Budget Committee and his bill H.R. 4646 concerning capital cost recovery reflects concern for federal budgeting and tax reform.

★★*Senators H. John Heinz III (R-Pa.) and Richard Stone (D-Fla.)* have joined in introducing a constitutional amendment to limit federal spending. Simply, this amendment would limit the increase in federal spending to a percentage equal to the percentage increase in the gross national product. If the inflation rate exceeds 3 percent, however, the amendment would apply additional limits on the overall growth of federal outlays.

Stone. "I joined in introducing this amendment because I believed it would put our economy back on the road to prosperity by keeping more money in the hands of those who earn it. This amendment limits the growth of federal spending by setting a ceiling on how much more the federal government will be allowed to spend every year. The formula says that next year's government spending can't grow faster than this year's production, as measured by the gross national product."

BENEFITS OF A BALANCED BUDGET

Reducing federal spending would not solve inflation per se. It would, however, dampen inflationary expectations on the part of business and consumers. At the consumer level, this would result in reduced spending in anticipation of inflation. At the corporate level it would be reflected in smaller salary increases, wage settlements and price increases. These phenomena together would mean moderate growth at best, and slightly higher unemployment.

But more than psychological benefits would result from a reduced federal spending. For example:

Lower Interest Rates—with the government diverting less money from public and private sources, more money will be available for borrowing at lower rates.

Federal Government Under Control—legislation creating new programs and extending current ones could not be enacted without

raising taxes or abolishing other programs.

Business Investment Stimulated—Wall Street and Main Street will be able to attract more "small" and "large" investors because people will be looking for long-term gains. Today people must spend their money to avoid losing purchasing power.

IS A CONSTITUTIONAL AMENDMENT THE WAY TO LIMIT SPENDING ?

How can Federal spending be limited? One way that is getting more and more attention in Congress and in State Houses across the country is a constitutional amendment to require a balanced federal budget.

Critics of a balanced budget amendment—and they represent the conservative and liberal ends of the political spectrum—cite two principal reasons for their position. First, they contend such an amendment would not be realistic, that it could not take into account the volatile nature of the national—and international—

economy. Besides, asks Congressman John J. Rhodes, (R-AZ) "What would you do if the budget weren't balanced? Send everybody in the legislative and executive branches of government to jail?" Second, amendment critics are fearful of a Constitutional convention that would not limit itself to the consideration of the federal budget. They point out that such a convention could recommend sweeping changes in the Constitution, prompting other countries to question the stability of the United States government.

Proponents of a balanced budget amendment scoff at these concerns for the most part. Responding to the first point, they argue balanced budgets could be waived by vote of Congress for specific periods of time. Also, budget deficits could be offset by applying budget surpluses from previous years. On the point of a sweeping Constitutional convention, supporters of an amendment say that the Constitution provides many safeguards to prevent a runaway convention from proposing fundamental changes in the law of the land.

LEGISLATIVE REVIEW - What are Congressional and Government leaders saying about limiting spending ?

Twenty-nine states have already passed resolutions calling for a Balanced Budget Amendment.

Recent Congressional action in the House narrowly defeated budget resolution proposals by Rep. Holt (R-Md.) to reduce fiscal 1979 spending levels. Senate passed the so-called Nunn

amendment, which coupled spending ceilings with individual tax cuts through 1983. The house instructed its conferees on the tax bill to accept the same language, but after the Administration intervened, the amendment was watered down to non-binding "statement of intent." Roli-Kemp personal tax cuts, with-

out associated spending cuts, were defeated in both houses. A proposal by Senator Danforth (R-Mo.) requiring a surtax to finance "excess" spending growth was defeated in the Senate Finance Committee.



Greater Ketchikan Chamber of Commerce

2415 Hemlock - 110 - Ketchikan, Alaska 99901

Telephone 507 225-3184

Representative Charles H. Parr
Chairman, Judiciary Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

April 2, 1980

Dear Representative Parr:

The Greater Ketchikan Chamber of Commerce is on record in support of the "Balance the Budget" amendment to the Constitution of the United States and Senator Ziegler's Senate Joint Resolution #16.

The Chamber of Commerce understands that S.JR #16 has passed unanimously in the Senate and is currently in the House Judiciary Committee for consideration. The Chamber requests that this resolution be brought to the floor of the House for ratification immediately.

Best regards,

Sally Smith

Sally Smith
President
Greater Ketchikan Chamber of Commerce

cc: Senator Robert H. Ziegler, Sr.
Representative Oral Freeman
Representative Terry Gardiner



KETCHIKAN RAINBIRD

Dear Editor:

The fact that some legal opinion could somehow make the words "shall call a convention" into a "run-away" nightmare is, I believe, illustrative of why people are so upset with government and the experts. It is this kind of ruling class elitism which fights so hard for the status-quo by trying to make every issue so complicated, that breeds and fosters the mistrust of government that is now so prevalent.

I, along with over 65 % of all Americans as shown by a recent Roper poll do not believe the sky is going to fall or civilization come to an end if a constitutional convention were to be held.

A Conclusion

It should be remembered that even if a balanced budget amendment were passed, the federal government could also resort to a number of stratagems to get around any budget amendment. It could, for example:

*Mandate that state and local governments finance programs now supported with federal dollars.

*Use new regulations to shift the cost of certain programs on to the private sector, which already spends an estimated \$100 billion a year complying with various government edicts.

*Exclude capital expenditures from the budget.

*Pass on new program costs to future budgets.

*Use tax incentives, loan guarantees, tariff protection or antitrust waivers—instead of direct on-budget expenditures—to accomplish certain economic objectives.

One excellent way to avoid all this is for the White House and Congress to live up to their promises about a lean and austere budget—which, according to the Administration, means a \$28.4 billion deficit in fiscal year 1980 and a \$300 million surplus in fiscal 1981.

WHAT DOES GFWC SAY ABOUT LIMITING FEDERAL SPENDING?

By resolution at national convention, GFWC has long been on record as being in favor of bringing federal spending more in line with income, as the following resolutions indicate:

1974—**RESOLVED**, That the General Federation of Women's Clubs urges Congress to:

1. Adopt enforceable spending limits;
2. Adopt the recommendations of the Joint Study Committee on

Budget Control to bring about effective Congressional control over spending;

3. Reject bills which require spending beyond the proposed spending limitations.

1978—**RESOLVED**, That the General Federation of Women's Clubs supports an amendment to the Constitution of the United States which would require a balanced Federal budget.

1979—**RESOLVED**, That the General Federation of Women's Clubs urges the Government of the United States to pursue a program of realistic economic stabilization including reduced consumption where necessary, with a pay-as-you-go plan of taxation; sound monetary controls; an end to the vicious spiral resulting from the contest between rising wages and rising prices; and the utmost economy in administration.

WHAT CAN YOU DO?

Become a Lobbyist Yourself—Write your Representatives and Senators. Tell them your personal view of the issue; keep it simple; handwritten letters have the greatest impact; state how the issue affects you, your family and your community; avoid form letters; be specific; be constructive; and, ask for a reply.

Duplicate This Report—This ACTION REPORT is placed in the CLUBWOMAN centerfold so it can be removed easily. Duplicate it on a photocopy machine. Distribute it to all your club members. Ask them to study it, and to take ACTION.

Ask Your Local Media To Help—Check with your local newspaper, public and commercial television stations and see if they have taken a stand on the issue of Federal Spending. If not, encourage them to use their voice to inform the public.

Ask Your GFWC Members To Take ACTION Now—The more than 600,000 GFWC club members of the largest organization of women volunteers in the world can have a tremendous impact on the formation of legislative policy concerning Federal Spending, but ONLY if your club studies the issues

GFWC Headquarters Wants To Know—How do the members of your club feel about the issue of Limiting Federal Spending and what action will your members take? Write to the FREE PROGRAM and let us have a brief report and your ideas on how GFWC members everywhere can help to support the FREE Program by taking ACTION on the issues covered in the CLUBWOMAN.

Write to: Mrs. Bill G. Williams
GFWC FREE Chairman
P.O. Box 118
Newport, Tenn. 37821

Watch for the next FREE Program ACTION REPORT

BENEFITS OF A BALANCED BUDGET

Reducing federal spending would not solve inflation per se. It would, however, dampen inflationary expectations on the part of business and consumers. At the consumer level, this would result in reduced spending in anticipation of inflation. At the corporate level it would be reflected in smaller salary increases, wage settlements and price increases. These phenomena together would mean moderate growth at best, and slightly higher unemployment.

But more than psychological benefits would result from a reduced federal spending. For example:

Lower Interest Rates—with the government diverting less money from public and private sources, more money will be available for borrowing at lower rates.

Federal Government Under Control—legislation creating new programs and extending current ones could not be enacted without

raising taxes or abolishing other programs.

Business Investment Stimulated—Wall Street and Main Street will be able to attract more "small" and "large" investors because people will be looking for long-term gains. Today people must spend their money to avoid losing purchasing power.

IS A CONSTITUTIONAL AMENDMENT THE WAY TO LIMIT SPENDING ?

How can Federal spending be limited? One way that is getting more and more attention in Congress and in State Houses across the country is a constitutional amendment to require a balanced federal budget.

Critics of a balanced budget amendment—and they represent the conservative and liberal ends of the political spectrum—cite two principal reasons for their position. First, they contend such an amendment would not be realistic, that it could not take into account the volatile nature of the national—and international—

economy. Besides, asks Congressman John J. Rhodes, (R-AZ) "What would you do if the budget weren't balanced? Send everybody in the legislative and executive branches of government to jail?" Second, amendment critics are fearful of a Constitutional convention that would not limit itself to the consideration of the federal budget. They point out that such a convention could recommend sweeping changes in the Constitution, prompting other countries to question the stability of the United States government.

Proponents of a balanced budget amendment scoff at these concerns for the most part. Responding to the first point, they argue balanced budgets could be waived by vote of Congress for specific periods of time. Also, budget deficits could be offset by applying budget surpluses from previous years. On the point of a sweeping Constitutional convention, supporters of an amendment say that the Constitution provides many safeguards to prevent a runaway convention from proposing fundamental changes in the law of the land.

LEGISLATIVE REVIEW -

What are Congressional and Government leaders saying about limiting spending ?

Twenty-nine states have already passed resolutions calling for a Balanced Budget Amendment.

Recent Congressional action in the House narrowly defeated budget resolution proposals by Rep. Holt (R-Md.) to reduce fiscal 1979 spending levels. Senate passed the so-called Nunn

amendment, which coupled spending ceilings with individual tax cuts through 1983. The house instructed its conferees on the tax bill to accept the same language, but after the Administration intervened, the amendment was watered down to non-binding "statement of intent." Roth-Kemp personal tax cuts, with-

out associated spending cuts, were defeated in both houses. A proposal by Senator Danforth (R-Mo.) requiring a surtax to finance "excess" spending growth was defeated in the Senate Finance Committee.

community, and we mentioned what was uppermost on our minds, the death of Maurice Cohen. Almost at once, this usually imperturbable gentleman choked up, and his eyes filled with tears, a spontaneous tribute to one of the dearest, most lovable of God's children.

Maurice would have been embarrassed by any show of special recognition, although I think he would have deeply appreciated it. Maurice was accustomed to give rather than receive, and his special pleasure was in helping and seeing others enjoy fame or acclaim, fellowship and good conversation, the opportunity for following their individual interests, and food and drink. He took such joy in urging and serving heaping portions of succulent beef, Mexican tastes, a variety of vegetables, and unimaginably spicy condiments to the table of select friends, acquaintances, and friends of friends who met any day of the week for lunch with and by Maurice as his guests.

Maurice pressed food on people, to his and their delight. Yet he never pressed his opinions or persuasions. He practiced and encouraged freedom—to be what one chooses, to think and say what one believes—or believes at the moment. God, it is said, looks more carefully at the heart of a person than at any other aspect of being. This was true of Maurice as well. He understood people—their occasional weaknesses, but primarily their over-riding nobility and strengths. So his list of select friends was long and enduring. It included the elite of officialdom, presidents, governors, Congressmen, judges, mayors, district attorneys, postmasters, the whole roster of officers and workers in government at all levels. It included outstanding members of the community in many fields of endeavor, as well as individuals little known.

He saw through the gobbledygook and meaninglessness of party differences, of status and income differences, of vocational or interest differences, of ethnic and religious differences; and his heart was generous enough, and his intellect discerning enough, to embrace them all, like a proud mother all her children, encouraging them the while to "Eat, eat!" and "Live, live!"

The one word that might be picked to describe Maurice Cohen would be "character"—he was a character, and he had character.

Maurice was different. He followed his own star—whether in manner, speech, dress, habits, crotchets, hobbies, interests, or business practices. Yet he never said or did or wore anything unseemly or wrong. That would have been out of character. For his whole life—his upbringing, the teachings of his parents, the traditions of his grandparents and forebears, the counsel and example of his cherished wife and helpmate in all things, Edith, his own strict code of ethics and standards, marked his every action and reaction.

He could precisely be called a man of character—a title of rare distinction—for it should cover many aspects of goodness, consistently and without deviation. He was honest in all matters; his word was his bond, whatever the cost. He took advantage of no one, regardless of their status. He was unfailingly kind, gentle, generous and compassionate, and would go to great lengths to make others happy or comfortable. He was a truly humble person, without pretense or ostentation. He greatly appreciated any kindness to him, to any member of his family or his friends. I never heard him condemn anyone.

Maurice had real courage and venture-someness. In his business undertakings, he assumed great risks as a matter of course. His decisions, however, were not thoughtless gambles. They were based on specialized knowledge, on a keen eye and a quick mind, with far-ranging considerations of many factors and possibilities.

In his earlier years, he was recognized as one of the most expert cattlemen in the country, who for decades bought, raised and sold vast numbers of livestock. He continued in this business and in allied enterprises until his fatal stroke last week.

He had, of course, many associates in this work. It is another test of his character that they remained good friends so many years, and he never forgot their helpfulness to him in tough times. Thus he was closely attached to the late Mr. Jesse Oppenheimer and to his lifelong colleagues and comrades, Dan Oppenheimer and Joe Straus, Sr., to name only a few.

Maurice had this curious contradiction in makeup. In the depths of his being, he was a single individual, almost a loner, if not lonely. On the other hand, he craved to have people around him, as often as possible. He was strengthened by their presence, and was even dependent on that presence. Among the friends who have been stalwarts are Julio Vasquez, Rosita Jimenez, and Robert Garcia.

Maurice did not come often to synagogue, but I know he was profoundly a person of faith. Prayer, offered on behalf of others, for his wife, Edie, for his late brother Bill, and for himself were not just words and phrases. They were ladders to heaven, a way of communicating with the Divine. He prayed as well, particularly for his dear departed—and of course, he thereby acknowledged that life continues beyond life. How else could it be when quality was his mark! He was devoted to the persistence of quality, in all things, in thought, in action, in human relationships, in life here and forever. Amen: so may it be. ●

THE DANGEROUS FALLACIES OF A BALANCED BUDGET CONVENTION

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 31, 1979

● Mr. BRADEMAS. Mr. Speaker, several misconceptions are being used in support of the call among some of the States for a constitutional convention to mandate a balanced Federal budget.

In view of the potential consequences of such a constitutional convention, it would serve us all well to examine the arguments for such a convention carefully before the Nation is led into a potentially disastrous undertaking.

In the April 1979 issue of the AFL-CIO American Federationist, there is a thoughtful discussion of "the dangerous fallacies" involved in such a convention, written by Gus Tyler, assistant president of the International Ladies' Garment Workers' Union, author of several books, and a columnist.

I insert a condensed version of his article at this point in the RECORD:

[From the AFL-CIO American Federationist, April 1979]

THE DANGEROUS FALLACIES OF A BALANCED-BUDGET CONVENTION

(By Gus Tyler)

The present push for a constitutional convention to balance the federal budget raises two questions: the desirability of constitutionally mandating a balanced budget and the desirability of convening a convention to enact such an amendment.

The mood of the country on reducing or holding down taxes is understandable. People who work for wages feel over-taxed—and they are. The who live on "earned" in-

come report virtually all of their earnings and pay on what they report because they don't have any loopholes. People who live on "unearned" income—stocks, bonds, properties—report about half their income and pay on only part of what they report because they enjoy many loopholes.

The problem is not that taxes are too high, but that they are too high for some because they are too low for others. A proper cure for this disorder would be tax reform that lifts some of the burden from America's middle class of wage and salaried people and imposes more of the burden on the rich who live on "unearned" income.

Fearing precisely such an eventuality, the wealthy have mounted a campaign to convince the nation that taxes in general are too high for everyone. This myth was the basis for Proposition 13 in California and is the basis for the present proposal to have a constitutional convention for a balanced budget.

Although the emotional urge for a balanced budget is the desire to keep taxes down, the constitutional amendment will not guarantee that taxes will be reduced or kept at present levels. Indeed, the mandated balance may actually increase taxes.

A budget can be balanced in one of two ways: either by reduced spending or by increased taxes. If at some future time, the President and Congress are not allowed to borrow they will have to raise taxes to make ends meet. Hence, a balanced budget can mean higher as well as lower taxes.

Although some favor the idea on the mistaken notion that it will automatically hold down taxes, others favor it as a way to check inflation. The logic is embedded in the argument that government deficits lead, in one way or another, to more dollars chasing too few goods, and thereby forcing up prices.

For such monetary theorists, the expanded money supply is offered as the sole reason for inflation. They do not blame high interest rates; they do not blame monopolies and oligopolies; they do not blame government fixing of prices, as in the case of numerous agricultural products; they don't even blame high wages. They are single-minded: the culprit is the government that tries to pay for deficits by "printing money."

Their statistical evidence is that in years when the federal deficit is high, inflation runs high. Actually, this seemingly irrefutable proof is no proof at all, because a tracing of U.S. budget deficits shows they are more likely the result of wars and recessions. Inflation may cause a deficit, but not vice versa. In a period of inflation, the government must pay more for many things. Hence, a so-called balanced budget, drawn at the beginning of the year, may well end up as a deficit at the end of a year when prices rise either because of crop failures, an act of OPEC, monopoly action, or a jump in interest rates imposed by the Federal Reserve Board.

THE REALITIES OF DEBT

Most monetarists reveal their anti-government bias when they blame out federal budget deficits as the sole or the primary source of an expanded money supply. There are many, many other factors at work expanding the money supply, traditionally defined as the total of all currency plus all demand deposits. Effective money supply is determined by at least two other factors: the amount of credit and the velocity with which money circulates. At present the "supply" of money generated by credit is staggering, with multi-billion dollars outstanding on any one day on credit cards alone—just to cite one small instance. Likewise, the velocity with which money moves is decisive: one dollar spent 10 times in one day has the same impact as 10 dollars spent once. And neither the amount of credit outstanding nor the velocity with which money moves can be

... solely or mainly to government def-

In sum, although the monetarist theories about how deficits make for inflation are couched in seemingly sophisticated research and reason, the arguments are shockingly unsophisticated.

Equally fallacious is the argument that the national debt is growing at a dangerous rate and that, unless we stop this piling of debt on debt, the unbearable burden will break the government's back.

In 1966, when the Gross National Product (the sum of all goods and services produced here in one year) was \$753 billion, the debt was 43.6 percent of the GNP. But in 1976, when the GNP was at \$1,706 billion (rushing toward the \$2 trillion mark) the debt had fallen to 37 percent of the GNP. In 10 years our debt shrank as a portion of our total output.

This "shrinking" of the national debt is not some freakish occurrence peculiar to the years from 1966 to 1976. There has been a downward trend ever since the end of World War II; in 1946, the debt was 132.6 percent of GNP; by 1962, it was 55 percent; by 1965, 48 percent; by 1976, it was down to 37 percent; and by 1979, the debt is a mere 28.4 percent of GNP. Judged by ability to carry the burden, the debt is getting steadily lighter.

An irksome irony about the call for budget balancing is that those who cry loudest and longest about debt are the worst offenders: the states, the corporations and the individual consumers. They are all in debt and more deeply in debt than the government that, at the end of 1978, was only responsible for 19 percent of total indebtedness in America. From 1940 to 1976, the federal debt grew at a slower pace than all other kinds of debt, state and local, corporate, and private consumer debt grew far more rapidly.

In 1940, the federal debt was \$44.4 billion; by 1976, it stood at \$515 billion—a twelvefold increase in 36 years. State and local debt for the same years rose from \$16 billion to \$236 billion—a fifteen-fold increase.

Corporate debt rose (same years) from \$75 billion to \$1,414 billion—a nineteenth-fold increase.

The biggest sinners of all—if debt is considered a sin—are Richard Roe and Jane Doe. The debt incurred by consumers rose (same years) from \$8 billion to \$217 billion—a twenty-sevenfold increase.

The truth of the matter is that debt is a way of life not only in America but in every free enterprise (capitalist) country in the world. The reasons are pragmatically obvious and theoretically understandable.

Most homeowners in America would own no home if they had to pay in cash for the purchase. A mortgage is a loan that incurs a debt. Mortgage indebtedness rose (same years) 24 times over, which is about twice as fast as the federal debt.

It would be useless to put money in a bank unless it is done purely for safekeeping. The bank could pay no interest—unless there were borrowers, ready to incur debt, who would pay interest to the bank so the bank could pay interest to the depositor.

No corporation of any size could operate without going deeply into debt—as they do. They float bonds and borrow directly and invent a variety of debt instruments to finance their undertakings. Debt is the lubricant for the business machine without which the machine would grind to a halt.

You add to the debt when you take out a small loan, when you buy something on the installment plan, when you make a purchase on a credit card, when you ask your local retail store to charge it, when you borrow against your insurance policy, when you work out a financing arrangement for your car. In the one month of

January 1979, installment indebtedness rose by more than \$1.5 billion.

Viewed in an overall theoretical way, debt is the foundation of a "free enterprise," modern capitalist society.

KEYNESIAN ECONOMICS

For those who think that deficit financing began with President Franklin D. Roosevelt, Senator Edward S. Muskie (D-Maine) advises in a recent speech that the "distinction belongs to General Washington—first in war, first in peace, and first in federal deficit." Actually, Washington was following a pattern set on Dec. 15, 1692, in the British House of Commons, when the Committee on Ways and Means proposed to raise \$1 million by way of a loan, at the rate of 10 percent up to year 1700 and 7 percent thereafter.

From that point on, the debt began to grow. "At every state in the growth," records Thomas Macauley in *The History of England*, it has been seriously asserted by wise men that bankruptcy and ruin were at hand. Yet still the debt went on growing; and still bankruptcy was as remote as ever."

For centuries nations had been using debt as a way to pay the way for governments. It was not until the first quarter of the present century, however, that government indebtedness was seen not simply as a way for the state to meet its bills but as a way to guide the total economy. This concept—the use of public debt to regulate economic growth—was the brain child of John Maynard Keynes and, unbeknownst to most Americans, became the theoretical base for the anti-recession policies of the New Deal and of every Administration that followed.

As a practical man, FDR had to resolve a practical yet seemingly nonsensical puzzle: why, at the American economy running during the 1930s when all the factors for a viable economy were present—in superabundance? There was plenty of capital, labor, raw material and entrepreneurial know-how. But they were all idle, rotting, festering. Why?

What was lacking in our market economy was the market which, in plain language, is buying power. Buying power was lacking because the big buyers—working people—were out of work. So long as they did not earn, the market would sag and sag.

The private economy would not put these people to work because it could not. No business pays people to make things for which there is no market. So, to prime the pump, the government had to put people to work, so they would have buying power to put others to work.

The government could get the necessary funds to do so either by taxation or by borrowing. Taxation would not have yielded much in those depressed days; moreover, whatever taxation would yield had to come out of consumers or investors, thereby undercutting the primary purpose of increasing employment. So, the government borrowed.

In a pragmatic way, the United States had backed into its own brand of Keynesian economics. When the private economy failed to generate the necessary market—buying power to sustain the economy, the government stepped in by deficit financing, by— as the monetarists would have it—expanding the money supply. And the formula worked.

WHAT OF CRISES?

Since the New Deal, there have been recessions, but we have not had a single major depression in this country. Crises have been fended off with the weapon of deficit financing.

The big deficits of the Roosevelt period were not rolled up during the peacetime years but in wartime. In 1940, the deficit was only \$5 billion. In the war years of 1943-45, the deficits ran between \$17 and \$50 billion a year. But whether it was to combat recession

or to combat a foreign enemy, the money borrowed was used to serve national purposes and, in no case, did the deficit impoverish the people.

If a constitutional amendment had prohibited deficit spending in the Great Depression or during World War II, where would the money have come from? In 1933, Roosevelt would have had to raise taxes to get the funds to "prime the pump." Such taxation would have worsened the crisis by further depleting buying power and capital sources. Where would the government have gotten the funds to fight World War II? Between 1941 and 1942, federal expenditures doubled, from \$35 billion to \$70 billion. It would have been necessary to double taxes—an intolerable, undesirable and unnecessary move.

What happens in the future—assuming a budget-balancing amendment is on the books—if we are hit by some new crisis: another depression, another war, an internal insurrection, a massive earthquake from the Appalachians to the Rockies? Neither the President nor Congress could act swiftly because the funds would not be there and no new funds could be appropriated without going through the protracted process of once more amending the Constitution.

A mandated balance of the budget assumes that the budget makers know, at the beginning of the year, what their income and their expenditures will be. But they have no way of knowing; they can only guess.

They do not know what their expenditures are for three simple reasons: First, they do not know what crises will arise. Second, they do not know what inflation will do to their costs in the course of the 12 months. Third, they do not know what they will have to pay out under a variety of government "entitlement" programs. Under the last, for instance, the government has an obligation under law to someone who is disabled, or is the head of a family under and for dependent children, or is newly retired, or is eligible for a veteran benefit. Whoever meets certain criteria set down by law is "entitled" to certain government funds—and there just is no way that the government can know to advance just how big these payments will be.

The government knows even less about what its income will be. How much comes in depends on how much people earn, how corporate profits run, how sales stack up. Income through taxes is a mathematical function of the Gross National Product whose size nobody knows when the year begins or even when the year has passed its halfway mark. For 1980, the President forecasts a growth rate in the GNP of 3.3 percent; the Congressional Budget Office sets it at a 3.9 percent; Wharton Econometrics sets it at a low 1.2 percent; and Chase Econometrics sets it at an optimistic 4.1 percent. The difference between the low and high estimate makes a difference of about \$10 billion in taxes to the government.

THE RISK TO STATES

Being less than omniscient then, Congress and the President would unwittingly and unwillingly find themselves in violation of the amendment. Who will prosecute, try and sentence them for their transgressions?

The easiest way to cut federal taxes would be to stop federal aid to the states, which currently runs about \$80 billion per year. If an Administration chose to cut grants to the states, you would hear a different tune from state politicians now so eagerly calling for a constitutional convention to balance the federal budget.

But this reduction in the federal budget would not necessarily mean a reduction in taxes for the taxpayer. Even if the government reduces taxes by virtue of the savings in grants to the states, and it is doubtful such a cut would be possible, the states

would have to increase their taxes to make up for the funds they no longer get from the federal government. The end result would be higher taxes for the taxpayer.

The other alternative for the federal government would be to raise taxes to cover present and future costs. And it would have to raise taxes beyond a reasonable level because it would have to allow for that margin of safety so as to live within the mandate of the amendment.

A RENAISSANCE BODY?

The Constitution provides two ways to amend the Constitution: the traditional way has been through congressional action requiring two-thirds of both houses and ratification by three-fourths of the states; the unusual way is through a constitutional convention to be assembled on the call of the legislatures or two-thirds of the states with ratification requiring three-fourths of the states.

There is no precedent, since 1789, for initiation of an amendment through a convention.

Because there has been some fear in the Congress that a constitutional convention could turn into a runaway body, several efforts have been made in recent years to write legislation to define what a constitutional convention may or may not do and how it may do it. But no bill has yet passed both houses. So, if a convention is called, nobody really knows who shall convene the convention, what shall be the scope of its agenda (one issue or the whole works), how delegates shall be apportioned among the states, who would elect the delegates. Even if Congress should address itself to these questions, there is only questionable authority for the federal legislature to curb or control or control a convention that was convened precisely because Congress did not wish to initiate the disputed amendment.

The constitutional route to amendment has been proposed by both progressive and conservative forces. In more recent eras, however, the push has come from the right: to limit federal taxes, to undo one-man, one-vote, to set up a special court to overrule the Supreme Court, to prohibit "forced busing," to disallow abortions.

Should a constitutional convention be held it is likely that the several ideas held by conservatives will find expression at the gathering. The delegates may convene to discuss budgets but are likely to end by proposing a variety of pet proposals presently circulating among those who are unhappy with the behavior of Congress and who would like to bypass the legislature. In effect, the constitutional convention route would mean that the states with their state-minded concentration would replace the Congress of the United States with its prime focus on national goals.

The final irony of the balanced budget amendment is that its greatest support comes from those politicians who have, for the last couple of decades, been presenting themselves as the true defenders of the Constitution. Should they ever add their amendment to the Constitution, they will have violated the basic spirit of our supreme law.

The Founding Fathers had three great purposes in composing the Constitution. They wanted a government that was strong, flexible and respectful of the rights of the individual.

Because they wanted a state that was strong they set up a central government to replace the feeble Articles of Confederation. Because they wanted a flexible government they wrote a brief declaration that distributed powers without prescribing what those powers should do in dealing with the special and specific problems of the changing times. To show their regard for the individual, they added the first 10 amendments—the Bill of Rights—to the Constitution as an integral part of the document at the time of original ratification.

In the subsequent amendments of which there are 16, the prime purpose has been to expand the power of the individual citizen to influence public policy. In short, the thrust of the amendments has been to give the citizen a greater voice in government.

A balanced budget amendment would run contrary to this spirit of the Founding Fathers in all three respects. First, the amendment would narrow the scope of government, a purpose that is the underlying motive of most of the proponents. Second, the amendment would impose a straitjacket on government, turning firing flexibility into hostile rigidity. Third, the amendment would deprive the individual citizen of a regular say over government in the most decisive area of legislation; namely, the budget. ●

DOING THE SALT SHUFFLE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 31, 1979.

● Mr. ASHBROOK. Mr. Speaker, every day the media events in Vienna for the SALT II Treaty draws closer and every day a new barrage of "facts" comes out of the administration. The latest round of news releases and speeches shows that we are not seeing a SALT debate as much as a shuffle of whatever the President and the media think is going to co-opt or dupe enough people into ratifying the SALT II Treaty.

On May 31, the Washington Post reported that the estimates of the explosive power of the Soviet SS-18 ICBM have been drastically reduced. The reduction, from 1.2 megatons to 600 kilotons per warhead, was based on a guess drawn from the weight of the overall delivery vehicle. The Post went on to say that the new guess was based on "a review of past data rather than receipt of any new data from recent Soviet testing."

The first question that needs to be asked about this statement is why is one guess any better than another if the same information is used? The article goes on to quote one official as saying, "Understanding comes gradually, and uncertainties hang on for a long time." This is a pretty lame excuse for something as important as how many megatons of explosives are going to rain down on our missile silos.

Why must our intelligence experts rely on old data and "guesstimates" to figure out the potential threat of the new Soviet missiles?

The answer to why our experts are guessing instead of knowing comes from a Washington Post article on May 30. It seems that the Soviets are still testing the SS-18 but are encoding the radio signals from the missiles. The result is that we did not even know what was happening in those tests except that the tests were going on. This blind spot in our intelligence has not upset the Carter administration. In fact they are upset that knowledge of this blind spot was made public. The official word from the open White House was that reports of the encoding were "irresponsible leaking."

The administration then went on to state that the encoding of the SS18 data

was irrelevant because the SS18 was an "old system." The Soviets could test the SS18 with encoding for "the next 10 years" and the United States need not worry, said one official. The reason we should not worry is that the Soviets, under SALT, will tell us if they change anything on the SS18 or any other missile and that, if there is a change, they will not encode the data for that specific missile test. "The Russians accept our position on new and modified missiles" one official said, "That's what matters."

Into the SS18 debate comes Defense Secretary Brown. In an address before the graduating class of the U.S. Naval Academy at Annapolis, Secretary Brown warned that, since 1962 the Soviets have been embarked on "a policy of building forces for preemptive attack against U.S. intercontinental ballistic missiles." He went on to say that, by the early 1980's, two new missiles, the SS18 and the SS19, would give the Soviet Union the means of destroying, "with high assurance" most of the 1,000 American land-based Minuteman missiles.

Later in his speech he again referred to the SS18 as a new missile that, with 10 warheads, had the accuracy to destroy most of the American Minuteman missiles in their underground silos. He concluded on point by saying "the Soviets continue with a policy of building forces that could be used in a preemptive, counterforce mode."

What is going on here? The Brown speech was reported in the New York Times, but buried deep in the front section on May 31. The Washington Post did not cover the speech at all. There seems to be some problems with the Carter administration over whether or not the SS18 is an old system or a new system. I guess we should all be glad the Soviets agreed to a SALT Treaty because they can always be depended upon to sort out our dilemmas on new and old missiles.

If the next SS18 or SS19 that is launched has encoded radio signals then it must be an old missile with no modifications. If the missile signals are open and clear then we all will know there is something different about the missile and we should all sit up and take notice.

I am proud to know that our intelligence community and the military wizards in the Arms Control and Disarmament Agency have come up with such a simple solution to our verification dilemma. The guessing game on megatonnage becomes superfluous. As one agency bureaucrat reported, "We have always said their advantage in megatonnage overall makes no difference." This is a shuffle of rhetoric that reminds me of a new dance . . . the hustle. ●

PERSONAL EXPLANATION

HON. W. HENSON MOORE

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 31, 1979

● Mr. MOORE. Mr. Speaker, I was necessarily absent due to appointments in Louisiana yesterday and, in doing so, I missed two rollcall votes.

AMENDMENT #1

OFFERED IN THE SENATE:

BY: Senate Finance

TO: _____ SENATE BILL No. SJR 16

HOUSE BILL No. _____

PAGE: 2

LINE: _____

- { Page 2, Line 1 - change "five" to "four"
- { Page 2, Line 6 - after the word "alternatively" insert
· "this body makes application and requests
that"

March 7, 1980

Mr. and Mrs. Gilbert Moerlein
P. O. Box 559
Kenai, Alaska 99611

Dear Mr. and Mrs. Moerlein:

The enclosed resolution, if it passes our legislature, will do more for the taxpayers of this country, and the country itself, than the Liberty Amendment would ever do.

We are going to get substantial relief from taxation; we just haven't agreed as to the form of that relief yet.

Very truly yours,

Robert H. Ziegler, Sr.

RHZ:lk

Enclosure

February 26, 1980

Mr. & Mrs. Gilbert C. Morlein
P.O. Box 559
Kenai, AK 99611

Dear: Robert Ziegler, Sr.

My husband and I are
writing this letter so
our voice will be heard.
We support House Joint
Resolution #23 The Liberty
Amendment. Also we give
our support for bill
554 to repeal State
Income Tax.

Concerned,

Gilbert C. Morlein

Gilbert & Gwin Morlein
Gwin A. Morlein

HARRY RACE DRUGGIST

BOX 1480 · SITKA, AK 99835 · (907) 747-8666

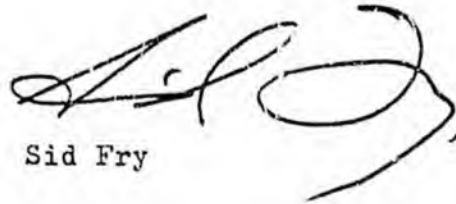
2.26.80

Bob,

Just received this letter in our box here in Sitka.

If this wasn't so damn irritating it would be funny or if it didn't happen so often.

We in this town would really like to see United Parcel. At least we would then get are packages in better shape.



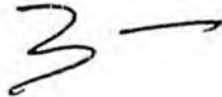
Sid Fry

March 3, 1980

Thanks for forwarding the letter to me.

We're working on the balanced budget resolution and it should be on the Senate calendar within a few weeks.

Regards,



Enclosure

National Taxpayers Union
BALANCE THE BUDGET
AMENDMENT COMMITTEE

February 29, 1980

Honorary Chairmen:

Mr. Ed Foster
Hon. Dolph Briscoe, Jr. Box 1002
Former Governor of Texas Duke Bay, Alaska 99821

Hon. James B. Longley
Former Governor of Maine Dear Ed:

Hon. William E. Simon
Former Treasury Secretary

Here are the Alaska contacts for the various coalition groups:

Chairman:

Hon. James Clark, Jr.
President, Maryland State
Senate

National Director:

George E. Snyder
President, N.T.U.

Research Director:

David Keating

General Federation of Women's Clubs: The National Organization has endorsed the balanced budget amendment in convention last year. Their membership magazine, Clubwoman, has an article on the amendment in the January 1980 issue (enclosed). I was given the Alaska names by Mrs. Mary Quint (National President) and Mrs. Ursula Kolb (National Legislation Chairman). The State President is:

Mrs. Jack Linton (Kay)
1430 W. 23rd
Anchorage, Alaska 99503
(907) 272-6961

*PS - I may talk to
her this afternoon -
she's in Washington today*

Two other active members are:

- Mrs. Bobby Young
- Mrs. David Hendrickson
4407 Irene Drive
Anchorage, Alaska 99504

Mrs. Linton has the addresses and phone numbers.

Barry Kennedy, Chairman of the Board, U.S. Jaycees, has already talked with Alaska Jaycee State President Mel Leskinen. He will meet with him in the next week and will talk with him further about the issue. His address is Box 1812, Anchorage, Alaska 99510, phone (907) 274-6097 (h), (907) 271-5806 (s).

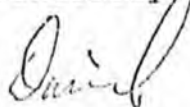
I talked with the National Association of Manufacturer's Frank Johnson. They have no local association there. Neither does the Farm Bureau for obvious reasons. Likewise the Cattleman's Association.

Wayne Campbell, director of State and Local Affairs for the National Federation of Independent Business (NFIB) reports they have members in Alaska's major cities. Their lobbyist, and a small businessman himself, is Dave Olerud. He says to call him at his office (907) 766-2441 or home 766-2549.

In many states, the Chamber of Commerce has helped but this has always come from local persuasion, not from the Washington, D.C. office.

I haven't heard back yet from the American Conservative Union Office yet, but wanted to mail this to you today. I will forward their contacts as soon as I get them.

Sincerely,



David Keating
Research Director

DK/dm

GENERAL FEDERATION

JANUARY 1980

CLUBWOMAN

MAGAZINE OF THE WORLD'S LARGEST ORGANIZATION OF WOMEN

GFWC
CONVENTION

MEET US IN ST. LOUIS
JUNE 1-6

SABRETT
SAUL



ACTION REPORT

LIMITING FEDERAL SPENDING

WHAT'S THE ISSUE?...

How large must the federal budget be?... Should limitations be made and enforced?... How should deficits, if required, be limited?... These are just a few of the many questions surrounding the issue of Federal Budgeting. Only once since 1960 has the Federal Budget been balanced. Through good years and bad the deficit has increased. In the fifteen years preceding 1960 the average annual deficit was less than \$3 billion. In the period from 1965 through 1978 the

average deficit jumped to \$23 billion annually. In 1979 the deficit is scheduled at \$37 billion... \$37 billion the Federal Government will have to borrow to pay its bills.

According to many respected economists, borrowing by the Federal Government, in such astronomical sums, is one of the prime causes of inflation. Citizen movements, as in Proposition 13 in California, have been pressing for tax and/or spending limits at state and federal levels. Twenty-nine

states have passed resolutions calling for a Constitutional Amendment and/or a Constitutional convention addressed to the issue of Budget Limitations. Thirty-four states in all would have to pass such resolutions before either of these actions could be taken. The National Conference of State Legislatures reports that fear of federal aid cut-offs in the northeast, midwest and California make passage this year unlikely.

IS IT AN IMPORTANT ISSUE?

The Federal Budget affects every facet of our nation and all of our people, now and for the years ahead. The average U. S. worker/taxpayer works more than the first four months of the year just to support federal, state, and local governments, the Tax Foundation says. Tax "Freedom Day" fell on May 11, in (1978), May 1 in 1976, and on April 30 in 1975.

The average worker had to work two hours and 35 minutes in 1975, and two hours and 39 minutes, in an eight-hour day in 1976 just to pay his taxes. In 1978, the average private, non-agricultural industry worker had to work two hours and 48 minutes to pay the 1978 estimated tax take.

The issue of how to limit Federal spending is full of contradictions, however. For example:

*Polls show that the people want a balanced budget, but the people have not conspicuously voted into office those who seem most likely to insist on balanced budgets nor have the people turned out of office those who have consistently voted for our big deficits.

*Many economic experts hold that deficits cause inflation, but while we have had continuous

deficits since 1929, we have not had continuous inflation.

*Full employment cannot be achieved without deficits, but we have yet to achieve full employment even with deficit spending.

*The government must have the financial flexibility to incur deficits for long range projects, but there is great skepticism about the ability of the government to manage its deficits in a manner that contributes to stability. And so it goes, argument and counter-argument.

How Deficits Contribute To Inflation

Over the past decade and a half the national debt has multiplied geometrically, totaling some \$350 billion. At the same time, inflation has reduced purchasing power, and interest rates for borrowers have risen sharply.

Federal budget deficits themselves do not create inflation, rather they create the illusion that citizens can receive expanded government services without paying the bill. But somehow, some way, the cost for

government programs and services must be borne by someone. To finance these additional commitments, the government prints more money. It must also borrow money from private and public sources. With more money floating around, consumers feel more affluent and extend their purchasing power through installment credit. To keep pace with these accelerating consumer and government money needs, lenders must boost interest rates. The result is cost-push inflation: the more things cost, the higher prices are pushed up by people who can pay more (usually with credit) for those goods.

The products of this deficit-spurred inflation are all negative. Consumers spend money instead of save it, realizing that goods and services will cost more tomorrow than today. Citizen confidence in government erodes as taxes are increased to keep up with the cost of things the government does—defense, roads, schools, etc., or in the absence of tax hikes, government services deteriorate. The value of the American currency declines internationally, so that foreign automobiles and clothing increase in price.

Dear Editor:

During the fight for the passage of Proposition 13 we heard the same kind of negative arguments that we are now hearing against a balanced Federal Budget and against the possibility of a constitutional convention.

The fact is, the people can be trusted rather than the politicians. They made the right decision on Proposition 13 and I am confident they would make the right decision if confronted with the question of a balanced budget or a constitutional convention.

Dear Editor:

We taxpayers favor a constitutional amendment requiring a balanced federal budget because we do not trust politicians to curb government spending.

In 1976, running against the Washington establishment, candidate Jimmy Carter promised to balance the budget by 1979. This year President Carter offered a 1980 budget with a \$29 billion deficit - plus \$12 billion more in "off budget" items.

The public has turned to the constitutional amendment as a solution. The latest AP-NBC News Poll found 70% of all adults interviewed favored a budget-balancing amendment.

Obviously, passing state resolutions requiring Congress to pass a balanced budget amendment is the only way to counter empty promises made by politicians.

If only 4 more states act, Congress will have to pass the amendment. If not, taxpayers will again take matters in their own hands and will call a Constitutional Convention to draft the amendment.

I thank our founding fathers for giving the people power to prod politicians along when they fail to represent their constituents.

Dear Editor:

It's time ~~Kentucky~~ ^[state] legislators faced up to some of the problems facing this nation and joined the 30 states petitioning Congress to pass a Balanced the Budget Amendment. If only 4 more states pass Balance the Budget resolutions with a limited convention call, then Congress must propose an amendment or call a limited convention to draft the amendment.

Passing a Balance the Budget Amendment would assure the American people that our governments bias toward increased deficit spending at the expense of the taxpayer would be effectively offset and that they can look forward once again to a dollar of stable purchasing power.

As all taxpayers know, our country is in the midst of a rapid inflation that has already weakened the confidence of the people in government and in our country's future.

Two decades of congressional and White House spending have helped produce severe inflation that threatens to halve the value of every dollar in five and a half years. Obvious victims include the poor and the elderly, but in the end, everybody suffers. The average family last year paid almost \$800.00 interest on past government deficits, and inflation robbed another \$800.00 interest from its purchasing power.

I hope ~~Kentucky~~ ^[state] passes a Balance the Budget Amendment resolution and joins those 30 noble states that have already had the wisdom to do so.

Dear Editor:

There are many benefits to a balanced budget, and that is why 30 states have already adopted resolutions calling for congressional action or the convening of a constitutional convention for the sole purpose of amending the U.S. Constitution to require that the budget be balanced annually.

A balanced budget will reduce the "crowding out" of private citizens from the marketplace that results when government borrows money.

A balanced budget will reduce inflation.

A balanced budget will help reduce unemployment, as the large deficits that are currently being produced by the federal government are being used largely to pay for consumption expenditures and non-productive investments.

A balanced budget will reduce wasteful spending and improve our resource allocation.

A balanced budget will slow the growth of federal spending.

All resolutions calling for a Balanced Budget Amendment passed by those 30 states were very carefully drafted. Under their guidelines, the U.S. Congress would still have the power to engage in deficit spending during national emergencies - including, but not limited to, serious threats to national security, war, natural disasters and stormy economic times.

When Americans total up the cost of deficit financing over the ^{last 20} years, the figures are astounding. The National Taxpayers Union last year pegged the total at over 377 billion dollars.

The nation needs to balance its books before we no longer possess the books to balance. Passing a Balance the Budget Amendment resolution in this state will help accomplish this end.

Dear Editor:

I believe the fears about a possible constitutional convention are somewhat groundless.

I get the feeling (from your editorial) and other commentariel on the subject - that somehow you believe that a constitutional convention would have free rein and once the convention decided something, that would be the end of it.

Remember, the Constitution also provides that any amendments would have to be ratified by three-fourths of the states. That is a tremendous brake on any sc-called run-away convention.

Dear Editor:

I'm just one of the many taxpayers who believe that Congress can't be trusted with money and the only way to return this country to fiscal responsibility is to enact the balance the budget amendment.

Behavior on Capitol Hill shows there is genuine ground for concern. Between 1946 and 1961, Congress managed seven deficits and seven surpluses, with an overall approximate balance--and low inflation. But in the 19 years since, Congress has balanced the budget only once, in 1969, and the net deficit over those years has been a staggering \$377 billion. Washington has continued the deficits in prosperous times as well as lean. This year, President Carter offered a 1980 budget with a \$29-billion deficit.

As a taxpayer, I'm tired of paying for the mismanagement of government finances.

Dear Editor:

The National Taxpayers Union's idea to amend the U.S. Constitution to require a balance budget is the greatest idea since sliced bread! We are for it 10000%

If they can lead us, as Howard Jarvis did on Proposition 13, they will have done a tremendous service for our nation.

Let's get everybody on the bandwagon and keep it rolling to a successful conclusion.

needs more than 1 signature



Greater Ketchikan Chamber of Commerce

2415 Hemlock - 110 — Ketchikan, Alaska 99901

Telephone (907) 225-3184

Dr. Charles Otto, President
Valley Chamber of Commerce
P.O. Box 584
West Point, GA 31833

February 15, 1980

Dear Dr. Otto:

The Greater Ketchikan Chamber of Commerce would like to thank you for your letter of January 11, 1980, regarding the run-a-way inflation problem.

The Board of Directors of the Chamber of Commerce is fully in support of the "Balance The Budget" Amendment to the Constitution of the United States of America.

The Chamber of Commerce is always open to any information that will keep us abreast of what is happening today, and we look forward to hearing from you again.

Best regards.



Sally Smith
President
Greater Ketchikan Chamber of Commerce

cc: Senator Robert H. Ziegler, Sr.
Representative Oran Freeman
Representative Terry Gardiner

Honorable Ted Stevens
Honorable Mike Gravel
Honorable Donald E. Young



KETCHIKAN RAINBIRD



Greater Ketchikan Chamber of Commerce

2415 Hemlock - 110 — Ketchikan, Alaska 99901
Telephone (907) 225-3184

RESOLUTION

("Balance the Budget" Amendment)

WHEREAS: The Greater Ketchikan Chamber of Commerce is on record in support of bringing run-away inflation and federal spending under control and;

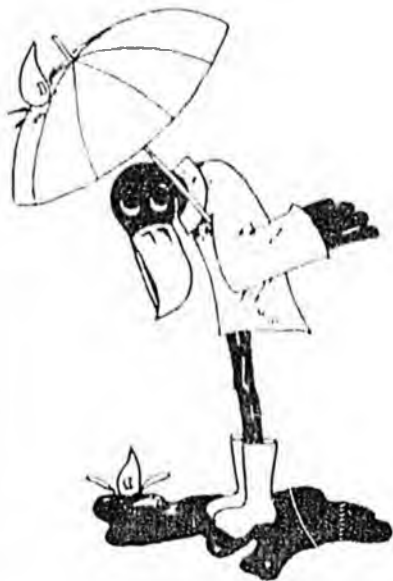
WHEREAS: the Greater Ketchikan Chamber of Commerce has concerns regarding the consequences of run-away inflation and spending on a national, state and local level, and;

WHEREAS: the Greater Ketchikan Chamber of Commerce Board of Directors is in full support of the "Balance the Budget" Amendment to the Constitution of the United States of America;

BE IT THEREFORE RESOLVED: the Greater Ketchikan Chamber of Commerce directs the Alaska State Legislature and the United States Congressional Representatives to take whatever action is necessary to accomplish the above.

Approved and adopted this 13th day of February, 1980, by the Greater Ketchikan Chamber of Commerce Board of Directors.


Sally Smith, President
Greater Ketchikan Chamber of Commerce



KETCHIKAN HARBIRD

2435 Dale Road
Fairbanks, AK 99701
April 10, 1980

Representative Charles H. Parr
Alaska State House
Pouch V
Juneau, AK 99811

Dear Representative Parr,

It has come to my attention that the State Senate has passed a resolution, SJR 16, calling for a Federal Balanced Budget Amendment. I further understand that this resolution has been referred to your Judiciary Committee for House action. As a taxpayer and head of a household trying to keep up with inflation, I urge you, as one of my representatives, to pass this resolution out of committee and on to the full House for consideration in its present form at an early date and on to the Congress.

Thank you in advance for your efforts in this regard. I shall be looking forward to the news that you have taken action on this.

Very truly yours,

Jon N. Sole

cc: Representative Fred Brown

bcc: Alaska Lobby

United States Senate

WASHINGTON, D.C. 20510

March 18, 1980

Ms. Sally Smith, President
Greater Ketchikan Chamber of Commerce
2415 Hemlock, 110
Ketchikan, Alaska 99901

Dear Sally:

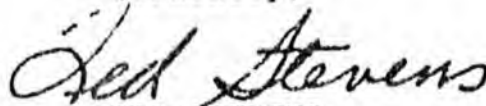
Thank you for your correspondence of February 15th, regarding balancing the federal budget. I appreciate your taking the time to contact me on this matter.

I support the concept of mandated budget restraint and believe the best approach is through a legislated limit on federal spending. By tying the growth in federal expenditures to the Gross National Product, (total value of all goods and services) we would insure that government will not expand faster than the general economy. This is a preferable approach to the balanced budget amendments which would not necessarily insure a limit to government expansion. A balanced budget simply means that revenues equal expenditures and it does not place any restrictions on the amount the federal government can spend or tax.

Thanks again for writing and please do so again to share your views or if I can be of any assistance in the future.

With best wishes

Cordially,



TED STEVENS

United States Senator

Jeff Knaebel Enterprises

P.O. Box 81467
Fairbanks, Alaska 99708
(907) 456-5780

Representative Charles H. Parr
Pouch V
Juneau, Alaska 99811

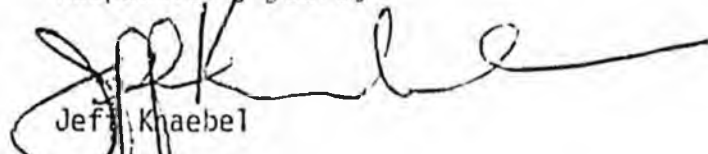
Dear Representative Parr:

The United States and its citizens are in deep trouble because of fiscal irresponsibility of the Congress and the Executive. The almost daily news of economic crisis is the reaping of what we have sowed.

Before it is too late to save ourselves from economic disaster, please help by passing out SJR 16 (Balance Federal Budget) in its present form as rapidly as possible. Not only our economy, but our basic freedoms are at stake. Please do your part in establishing a sense of fiscal responsibility in this state and in the United States.

Thank you, and best wishes.

Respectfully yours,



Jeff Knaebel

Also mailed to the following:

Rep. Nels Anderson
Fred Brown
Thelma Buchholdt
Hugh Malone
Ramona Barnes
Terry Martin
Patrick O'Connell
Randy Phillips

DEAR SENATOR:

AT THE SUGGESTION OF SENATOR ROBERT ZIEGLER I AM WRITING YOU AND ASKING YOUR SUPPORT FOR SJR 16 WHICH IS BEFORE YOUR STATE SENATE.

ALONG WITH A GREAT MANY OTHER STATE LEGISLATORS I HAVE ENDEAVORED TO CONVINCED THE STATES THAT THE ONLY WAY TO BRING FISCAL RESPONSIBILITY TO OUR NATIONAL GOVERNMENT IS TO HAVE SOME SORT OF A DISCIPLINE IN OUR CONSTITUTION WHICH FORBIDS DEFICIT SPENDING EXCEPT IN TIMES OF EMERGENCY.

TO THIS END, WE HAVE PERSUADED THIRTY STATE LEGISLATURES OF THIS NATION TO PASS JOINT RESOLUTIONS IDENTICAL, OR QUITE SIMILAR TO SJR 16. OUR AIM AND OUR PREFERENCE IS FOR THE CONGRESS TO PASS A SUITABLE RESOLUTION AND SEND IT BACK TO THE STATES FOR RATIFICATION. IF THIRTY-FOUR ACT, THEN CONGRESS MUST GIVE US THE RESOLUTION OR IN THE ALTERNATIVE, CALL A LIMITED CONSTITUTIONAL CONVENTION FOR THE EXCLUSIVE AND SPECIFIC PURPOSE OF TAKING UP THIS ONE ITEM.

THERE IS EXHAUSTIVE EVIDENCE BY THE LEADING CONSTITUTIONALISTS THAT A CONVENTION COULD BE CALLED FOR A LIMITED PURPOSE. HOWEVER, WE FEEL CERTAIN THAT EVEN A LIMITED CONVENTION WILL NOT BE NECESSARY BECAUSE CONGRESS IS ON THE VERGE OF ACTING EVEN NOW, AND IF A FEW MORE STATES ACT I AM SURE THEY WILL GIVE US THE AMENDMENT.

THE RUNAWAY INFLATION WHICH WE ARE NOW EXPERIENCING IS PROOF ENOUGH THAT OUR DEFICIT SPENDING POLICIES MUST BE STOPPED AND THEY WILL NEVER BE STOPPED WITHOUT A CONSTITUTIONAL DISCIPLINE. IF THIS GREAT COUNTRY IS TO BE SAVED, IT MUST BE DONE ON THE INITIATIVE OF THE STATES AND NOT BY THOSE IN WASHINGTON. UNDER ARTICLE 5 OF THE CONSTITUTION STATES HAVE THE RIGHT TO PETITION, AND IF WE FAIL TO USE THAT RIGHT WE CAN BLAME NO ONE BUT OURSELVES.

Sincerely

Dear Editor:

Although the general public may not know it, supporters of the Balance the Budget Amendment have the prestigious American Bar Association in their corner in the controversy over whether the convening of a national constitutional convention would turn into an American nightmare.

In 1974 the ABA released its conclusions on the merits of a national convention. It's blue ribbon task forces concluded that such a convention would not unleash dangerous and radical forces that could do great harm to our government.

"Our two-year study of the subject has led us to conclude that a national constitutional convention can be channeled so as not to be a (dangerous and radical) force ... but rather on orderly mechanism of effecting constitutional change when circumstances require its use," declared the ABA study group.

In addition, the nine-member ABA Special Constitutional Convention Study Committee was unanimous in its findings. Among its major conclusions: "Congress has the power to establish procedures governing the calling of a national constitutional convention limited to the subject matter on which the legislatures of two-thirds of the states request a convention."

This runs counter to the warnings raised by Laurence H. Tribe, a Harvard Law Professor who has told state legislators (New Hampshire passed the Balance the Budget Amendment resolution even after an exhaustive lobbying effort by Tribe) that "nobody knows" if such gathering could be controlled. Interestingly, Albert M. Sacks, Dean of Harvard's Law School and Tribe's boss, was one of the nine members of the ABA blue-ribbon panel who took the opposite view.

Agreeing with the Dean of the Harvard Law School, William Van Alstyne, a Duke University Law Professor, observes that Congress, could conceivably confine such a convention to one subject, and could decline to send any other actions back to the states for ratification (three-fourths or 38 of the states must act on the convention's actions for any amendments to be added to the Constitution.)

The fact is that the majority of the scholars in America agree that a convention can be limited.

Dear Editor:

It's clear that Congress will not propose a balanced budget amendment unless the states again call for a limited convention to do so. Even today, with 30 states having passed resolutions calling for a balanced budget, Congress is dragging its feet and devising ways to counter the pressure. Calling for a limited convention unless Congress acts is a method to get Congressional proposed response which has proven successful before. Congress proposed an amendment to provide for the direct election of U.S. Senators only after enough states had called for a convention on the issue.

These opposing the Balanced Budget Amendment say that a convention would "run-away" with the rest of the Constitution. Former Senator Sam Ervin, constitutional law scholar identified that scare tactic immediately and said, "I think that the fear of a run-away convention is just a nonexistent constitutional ghost conjured up by people who are opposed to balancing the budget, because they want to be able to promise special groups something for nothing out of an empty pocket." The official position of the American Bar Association is that a convention can be limited. And former U.S. Attorney General Griffin B. Bell agrees, "I think the convention can be limited ... the fact is that the majority of the scholars in American share my view."

The opposition, organizations which in most cases are funded through our governments deficit spending programs, are trying to take attention away from the Balanced Budget issue and redirect it toward a non-existent hazard. Convention proposals are subject to two checks that congressional proposals are not. If a convention proposes a different amendment, Congress could refuse to send it to the states for ratification. In addition, 33 states must ratify it before it becomes part of the Constitution. Actually, congressional proposals are more "hazardous".

The real hazard is the state of our economy and governments addiction to spending beyond its means. The only way to put a stop to this recklessness that is damaging the value of our dollar is by forcing Congress to balance its budget by adopting a Balance the Budget Amendment.

This is your authority
Josh

NATIONAL ORGANIZATIONS SUPPORTING BALANCE THE BUDGET AMENDMENT

Primary

1. U.S. Jaycees
2. American Farm Bureau
3. National Federation of Independent Businesses
4. National Manufacturers Association
(They are out front on this issue but approval in each state is required.)
5. National Cattlemens Association
6. General Federation of Women's Clubs
7. American Conservative Union
8. Chief Executives Forum - Free Enterprise Committee
(Around 100 influential corporate executives)
9. Conference of Small Business Organization
10. U.S. Industrial Council

Secondary

11. Chamber of Commerce
(The National Organization favors a Balanced Budget but never proceeded beyond that point. It is necessary to get support on a state by state basis.)
12. National Tax Limitation Committee
Now openly in favor. They hope to see their ideas prevail in the amendment drafting process.
13. Citizen's Choice
Very much for us but have to proceed with caution because they are an arm of the U. S. Chamber of Commerce.
14. Heritage Foundation
A credible research source.

Other

Numerous groups that join in on a state by state basis, e.g. Medical Association, Soft Drink Association, Home Owners, Bankers, various Trade and Industry groups, etc. Also the American Legislative Exchange Council; Campaign for Economic Democracy.

****Former Treasury Secretary Michael Blumenthal**—"The current Congressional budget process provides a fully adequate formal mechanism for controlling spending and the deficit. The real task before us is not to write new statutes and Constitutional amendments, but to use the existing legal machinery to achieve balance in fact. The test of fiscal restraint is not what we say, but what we do."

****Senator Howard H. Baker, Jr. (R-Tenn.) Jr.**—"I have come to the conclusion that a constitutional mandate for a balanced federal budget, except in case of clear national emergency, is necessary and proper."

"I have co-sponsored a Constitutional amendment, proposed by Senator Richard Lugar (R) of Indiana, which states that the federal budget, as set in the Congress' Concurrent Budget Resolution, shall be balanced unless two-thirds of both the House and the Senate vote otherwise."

"While I do not fear another Constitutional convention, I believe the more sensible and expeditious approach would be for the Congress itself to recognize its own failing and take the strong but necessary measures to put its financial house in order."

****Senator Edmund S. Muskie (D-ME)**—"I believe a fundamental danger exists in any plan to call a new Constitutional convention."

"In the two hundred years since 1776, we have had only one Constitutional convention. That was the one in which James Madison, Benjamin Franklin and their colleagues shaped the system of government we know in America today. I am not eager to expose their work to the prospect of massive revision. No one knows for sure that a new convention would limit itself to the balanced budget issue."

"Constitutional scholars are not at all sure that a convention could be forced to limit its agenda. What would be the outcome? Would the delegates ban abortion or give abortion a specific guarantee? Would they outlaw guns or outlaw gun control? Would they stop forced busing or give forced busing an explicit Constitutional blessing?"

"We have no business taking such chances with the fundamental law of the land. Through wars, depression, impeachment proceedings and an amazing array of changes, this nation has never found it necessary to call a new Constitutional convention. It is not necessary now."

"No Constitutional amendment and no legislative act can be drafted so carefully that it is not susceptible to evasion and circumvention. One option, for example, would simply be to balance the federal budget by separating operating costs from capital investments and counting only the former as subject to a yearly balance. That is what the states do, and if we were to do it in Washington, the budget would be close to balance now. But that kind of budgeting is inappropriate for Washington."

****Senator Henry Bellmon (R-OK)**—Ranking minority member of the Senate Budget Committee has been outspoken in his call for a balanced budget.

"The federal government has become accustomed to spending in the red. We've had only eight balanced budgets since 1934 and only one since 1960. The deficit for this year alone will be over \$30 billion and our total national debt will be about \$800 billion, equal to \$3,600 for every man, woman and child in this country."

"What's really frustrating is that the government, which causes inflation, benefits most from inflation. Because of the progressive tax system, federal revenues increase 1½ percent, when inflation goes up 1 percent. When you receive additional income and move into a higher tax bracket, the government takes a higher percentage and the end result is that your income won't buy as much."

****Congressman James R. Jones (D-OK)**—Is very much in favor of a balanced federal budget, and proposes that the federal budget be limited to 20 percent of the nation's gross national product. Jones is a key member of the powerful House Budget Committee and his bill H.R. 4646 concerning capital cost recovery reflects concern for federal budgeting and tax reform.

****Senators H. John Heinz III (R-Pa.) and Richard Stone (D-Fla.)** have joined in introducing a constitutional amendment to limit federal spending. Simply, this amendment would limit the increase in federal spending to a percentage equal to the percentage increase in the gross national product. If the inflation rate exceeds 3 percent, however, the amendment would apply additional limits on the overall growth of federal outlays.

Stone. "I joined in introducing this amendment because I believed it would put our economy back on the road to prosperity by keeping more money in the hands of those who earn it. This amendment limits the growth of federal spending by setting a ceiling on how much more the federal government will be allowed to spend every year. The formula says that next year's government spending can't grow faster than this year's production, as measured by the gross national product."

State of Arizona
Senate
Thirty-fourth Legislature
Second Regular Session
1980

SENATE CONCURRENT MEMORIAL 1004

A CONCURRENT MEMORIAL

URGING THE CONGRESS OF THE UNITED STATES TO PROPOSE AN AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES TO LIMIT FEDERAL EXPENDITURES TO A PERCENTAGE OF THE GROSS NATIONAL PRODUCT.

1 To the Congress of the United States of America:

2 Your memorialist respectfully represents:

3 Whereas, there is a growing perception by the American public that
4 governmental programs alone are not capable of solving the social and
5 economic problems which confront our nation; and

6 Whereas, real disposable income has declined in recent years as
7 inflation has both eroded the purchasing power of the dollar and caused
8 most taxpayers to enter higher tax brackets; and

9 Whereas, governmental spending, a major contributor to the rate of
10 inflation, has been insulated from the effects of inflation because of the
11 increased tax revenues resulting when taxpayers enter higher tax brackets;
12 and

13 Whereas, the lack of formal limitations on governmental spending has
14 led to the development and growth of the "tax revolt", as evidenced by the
15 passage in 1978 of "Proposition 13" by the voters of the State of
16 California, by the subsequent passage of measures with similar intent by
17 many other states and by the proposal of a new taxation-reduction
18 initiative in California and other states; and

19 Whereas, the effort to control governmental taxation and spending
20 has led to the call for a constitutional amendment to balance the federal
21 budget or for a constitutional convention for such purpose, or both, by at
22 least thirty of the states, including eight of the thirteen western states;
23 and

1 Whereas, Article V of the Constitution of the United States provides
2 that the Congress shall propose amendments to the constitution whenever
3 two-thirds of each house has determined that this action is necessary;
4 and

5 Whereas, an expenditure limitation is a reasonable approach to
6 control governmental spending, stabilize the burden on taxpayers and yet
7 allow government to continue to provide essential services; and

8 Whereas, a constitutional expenditure limitation at the federal
9 level would be safe from the pressures of bureaucrats, special interest
10 groups and politicians seeking to exceed a limitation otherwise
11 established; and

12 Whereas, the gross national product is a reliable index by which to
13 measure the ability of taxpayers to support governmental spending.

14 Wherefore your memorialist, the Legislature of the State of Arizona,
15 prays:

16 1. That the Congress of the United States again be advised of the
17 concern of the People of the State of Arizona, as represented in the
18 Arizona Legislature, in regard to the need for controlling governmental
19 spending and taxation at all levels.

20 2. That the Congress of the United States propose and submit for
21 ratification by the states an amendment to the Constitution of the United
22 States to impose a limitation upon annual federal government expenditures
23 as a percentage of the gross national product.

24 3. That the Secretary of State of the State of Arizona transmit
25 copies of this Memorial to the President of the United States Senate, the
26 Speaker of the House of Representatives of the United States, to each
27 Member of the Arizona Congressional Delegation and to the President of the
28 Senate and the Speaker of the House of Representatives of each of the
29 states in this nation, together with the hopes and request of the Arizona
30 Legislature that such state legislative bodies will swiftly adopt a similar
31 Memorial.

~~Passed the Senate - March 13, 1980 by the following vote: 26 Ayes,~~

~~2 Nays, 2 Not Voting~~

~~Passed the House - March 26, 1980 by the following vote: 55 Ayes,~~

~~4 Nays, 1 Not Voting~~

~~Filed in the Office of the Secretary of State - March 27, 1980~~

BUDGET BUDGET
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