

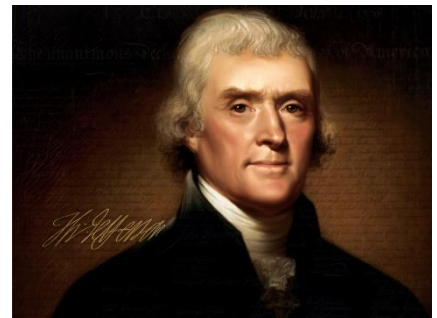


Origins of the Balanced Budget Amendment Campaign

By Loren J. Enns, President, CSNDS

The genesis of the balanced budget amendment (BBA) campaign can be traced back to 1798 when Thomas Jefferson advised the nation to adopt, “*a single amendment to our Constitution ... taking from the Federal Government the power of borrowing.*” The Constitution contained no such provision because our founders were men of common sense who assumed that future generations would balance the federal budget in order to ensure the economic survival of the nation.

By the 20th century however, that assumption had been placed in jeopardy as each succeeding generation became more fiscally irresponsible than its predecessor. The first serious attempt to enact a balanced budget amendment came in 1936 and by the 1950s, something similar was introduced every year. The situation became serious in the 1970s when the debt reached half a trillion dollars due to the failure of Congress to (1) control its debt addiction via statute, or (2) propose a BBA for ratification by the states.



To address that failure, Congress enacted the Budget Control and Impoundment Act of 1974. It was the first real statutory process by which the legislative branch could set budget priorities and parameters. In addition, it established an outline of the authorization and appropriation process still used today. Unfortunately, it only allowed Congress to determine HOW money is spent, not HOW MUCH is spent.

Thus in 1975, a group of fiscal hawks in the U.S. Senate, led by Orrin Hatch, Bob Dole, and Alan Simpson, began to pursue a balanced budget amendment with new vigor in order to provide a permanent fix. Our founders knew that their task would be difficult. They recognized that it would be nearly impossible for Congress to muster the institutional will to propose an amendment that would dilute its own power. That’s why they vested the states, upon a 2/3s vote of the legislatures, with the power to call a “Convention for proposing Amendments.”

To buttress the BBA effort in Congress, a parallel campaign to exercise this power – to call a convention – began within the states. This movement was backed by Ronald Reagan and Milton Friedman and quickly shot towards 20 of the 34 states required to call a convention.

Meanwhile, the succeeding Congress enacted the following statutes: (1) The Humphrey/Hawkins Full Employment Act (PL 95-523) which stated that a balanced federal budget was a national policy priority, (2) Public Law 95-435, which specified that *“beginning FY 1981, total budget outlays of the federal government SHALL NOT EXCEED ITS RECEIPTS,”* and (3) PL 95-6, mandating *“Congress shall propose balanced budgets beginning in FY 1981 and each year thereafter.”*



Despite that, in FY 1982, the national debt went over \$1 trillion for the first time. The obvious question is, how did this happen? How could Congress so blatantly ignore public laws and national priorities? It begins in Article I of the U.S. Constitution which gives each house of Congress the power to set its own rules – rules which could be changed by each subsequent Congress – imperiling any long-term statutory attempt to establish a fiscally responsible budget process.

This conundrum was best described in a report on the balanced budget amendment issued in July 1981 by the US Senate Committee on the Judiciary. The committee concluded, *“the many statutory constraints enacted over the years to control spending failed because no Congress can bind a succeeding Congress by simple statute.”* Bingo! That report continued, *“The available alternatives to an amendment to the Constitution for a balanced federal budget are: (1) Some measure of effective statutory restraint, (2) New resolve by Members of Congress to restrain levels of federal spending, or (3) The election of new members of congress with such resolve.”*

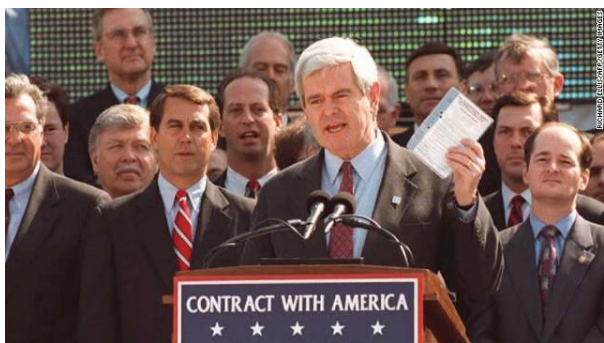
In light of that recognition, in 1982 the U.S. Senate proposed a balanced budget amendment and sent it over to the U.S. House, marking the first and last time it would successfully propose a balanced budget amendment for ratification. Unfortunately, it died in Speaker Tip O’Neil’s House despite the unprecedented use of a discharge petition (to force a floor vote) which was secretly orchestrated by Ronald Reagan.

Despite that failure, in 1985 Congress once again tried the statutory approach by enacting the Gramm/Rudman/Hollings Balanced Budget and Emergency Deficit Control Act. It contained the first ever “binding spending” constraints on the Federal Budget process – putting teeth into enforcement. Unfortunately, the Supreme Court struck out those binding constraints as “unconstitutional infringements” on the Executive branch. Although Congress enacted the Budget Enforcement Act a year later, in an attempt to salvage Gramm/Rudman/Hollings, most finally recognized that mere statutory solutions would never overcome Congress’ natural desire to spend. A permanent constitutional fix was necessary.



Meanwhile, the state campaign to call a convention to propose a balanced budget amendment had reached 32 of the 34 states necessary. Sadly, it got no further despite strong support from Ronald Reagan. Proponents were simply unable to overcome attacks from groups opposed to any permanent fiscal restraint. Once Reagan left office, opponents began to pick off one state at a time via rescission. This went on until the present campaign was launched in 2012.

During the mid-1990s, the congressional BBA campaign experienced a brief renaissance. With Newt Gingrich and Bob Dole running the show, the House passed a BBA in 1995 and 1996 only to see both fail in the Senate – the latter by one Republican vote. That was the last time Congress ever came close to proposing a BBA. Votes have been held since, but they amounted to public “show” votes with no real



chance of passage. The most recent of these came on April 13, 2018 in the U.S. House. With a vote 233 – 184, it fell far short of the 2/3s vote necessary for passage – proving, once again, the impossibility of such a feat given today’s uber-partisan atmosphere. Sadly, few Democrats will support a BBA due to the perception that it is a “Republican” issue.

Accordingly, the only realistic method by which to enact the fiscal restraints necessary to avoid a national economic meltdown can be found in the state BBA campaign. Strangely enough, the state campaign may achieve the proposal of a BBA without ever calling a convention. The assumption, as stated by Ronald Reagan, is that Congress, when confronted by 33 of the 34 states required to call a convention, would propose its own BBA to control drafting of the fiscal rules by which it must live. Using this common-sense assumption, the states can leverage Congress far more effectively than even the president. For, only the states can bypass Congress in order to propose a BBA themselves.

If the specter of a convention isn’t enough to prompt Congress to propose a BBA, the states may have to call for the first Article V convention in American history. No one looks forward to this possibility because it attests to the abject failure of Congress. However, the shocking rise of the U.S. national debt has forced the states to consider this option in order to prevent the most predictable economic disaster in history.