

## Back again on the Gramm-Rudman carousel?

by Chris White

The self-imposed gestation period ended as it was supposed to on Sept. 23, with the combined brains of Congress delivering yet another ill-conceived offspring, of only limited life expectancy, for the presidential blessing.

The offspring is the extended federal debt ceiling, combined with a new version of the Gramm-Rudman deficit reduction law. Formally, it is now up to the President to accept or reject what the Congress has put forward. In these terms, the liberals in Congress are undoubtedly trying to create the political circumstances in which the President will have to carry the can for what goes wrong. Behind the political maneuvering, the package will only make the situation worse for all.

This time, both the House and the Senate have produced a package which, among other things, raises the ceiling on the federal government's debt from the present nearly \$2.3 trillion to more than \$2.8 trillion. The increase is conditional on presidential acceptance of the other features of the package. If he says "No," the crisis is on again, in worse form. What the idiots still don't seem to realize is, that even if he says "Yes," nothing will have been done to avert the crisis they all fear.

The \$500 billion increase is supposed to be sufficient to ensure that the matter of financing the federal government's deficit is kept off the political agenda for the duration of the presently unfolding presidential election campaign. In the conceit of the framers, the inducement to accept the package they have designed, is that it will not be until May 1989—well after the inauguration of the next President—that the debt ceiling, and related matters, need be taken up again by that caste of officials called "elected."

Already eyebrows rise. The proposal put forth by the Congress does not take up for solution the real crises confronted in the form of developing potentials for financial

disaster, and steadily worsening economic depression. It does not envisage reorganizing national finances to permit a gear-up in funding for the war against AIDS, or to stand up to Soviet global expansionism. It crudely asserts that in the interests of the career management of "elected" officials, policies they are incapable of defending before the electorate should be kept off the agenda for the duration.

The other elements of the package are based on similar thinking. Appended to the legislative proposal raising the debt ceiling, is an amendment reviving the notorious automatic deficit features of the disastrous failure of the Gramm-Rudman legislation, adopted by Congress at the end of 1985, and thrown out by the Supreme Court, as unconstitutional in its violation of the separation of powers, in the middle of 1986.

This time, it is thought, the substitution of the Executive Branch's Office of Management and Budget, for the General Accounting Office, as the agency which administers the mandated automatic cuts, will circumvent the Supreme Court's earlier objections to the violation of constitutional prescriptions on the separation of powers.

Why that should be the case, is unclear at best. If in the earlier version of the legislation, Congress was impinging upon the prerogatives of the Executive Branch, it now seems that in the latest version, Congress is actually attempting to surrender its constitutional powers and responsibilities, the better to avoid the decisions which are supposed to be its, alone, to make.

Article 1, Section 7 of the Constitution mandates: "All bills for raising revenues shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills." Section 8 further stipulates, "Congress shall have the power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for

the common defense and general welfare of the United States.”

Handing the power to make automatic cuts over to the Executive Branch is an effort to run away, not only from what Congress is mandated to do, but also from “defense and general welfare” strictures pertaining to how that should be done. Congress’s obligations in its mandated activity of revenue-raising, are referenced directly to the natural law foundation of the Constitution, asserted in the Preamble “to form a more perfect union, establish Justice, insure domestic tranquillity, provide for the common defence, promote the general welfare and secure the blessings of liberty to ourselves and our posterity.”

One may well wonder how many of the present House and Senate attended the same law school as Sen. Joe Biden.

### **Poisonous politics**

Like the debt ceiling extension, the attempt to revive the Gramm-Rudman atrocity is full of politically motivated artificial sweetening. Enough, in fact, to make it totally poisonous. The deadline to reduce the deficit to zero is postponed from 1991 to 1993, that is, into the term of the President after next. For the next fiscal year, the deficit is to be reduced not to the earlier \$108 billion, but to a more palatable level of around \$120 billion, supposedly a mere \$26 billion reduction from the estimated \$150-160 billion deficit that all will agree is on the books at the end of fiscal year 1987, on the last day of September.

This level of reduction, according to the drafters of the proposal, could be met through only \$15 billion worth of cuts, and \$10-12 billion in new revenues raised from disguised or direct new taxation. Rep. Daniel Rostenkowski in the House has begun to work on legislation to enable the envisaged tax increases.

Herein lies the poisonous politics. The President, for his own stubborn ideological reasons, opposes the government’s right and power to tax. Congress, for its part, opposes the administration’s rapidly shrinking commitment to the nation’s defenses. In the proposed scheme, national defense will be exempt from some cuts in the first year, because new revenues from taxation will offset the cuts otherwise required. Then cuts will fall on other programs.

This is the same political package that has been tried and failed, repeatedly, in the past. There is no reason why anything should be different now. The President can keep the shards of his defense commitment, and gain a political reprieve from the debt ceiling question until after the elections, if he accepts the principle of funding programs from increased taxation now.

Such is the result of Congress’s summer gestation period. It is essentially the same package that was on the table in June and July, when the current crisis over the national debt was unleashed. Over the weeks, the timeframe has been stretched out, and the numbers have been reduced, but the core of the proposal remains the same.

The President, of course, has the option of accepting what has been put on the table. However, since the Congress has not yet agreed on a budget to finance the country for the fiscal year which begins on Oct. 1, acceptance by the President need be no guarantee that a budget would be adopted. Then, supposedly, “Son of Gramm-Rudman” would begin to go into effect, over the October through November timetable mandated in the amendment to the debt ceiling bill. That way, half of the automatic cuts would, as before, be taken out of national defense.

Or, the President can veto the proposal. If he does so, then the proposed extension of the federal debt ceiling, past the presidential elections, is also vetoed. And the countdown begins again for the threatened default of the United States sometime in the second week of October, while the country still has no budget for the next fiscal year.

### **The actual deficit**

Meanwhile, back in the real world. This year’s so-called “budget process,” like that of last year, is inextricably tied to the liberal doses of wishful thinking about the prospects for a superpower agreement, which, for different reasons, dominate significant sections of both the Executive and Legislative Branches. Last year, under the impetus of the agreement to hold the Reykjavik summit, both agreed to forget about the more than \$80 billion of real deficit which fell outside the guidelines of the earlier version of the Gramm-Rudman law. The present consensus for a \$150 billion deficit, is as much of a fiction as are the prospects for a durable peace agreement with the Russians under present policy arrangements.

The real deficit, which neither Congress nor the White House will discuss, starts at \$230-250 billion, and reaches more than \$400 billion when the government’s unfunded liabilities, such as the Pension Benefit Guarantee Fund, the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation, the Farm Credit System, the government-backed sections of the mortgage and mortgage insurance markets, Fannie Mae and Ginnie Mae, are taken into account.

Disagreement on the fiction which has been put forward may help trigger a crisis which will threaten the nation’s existence in the very short run. But precisely because the package is such a fictionalized cover-up of reality, agreement between Congress and the Executive Branch will actually make matters worse.

Yet the cited sections of the Constitution contain the purpose and powers by which all might be reversed, for the better, within the framework of the nation’s fundamental law. Both Congress and the Executive Branch will find that such powers and responsibilities have to be acted on well before their timeframe calls for it. The real world is not organized on the basis of the U.S. electoral calendar. The more the idiots insist that it is, the worse they are making things for everybody, themselves included.