BALANCING THE BUDGET AND LIMITING FEDERAL SPENDING:
A SELECTED BIBLIOGRAPHY

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COMPLIMENTS OF
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ABSTRACT

This selected bibliography lists articles and books on various issues concerning legislation to limit Federal spending and proposed constitutional amendments requiring a balanced budget, especially economic issues. The bibliography focuses mainly on literature of recent years.
INTRODUCTION

Efforts to secure a constitutional rule to require a balanced Federal budget and to limit the growth of Federal spending have intensified as the Federal Government's persistent failure to balance its budget has produced a public debt surpassing $1 trillion and as the Federal share of the economy has continued to increase. Many believe that, in large measure, the nation's economic problems are attributable to these factors. Due to such concerns, there have been efforts in Congress to reestablish limitations upon Federal spending and deficit practices that existed in earlier years through an array of formal and informal provisions which have been eroded over the course of recent years. Since the 84th Congress' outset in 1955, an average of four amendments to the Constitution to require a balanced Federal budget have been proposed during each Congress. In the current 97th Congress, over 80 constitutional amendments have been proposed to require a balanced Federal budget or to impose Federal spending or revenue limitations. On August 4, 1982, the Senate, with a vote of 69-31, passed S.J. Res. 58, a proposed constitutional amendment requiring a balanced Federal budget. However, to become part of the Constitution, two-thirds of the House must approve it and it must be ratified by at least 38 states.

Most of the citations in this bibliography were selected from the computerized bibliographic data base created by the Library Services Division of the Congressional Research Service. This core of literature was supplemented by searches in other indexes and computerized bibliographic retrieval systems.

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BALANCING THE BUDGET AND LIMITING FEDERAL SPENDING: A SELECTED BIBLIOGRAPHY

This is an edited transcript of a televised AEI Public Policy Forum held on July 12, 1978, examining the issues surrounding the widespread demands for changes in taxes at all levels of government and for constitutional limits on government spending.

Examines the current state of the budget and identifies "what concerned Americans might do to limit spending and taxes as a means of putting an end to escalating deficits."


Series of three articles on the implications of a constitutional amendment to require a balanced Federal budget.

The committee report discusses whether the Constitution should be amended to require the Federal Government to balance its budget.


Discusses pro and con arguments relating to Federal spending limitations tied to the nation's gross national product.

Contents.--Options to stabilize the economy.--Operation of Federal budget system.--Future of fiscal reforms in Congress.

"A constitutional amendment to balance the federal budget would make it harder for the government to stabilize the economy, hamper its efforts to counter recession, and restrict its spending flexibility."


"This spending-limit amendment deserves serious consideration. The case for it is compelling. It is unfortunate that the case against it seems hardly less so."


Partial contents.--The old-time fiscal religion.--Money-financed deficits and political democracy.--Institutional constraints and political choice.--Alternative budgetary rules.--A return to fiscal principle.


"The campaign to require a balanced federal budget by way of constitutional amendment raises a number of interesting legal issues, partisan political issues, and, of course, economic issues centering on the nature of the current inflation and the efficacy of the stabilization tools that are available to deal with it."


"The new procedure for relating spending to revenues could set those deficits under better control and alter power relationships in Washington--if it lasts."


"A flourishing economy was supposed to wipe out those towering deficits. Instead, the deficits are threatening the economy."


"To the extent that the active part of the deficit remains, the deficit poses an inflationary threat as the recovery continues and the economy moves back toward high employment. Consequently, the size of the budget deficit carries little meaning by itself unless it is analyzed in terms of its active and passive elements."

"Frustration with the long struggle to adopt a fiscal 1980 budget and dismay over the size of that budget's deficit have won converts to the balanced budget cause."


"Nearly everyone is endorsing a balancing budget as a goal, but it remains to be seen whether Congress can find a workable formula for forcing an end to deficits." Says that "though a constitutional amendment forbidding deficits seems unlikely, a statutory requirement--albeit one with an escape hatch--seems a distinct possibility, given Congress' current mood."


Reviews efforts in Congress to propose a constitutional amendment, and in state legislatures to call a Federal constitutional convention, to mandate a balanced Federal budget and prohibit routine deficit spending, and outlines the roles of the National Taxpayers Union and National Tax Limitation Committee in lobbying for these measures.


Contents.--Amending the Constitution by convention.--The effects of constitutional restraints on economic policy making.--Constitutional restraints on the power of the purse and the theory of public choice.--A roundup of the policy issues raised by proposals for constitutional limits.


Partial contents.--The Federal balance sheet since 1789.--Present procedures for considering the budget.--Current budgetary practices and constraints in the states.--Actions to date in the 94th Congress.--Pros & cons.


Outlines the probable economic consequences of mandatory balanced budgets, revenue caps, and spending limits.
"The objective is fine, but efforts to reach it by the amendment route run into serious legal and economic difficulties."

"While the great tax revolt has been making the headlines, support has also been building for an assault on federal spending. Some cherished economic theories are toppling."

The chairman of the National Taxpayers Union explains why it is necessary to have a constitutional amendment that requires a balanced Federal budget.

----- The TRA--Taxpayers' Rights Amendment. *Across the Board*, v. 16, Feb. 1979: 12-13, 77-78. HG101.C64, v. 16
"A proposal for a Constitutional Amendment requiring that the Federal budget be balanced. Already 22 states have informed Congress of their desire for a convention to start to do just that."

Examines the effects of Federal deficits. Contends that Federal deficits are "harmful" in that they cause inflation which in turn causes unemployment. Recommends that a constitutional amendment be adopted which eliminates discretionary deficits and that the national debt be reduced by Federal Reserve monetary policy.

"A spending lid would enable the Congress to say 'no' in a manner that its members can support."


The article describes the first two years of practice under the Congressional Budget and Impoundment Control Act of 1974. It explores the budgetary process in Congress and concludes that "the new budget and impoundment processes have made some improvements in congressional control over federal spending, but Congress has yet to demonstrate that it can markedly adjust the President's budget." Recommends that Congress develop a budget strategy of its own if it is to effectively challenge the President's budget.


Presents arguments against a mandatory balanced Federal budget and a constitutional convention to achieve it.

"State legislatures are calling for a constitutional convention without comprehending the full dimensions of the risks." Discusses some of the issues which may be topics of such a convention, particularly a balanced budget.

"Suggestions for additional reading": p. 148.

"Taking the very stuff of democratic self-determination out of the hands of legislative bodies and freezing them into the Constitution would dilute and cheapen the fundamental law of the land."

Transcript of a June 27, 1978 interview with Heller and Burns on implications of Proposition 13. Among other points, Burns suggests that restraints on Federal deficit spending would be desirable.


JK1.C15, v. 37


"The cry for fiscal responsibility by amendment is getting louder—and the proposals for writing it into law are proliferating. Whatever happens, the end result will be a rein on federal spending."


"Sometime in the next year the 34th state may call for a constitutional convention to balance the budget. It is a prospect that scares many of us—not so much the balanced budget as the idea of the convention itself, and the possibility that it could open up our founding document for a general revision. If the balanced budget drive fails, or even if it succeeds without producing 'Con Con II,' we will breathe a collective sigh of relief." Asserts that "the truth is that our constitution was not designed to allow the government to act quickly on the wishes of the majority. It was designed to frustrate that action. The exaggerated power of 'special interests,' the debilitating stalemates between the president and Congress, are neither accidental nor necessary features of our politics."


Summarizes economic arguments on balancing the budget and the controversy on calling a constitutional convention.


Argues that "over the long term, a balanced budget can make an important contribution to a healthier economy and a rising standard of living. This goal is too important to be abandoned simply because tough political decisions do not help to win elections."


Contents.—Budget and abortion issues.—Constitution's amending process.—Barriers to another convention.


"A good case can in fact be made for further strengthening controls over the federal budget. The risk, however, is that some of the proposed cures are far worse than the present disease."

"Congressional Republicans in particular are eyeing a constitutional amendment as a way to show their constituents that they really do take budget deficits seriously."


"Another convention would force Americans to recall the values of the first Constitution and consider how we have changed as a nation. It would allow a recalculation of the costs of dependence upon government and the benefits of individual responsibility and voluntary public spirit. Another convention could offer perhaps a last chance to make sure we have the government we deserve."


This paper includes two separate critiques of the balanced budget amendment: one from an economic view (The political economics of a balanced amendment, by E. McAllister), and one from a constitutional view (Does a balanced budget fit into the American Constitutional scheme? by T. Ascik).


Calls for a balanced Federal budget and believes that periodic rejustification of programs would be helpful.


The authors criticize CBO for econometric analysis which focuses on the short term and which is biased against saving.


Discusses the current status of the tax limitation movement, focusing on the National Tax Limitation Committee which promotes constitutional tax or spending limitation amendments at the state and Federal levels.

Examines the relationship of Federal spending, money growth, and inflation to the Federal deficit. Contends that a balanced budget is "neither necessary nor sufficient" to constrain the rate of growth of Federal spending, the money supply, or the inflation rate.


Bibliography: p. 166-173.


From a 1980 survey, compares and contrasts the attitudes of born-again Christians in Greene County (Springfield) Mo., with those of the not born-again, on a balanced Federal budget and other issues.


Examines total public sector liabilities in the U.S. and notes the unfavorable effect on capital investments of these large and rapidly growing liabilities.


"An exclusive interview with the founder of the National Taxpayers Union on how to balance the budget and control spending" through a constitutional amendment proposed by a specially called convention.


"According to the National Taxpayer's Union twenty-eight state legislatures, six short of the required two-thirds, have passed resolutions--or 'applications,' to use the language of Article V of the Constitution--petitioning Congress to call a convention for the purpose of proposing and ratifying a constitutional amendment that would mandate a balanced federal budget."


Memo by Senate Budget Committee staff members "categorizes and summarizes the constitutional convention applications from the states for a balanced federal budget and the legislative proposals for budgetary balance introduced in the Senate in the 96th Congress. Categorization is based primarily on the formula used to achieve a balanced budget. For each category there is a brief description and analysis of the economic defects."


At head of title: Committee print.
Partial contents.--Congressional control of the budget.--Instruments of budgetary control.--Toward more effective congressional control of the budget.


Shades of the founding fathers; the drive for a new constitutional convention. Time, v. 113, Feb. 19, 1979: 18, 21. AP2.T33, v. 113

"Wanted: statesmanlike figure bearing close resemblance to James Madison to direct possible second Constitutional Convention devoted to balancing budget and perhaps other matters."


Point out the strengths and weaknesses of tax cuts, spending lids, and balanced budget controls and of four political strategies which may be employed in implementation: current ad hoc policy, indirect statutory controls, direct statutory controls and constitutional controls.


"In an effort to deal with widely felt economic pain, the Congress has considered several economic reform proposals to limit and/or reduce the role of the federal government in the economy."


"The important thing our budget experience is telling us is not that deficits are good, or that they are inevitable, but rather that we are in need of a new concordance between ends and means."

Testimony by the Director of the Office of Management and Budget before the House Subcommittee on Monopolies and Commercial Law of the Judiciary Committee in support of the balanced budget constitutional amendment.


The authors discuss constitutional concerns raised by a balanced budget constitutional convention.


Examines proposed constitutional amendments to restrain the Federal budget. Opposes all on aesthetic, political, technical and economic grounds. Contends that "no direct link exists between budget and inflation." Believes that the national mood and the congressional budget process are already slowing down government spending.

Tribe, Laurence H. Issues raised by requesting Congress to call a constitutional convention to propose a balanced budget amendment. Pacific law journal, v. 10, July 1979: 627-640. LAW


Papers from a Heritage Foundation seminar held Apr. 10, 1979 for Members of Congress and their staffs.

Contents.--The balanced budget approach, by A. Rabushka.--The spending limitation approach, by A. Meltzer.--Against a constitutional convention, by C. Wiggins.--Toward an open constitutional convention, by L. Silberman.


The president of the National Tax Limitation Committee explains why a constitutional amendment to limit Federal spending is needed and discusses the provisions of such an amendment.


Hearings held Jan. 30-Mar. 20, 1980.


Hearings held Mar. 27-May 1, 1980.


Pages 223 through 229 provide a history of legislation to balance the budget from the 81st Congress to the 86th Congress.


At head of title: 94th Cong. 2d sess. Committee print.


Vol. III--Limiting Federal spending: Mar. 5--formula approaches to a balanced budget; Mar. 15--fraud and abuse in Federal programs; Mar. 16--state and local governments: congressional views; Mar. 21--views of the congressional Joint Economic Committee; Mar. 22--Save our Bucks Task Force and the Senate Human Resources Committee.

    At head of title: Committee print.
    Examines how and why the budget process came into being, how fiscal policy is developed for the purpose of budgeting, how spending is controlled and how the political dimension enters into the budget process.


    "Serial no. J-97-45"
    Hearings held Mar. 11-May 20, 1981.


    Provides a background and legislation on proposed constitutional amendments on balancing the Federal budget (p. 14-16).


    "Serial no. J-97-45"
    Hearings held Mar. 11-May 20, 1981.

    Hearings held Phoenix, Ariz., May 19, 1981.
    "Serial no. J-97-12"

Describes an analytical tool for improving the usefulness of long-range projections of the Federal budget--a model designed to incorporate varying assumptions about the behavior of nonfederal demand (consumption, investment, state and local government purchases, and net exports).

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Appears in the Congressional record [daily ed.] v. 125, Mar. 6, 1979: E904-E906.

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Appears in the Congressional record [daily ed.] v. 125, Mar. 8, 1979: S2445-S2451.


In testimony before the Subcommittee on Monopolies and Commercial Law of the House Judiciary Committee on May 5, 1982, the chairman of the Fed expresses doubts on the balanced budget amendment and concludes that "the record of the federal budget for quite a few past years, and the critical federal deficit prospects for the future, suggest that we should no longer dismiss out of hand a constitutional approach. But I would continue to approach the question of a constitutional amendment with great caution; the Constitution cannot, and should not, be changed lightly to meet considerations or situations that are transient in nature, or to 'lock in' a particular economic doctrine. I am not personally satisfied that the proposal, as it stands, is fully workable. Nor do I believe that the matter of a constitutional amendment, given the years that must elapse before it became effective is nearly so urgent as resolving constructively the current budgetary impasse."


Wagner criticizes Tobin's argument that there has been no substantial increase in the relative size of government over the last two decades, and hence no basis for the spending limitation movement. He also argues in favor of a constitutional budget constraint. Tobin offers a rejoinder.

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Includes bibliographical references. HC106.7.W33
Walker, David B. The balanced budget movement: a political perspective. Inter-
"Implicit in current drives to put constitutional curbs on Congressional
spending and deficits, as well as requiring extraordinary majorities when
voting for an unbalanced budget, is the assumption that the restraints of the
traditional checks and balances no longer exist and are not functioning
properly."

----- Constitutional revision, incremental retrenchment, or real reform: an
analysis of current efforts to curb Federal growth. Bureaucrat, v. 9,
spring 1980: 35-47. JQ3092.21, v. 9
Identifies three schools of thought among those seeking to restrain the
growth of Federal spending and/or revenue: those who seek new restraints
through constitutional amendment, those who see the political process
generating pressure to retrench fiscal expansion, and those who find the
real problem to be a "fundamentally dysfunctional" intergovernmental system
in need of overhaul.

Weidenbaum, Murray L. Cutting the size of big government. Commonsense, v. 1,
"Fundamental reforms of government are in order, requiring spending and
taxing restraint . . . Should a requirement for budgetary balance be enacted,
the result might be new pressure for tax increases on the part of the tra-
ditional proponents of big government."

Wildavsky, Aaron. How to limit government spending: or, how a constitutional
amendment tying public spending to economic growth will decrease taxes and
Includes bibliographical references and index.

----- Why amending the Constitution is essential to achieving self-control through
JQ3092.Z1B86, v. 9
Discusses "whether there are statutory alternatives, whether the expendi-
ture limitation is fit to discuss in a constitution, and whether it embodies
fundamental and lasting considerations."