

Grassley Presses for Passage of Balanced Budget Amendment

Written by Sen Chuck Grassley
Monday, 19 December 2011 15:12

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Prepared Floor Statement of Senator Chuck Grassley of Iowa

Ranking Member, Senate Committee on the Judiciary

Debate on the Balanced Budget Amendment

Tuesday, December 13, 2011

Mr. President, I am very pleased that the Senate is today taking up the Balanced Budget Amendment. The Senate has passed a balanced budget amendment in the past. More recently, it has come close to passing a balanced budget amendment. I regret that this amendment has not become law. I believe that had the Constitution been amended to require a balance budget, we would not today face the dire budgetary situation that is before us.

The balanced budget amendment before us today is straightforward. It provides that total outlays shall not exceed total receipts unless each House of Congress by a 2/3 vote agrees otherwise. To provide spending discipline, total outlays cannot exceed 18% of GDP unless 2/3 of both Houses of Congress vote to waive the cap. The President will be required to submit a balanced budget to the Congress. To avoid balancing the budget by imposing tax burdens,

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new taxes or increases in total revenues can be imposed only by a 2/3 vote of both Houses. And the debt limit will be able to be raised only if 3/5 of both Houses vote to increase it.

To provide a level of flexibility in wartime, the provisions on outlays and receipts, total outlays, and the debt limit can be overcome by a 3/5 vote. To minimize disruption, the amendment will not take place for five years. Finally, the courts cannot enforce the balanced budget amendment by ordering a tax increase.

Reverence for the Constitution is a sentiment we all share. But the Constitution provides for an amendment process. When it is necessary, each generation has amended the Constitution. When a guarantee of free speech, or the abolition of slavery, or giving women the right to vote was necessary, the Constitution was amended. No one said that reverence for the Constitution was the end of the matter.

We have reached that point of necessity with the balanced budget amendment. The Congressional Research Service reports:

“The budget deficit each year from 2009 to 2011 has been the highest ever in dollar terms, and significantly higher as a share of GDP, than at any time since World War II. Under current policies, the federal debt is projected to grow more quickly than GDP, leading observers to term it unsustainable.”

The very purpose of the Constitution, according to its Preamble, was to extend the blessings of liberty to ourselves and our posterity. It is because the growth in the national debt is unsustainable that our posterity may not receive those blessings.

It is hard to imagine an amendment more in keeping with the goals of the Constitution than this one. Otherwise, runaway debt will expand exponentially. A permanent spiral can be created in which the debt feeds on itself. Take a look at Europe today. Nations risk default when they overspend. If we are not careful, the United States at some point will face that same crisis. It is frightening to contemplate.

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We hear from opponents that Congress can balance the budget now, without a balanced budget amendment. But the fact is that it cannot.

For more than 40 years, Congress has been unable to summon the ability to balance the budget. Statutes that sought to provide a path to a balanced budget failed. The only exception was for three years going into this century when a financial bubble provided windfall revenues. Because Congress has been unable to control spending, the budgets have been in deficit and the national debt has increased. The only way that Congress will exercise the discipline to balance the budget is if the Constitution forces it to do so.

Forty-six state constitutions require that their budgets be in balance. They meet that requirement. As members of Congress, we take an oath to adhere to defend the Constitution. We take that oath seriously. If the balanced budget amendment became a part of the Constitution, we will adhere to it or face the consequences from the voters.

Mr. President, this amendment wisely contains effective tax limitations as an integral part. I have favored a balanced budget with tax limitations for more than 20 years.

For decades, federal spending has far outpaced even the steady and sizeable growth in taxes and revenues. Raising taxes does not produce surpluses. The historical fact is that they spur more spending. For every additional dollar in taxes Congress has raised since World War II, it has spent an additional \$1.13. Raising taxes would make balancing the budget harder, not easier. Without a supermajority requirement for tax increases, a balanced budget amendment may well encourage tax increases, fueling greater spending, and the continuation of additional debt and costs of servicing the debt.

The failure to balance the budget is a fiscal issue of the greatest importance. But it is also a moral issue. Without a balanced budget amendment, our children and grandchildren will pay for this generation's chronic inability to live within its means. In the absence of an amendment, the standard of living for future generations will likely decline. The fears of many Americans that the next generation will not live as well as this one are in many respects traceable to decades of fiscal irresponsibility on the part of the Congress. This balanced budget amendment would mean a stronger economy, good government, and more jobs.

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I believe the American people are willing to do their part to prevent future generations from being saddled with an unconscionable level of debt. They are willing to do so even if it means that some federal spending they support would be affected. This is especially true if our budgeting is done fairly.

Mr. President, I believe that if one listens closely to the arguments of the opponents of this measure, one will hear more arguments against a balanced budget than against a balanced budget amendment. There will need to be difficult actions taken. It is those difficulties that have prevented Congress from balancing the budget. Those difficulties are therefore reasons for a constitutional amendment, not reasons against one. But balancing the budget is necessary. And it will take an amendment to do it consistently.

We also hear arguments about the need to run deficits when the economy is in a recession. The amendment before us permits Congress to vote to run a deficit in that situation. But be skeptical of the argument. If deficits and debt gave us a strong economy, right now we would be in the midst of the greatest economic boom in our history. Obviously, we are not. Deficits of \$1 trillion plus and a national debt of \$15 trillion are not stabilizing the economy.

In fact, I believe that the size of the deficit and debt is one reason the economy is not performing well. The size of looming deficits and debt is another. The markets are not viewing that debt as stabilizing a weak economy. Rather, they view it correctly as a drag on the economy.

On the issue of enforcement, the opponents attack straw men. They say either that the amendment cannot be enforced, so it is toothless, or they say that the courts will enforce it, leading to chaos. Both of these arguments cannot be true.

The amendment will be enforced by the President submitting a balanced budget and Congress complying with the amendment, as do state legislators all over the country. Members take an oath and voters will punish those who do not obey the constitutional command. With respect to the courts, the text of the amendment prohibits courts from raising taxes. And standing requirements, ripeness, and the doctrine of a political question will mean that the courts will continue to lack the power of the purse, as has been the case throughout our history.

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Mr. President, in the past dozen years, Congress has been unable to balance the budget even when times are good. Had we passed a balanced budget amendment when it was before us in the past, we would not have racked up the huge deficits that now confront us.

We have heard in the past that a balanced budget amendment was not necessary because Congress could balance the budget on its own. Those arguments were wrong.

Today, we face one of the worst debt pictures in our history. If nothing is done, the future will be even worse. We owe a responsibility to the American people and to future generations to maintain the fiscal discipline that has allowed us to be the world's biggest economy. Our pleas for a balanced budget amendment have been denied by a minority in the past.

We warned what road lay ahead if we failed to pass a balanced budget amendment. Time has unfortunately proved us right. It is not too late if we act now. But time is growing shorter each year.

I urge my colleagues to do the right thing and enact a constitutional requirement that the budget be balanced.

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