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"CONGRESS AND FISCAL RESPONSIBILITY"

LET ME SHARE WITH YOU TODAY SOME THOUGHTS ABOUT FISCAL RESPONSIBILITY AT THE FEDERAL LEVEL. I WILL BEGIN BY BRIEFLY TRACING THE EVOLUTION OF FEDERAL BUDGETARY STRUCTURES.

THE CONSTITUTION IN ARTICLE I, SECTION 8, ESTABLISHES THAT "THE CONGRESS SHALL HAVE POWER TO PAY AND COLLECT TAXES."

AND IN SECTION 9, IT DECLARES: "NO MONEY SHALL BE DRAWN FROM THE TREASURY BUT IN CONSEQUENCE OF APPROPRIATIONS MADE BY LAW."

THE BURDEN OF THIS LANGUAGE IS CLEAR. CONGRESS WAS GIVEN THE POWER TO DETERMINE THE AMOUNTS BY WHICH THE PEOPLE SHOULD BE TAXED, AND TO DETERMINE THE PURPOSES FOR WHICH THE PEOPLE'S MONEY WAS TO BE SPENT.

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HOWEVER, THE CONSTITUTION DID NOT INSTRUCT CONGRESS HOW TO ORGANIZE ITSELF INTERNALLY TO MAKE THESE TAXING AND SPENDING DETERMINATIONS. THUS THE BUDGET PROCESSES OF CONGRESS HAVE EVOLVED OVER TIME, CHANGING -- SLOWLY -- AS THE NEEDS OF THE NATION HAVE CHANGED.

IN 1867, AS A RESULT OF THE ENORMOUS INCREASE IN SPENDING NEEDED TO FINANCE THE CIVIL WAR, CONGRESS FOR THE FIRST TIME ESTABLISHED APPROPRIATIONS COMMITTEES.

IN 1921, AFTER AN ENORMOUS JUMP IN SPENDING FROM \$700 MILLION BEFORE WORLD WAR I TO \$7 BILLION AFTERWARD, CONGRESS RESPONDED AGAIN TO THE NEED FOR REFORM. BY THAT TIME MORE THAN HALF OF THE REGULAR APPROPRIATIONS BILLS WERE OUTSIDE THE JURISDICTION OF THE APPROPRIATIONS COMMITTEES. ADMINISTRATIVE AGENCIES COULD GO TO ONE SET OF COMMITTEES FOR THEIR REGULAR ANNUAL APPROPRIATIONS, AND TO ANOTHER SET OF COMMITTEES FOR SUPPLEMENTALS.

CONGRESS PASSED THE BUDGET AND ACCOUNTING ACT OF 1921, WHICH ESTABLISHED THE BUREAU OF THE BUDGET (NOW CALLED THE OFFICE OF MANAGEMENT AND BUDGET) AND GAVE THE PRESIDENT THE POWER TO COORDINATE AND SUBMIT A SINGLE BUDGET ON BEHALF OF THE EXECUTIVE BRANCH. IT WAS A MAJOR REFORM, AND IT HAS

REMAINED THE BASIS OF THE EXECUTIVE BUDGET SYSTEM IN USE TODAY.

THE AIM OF THE 1921 ACT WAS TO IMPROVE THE CONGRESSIONAL CAPABILITY TO COORDINATE AND MANAGE SPENDING. BUT IT WAS NEVER INTENDED TO GIVE THE WHITE HOUSE THE OVERWHELMING INITIATIVE AND AUTHORITY IN BUDGET AND FISCAL MATTERS THAT TODAY HAS DISTORTED THE INTENT OF CONGRESS BEYOND RECOGNITION.

PARTLY BECAUSE OF THE BALLOONING OF FEDERAL EXPENDITURES DURING AND AFTER THE SECOND WORLD WAR, THE NECESSITY FOR TIGHTER EXECUTIVE CONTROL OF BUDGET PROCESSES HAS RESULTED IN A CONTINUED STRENGTHENING OF THE PRESIDENT'S BUDGET ORGANIZATION AND POWERS.

CONGRESS, TOO, ATTEMPTED IN THE IMMEDIATE POSTWAR PERIOD TO ORGANIZE ITSELF TO DEAL MORE EFFECTIVELY WITH THE NEW REALITIES OF FEDERAL SPENDING. IN THE LEGISLATIVE REORGANIZATION ACT OF 1946, CONGRESS PROVIDED FOR THE ANNUAL ADOPTION OF A LEGISLATIVE BUDGET -- BUT THE PROVISIONS OF THE ACT PROVED UNWORKABLE, AND WERE LATER REPEALED.

IN SHORT, SINCE 1921 THERE HAS BEEN NO BASIC CHANGE IN THE MANNER IN WHICH CONGRESS HAS ORGANIZED ITS EXERCISE OF THE RESPONSIBILITY TO SPEND THE PEOPLE'S MONEY. WE ARE USING TODAY THE SAME PROCEDURES WE USED IN 1921, WHEN THE NATIONAL BUDGET TOTALED ONLY \$5 BILLION.

THE TOTAL FIGURE HAS NOW INCREASED TO \$305 BILLION IN THE FISCAL YEAR 1975 BUDGET NOW BEFORE CONGRESS FOR CONSIDERATION. AND, AT THE RATE THE BUDGET IS GROWING, IT WILL EXCEED \$400 BILLION DURING THIS DECADE.

TO SUPPORT THIS SPENDING, THE NATIONAL DEBT AND TAXES HAVE ESCALATED UNDER DIFFERENT ADMINISTRATIONS. TO CITE RECENT EXAMPLES, IN FISCAL 1970, THERE WAS A DEFICIT OF \$2.8 BILLION. IN THE NEXT YEAR, IT WAS \$23 BILLION. IN THE NEXT YEAR, IT WAS \$23.2 BILLION. IN THE LAST FISCAL YEAR, THE DEFICIT WAS \$14 BILLION. IT IS ESTIMATED AT \$5 BILLION IN FISCAL YEAR 1974, AND IT WILL LIKELY BE BETWEEN \$10 AND \$20 BILLION IN FISCAL YEAR 1975.

INDEED, AS ONE SENATOR RECENTLY REMARKED, DEFICIT SPENDING HAS BECOME SO FASHIONABLE THAT IT IS NO LONGER POSSIBLE TO SHOCK THE AMERICAN PEOPLE. THEY EXPECT EACH YEAR TO BRING HIGHER TAXES, MORE SPENDING, AND A BIGGER FEDERAL DEBT.

WE HAVE HAD A DEFICIT IN 16 OF THE LAST 20 YEARS! THE NEW BUDGET WILL LIFT THE NATIONAL DEBT ABOVE THE HALF TRILLION DOLLAR MARK. WE WILL SPEND \$30 BILLION JUST TO PAY INTEREST COSTS ON THE PUBLIC DEBT. OUR FUTURE HAS BEEN MORTGAGED BY THE RECKLESS EXTRAVAGANCE OF THE PAST.

WHAT DOES IT MEAN TO THE HOUSEWIFE? WHAT DOES IT MEAN TO THE FAMILY? WHAT DOES IT MEAN TO THE COUPLE LIVING ON SOCIAL SECURITY? WHAT DOES IT MEAN TO THE TEACHER WHO HAS AN ANNUITY, RETIRED FROM HER JOB AS A TEACHER, AND EACH YEAR SEES THAT ANNUITY ERODE AND HER EXPENSES GET HIGHER? AND WHAT DOES IT MEAN TO MIDDLE CLASS AMERICA?

THESE CUMULATIVE DEFICITS HAVE DONE MORE TO FEED THE FIRES OF INFLATION THAN ANY OTHER SINGLE ACTION. AND INFLATION IS TAKING THE DREAM OUT OF THE AMERICAN DREAM. PEOPLE ARE ASKING: "WHO'S DOING THIS TO ME AND WHY?"

FACED WITH APPARENTLY UNDISCIPLINED SPENDING, INCREASING DEBT, HIGHER TAXES, RUNAWAY INFLATION AND DWINDLING PURCHASING POWER, THE PEOPLE HAVE COME TO THE PERFECTLY UNDERSTANDABLE CONCLUSION THAT THEIR ELECTED REPRESENTATIVES -- WHO ARE CONSTITUTIONALLY CHARGED WITH THE POWER AND DUTY TO MANAGE SPENDING -- ARE NOT DOING THEIR JOBS. THE BLAME IS PLACED ON CONGRESS.

IN THE OFTEN-QUOTED HARRIS POLL OF THIS PAST JANUARY -- THE ONE SHOWING THAT NEARLY FOUR OUT OF FIVE PEOPLE HOLD CONGRESS IN LOW ESTEEM -- THREE OF THE EIGHT QUESTIONS ASKED RELATED TO THE ECONOMY. ONLY 13 PERCENT THOUGHT CONGRESS HAD DONE A GOOD JOB IN KEEPING THE ECONOMY HEALTHY. ONLY

10 PERCENT THOUGHT THE LEGISLATURE DOES A GOOD JOB OF KEEPING SPENDING UNDER CONTROL. ONLY 6 PERCENT CREDITED CONGRESS WITH HELPING TO CONTROL INFLATION. IN EACH CASE, THE PRESIDENT SCORED BETTER THAN CONGRESS.

THE PRESIDENT, OF COURSE, HAS HELPED FOCUS PUBLIC ATTENTION ON CONGRESS BY LABELING IT FISCALLY IRRESPONSIBLE. THIS ADMINISTRATION -- AND ITS PREDECESSORS -- BEARS A SUBSTANTIAL SHARE OF THE BLAME FOR THE ECONOMIC MISMANAGEMENT AND DEFICITS OF RECENT TIMES, BUT THE FACT IS THAT CONGRESS IS VULNERABLE TO SUCH CHARGES.

CONGRESS HAS BEEN DISORGANIZED AND UNABLE TO RESPOND TO CHARGES OF IRRESPONSIBILITY WITH COORDINATED, FISCALLY SOUND SPENDING AND TAXING DECISIONS. ITS VOCABULARY EVEN NEEDS UPDATING. IT MAY THINK IT HAS BEFORE IT A BALANCED BUDGET -- WITH INCOME MATCHING OUTGO -- BUT THEN IT IS TOLD THAT IT IS A "BALANCED BUDGET AT FULL EMPLOYMENT" (WHICH MEANS A HUGE DEFICIT).

IN SHORT, CONGRESS HAS FAILED TO USE ITS CONSTITUTIONAL POWERS EITHER FULLY OR WISELY.

HOWEVER, THERE IS GOOD NEWS TO REPORT. WEEK BEFORE LAST, AS YOU MAY HAVE READ IN YOUR NEWSPAPER, THE SENATE PASSED

THE "BUDGET REFORM ACT" -- WITH SENATOR ERVIN LEADING THE WAY. THE SENATE BILL IS YET TO BE RECONCILED WITH A HOUSE BILL ON THE SUBJECT. BUT A WATERSHED POINT HAS BEEN PASSED. WE ARE SEEING A REVERSAL OF THE EROSION OF CONGRESSIONAL POWER OVER THE PURSE AND A REASSERTION OF THE LEGISLATURE'S CORRECT ROLE IN THE AMERICAN PLAN OF GOVERNMENT.

BRIEFLY, HERE ARE THE HIGHLIGHTS OF THE NEW STRUCTURE. FOR THE FIRST TIME, CONGRESS WILL HAVE ITS OWN BUDGET OFFICE (AS A COUNTERPART TO OMB). FOR THE FIRST TIME, THE HOUSE AND SENATE WILL FIX THEIR OWN SPENDING LEVELS. FOR THE FIRST TIME, CONGRESS WILL OPERATE WITH A COMPREHENSIVE PICTURE OF REVENUES COMING IN AND EXPENDITURES GOING OUT.

NO WONDER THAT THIS ACT OF REFORM HAS BEEN ENDORSED BY LIBERAL AND CONSERVATIVE GROUPS ALIKE.

EARLY IN MY CAMPAIGN I URGED PASSAGE OF THIS ESSENTIAL REFORM. I LOOK FORWARD TO HAVING A HAND IN ITS GRADUAL IMPLEMENTATION, AS IT COMES INTO EFFECT IN STAGES BETWEEN NOW AND FISCAL YEAR 1977. NEEDLESS TO SAY, ITS SUCCESS DEPENDS MIGHTILY ON THE DETERMINATION OF THE MEMBERS OF BOTH HOUSES TO MAKE IT WORK. AS HARRY TRUMAN SAID OF THE CONSTITUTION: "IT'S A PLAN, BUT NOT A STRAIGHTJACKET."

IF ELECTED TO THE SENATE, THERE ARE OTHER FISCAL RESPONSIBILITY REFORMS THAT WILL HAVE MY SUPPORT.

FOR EXAMPLE, I THINK IT WOULD BE WISE TO REQUIRE THAT ALL BILLS INTRODUCED IN THE SENATE CARRY A COST TAG ON THE FRONT PAGE. THE GENERAL ACCOUNTING OFFICE -- CONGRESS' WATCHDOG AGENCY -- WOULD DETERMINE THE IMMEDIATE COST AS WELL AS THE FIVE-YEAR PROJECTED COSTS, AND THESE WOULD BE PRINTED IN BOLD-FACED TYPE ON THE FIRST PAGE OF THE BILL. THIS SHOULD MAKE ALL SENATORS MORE CONSCIOUS OF THE COST OF GOVERNMENT.

FINALLY, I AM INCLINED TO FAVOR A CEILING ON THE HIRING OF FEDERAL PERSONNEL -- IN ORDER TO CHECK THE GROWTH OF BUREAUCRACY.

I APPRECIATE THE OPPORTUNITY TO SHARE WITH YOU SOME OF MY THOUGHTS ON HOW TO MAKE OUR GOVERNMENT MORE RESPONSIBLE. YOU MAY BE SURE THAT I TAKE VERY SERIOUSLY THE CONSTITUTIONAL RESPONSIBILITIES OF THE UNITED STATES SENATE.