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WHAT'S AHEAD FOR THE CONGRESS

I am pleased to have the opportunity to speak to you today.

As you know, the Congress will be coming back into session on November 12, eight days after the election. This will be the sixth lame-duck session for the Congress since World War II, so it is not unprecedented. But, it will be the first lame-duck session since I came to the Senate in 1975, so it will be a new experience for me.

Previous lame-duck sessions have ranged in length from two hours to 48 days. 48 days is about the longest possible since, after one subtracts Sundays and holidays, that is all the time there is before January 3--the date set by the Twentieth Amendment to the Constitution for the beginning of a new Congress. I expect that this lame-duck session will be of the longer variety because there are a number of bills that have to be passed before adjournment..

Clearly, the most important business the Congress has is to finish work on the fiscal 1981 budget. Work has not been completed on ten of the thirteen regular appropriations bills nor on the Second Budget Resolution, which sets binding spending ceilings for the fiscal year.

Instead, the Congress passed a temporary measure which simply continues funding for most federal agencies on a stop-gap basis until December 15. These budget bills have to be passed if a number of programs of critical importance to North Carolina and the country will be continued in an orderly fashion.

As we work on these bills, the biggest challenge facing the Congress will be to eliminate any federal deficit.

In June, the Congress passed the First Budget Resolution and it called for a balanced budget for this fiscal year. I was pleased to see this as I have been working towards this goal ever since coming to the Senate. But, the First Budget Resolution only sets advisory ceilings. It is the Second Budget Resolution and the appropriations bills which actually determine what happens.

Ever since, I have been reading that it will prove impossible, once again, to balance the budget this fiscal year. Once again, many are saying that this important goal will have to be put off-- even Governor Reagan has said that it would only be fiscal 1983 before he would balance the budget.

As if to bear this out, the July budget estimate forecast a deficit of \$30 billion and the Senate Budget Committee, during its consideration of the Second Resolution, approved a \$19 billion deficit.

I believe that even a \$19 billion deficit is too large. In June, when the First Budget Resolution was passed, the Congress made a commitment to the American people. A commitment was made

that, for the first time since President Johnson's last budget, the federal government's spending would not be higher than its income. This commitment, this promise, must be kept.

By not balancing the budget, we continue to leave debts that our children, and their children, will have to pay off. I do not think that is right. The national debt today is at least \$900 billion--a debt that will already take years to pay off.

A quick look at the currently proposed budget will show the price of this country's past excesses in terms of federal spending. Not many people know that the interest on the national debt to be paid this year will come to over \$70 billion, or to put this another way, about eleven cents out of every dollar you pay in taxes. It is even more surprising to find out that the last two federal budgets, for 1979 and 1980, would have been balanced but for the required interest payments.

Deficit spending does not come cheaply.

I also believe that balancing the budget will do wonders for the economy. I know the economic "experts" say that balancing the budget will only reduce inflation by one-half of one percent.

I do not believe this since the "experts" are not taking two important factors into account.

First, we have an inflationary psychology in this country. People expect inflation so they, quite understandably, act to protect themselves from it. But, this just makes the problem that

much harder to deal with.

For example, we all know that labor unions are seeking long-term, automatic wage increases to compensative for inflation in their union contracts. But, that kind of contract simply increases the costs of every businessman, so he increases prices. The saying about the wish making the fact has considerable truth to it.

And no person with sense, including me, is going to believe that inflation is going to be cured unless the government can put its own house in order.

The second thing the so-called experts for get is that balancing the budget cannot be a one year affair. We not only have to balance it now, but we have to keep the budget balanced in all the following years. And even that step should be bolstered by other actions such as reducing oil imports, increasing worker productivity, and cutting back on excessive government regulations and spending.

But, the starting point and the thing Congress can do quickest is to balance the budget. To those who say it is going to be difficult and require too many sacrifices, I can only say that there will never be a good time to balance the budget. It will require significant cuts in many government programs, cuts many of us would not approve of in normal times, but cuts that have to be made.

For my part, I am not going to support any actions that will lead to a budget deficit in this fiscal year.

While only the Second Budget Resolution and the appropriations bill are certain to come up, there are a number of bills that may be considered during the lame-duck session.

One likely candidate is the bill to renew the general revenue sharing program, which expired September 30. Under general revenue sharing, State and local governments receive no strings attached block grants. I have always supported this program because it works to strengthen State and local governments, the bedrock of our federal system of government. It also helps that the needs of local communities are met in the most economical manner and in a way that most suits the desires of the people. While the State share of this program may not be renewed, the local share almost surely will be.

The conference report on the Alaska lands bill, which opens up millions of acres of land for energy explorations while setting millions of others, is a strong possibility. Although I felt the Senate bill prevents exploration on too much land, I voted for it because it was an acceptable compromise. However, the House version in my opinion, prevents too much exploration. It is not yet clear what the final version of the bill will look like, so it is hard to say how I will vote. However, if the bill prevents too much energy exploration and development, as the House bill does, I will not be able to support it.

One possible candidate for after the elections is a tax cut bill. Six weeks ago, the Senate Finance Committee approved a tax cut which includes a number of features I approve of. There is a modified version of the Capital Cost Recovery Act which will allow businesses to depreciate capital equipment much faster, thereby making greater investment in the economy possible. There are other changes to help businesses and some provisions of a more general nature.

However, enactment of a tax bill is endangered by two things. First, the Constitution says that all tax bills must originate in the House of Representatives, and that body has shown no inclination to act on a tax cut. Secondly, a tax cut that creates another \$60 billion deficit, such as we had last year, would probably not be agreed to because of its inflationary impact.

Finally, there are several major bills which may see Senate action, but are unlikely to become law. These include the comprehensive regulatory reform bill, the sunset bill, criminal code reform, and the fair housing bill.

For all that I support a strong sunset bill, I do not see it becoming law in this session of Congress. The strong sunset bill approved by the Governmental Affairs Committee, which provides for the automatic termination of most federal programs after ten years unless Congress acts to continue the program, has aroused too much opposition among senior Members of Congress, both in the House and Senate, and it is they who have the dominant voice in scheduling bills. I think this is a shame, sunset is a concept that has worked in North Carolina and other States, but I do not see a law immediately

forthcoming.

The regulatory reform bill, which creates a new process for creating regulations, one which will reduce the likelihood of burdensome over-regulation, has a better chance of getting floor consideration in the Congress. But the chances of the bill becoming law are minimal because of the controversy over the legislative veto.

The legislative veto, which provides Congress with a mechanism of blocking regulations issued by federal agencies, has the support of about one-half the Congress, including me, and is strongly opposed by the other half. I do not see the bill surviving this controversy.

The proposed criminal code reform bill would recodify federal criminal laws. But, because it also greatly expands federal criminal jurisdiction and intrudes into areas that should remain under State control, it is strongly opposed by me and other Senators. It faces a sure filibuster in the Senate, so its chances of being both considered and enacted into law are unclear.

Finally, there is the proposed fair housing bill which greatly expands the means to enforce existing fair housing laws. This bill has passed the House, but is likely to be filibuster in the Senate. So again, whether it will be considered and passed is unclear.

This is the outlook for the lame-duck session as close as I can tell. There are other bills that may be considered, but they are either non-controversial or not particularly important. How long the session will last and, other than the budget bills, what will be passed, only those with crystal balls can tell.