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G	26	22	6	1

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 4, 1992

PRESS CONFERENCE BY THE PRESIDENT

The East Room

8:01 P.M. EDT

THE PRESIDENT: I have a brief statement and then I'll be glad to take questions.

Two months ago, I asked the Congress to cut almost \$8 billion in wasteful spending projects. Tonight I've just signed the cuts that Congress sent to me in response. It's not all that I asked for, but it is a start. Eight billion dollars sounds like a lot of money, and it is. But the fact remains: it isn't good enough -- not by a long shot.

The American people know budget deficits threaten the long-term economic health of our country. Over the years, we've accumulated federal debt totaling \$65,000 for every family of four in America. This debt does not create more wealth -- it merely helps pay for our current consumption. It reminds me of the old fellow who bragged to his family that he'd finally borrowed enough money to pay off his debts.

Our political system, as it is now, has failed to meet its responsibility to address this problem. And in the face of a several-hundred billion dollar budget deficit, a piecemeal approach simply will not do the job. We need a constitutional amendment to balance the federal budget. And we need it now.

Three years ago, in my first address to the Congress, I asked the Senate and the House to pass such an amendment. Every year since then, I have repeated the call. Like President Reagan before me, I have tried to get Congress to act responsibly and to restrain the growth of federal spending. We've tried compromise. We've tried confrontation. We've tried quiet diplomacy with the congressional leaders. And none of this has been enough. Tonight I am more convinced than ever that a balanced budget amendment is the only way to force the federal government -- both the Congress and the Executive Branch -- to live within its means.

This month, both Houses of Congress will vote on a balanced budget amendment. It is impossible to underestimate the importance of this one decision: it will affect every other decision that the government makes from that moment on, and it will bear directly on the quality of life that we leave the generations who follow us.

Victory will not come easily. The amendment requires a two-thirds majority from both the Senate and the House. And I'm pleased to say that many serious-minded members, Republicans and Democrats alike, support this measure. They understand this is not a partisan fight, it goes far beyond election-year politics. It is a fight for the economic security of the American people.

I realize that some in Washington consider a balanced budget amendment a rather radical step. Well, I strongly doubt that the American people consider a balanced budget amendment as radical.

MORE

It's common sense, pure and simple. Each month millions of American families sit down to balance their checkbooks. Forty-four states -- 44 states have their own constitutional balanced budget requirements. The federal government must now do the same.

The moment is at hand. In the coming days, we will face an extraordinary choice. We can choose either to accept the status quo, piling debt upon debt -- or we can strike a bold new course, restoring fiscal sanity to the federal government. If we choose wrong, we choose wrongly, our grandchildren and their grandchildren are going to bear the burden. I refuse to believe that we will make them pay the price for Washington's irresponsibility. For their sake, I urge every congressman and every senator to join me in supporting the swift approval of a balanced budget amendment.

Now I will be glad to respond to questions. I think, Terry, I think you have the first.

Q Mr. President, I'd like to ask you about Ross Perot. People claim that you're hiding and you're afraid to take him on directly. Will you commit yourself to debating Mr. Perot as well as Bill Clinton in the fall campaign?

THE PRESIDENT: I'm sure there will be debates, and I will be ready to join the fray after the conventions. But as you know, I have not challenged directly either Perot or Clinton -- Mr. Perot or Governor Clinton. I have no intention of changing that before the convention.

I am trying to get things done that will help this country. A balanced budget amendment is a good example of that. And if I get too caught up in the political wars at this time it will be even more difficult to get things through the Congress that will help -- a crime bill, an education bill, balanced budget amendment -- things that we really need.

And so I'm going to keep on this course that I've been. I've been faithful to it during the primary season and I will continue to be until I make a decision to change.

Q I mean in the fall campaign. I'm not talking about immediately, right now, but will you commit yourself to debating the two men --

THE PRESIDENT: There will be debates.

Q Mr. President, granting the legality, is it proper for a man -- for a candidate with vast personal wealth and no spending limits to use that to obtain the presidency? And since you've known Mr. Perot for so long, is he an insider, an outsider? Is he a man of principle, or does he go for the main --

THE PRESIDENT: I'd love to answer that question, and after the --

Q Well, why don't you?

THE PRESIDENT: Because I've vowed to keep my sights set on these legislative goals and on leading this country. And if I get into characterizing one opponent or another, I diminish my effectiveness in doing that.

We've got a good chance now -- and some of it's brought about by the primaries, I think -- to pass this balanced budget amendment, for example. I'm a little disappointed that our education reform bill is languishing up there. I'd like to see us get a good energy bill soon. But if I start concentrating on the politics I'm

MORE

afraid I will waste an opportunity. I think we're in a real opportunity situation now.

Q Do you think he's trying to buy the presidency?

THE PRESIDENT: Well, so far not. We'll wait and see.

Q Mr. President, you've often said that you've not done so terrific a job of getting your message across. Tonight you've changed the venue. But I wanted to ask you if, indeed, what you've seen in the polls and the constant one-third or more of the electorate that's going other ways isn't a rejection of that message in and of itself?

THE PRESIDENT: I don't think so because you ask in these deadly polls that I read all the time about -- relating to issues, and it's vague out there. We've got a good program. And tonight maybe this is a more effective way to say we want a balanced budget amendment. We've got a good program on the Hill to achieve a balanced budget amendment, or, after the balanced budget amendment is passed, to achieve a balanced budget.

And so I think we've just got to keep hammering away on the issues because I believe the American people are with me. If they understand our total reform of education, they'll support it. Most Americans want a tougher crime bill. I heard people out on the West Coast who don't vote for tougher crime legislation all advertising in those 90-second bites they paid for -- ads how tough they are on crime. Maybe we've got a better chance now to pass an administration crime bill.

So I'm going to keep focusing on those issues. And hopefully, the American people will say he has a sound program for domestic affairs just as he does in foreign relations.

Q But if I could follow, sir, hasn't the pattern through the primaries been such that the American people have been constantly looking for an alternative?

THE PRESIDENT: Yes --

Q You may have put Pat Buchanan behind, but now you've got Ross Perot. Is he the inheritor of that?

THE PRESIDENT: No -- well, I don't think so. I'll tell you what, I think most people would concede that my problems stem from this sluggish, anemic economy. I think you can trace those problems to getting bigger with that. Now, I think the economy's improving. We still have some big problems there. For a person that's out of work, for him, that unemployment is 100 percent. For a woman that can't get a job that wants one, for her, unemployment is 100 percent.

So we've got to keep pushing ahead. And I would make the appeal right now for our growth incentives to further stimulate an economy that is beginning to move and is beginning to move positively.

But, no, I think my fortunes have been related to that. And I think, if I'll take the blame, some of which I'll take is the economy has been sick. I assume the American people are fair enough to give credit when there's recovery.

Q Your spokesman today described Mr. Perot as a man whose entire history is to stomp into the group, demand to do things his way, and if he doesn't get it, to pick up his football and go home. The Vice President the other day questioned his judgment,

MORE

saying he had been wrong on your most important decision of the presidency, the Persian Gulf war. Do you share their assessments?

THE PRESIDENT: I'm glad that they are putting their focus on these problems, but I'm not going to do it myself. I have a difference clearly as far as the Persian Gulf war goes, no question. And I think the American people support the actions that I took. I believe it was correct. I believe we performed well. I believe we set back aggression. I believe there was a whole new pride in this country -- the international community supported it overwhelmingly.

So as people point these things out, that's fair. And as his supporters point out what they think might be foibles in me, that's fair, too. But I'm going to stay on the path that I've outlined.

Q Mr. President, the amendment you're talking about would require a balanced budget within two years. If you're reelected, will you submit a balanced Fiscal 1994 budget whether or not you're required to by constitutional amendment?

THE PRESIDENT: It won't be -- of course, we have submitted a balanced, but it won't be in two years. And we have submitted budgets that get in it; we've got one right up there now that does that. And I think it's going to be five years.

Q Mr. President, if the experience of your EPA chief in Rio today is any indication, there's quite a reception committee of harsh critics of this administration and of you, sir, waiting for you down there. Under the circumstances, if that's what the reception is going to be in Rio, why go?

THE PRESIDENT: Well, because we've got a sound and sensible environmental record, and we have a strong role of international leadership.

I wonder if the American taxpayer knows that we have spent something like \$800 billion in the last 10 years on cleaning up things -- the atmosphere, environment in many, many ways? It is estimated that it will be \$1.2 trillion spent by the United States taxpayers and businesses over the next 10 years.

We have a superb record to take to that convention. I am not going to go down there and forget about people that need jobs in the United States of America. I'm going to take a strong record, the leading record on science and technology; the leading record on oceans; the leading record on forests; the leading records on protecting the elephant; the leading records on CFCs. We've got a good record.

But because I will not sign a treaty that, in my view, throws too many Americans out of work, I refuse to accept that kind of criticism from what I consider some of the extremes in the environmental movement, internationally or domestically.

So we've got a good record to take there, Brit. And I want to go down there -- we're passing out booklets and little CDs, you know, little discs to show everything. I was out at Goddard the other day. The science that we have that can help the Third World is mind-boggling; we want to share it with these people.

But I want to keep this country growing and I want to see us have the cleanest, best record in the world. And besides that, we have a Clean Air Act that others ought to take a look at and say, you've done wonders in getting what you did through, President Bush. And so I'm going to go on the offense not defense.

MORE

Q Well, I'm just wondering, sir, clearly, many of those who are there are aware of the elements of your record and have come to the conclusions which they so vocally express anyway. How do you think this can be a plus for you down there?

THE PRESIDENT: Well, hey, listen, I'm used to a little criticism. I want to go on the offense and say what we've done and what we're prepared to do. And I wouldn't go along with the extremes in many of these international negotiations. But I have some responsibility -- responsibility for a cleaner environment, and also responsibility to families in this country who want to work, some of whom can be thrown out of work if we go for too costly an answer to some of these problems. And I'm not going to forget the American family.

And if they don't understand it in Rio, too bad. I'm not going to be driven though, Brit, by the extremes of these movements. They started protesting before they even knew what our position was. But I'm going there and take this record and I'm convinced that it will be very productive.

Q Mr. President, you say your problems in the primaries have been caused largely by the anemic economy. Yet the economy is improving and the voters seem to be walking away from you in droves, sir. Don't you take it personally, and what are you going to do about it?

THE PRESIDENT: I don't take it personally. As a guy that never looks at polls, as you know, I would like to cite a poll figure for you -- (laughter) -- 70 percent of the people in the most recent poll I saw that was done for our campaign said that they thought the economy was getting worse -- and the economy is moving.

There's still some problems. As I say, when a person's hurting for a job, that worries me. But Gross Domestic Product -- GNP -- is moving. Industrial production is up. Payroll employment is up. And another thing that's up and then soon will be picked up in these broad polls is that Michigan survey on business confidence. So things are turning around. And yet, at this juncture, the American people haven't felt it. When they do, I think you'll -- I expect to see some change.

But, no, I don't take it personally. I honestly don't, Ellen.

Q Aren't the American people --

THE PRESIDENT: I've been in tough times before.

Q Well, sir, aren't the American people right in holding you personally responsible for the problems of this country?

THE PRESIDENT: Well, I think they hold me responsible to some degree, and I think they hold the United States Congress responsible. I would remind the people that Congress appropriates every dime and tells me how to spend every dime. It's the Congress that does that. But, sure, I'll accept my share of the responsibility for this long recession. And so will the Congress.

But the question isn't blame, the question is what you do about it. And I've proposed tonight, let's move on the balanced budget amendment. Let's move on my growth initiatives that would stimulate investment, like cutting the capital gains, moving on the investment allowance that speeds up depreciation, first-time home credit -- credit for homebuyers. This is all good and valuable stuff that would speed this economy up.

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And so I don't think it's a question of blame. It's a question of staying in this nonpolitical mode for a while longer, challenging the Congress to help us help the American people.

Q Well, sir, the Congress hasn't passed all these programs you talked about --

THE PRESIDENT: It's not too late. They ought to try now.

Q So why don't you tell us what you really think about Ross Perot?

THE PRESIDENT: (Laughter.) What's that have to do with it? Come on.

Q Sir, you say that you have a strong international leadership role. But the new world order that you are promoting is being challenged in Yugoslavia these days. It appears that the sanctions are not working against Serbia. When are you going to take the lead of an international coalition to force Milosevic out of Bosnia, the way you did with Saddam Hussein out of Kuwait?

THE PRESIDENT: I think the sanctions -- I'm not prepared to give up on the sanctions at all. They've only been in effect for a few days. And as you know, first on this question of Yugoslavia, out in front was the United Nations. You had -- Cyrus Vance as a representative of the United Nations, did a superb job trying to negotiate, ably supplemented, I might say, by Peter Carrington. They tried to work that problem; had our full support.

The EC, which is right there in the neighborhood, tried to have an effective role. It now appears that a U.S. role, catalytic role, is important. And thus, we are moving forward -- Secretary Baker made a very strong statement on this recently; has worked closely with the leaders of Europe. And so we are united in this sanctions question. And let's see if it works. But I'm not prepared to say these sanctions will not work.

Q Is the fact that the elections are approaching in the U.S. preventing a military action?

THE PRESIDENT: I think prudence and caution prevents military actions. If I decide to change my mind on that, I will do it in an inclusive way. But at this juncture I want to stay with these sanctions.

Wait a minute -- Gene, I'm sorry. I recognized him and did not follow through.

Q Mr. President, your Budget Director yesterday laid out a number of ways of bringing the deficit under control, even without a balanced budget amendment. But all of them would require taking on tough pressure groups. You have not often seemed to use the bully pulpit of the presidency to do that, to take a direct head-on approach. Why not?

THE PRESIDENT: We've got the program up there. There are some 30 pages of options. We are not -- you don't have to touch Social Security to do this, and I'm not going to do that. We have made growth assumptions in there that can be easily met -- four, four, 3.2, 3.2. Those are the percentages of growth -- can easily be met if we move with partial growth agenda that I've proposed.

So I will keep repeating, as I did in the State of the Union message, as I did subsequently right here in this room, get the Congress to pass this growth agenda.

MORE

But that's what's needed -- plus some direct controls of spending. And you can do it by controlling the growth of these spending programs -- leave out Social Security -- to the rate of inflation and population increase. And it's not a gimmick; it works. It's not rosy scenario. It works. That is my detailed proposal.

I'd like to see some other detailed proposals, but that is a good one. It's sitting up there right now. And it won't be done if we don't control the growth of mandatory programs. That's where, what, two-thirds or close to three-fourths of the budget is.

Q But the limits on mandatory programs would involve pain and sacrifice. And yet, neither you, nor Mr. Perot, nor Mr. Clinton talks about that. Has presidential politics become so sound-bite driven that it's politically suicidal to level with the American people?

THE PRESIDENT: I don't think it's suicidal. And I think our program up there that gives many suggestions as to how achieve this is good. And, yes, it's not easy. Medicare, Medicaid growth is going through the roof. And, yes, we're going to have to find ways to control it. But what we've done is detail the areas that need to be controlled. And I think that is a sensible, sound, detailed program.

Q Mr. President, a fair amount has been written about Ross Perot's role with the Reagan administration on the POW-MIA issue and it relates directly to you. If one news report is correct, he's going to testify on the subject soon. You said you won't characterize him, but can't you tell us what your dealings were with him on this issue?

THE PRESIDENT: I will be prepared to elaborate on that later on. My dealings -- I was a member of the Reagan administration. For a while he was over being quite helpful, trying to do something about the prisoners. What happened beyond that -- I saw a detailed story today that I simply cannot comment on. We are -- Marlin Fitzwater, then the Press Secretary for President Reagan, is on the record at a public press conference commenting on the Perot role, so I would refer you to that. That was back in, I believe in '87. And I'd rather leave it right there.

But if he's going to explain this to the Congress, that's good. I hadn't heard that.

Q Mr. President, in the interest of party unity and since he has indicated that he is going to endorse you at the Houston Convention, would you like Pat Buchanan to have the prime-time speech that he wants to have at the Republican Convention in August?

THE PRESIDENT: Susan, I'll be honest with you, I haven't focused on that at all. I welcome the support of all Republicans. And let's see how he handles this, and let the people handling the convention work it out. That is not on my agenda.

Q With the benefit of hindsight, do you think his primary challenge was damaging to you, or helpful, or what?

THE PRESIDENT: Well, I can't say it was particularly helpful. But he got into a long line of people criticizing me -- five on the Democratic side and one there. But maybe I'm a little stronger for it. Maybe I'm a little better -- be a little better candidate when it comes to the fall. I did not engage with Pat Buchanan. I don't plan to do that now. But I'll grope around to see if I can think of some reason it's helpful. (Laughter.) But I have no hard feelings about that at all.

MORE

Q Mr. President, critics of yours on Capitol Hill have said your policies toward Saddam Hussein before the Gulf war strengthened him and made him more likely to make an attack against one of his neighbors. How do you respond to that? I've got a follow-up.

THE PRESIDENT: I respond that that's not right. As I said at my last press conference, we tried -- not through strengthening his nuclear or biological or chemical weapons has been alleged; not by giving him part of Kuwait has been alleged. But we tried to work with him on grain credits and things of this nature to avoid aggressive action. And it failed. It failed. That approach, holding out a hand, trying to get him to renounce terrorism and join the family of nations didn't work. And the minute he moved aggressively, we moved aggressively and set back aggression.

You've got a lot of people that opposed what happened on the war, stood there and didn't want to move, that are now trying to revise history. And so I am not persuaded by the critics at all. I know what we did. There wasn't anything illegal. We tried hard, and I've said so. And it didn't work. But we were not going to let aggression stand. And when he moved into Kuwait, I decided this will not stand, and it didn't.

Yes, what's the follow-up?

Q The follow-up -- the House Judiciary Committee looks like they're going to recommend special prosecutors and counsel, investigators, and ask the Attorney General to --

THE PRESIDENT: I wonder whether they're going to use the same prosecutors that are trying out there to see whether I was in Paris in 1980 and flew home in an SR71 Blackbird? I mean, where are we going with the taxpayers' money in this political year? So let them look at it. It's no problem to me.

But I think at some point somebody ought to say, where is all this money going that goes to pay for these special prosecutors, rummaging through files and proving nothing? I was not in Paris. And we did nothing illegal or wrong here. We tried and it didn't work. And we moved. And that's the answer to it.

Q Mr. President, since you know Ross Perot, if you were to run into him while you're out campaigning for reelection, for example, what would you say to him to convince him to --

THE PRESIDENT: Support me?

Q -- support you and give up his quest for the presidency? What would you say?

THE PRESIDENT: Well, I'd say, Ross, I think I've been a good President. I believe that a man of your ability and talent ought to support me. And we've known each other a long time; in my view, it's been favorable. And just leave it there. I would admit it might be a little bit of a long-shot in persuading him.

Q But if he said, well, George, I hear what you're saying, you want me to follow you, but you've got to tell me where you're going, what would you say?

THE PRESIDENT: Oh, I'd say, let me refresh you on our domestic agenda. Please give me your support for the balanced budget amendment that we're trying to pass right now and bring along Bill Clinton if you've got any influence on him.

We're talking about issues here. We've got a tough crime bill before the Congress. Help me pass it. We've got an

MORE

education reform bill that literally revolutionizes education. Give me a hand with this one. If you know anybody in the Congress -- it appears you may -- give them a call. I'd take this approach, you see, to him. And I'd try to enlist his help on support for our approach to the environment. I'd say, help me help these democratic countries around the world. Help me help them secure their democracy.

You see, I think we have a good agenda, and that's the approach I'd take, anyway.

Q Mr. President, you've spent much of your life as part of the two-party system. You've headed one of the major parties. In this unusual political year, how do you assess the viability of the two-party system in the future? And why would any candidate submit himself to grueling primaries if he could just announce and run?

THE PRESIDENT: I think the two-party system has really given us the most stable political system in the world. And, yes, we're going through an unusual period. But the two-party system has provided us fantastic historical stability. And you look around the world and compare this system with any other democratic system, and I think that would avail. I'm sure the Brits take great pride in their parliamentary system, but I think our two-party system has provided us with the stability that heretofore we've simply taken for granted.

So my view, as this campaign unfolds, as all of us spell out our position on the issues, people are going to recognize that and the two parties will be strong when this election is over.

Q And the question of why any candidate would expose himself to the primaries and --

THE PRESIDENT: That's what Barbara was asking me a few minutes ago.

Q What's your answer?

THE PRESIDENT: Say, hey, I want to continue this job to help this country. I want to help preserve world peace and strengthen it -- and we've done pretty well there. And I want to move forward on these issues that we're talking about here tonight -- the balanced budget amendment -- I won't repeat them all -- but it's worth finishing the job.

Nobody likes the primary process. I had a call from a senator, kind of asking how I was holding up because, he said, hey, you've been criticized a little in the newspapers and on the television. And I said, hey, that goes with the job. I'll do my best, and I think things are going to turn around in that regard. But to get out of the arena, to suggest that you're going to run because it's not particularly pleasant, that's not the way I operate.

Q Mr. President, there are many polls that now show that in California and elsewhere that most Republicans favor the pro-choice position on abortion. And I wonder, in view of that and in view of the clear feeling of pro-choice in the party, that you feel the platform needs to be changed, and what your own view is on the whole notion of whether the abortion debate is going to be prominent in the fall?

THE PRESIDENT: Well, no, I hope the Platform Committee, in their wisdom, adopts the same language as we had before. Having said that, there is room in our party for people that have different views on this issue. I am not persuaded that people all across this country vote on only one issue -- abortion. I think they're interested in world peace. I think they're interested in education.

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I think they happen to be very supportive of the balanced budget amendment. And so my position is well-known, and I'm going to stay with it. But as I say, we've got many good Republicans who disagree with me on that issue, and they may disagree with me on the balanced budget amendment or some of these other things I feel very passionately about.

Q You mentioned a moment ago the polls -- the 70-percent figure about the economy. But, you know, the Cold War is over, Desert Storm has become pretty much a faded memory for many Americans, and people are turning inward and asking, well, Mr. President, what have you done for us lately? More than 80 percent of the American people now feel that the United States is on the wrong track. How, between now and November, are you going to convince Americans that they are better off than they were four years ago?

THE PRESIDENT: Most Americans are fundamentally optimistic, and they're going to see a recovering economy. It may not be as robust as we all like, but they're going to say as they feel that and as they see new opportunities and see a growth in this economy, they're going to say, hey, things are getting better.

Americans aren't pessimists. They're not down on the country. We've been through a long haul. And then I'm going to say to them: Hey, do your kids go to bed at night with more worry or less worry about nuclear war? I think that's a significant change. I think most every -- every family in America is better off for those historic changes that my predecessor and I helped bring about. I use the word "helped."

And so you've got to look at the whole picture. And then I think they're going to say, here's what the President has been trying to get through the Congress. And I come back to it -- the balanced budget amendment, strong crime, whatever it is -- good record on the environment. And what's he up against here? And they're going to have a clear choice to make.

Then they're going to say: Does this President identify with my views on family, and does he share the leadership traits that I want to see in a leader, and those kinds of things. Those aren't in focus now. They're not in focus because five Democrats were out there just hammering away on the President of the United States. And I smile and say, look, we'll meet you in the fall. And one Republican was doing the same thing every single night. Had some assistance out here from time to time from one or the other in the room.

You know, I'm putting my confidence in the people saying, we're going to get something done, and take the case to the American people on the issues. And that's the way I think you ought to do it.

Q But, Mr. President, they aren't anywhere near that right now, and as a matter of fact, some of your advisors are pretty alarmed at the fact --

THE PRESIDENT: No, they're not alarmed.

Q Well, while the economic figures are improving, your own poll numbers are on the decline. They are not associating you, sir, with any improvement in the economy.

THE PRESIDENT: But 70 percent of the people, as I told you, Jim, according to one, I thought it was one of your surveys, seem to think the economy's getting worse. I think it's getting better. It takes a while, there's a lag there. Unemployment's a lagging indicator, for example. So it takes a while to see the change.

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I haven't been in the playing field on the primaries. I've been trying to get something done for the country. But when we go to the country and say, do you want a strong crime bill or do you want this watered-down variety that's up in the Justice Department controlled by the Democrats that have been there forever; which do you want -- I think the American people will support me.

I'll say to them, do you want a balanced budget amendment that will make the Executive Branch and the Legislative Branch do something about the deficits, or do you want a lot of reasons from some entrenched politicians on Capitol Hill to tell you why it can't be done? And, see, I think when that is in focus, I think that the American people will support me. I've tried to keep the faith with the people and I think one heartening point is people see the President is a strong leader. They may not like the direction things are going in, but that is something that I find rather comforting.

Q So you haven't been tough enough, is that what you're saying?

THE PRESIDENT: I need your assistance, Jim, in getting out the message now tonight, loud and clear, on what the President said about the balanced budget amendment. And if you can put an editorial or two on there saying this is a good idea, it would help enormously. I don't think you can do that, but if you could I'd welcome that kind of support. Because that's what the American people want, and we've got to get that message to the Congress.

Q Mr. President, you said that your problems stem from the economy. In addition, are some of your problems also related to the Clarence Thomas-Anita Hill hearings?

THE PRESIDENT: None. We forget. Now we see a revision. We forget that the American people overwhelmingly supported Clarence Thomas. He is being a good Justice. And the fact that some candidates are out there trying to revise that part of history, I'm sorry, I don't agree with that. There may be some. Now, I can't say some people don't agree, that everyone agrees with what I said. I support Clarence Thomas. I think he'll be an outstanding Justice. He passed a Senate that is controlled by the opposition party. He conducted himself with honor in those hearings. And that's my position. And I'm proud to have stayed with him when the going got tough.

Q Mr. President, you say that the leadership qualities that are going to come up later are not in focus right now. But it would seem that leadership is the focus; that's the only thing that Ross Perot has been running on is leadership. He has not addressed the issues; you are addressing the issues. How do you feel; what do you say to Republicans who are going over and supporting him about your personal leadership qualities?

THE PRESIDENT: I say take a look at what happened in Desert Storm where I didn't have to get anybody else's action; I moved. I saw a threat. I did what was required. And I didn't have to get a Congress controlled by the opposition party to move. The people saw leadership and action there.

The people know that the House of Representatives and the Senate control all the legislation. My crime bill, my balanced budget quest, whatever it is, they control it all. And so I think when this campaign gets really rolling -- and it hasn't started from our standpoint -- when that happens, I think these things will be in focus.

So I understand the quest for change and the appeal -- I can bring you the new answer here -- I can understand all that. But I also think the American people are pretty smart. I think they're

going to look at the overall record. I think they're going to analyze the proposals. I think they're going to look at a person's overall values. And I think then I have the confidence that it won't be just the Republicans that will be supporting me, it will be the guy in the neighborhood who's wondering, who's going to be the best to take care of the criminal elements here? Who's going to support the incentives to improve the economy? That's what I think.

Q Mr. President, aren't we into a no-win situation here? Because even if you do win, even if you do defeat Ross Perot, there are going to be a lot of Republicans out there who supported him, and there's going to be a lot of reprisal and revenge.

THE PRESIDENT: There's no reprisals. Look, the Americans -- as Helen says, we're through here, but let me tell you something. You're looking at -- you're dealing in a little cocoon here. We're talking about something big -- faith and confidence in the American people. And this isn't done because there's something on the horizon right now and people are going to -- you know, let them decide. Let them sort out this.

And I can understand that appeal -- "I'm from outside, I'll solve all the problems." And some day you guys are going start: How are you going to do it? How are you going to get this through the Congress? What do you believe? Do you think the President's right on the balanced budget amendment? Are you with him or against him? Do you think he's right as he tries to tighten down on crime legislation? How do you feel on the narcotic problem? How do you feel on world peace? Were you with him when he had to make a very tough call on setting back aggression -- a move that was saluted all over the entire world and put this country together like it's never been together in the past, since World War II?

And, you see, I think we're dealing in a funny time here -- a time warp. And I think, come fall, when we're out there taking our case to the people, with an improved economy behind us, I still feel confident about the outcome of the political election. And I feel confident about ability to heal any wounds that may have been opened along the way.

Thank you all very much. Thank you, Helen.

END

8:43 P.M. EDT

**STATE EXPERIENCE WITH
BALANCED BUDGET REQUIREMENTS**

The States have had extensive experience with balanced budget requirements. This summarizes the types of such requirements and provides information on State experience with such requirements.

Every state except Vermont has some type of balanced budget requirement. ^{FOUR}Forty-three states have some type of constitutional requirement (generally limitations on incurring debt for this purpose), and 21 State have statutory requirements. Obviously, some states have both types of measures; only six States (Arkansas, Connecticut, Kansas, Maine, Mississippi, New Hampshire) rely entirely on statutes.

Types of deficit controls

There are three basic types of deficit control mechanisms. There are those which: (1) restrict the state's authority to incur debt (either by limiting the dollar amount or by limiting debt to a percentage of some tax or revenue base); (2) require submission of a balanced budget by the governor and/or enactment of balanced appropriations by the legislature; and (3) provide for managing a projected or actual deficit (by means of, e.g., line item veto by the governor, across-the-board pro rata reductions, or legislated tax increases).

State balanced budget requirements vary widely as to their stringency and effectiveness, and their means of implementation.

- Twenty-nine states impose the most stringent type of balanced budget, which calls for the budget to be balanced each year with no carry-over of deficits.
- Seven other states with biennial budget cycles require that the budget be balanced for each two-year period. (In general, the most stringent balanced budget states are those west of the Mississippi River and east of the California border).
- Seven other states allow a short-term budget deficit to be carried over for only one year (even if the deficit occurs in the last year of a two-year cycle) as long as new revenues are raised to balance the next budget and pay off the carry-over indebtedness.
- Three states (Illinois, Louisiana, Nevada) require only that the legislature pass a balanced budget; thus no corrective actions are required if expenditures actually exceed revenues.

- Three states (Massachusetts, New Hampshire, New York) require only that the governor present a balanced budget; the legislature thus may pass an unbalanced budget without resorting to subterfuges, such as overly optimistic revenue assumptions.

(See Table A for further detail).

Methods of Mid-Course Correction

Fifteen states have specific requirements for curtailing expenditures in the middle of a fiscal period, in case revenue collections fall short of estimates or unexpected spending occurs. The states classify these mechanisms in three different ways:

- Reduction of appropriations (North Carolina, Oklahoma);
- Reduction of periodic allotments -- that is, apportionment (Hawaii, Kansas, Minnesota, Oregon, Utah, Washington); and
- Reduction of authorized expenditures (Arkansas, Florida, Michigan, Missouri, New Hampshire, South Dakota, Virginia).

The states impose expenditure reduction requirements in various manners:

- The Michigan, Missouri and Oklahoma provisions are expressly imposed by the State Constitution; the remaining provisions are statutes intended to enforce a general constitutional requirement that there be a balanced budget;
- The Missouri and New Hampshire spending reduction provisions are discretionary; the other 13 are mandatory;
- North Carolina and Oklahoma require that the reductions (with certain exceptions) must be made pro rata, across the board on all accounts; the other 13 states impose no legal bar to disproportionate cuts in certain categories, and certain states expressly authorize differential cutbacks;
- Authority for making the reductions rests somewhere in the Executive Branch: either with the Governor; a subordinate agency head, with or without the approval of the Governor; an Executive branch board; or (in Arkansas) individual agency heads;

- In two states, the Executive official must obtain the approval of a legislative branch entity (either the appropriations committee or a special supervisory panel); in other states, the Executive must consult the legislative body before making cuts.

The States' Experience

The experience of the states under the mechanisms previously discussed varies greatly due to many factors.

First, the portion of any state's budget even subject to the balanced budget requirement ranges, in one estimate, from less than 50% to 100%.

Second, most states have separate operating and capital budgets. It is frequently the case that only operating (or general fund) budgets are subject to the balanced budget requirements. (See Table B). There have been assertions that, if the Federal budget were prepared in a comparable manner, the Federal government would be able to comply with state-type balanced budget requirements. (See, e.g., attachment C).

States may evade the fiscal discipline requirements by moving functions or entities off-budget, such as by creating authorities or commissions. In addition to being off-budget, such authorities are frequently authorized to issue bonds or other indebtedness which are backed only by the revenues generated by the authority. This is one method by which states evade balanced budget requirements and debt limitations by switching from "full faith and credit" borrowing to non-guaranteed borrowing.

States have also shifted from direct expenditures to tax expenditures to avoid restraints. For example, Michigan authorized an income tax credit for contributions to educational institutions. Further, some states have evaded debt limitations by defining state lottery receipts not be "revenue". Another method employed by states for avoiding balanced budget requirements has been to delegate functions to local governments, which are not subject to the requirements, or, through political pressure, shift them to the federal government. States have also engaged in intragovernmental borrowing of funds, and in accounting changes which mask transactions.

Attachments

t: **A TREASURY
OF HUMOROUS
QUOTATIONS**

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**For Speakers, Writers,
and Home Reference**

HERBERT V. PROCHNOW, Jr.

NEW YORK, EVANSTON, AND LONDON

- greater fund of innocent amusement than any other single subject. *Dorothy L. Sayers*
- 1476 All our knowledge merely helps us to die a more painful death than the animals that know nothing. *Maurice Maeterlinck*
- 1477 A man's dying is more the survivors' affair than his own. *Thomas Mann*
- 1478 I know of nobody that has a mind to die this year. *Thomas Fuller*
- 1479 Tyrawley and I have been dead these two years; but we don't choose to have it known. *Lord Chesterfield*
- 1480 When a man dies, and his kin are glad of it, they say, "He is better off." *Edgar W. Howe*
- 1481 I don't think anything is ever quite the same to us after we are dead. *Don Marquis*
- 1482 Death: to stop sinning suddenly. *Elbert Hubbard*
- 1483 Everything comes to him who waits—among other things, death. *Francis H. Bradley*
- 1484 The long habit of living indisposeth us for dying. *Sir Thomas Browne*
- 1485 We all labor against our own cure, for death is the cure of all diseases. *Ibid.*
- 1486 The reports of my death are greatly exaggerated. *Mark Twain*
- 1487 Those who welcome death have only tried it from the ears up. *Wilson Mizner*
- 1488 One can survive everything nowadays except death. *Oscar Wilde*
- 1489 My wallpaper is killing me. One of us must go. *Ibid., as he lay dying in the Hotel d'Alsace in Paris*
- 1490 I am informed from many quarters that a rumor has been put about that I died this morning [February, 1951]. This is quite untrue. *Sir Winston Churchill*
- 1491 I cannot forgive my friends for dying; I do not find these vanishing acts of theirs at all amusing. *Logan Pearsall Smith*
- 1492 Death rides a fast camel. *Arab Proverb*
- 1493 *To his physician, who said, "General, I fear the angels are waiting for you":* Waiting, are they? Waiting, are they? Well . . . let 'em wait! *Ethan Allen*

DEBATE

- 1494 It's better to debate a question without settling it than to settle a question without debating it. *Joseph Joubert*

DEBT

- 1495 Debt is a trap which a man sets and baits himself, and then deliberately gets into. *Josh Billings*
- 1496 Never run into debt, not if you can find anything else to run into. *Ibid.*

- 1497 God forbid that I should be out of debt, as if, indeed, I could not be trusted. *François Rabelais*
- 1498 If you want the time to pass quickly, just give your note for ninety days. *Robert Bailey Thomas*
- 1499 A man properly must pay the fiddler. In my case it so happened that a whole symphony orchestra often had to be subsidized. *John Barrymore*
- 1500 In the midst of life we are in debt. *Ethel Watts Mumford*
- 1501 Debts shorten life. *Joseph Joubert*
- 1502 The old woman who triumphantly announced that she had borrowed money enough to pay all her debts. *P. L. Lord*
- 1503 It is only by not paying our bills that we can hope to live in the memory of the commercial classes. *Oscar Wilde*
- 1504 You are not in debt, Sextus. I assure you, Sextus, you are not in debt, for a man is in debt, Sextus, only if he can pay. *Martial*
- 1505 Some people use one half of their ingenuity to get into debt, and the other half to avoid paying it. *George D. Prentice*
- 1506 A small debt produces a debtor; a large one an enemy. *Publius Syrus*
- 1507 Scientists say that certain musical notes can prevent sleep. So can certain promissory notes, professor. *Arkansas Gazette*
- 1508 It is a sure sign of an improved character, if you like paying debts as much as getting money. *Georg C. Lichtenberg*
- 1509 The two greatest stimulants in the world are youth and debt. *Benjamin Disraeli*
- 1510 A habit of debt is very injurious to the memory. *Austin O'Malley*
- DECENCY
- 1511 Decency is indecency's conspiracy of silence. *George Bernard Shaw*
- DECEPTION
- 1512 The secret of life is to appreciate the pleasure of being terribly deceived. *Oscar Wilde*
- 1513 If you deceive me once you are a scoundrel; if you deceive me often you are a smart man. *Yugoslavic Proverb*
- 1514 It is in the ability to deceive one's self that the greatest talent is shown. *Anatole France*
- DECISION
- 1515 Decide promptly, but never give any reasons. Your decision may be right, but your reasons are sure to be wrong. *Lord Mansfield*
- 1516 A decision is the action an executive must take when he has information so incomplete that the answer does not suggest itself. *Arthur William Radford*
- 1517 They are decided only to be undecided, resolved to be irresolute, adamant for drift, all-powerful for impotence. *Sir Winston Churchill*

Table 3
BALANCED BUDGET REQUIREMENTS, 1984
(explanation of table at end of next page)

	Category I		Category II								Degree of Stringency Scale (high = 10; low = 1)
	Statutory or Constitutional?		Nature of Requirement								
	(1) = number of points	(2)	(1) = number of points	(2)	(3)	(4)	(5)	(6)	(7)		
State- Year	Const- National	(1) Gov- nor Only has to Submit a Balanced Budget	(2) Legis- lature- Only has to Pass a Balanced Budget	(3) May Carry Over a Deficit but Must be Corrected In Next Fiscal Year	(4) State Cannot Carry Over a Deficit Into Next Biennium	(5) State Cannot Carry Over a Deficit Into Next Fiscal Year	(6) State Cannot Carry Over a Deficit Into Next Fiscal Year	(7) State Cannot Carry Over a Deficit Into Next Fiscal Year	(8) State Cannot Carry Over a Deficit Into Next Fiscal Year		
States and Region											
New England	X		S	S	S				S	5	
Connecticut	X		S						S	9	
Maine	X		C						C	3	
Massachusetts	X		S						C	2	
New Hampshire		X								10	
Rhode Island										0	
Vermont											
Mideast					No Requirement						
Delaware		X	C	C	C				C	10	
Maryland		X	C	C	C				C	6	
New Jersey		X	C						C	10	
New York		X	C	S	S,C				C	3	
Pennsylvania		X	S,C							6	
Great Lakes											
Illinois			C	C					C	4	
Indiana					C	C			C	10	
Michigan						C			C	6	
Ohio	X					C			S,C	10	
Wisconsin		X				C				6	
Plains											
Iowa									C	10	
Kansas									C	10	
Minnesota	X						S,C		C	10	
Missouri									C	8	
Nebraska									C	10	
North Dakota									C	10	
South Dakota	X								S,C	8	
Southeast											
Alabama		X							C	10	
Arkansas		X							C	9	
Florida	X								S,C	10	
Georgia		X							S,C	10	
Kentucky	X				C				S	10	
Louisiana		X							S	4	
Mississippi	X					S,C			S,C	9	
North Carolina	X								C	10	
South Carolina	X								C	10	
Tennessee	X								C	10	
Virginia		X							C	8	
West Virginia	X								C	10	
Southwest											
Arizona		X							C	10	
New Mexico		X							C	10	
Oklahoma		X			C				C	10	
Texas		X							C	8	
Rocky Mountain											
Colorado		X							C	10	
Idaho		X							C	10	
Montana		X			C				C	10	
Utah	X								C	10	
Wyoming		X							S,C	8	
Far West											
California		X				C			C	6	
Nevada	X								S	4	
Oregon	X				C				C	8	
Washington	X								S,C	8	
Alaska	X					C			C	6	
Hawaii	X					S,C			C	10	

Source: ACIR staff compilation based on 1984 surveys of executive and legislative fiscal directors, and Limitations on State Deficits, Council of State Governments, Lexington, KY, May 1976. Continued on next page.

Table 3 (cont.)
BALANCED BUDGET REQUIREMENTS, 1984

NOTE: The following states have a balanced budget relating to constitutional debt limitations (debt limit in parenthesis): Alaska (\$350,000), Arizona (\$350,000), Colorado (\$100,000), Iowa (\$250,000), Kansas (\$1,000,000), Kentucky (\$500,000), Missouri (\$100,000), Nebraska (\$100,000), New Jersey (1% of appropriations), New Mexico (\$200,000), Ohio (\$150,000), Oklahoma (\$500,000), Rhode Island (\$50,000), South Dakota (\$100,000), Texas (\$200,000), and Utah (1.5% of taxable property value).

CALIFORNIA: Article XVI, Sec. 1, requires that the legislature shall not, in any manner, create a debt in excess of \$300,000 without a vote of the people. This section has been interpreted to allow a carry-over deficit, as long as the deficit is repaid within "a short period of time."

CONNECTICUT: If revenues are deficient by 5% due to lower than projected revenue collections after the budget has been passed, the General Assembly must approve expenditure cuts. (Statute 4-85; Subsection C)

DELAWARE: "No appropriation, supplemental appropriation or budget act shall cause the aggregate State General Fund appropriations enacted for any given fiscal year to exceed 98 percent of the estimated State General Fund revenue for such fiscal year from all sources, including estimated unencumbered funds remaining at the end of the previous fiscal year" (Const. Art. VIII, Sec. 6) The state provides for this 2 Percent Fund and a 5 percent Budget Reserve Account to be used for an unanticipated deficit. There are no provisions in the constitution that call for specific action if a projected deficit exceeds 7 percent of general fund revenues.

INDIANA: "No law shall authorize any debt to be contracted, on behalf of the state, except in the following cases: To meet casual deficits in the revenue" (Const. Art. 10, Sec. 5)

KENTUCKY: Agencies must set aside 2.5% of their budget each year in the event of a revenue shortfall (KRS 48.120).

VERMONT: Governor is statutorily required to submit recommendation to alleviate deficits from previous years in his or her budget request. There is no requirement that the governor must submit a balanced budget.

WEST VIRGINIA: "No debt shall be contracted by this state except to meet casual deficits in the revenue" (Const. Art. X, Sec.4)

WISCONSIN: Section S20.004 of Wisconsin statutes requires that no bill may be passed if the bill will cause the General Fund balances at the end of the biennium to be less than one percent of total General Fund appropriation.

Explanation of Table: The degree of stringency index is based on the number of points each state can receive for its requirement, as noted above each of the "Nature of the Requirement" columns. In cases where a state had more than three features incorporated in its requirement, only the highest for each category is counted. For example, in a case where a state had a requirement that the Governor has to submit a balanced budget, and a requirement that the legislature has to pass a balanced budget, it would only receive 2 points for the latter, not 2 points in addition for the former [see Category II]. If that state's requirement was both statutory (1 point) and constitutional (2 points), it would only receive the 2 points for the latter [see Category I]. Such a (hypothetical) state would receive a total of 4 points. The weights assigned to different features are based on the subjective judgment of the ACIR staff.

From: Advisory Commission on
Intergovernmental Relations, 1987

Budgetary Processes in the States

December 1989

Prepared by

Marcia A. Howard and Laura L. Shaw

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National Association of State Budget Officers

NOTES TO TABLE N

Arizona	May carry over "casual deficits," i.e., not anticipated.
New York	Technically, the Governor is not required to sign a balanced budget. However, in order to consummate the spring borrowing the Governor must certify that the budget is in balance.
North Carolina	Governor must maintain a balanced budget. He does not sign legislation.
Ohio	There is no constitutional or statutory requirement that the Governor submit or the legislature enact a balanced budget. There is a constitutional requirement that the legislature provide sufficient revenues to meet state expenses. The Governor is required by statute to examine monthly the relationship between appropriations and estimated revenues and to reduce expenditures to prevent imbalance.
Pennsylvania	May carry over deficit into subsequent year only.
South Carolina	Formal budget submitted by Budget and Control Board, not Governor.
Virginia	The Constitution specifies that expenditures shall not exceed revenues at the end of the biennial period.

Table *N* *18*

Balanced Budget Requirement

State	Governor		Nature of Requirement (C, S)	Legislature		Nature of Requirement (C, S)	Governor		Nature of Requirement (C, S)	May Carry Over Deficit (Y, N)
	Must Submit (Y, N)	Balanced Budget (C, N)		Must Pass (Y, N)	Balanced Budget (Y, N)		Must Sign (Y, N)	Balanced Budget (Y, N)		
Alabama	Y		C,S	Y		C,S	Y		C,S	N
Alaska	Y		S	Y		S	N		-	Y
Arizona	Y		C	Y		C	Y		C	Y*
Arkansas	Y		S	Y		S	Y		S	N
California	Y		C	N		-	N		-	Y
Colorado	N		-	Y		C	Y		C	N
Connecticut	Y		S	Y		S	N		-	N
Delaware	Y		C	Y		C	Y		C	N
Florida	Y		S	Y		C	Y		S	N
Georgia	Y		C	Y		C	Y		C	N
Hawaii	Y		C,S	N		-	Y		C,S	N
Idaho	Y		C	Y		C	N		-	N
Illinois	Y		C	Y		C	N		-	N
Indiana	Y		C	Y		C	Y		C	N
Iowa	Y		C	Y		C	N		-	N
Kansas	Y		C	Y		C	Y		C	N
Kentucky	Y		C,S	Y		C	Y		C	N
Louisiana	Y		C,S	Y		S	Y		C,S	Y
Maine	Y		S	Y		C	Y		S	N
Maryland	Y		C	Y		C	N		-	N
Massachusetts	Y		C	Y		C	Y		C	Y
Michigan	Y		C	Y		C	Y		C	N
Minnesota	Y		S	Y		S	N		-	N
Mississippi	Y		S	Y		S	Y		S	N
Missouri	Y		C	N		-	Y		C	N
Montana	Y		C	Y		C	N		-	N
Nebraska	Y		C	N		-	N		-	N
Nevada	Y		S	Y		C	N		-	N
New Hampshire	Y		S	N		-	N		-	Y
New Jersey	Y		C	Y		C	Y		C	N
New Mexico	Y		C	N		-	N		-	N
New York	Y		C	N		-	N*		-	Y
North Carolina	Y		C	Y		C	N*		C	N
North Dakota	Y		S	Y		S	Y		S	N
Ohio	N*		-	N*		-	N		-	N
Oklahoma	Y		C,S	Y		C	Y		C	N
Oregon	Y		C	Y		C	Y		C	N
Pennsylvania	Y		C,S	N		-	Y		C	Y*
Rhode Island	Y		C	Y		C	Y		S	N
South Carolina	*		-	Y		C	Y		C	N
South Dakota	Y		C	Y		C	Y		C	N
Tennessee	Y		C	Y		C	Y		C	N
Texas	-		-	Y		C	Y		C	N
Utah	Y		S	Y		C	Y		S	N
Vermont	N		-	N		-	N		-	Y
Virginia	Y		S	N		-	N		-	N*
Washington	Y		S	N		-	N		-	N
West Virginia	N		-	Y		C	Y		C	N
Wisconsin	Y		C	Y		C	Y		C	N
Wyoming	Y		C	Y		C	Y		C	N

Codes: Y...Yes C...Constitutional
 N...No R...Statutory

(Ferguson/Grossman)

June 3, 1992

BUDGET

Draft Two

PRESIDENTIAL REMARKS: PRESS CONFERENCE

JUNE 4, 1992

TBD

Three years ago, in my first address to Congress, I asked the Senate and the House to pass a constitutional amendment requiring a balanced budget. Every year since, I have repeated that call. I believed then, and I continue to believe, that a balanced budget amendment is the surest way to force the federal government to live within its means.

Like President Reagan before me, I have tried to get Congress to restrain the growth of federal spending. We've tried compromise. We've tried confrontation. We've tried quiet diplomacy with congressional leaders. None of it has worked.

Now we have reached a turning point. This month both houses of Congress will at last vote on a balanced budget amendment.

It is impossible to underestimate the importance of this one decision: it will effect every other decision the government makes from that moment on.

Victory will not come easily. Republicans are uniting behind the amendment, and many responsible Democrats have joined us as well. But passage requires a two-thirds majority from both the Senate and the House -- and the majority leadership in both the House and the Senate have declared their opposition. Those who oppose the amendment must understand: this is not a partisan fight; this is beyond election-year politics. This is a fight for the economic security of the American people.

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224-0636
Snot is a maybe

Tom Bruce
OMB

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91
90

I realize that a balanced budget amendment is a radical step. It will require a revolution in the way the federal government conducts its business. That is the point. The federal government's \$400 billion annual deficit is an outrage. The system itself is broken. Nothing short of radical change will fix it.

Projected 1972
no tax
growth in
years previous

Let's be clear about two fundamental facts. First, the budget will not be balanced without a robust, growing economy, and higher taxes will only impede future economic growth. Second, the budget deficit exists not because the American people are undertaxed, but because government is too big and it spends too much. That is why a balanced budget amendment should require more than a simple majority vote for tax increases.

The federal government must at long last learn to live by a basic American principle: it is simply wrong to spend more money than you take in. Every American family knows what I mean -- and ~~state~~ state governments are already required to do the same, through their own balanced budget provisions. [Constitutional & statutory]

Wise, Vt
Mary Mc Clellan
7/70

I urge every American: Make your voice heard. Write or phone your congressman and senators. Ask that they get serious about fiscal responsibility. Tell them it is wrong to pass on to future generations the cost of our present irresponsibility. Demand that they vote for the balanced budget amendment, and let them know they will pay a price in November if they don't.

#

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urning home to he months and u what friends and my best prove America's an honest com- n mission of pportunities on e'll be praise didn't send us to govern.

e come to this crisis: war and spirit. And 8 chair as Presi- shing inflation rest rates and

people out of work—American confidence on the wane. And our challenge is different. We're fortunate—a much changed landscape lies before us tonight. So, I don't propose to reverse direction. We're headed the right way, but we cannot rest. We're a people whose energy and drive have fueled our rise to greatness. And we're a forward-looking nation—generous, yes, but ambitious, not for ourselves but for the world. Complacency is not in our character—not before, not now, not ever.

And so, tonight we must take a strong America and make it even better. We must address some very real problems. We must establish some very clear priorities. And we must make a very substantial cut in the Federal budget deficit. Some people find that agenda impossible, but I'm presenting to you tonight a realistic plan for tackling it. My plan has four broad features: attention to urgent priorities, investment in the future, an attack on the deficit, and no new taxes. This budget represents my best judgment of how we can address our priorities. There are many areas in which we would all like to spend more than I propose; I understand that. But we cannot until we get our fiscal house in order.

Next year alone, thanks to economic growth, without any change in the law, the Federal Government will take in over \$80 billion more than it does this year. That's right—over \$80 billion in new revenues, with no increases in taxes. And our job is to allocate those new resources wisely. We can afford to increase spending by a modest amount, but enough to invest in key priorities and still cut the deficit by almost 40 percent in 1 year. And that will allow us to meet the targets set forth in the Gramm-Rudman-Hollings law. But to do that, we must recognize that growth above inflation in Federal programs is not preordained, that not all spending initiatives were designed to be immortal.

I make this pledge tonight: My team and I are ready to work with the Congress, to form a special leadership group, to negotiate in good faith, to work day and night—if that's what it takes—to meet the budget targets and to produce a budget on time.

We cannot settle for business as usual. Government by continuing resolution, or

government by crisis, will not do. And I ask the Congress tonight to approve several measures which will make budgeting more sensible. We could save time and improve efficiency by enacting 2-year budgets. Forty-three Governors have the line-item veto. Presidents should have it, too. And at the very least, when a President proposes to rescind Federal spending, the Congress should be required to vote on that proposal instead of killing it by inaction. And I ask the Congress to honor the public's wishes by passing a constitutional amendment to require a balanced budget. Such an amendment, once phased in, will discipline both the Congress and the executive branch.

Several principles describe the kind of America I hope to build with your help in the years ahead. We will not have the luxury of taking the easy, spendthrift approach to solving problems because higher spending and higher taxes put economic growth at risk. Economic growth provides jobs and hope. Economic growth enables us to pay for social programs. Economic growth enhances the security of the Nation, and low tax rates create economic growth.

I believe in giving Americans greater freedom and greater choice. And I will work for choice for American families, whether in the housing in which they live, the schools to which they send their children, or the child care they select for their young. You see, I believe that we have an obligation to those in need, but that government should not be the provider of first resort for things that the private sector can produce better. I believe in a society that is free from discrimination and bigotry of any kind. And I will work to knock down the barriers left by past discrimination and to build a more tolerant society that will stop such barriers from ever being built again.

I believe that family and faith represent the moral compass of the Nation. And I'll work to make them strong, for as Benjamin Franklin said: "If a sparrow cannot fall to the ground without His notice, can a great nation rise without His aid?" And I believe in giving people the power to make their own lives better through growth and opportunity. And together, let's put power in the hands of people.

(Yes) - Art. 6, sec 51 of state constitution

Brian Armentrout
Leg. Services

304-558-2040

West Virginia

(Yes) - constitutionally
prohibits incurr-
ing debt

Leg. Affairs

Dave Dierdorff

VT
Chm. W/Ankyl
W/Ankyl
Mass

907-465-2450

Alaska

be easy to achieve.

decision the government makes from that moment on, and it will bear directly on the quality of life we leave the generations who follow us.

⑧ Victory will not ~~come easily~~. The amendment requires a two-thirds majority from both the Senate and the House.

~~This~~ is not a partisan fight; ~~this~~ goes far beyond election-year politics.

but This is a fight for the economic security of the American people.

⑨ I realize that some in Washington consider a balanced budget amendment a radical step. I strongly doubt that the American people consider it radical.

It is just common sense. Each month millions of American families sit down to balance their checkbooks. *They understand.* ~~They understand~~

~~and live by as a basic principle, it is simply wrong to spend more money than you take in.~~

43 ~~state~~ state governments abide by their own balanced budget provisions. The federal government must *do the same* ~~live by that principle as well.~~

The moment is at hand. In the coming days, we will have an extraordinary opportunity, a rare chance to restore fiscal sanity to the federal government. If we fail, our grandchildren, and their grandchildren, will bear the burden. I refuse to believe we will make them pay the price of Washington's irresponsibility. For their sake, I urge every Congressman and Senator to join me in supporting a swift approval of a balanced budget amendment.

#

(Hinchliffe/Gershowitz)
June 3, 1992 11 a.m.
BUDGET Draft Two

PRESIDENTIAL REMARKS: BALANCED BUDGET AMENDMENT RADIO ADDRESS

I want to talk to you today about a big idea -- a big change in the way your government works. For the past 12 years President Reagan and I tried to get Congress to restrain federal spending. We tried compromise. We tried confrontation. We tried quiet diplomacy with the leaders of Congress. We tried going over their heads to the American people. None of it worked. And so, my friends, the time has come to take dramatic action. We must pass a Constitutional amendment mandating a balanced budget.

Our future is at stake, since the biggest obstacle to our economy recovery is the budget deficit. For most of our history there was an unwritten rule against deficit financing. But in recent times we've moved away from that and now we're borrowing from the future to pay for our indulgences of the present.

I've called for big changes in many areas -- revolutionary reforms in how this nation's gridlocked capitol does business. But the balanced budget is where we must start. Beginning well before I became your President, I've fought for a balanced budget amendment. As a matter of fact, on February 9, 1989, the very first legislative proposal I made upon becoming President called for a balanced budget -- and in each of the three budgets I've submitted since, I've repeated that plea. If Congress had supported my proposal back in 1989, we'd be only two years away from a balanced budget right now.

Why am I so fiercely dedicated to this issue? Look at your

SO44 Boh Danus → type
Ed Mazia

own house. You know what happens when you spend more than you ^{of M} make. The devil's going to come, demanding his due. Well that's ^B what our American family faces right now. When you hear about our \$400 billion deficit, remember -- that's not Monopoly money. That's your money, as sure as your own personal debts will have to be paid with your money. It's a critical situation when our interest payments exceed our social spending; when the principal we owe has nearly doubled in two years; when this spending riptide has us drowning in debt, dragging us further out to sea.

This amendment will bring us back to shore. It says the government can't spend more than it takes in. Nothing could be more simple. Nothing could be as tough. Nothing could work as well.

It's past time to make this government as accountable with your money in America's house as you must be with your money in your house. 34 of our states already demand balanced budgets. 80% of the American people want this amendment, and the tougher scrutiny of government spending which it will require. You're fed up. You know it's time for partisan posturing to yield to responsibility to govern. You know it's time to protect our children's children -- and you're impatient to enact this solemn bond between generations.

There's something you can do right now. The House will vote on this within days. Make your voice heard. Call and tell Congress to stop treating our Federal treasury like the corner cash machine. Call and tell Congress to stop mortgaging your future.

You know, for a long time on this issue I've felt like a

Bob Brady 4844
Dane says 43

prophet in the desert. Now, I'm glad so many Democrats are finally clambering on board the motion I've called for so urgently for so long. We must join together, inspired by Thomas Jefferson's words: "I...place...public debt as the greatest of the dangers to be feared." We have within our grasp the power to conquer that fear. Our country's economy -- our country's future -- will be the stronger for it. God bless you, and this nation.

#

Mary of Calif
X-6697

Table 3
State Balanced Budgets and Deficit Limitations:
Constitutional and Statutory Provisions

State	Governor Must Submit a Balanced Budget	Legislature Must Pass a Balanced Budget	Governor Must Sign a Balanced Budget	May Carry Over Deficit For One Year Maximum	May Not Carry Over Deficit Into Next Biennium	May Not Carry Over Deficit Into Next Fiscal Year	Constitutional Limit on General Obligation Debt ¹
Alabama	C/S	YR ✓	YR	NP	NP	YR	YR
Alaska ²	S	S ✓	S	NP	NP	YR	\$350,000
Arizona	S	NP	NP	NP	YR	YR	NP
Arkansas	YR	NP	YR	YR ³	NP	YR ³	300,000
California	S	C ✓	C	C	C	C	YR
Colorado	YR	YR ✓	YR	NP	NP	NP	NP
Connecticut	C	C ✓	C	NP	YR	YR	NP
Delaware	S	C ✓	NP	NP	NP	YR	NP
Florida	YR	YR ✓	YR	NP	NP	NP	4
Georgia	C/S	NP	C/S	NP	NP	NP	6
Hawaii	C	C ✓	NP	NP	NP	YR	2,000,000
Idaho	C	C ✓	NP	NP	NP	YR	NP
Illinois	C	C ✓	NP	NP	NP	YR	0
Indiana	C	C ✓	C	NP	YR	YR	250,000
Iowa	C	C ✓	NP	NP	NP	NP	1,000,000
Kansas	S	S ✓	NP	NP	YR	YR	500,000
Kentucky	C	YR ✓	C	NP	YR	YR	2,000,000
Louisiana	YR	YR ✓	NP	YR ⁷	YR	YR ⁷	NP
Maine	YR	NP	NP	NP	NP	NP	NP
Maryland	C	C ✓	NP	NP	NP	NP	NP
Massachusetts	C/S	NP	NP	NP	NP	NP	NP
Michigan	C	C ✓	C	NP	YR	YR	NP
Minnesota	C/S	C/S ✓	C/S	S	C/S	C/S	0
Mississippi	S	NP	NP	NP	NP	NP	NP
Missouri	C	C ✓	C	NP	NP	YR	6
Montana	C	C ✓	NP	NP	NP	YR	0
Nebraska	C	C ✓	NP	YR	YR	YR	NP
Nevada	S	C ✓	NP	NP	NP	NP	NP
New Hampshire	S	NP	YR	NP	YR	YR	NP
New Jersey	C	C ✓	C	NP	YR	YR	NP
New Mexico	NP	NP	YR	NP	NP	YR	100,000
New York	C	C ✓	C	C	NP	NP	AV
North Carolina	C	C ✓	C	NP	YR	YR	NP
North Dakota	YR	YR ✓	YR	NP	YR	YR	NP
Ohio	YR	YR ✓	YR	NP	YR	YR	9
Oklahoma	S	NP	NP	NP	NP	YR	AV
Oregon	C/S	C/S ✓	C/S	NP	NP	NP	V
Pennsylvania	C	C ✓	S	C	NP	YR	V
Rhode Island	C/S	C/S ✓	C/S	NP	NP	YR	11
South Carolina	C	C ✓	C	NP	YR	YR	V
South Dakota	C	C ✓	C	NP	NP	YR	50,000
Tennessee	C	C ✓	C	NP	NP	YR	YR
Texas	C	C ✓	C	NP	NP	NP	NP
Utah	S	C ✓	NP	NP	YR	YR	AV
Vermont	NP	NP	NP	NP	NP	NP	NP
Virginia	S	NP	NP	NP	S	S	VT
Washington	S	NP	NP	NP	YR	NP	T
West Virginia ²	NP	NP	NP	NP	NP	NP	AV
Wisconsin	YR	YR ✓	YR	NP	YR	YR	AV
Wyoming	NP	NP	NP	NP	NP	NP	NP

There are 34 states currently, which have some provision calling for a balanced state budget.

¹ Advisory Commission on Intergovernmental Relations

(Ferguson/Grossman)
June 3, 1992
BUDGET
Draft Three

PRESIDENTIAL REMARKS: PRESS CONFERENCE
JUNE 4, 1992

I have just signed a recession bill cutting \$8 billion from this year's federal budget. Eight billion dollars sounds like a lot of money, and it is. But the fact remains: it isn't good enough -- not by a long shot. A piecemeal approach simply won't do the job in the face of a \$400 billion budget deficit. Runaway federal spending threatens our economic future. We need a constitutional amendment to balance the federal budget, and we need it now.

Three years ago, in my first address to Congress, I asked the Senate and the House to pass such an amendment. Every year since, I have repeated that call. I believed then, and I continue to believe, that a balanced budget amendment is the surest way to force the federal government -- both the Congress and the Executive Branch -- to live within its means.

Like President Reagan before me, I have tried to get Congress to restrain the growth of federal spending. We've tried compromise. We've tried confrontation. We've tried quiet diplomacy with congressional leaders. Nothing has worked.

Now we have reached a turning point. This month both houses of Congress will at last vote on a balanced budget amendment. It is impossible to underestimate the importance of this one decision: it will effect every other decision the government

makes from that moment on, and it will bear directly on the quality of life we leave the generations who follow us.

Victory will not come easily. The amendment requires a two-thirds majority from both the Senate and the House. This is not a partisan fight; this goes far beyond election-year politics. This is a fight for the economic security of the American people.

I realize that some in Washington consider a balanced budget amendment a radical step. I strongly doubt that the American people consider it radical. It is just common sense. Each month millions of American families sit down to balance their checkbooks. They understand -- and live by -- a basic principle: it is simply wrong to spend more money than you take in. [48] state governments abide by their own balanced budget provisions. The federal government must live by that principle as well.

The moment is at hand. In the coming days, we will have an extraordinary opportunity, a rare chance to restore fiscal sanity to the federal government. If we fail, our grandchildren, and their grandchildren, will bear the burden. I refuse to believe we will make them pay the price of Washington's irresponsibility. For their sake, I urge every Congressman and Senator to join me in supporting a swift approval of a balanced budget amendment.

#

*after the
legis passes
a balanced
budget*

who

*has 2500,
bud bill
he must ins that revs + exps =*

DARMAN
change

(Ferguson/Grossman)
June 3, 1992
BUDGET
Draft Four

Congress to cut ~~the~~ almost \$ 6 billion
in wasteful spending projects. Tonight, I
have just signed the Congress' response.
It is not ~~all that I asked for,~~
but it is ~~not~~ a start.

2 JUN 3 P6:31

PRESIDENTIAL REMARKS: PRESS CONFERENCE
JUNE 4, 1992

~~I have just signed a resolution bill cutting \$8 billion from
this year's federal budget.~~ ^{The} ^{that we will save} Eight billion dollars sounds like a
lot of money, and it is. But the fact remains: it isn't good
enough -- not by a long shot. A piecemeal approach simply won't
do the job in the face of a ^{several-hundred-} billion budget deficit. Runaway
federal spending threatens our economic future. We need a
constitutional amendment to balance the federal budget. And we
need it now.

~~The~~ ^(political) And the system as it is now
simply isn't facing up to its responsibility.

Three years ago, in my first address to Congress, I asked
the Senate and the House to pass such an amendment. Every year
since, I have repeated that call. I believed then, and I
continue to believe, that a balanced budget amendment is the
surest way to force the federal government -- both the Congress
and the Executive Branch -- to live within its means.

Like President Reagan before me, I have tried to get
Congress to act responsibly and restrain the growth of federal
spending. We've tried compromise. We've tried confrontation.
We've tried quiet diplomacy with congressional leaders. ~~Nothing
has worked.~~ But none of this has been enough.

Now, ~~we have reached a critical turning point. This month,~~
after years of waiting, both houses of Congress will vote on a
balanced budget amendment. It is impossible to underestimate
the importance of this one decision: it will affect every other

John Bolton 2230

THE WHITE HOUSE
WASHINGTON

J. Dure Taylor

TELEPHONE
(202) 456-6697

INTERGOVERNMENTAL AFFAIRS
FACSIMILE TRANSMISSION

FACSIMILE:
(202) 456-2362

DATE: 6/4/92

TO:

Dan

Fax 6218

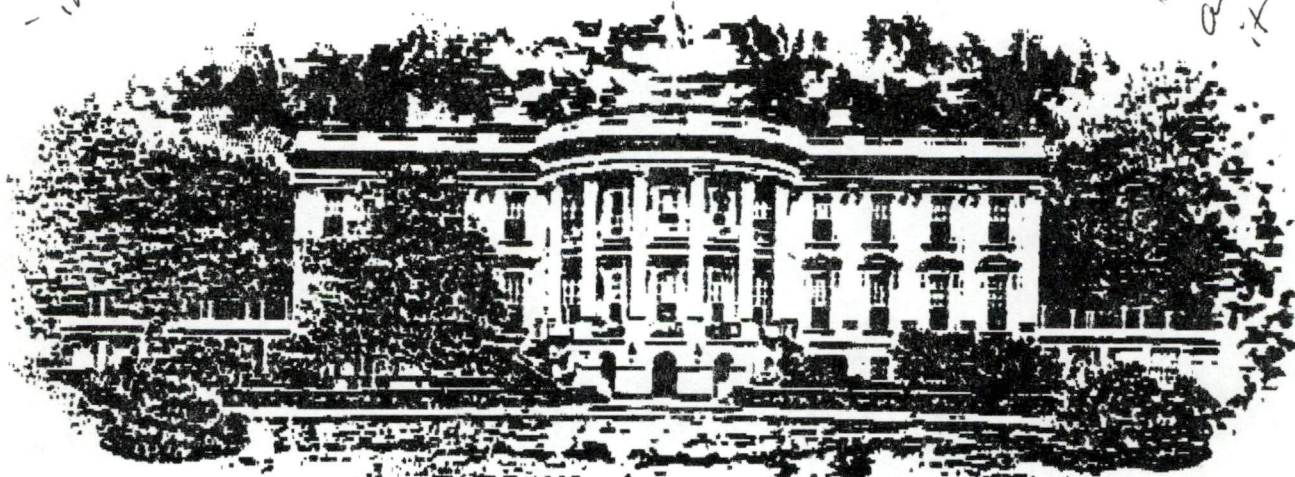
FROM: Ms. Mary McClure
Special Assistant to the President
Office of Intergovernmental Affairs
Room 163
The White House
Washington, D.C. 20500

NUMBER OF PAGES TO FOLLOW: 2

MESSAGE:

48 have some sort of balanced budget act - includes 41 states

*→ Larry Anderson
fundamental diff betw fed & state
① 3/5 100% to provide for increase in debts
-- states don't keep debt for some states do allow to have a balanced budget and be in an operating balanced budget -- we don't have that
② some states don't keep debt -- but*



"49 States interpret their constitutions or statutes to require a balanced budget" Vermont

262

44

Table 3
State Balanced Budgets and Deficit Limitations:
Constitutional and Statutory Provisions

State	Governor Must Submit a Balanced Budget	Legislature Must Pass a Balanced Budget	Governor Must Sign a Balanced Budget	May Carry Over Deficit For One Year Maximum	May Not Carry Over Deficit Into Next Biennium	May Not Carry Over Deficit Into Next Fiscal Year	Constitutional Limit on General Obligation Debt ¹
Alabama	C-S	YR	YR	NP	NP	YR	YR
Alaska ²	S	S	S	NP	NP	YR	\$350,000
Arizona	S	NP	NP	NP	YR	YR	NP
Arkansas	YR	NP	YR	YR ³	NP	YR ³	300,000
California	S	C	C	C	C	C	YR
Colorado	YR	YR	YR	NP	NP	NP	NP
Connecticut	C	YR	C	NP	NP	NP	NP
Delaware	C	C	C	NP	NP	NP	NP
Florida	S	YR	YR	NP	NP	NP	NP
Georgia	YR	YR	YR	NP	NP	NP	NP
Hawaii	C-S	NP	C-S	NP	NP	NP	2,000,000
Idaho	C	C	NP	NP	NP	YR	NP
Illinois	C	C	NP	NP	NP	YR	0
Indiana	C	C	C	NP	NP	NP	250,000
Iowa	C	C	NP	NP	NP	NP	1,000,000
Kansas	S	S	NP	NP	YR	YR	500,000
Kentucky	C	YR	YR	NP	NP	NP	2,000,000
Louisiana	YR	NP	NP	YR ⁷	YR ⁷	YR ⁷	NP
Maine	YR	C	NP	NP	NP	NP	NP
Maryland	C	C	NP	NP	NP	NP	NP
Massachusetts	C-S	NP	NP	NP	NP	NP	NP
Michigan	C	C	C	NP	NP	NP	NP
Minnesota	C-S	C-S	C-S	S	C-S	NP	0
Mississippi	S	NP	NP	NP	NP	NP	NP
Missouri	C	C	C	NP	NP	NP	0
Montana	C	C	NP	NP	NP	NP	NP
Nebraska	C	C	C	YR	YR	YR	100,000
Nevada	S	C	NP	NP	NP	NP	AV
New Hampshire	S	NP	YR	NP	YR	YR	NP
New Jersey	C	C	C	NP	YR	YR	0
New Mexico	NP	NP	YR	NP	NP	NP	AV
New York	C	NP	C	C	NP	NP	V
North Carolina	C	C	C	NP	YR	YR	YR
North Dakota	YR	YR	YR	NP	YR	YR	NP
Ohio	YR	YR	YR	NP	YR	YR	10
Oklahoma	S	NP	NP	NP	YR	YR	V
Oregon	C-S	NP	C-S	NP	NP	NP	50,000
Pennsylvania	C	C-S	S	C	NP	NP	YR
Rhode Island	C-S	C	C-S	NP	NP	NP	V
South Carolina	C	C	C	NP	NP	YR	11
South Dakota	C	C	C	NP	NP	YR	100,000
Tennessee	C	C	C	NP	NP	YR	NP
Texas	C	C	C	NP	NP	NP	200,000
Utah	S	C	NP	NP	YR	YR	AV
Vermont	NP	NP	NP	NP	NP	NP	NP
Virginia	S	NP	NP	NP	S	S	VI
Washington	S	NP	NP	NP	YR	NP	T
West Virginia ²	NP	NP	NP	NP	NP	NP	AV
Wisconsin	YR	YR	YR	NP	YR	YR	AV
Wyoming							

is maximum
 → only ones that would be
 as stringent would be
 by those not able to carry
 over a deficit

most important
 improve
 only 9 states

⁶ Advisory Commission on Intergovernmental Relations

State Balanced Budgets and Deficit Limitations: Constitutional and Statutory Provisions

Key

AV—Percentage of property value

T—Percentage of taxes

C—Constitutional provision

V—Popular vote required for any debt

NP—No provision

YR—Yes/restriction applies

S—Statutory provision

¹ Different provisions may apply to other long- and short-term debts.

² Information not available.

³ May carry over only with legislative concurrence.

⁴ Not more than 10% of prior year's net general revenues.

⁵ Not to exceed 20% of average of General Fund revenues for 3 fiscal years preceding; may not be exceeded by popular vote.

⁶ Limited to 10% of 3-year average of Bond Security and Redemption Fund.

⁷ General Fund must have positive balance at end of fiscal year of proposed budget.

⁸ 5% of General Fund.

⁹ 5% of General Fund.

¹⁰ Highway, \$500 million; coal, \$100 million.

¹¹ Limited to 5% of last completed fiscal year revenue for capital improvement bonds.

Source: National Association of State Budget Officers, *Budgetary Processes in the States, 1987*.

a constitutional
that means
of any kind
aimed
at a
balanced
budget

624-9382 Margha Howard, Deputy Director

43

- compare
- 9 states can carry over a deficit
- % of budget regained
- Federal proposal -- will it cover all?
- For most states -- most of the budget is covered
- For some only half is covered

→ in many states -- at least 4/2 -- all you need is a majority of the elected -- in some you need maj of voting

→ in federal: more stringent

→ a line item veto makes it easier for a Gov to balance the budget

→ a vast majority of states have something 258

West Virginia
2040
~~2151~~ - 348 - 804
558-2040

Dr. Dierdorf
→ Adviser
of State
→ Leg. Affairs
→ Counterparts
Alaska
907/465-3800
-2450
Yes
constitutions
prohibits
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with
in limited
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