

HON. RON PAUL OF TEXAS BEFORE THE US HOUSE OF REPRESENTATIVES June 24, 2004

A Token Attempt to Reduce Government Spending

Mr. Speaker, I support HR 4663, the Spending Control Act of 2004, because I believe those of us concerned about the effects of excessive government spending on American liberty and prosperity should support any effort to rein in spending. However, I hold no great expectations that this bill will result in a new dawn of fiscal responsibility. In fact, since this bill is unlikely to pass the Senate, the main effect of today's vote will be to allow members to brag to their constituents that they voted to keep a lid on spending. Many of these members will not tell their constituents that later this year they will likely vote for a budget busting, pork laden, omnibus spending bill that most members will not even have a chance to read before voting! In fact, last week, many members who I am sure will vote for HR 4663 voted against cutting funding for the National Endowment for the Arts (NEA). Last November, many of these same members voted for the greatest expansion of the welfare state since the Great Society. If Congress cannot even bring itself to cut the budget of the NEA or refuse to expand the welfare state, what are the odds that Congress will make the tough choices necessary to restore fiscal order, much less constitutional government?

Even if this bill becomes law, it is likely that the provision in this bill allowing spending for emergency purposes to exceed the bill's spending caps will prove to be an easily abused loophole allowing future Congresses to avoid the spending limitations in this bill. I am also concerned that, by not applying the spending caps to international or military programs, this bill invites future Congresses to misplace priorities, and ignores a major source of fiscal imprudence. Congress will not get our fiscal house in order until we seriously examine our overseas commitments, such as giving welfare to multinational corporations and subsidizing the defense of allies who are perfectly capable of defending themselves.

Congress already has made numerous attempts to restore fiscal discipline, and none of them has succeeded. Even the much-heralded "surpluses" of the nineties were due to the Federal Reserve creating an economic boom and Congress continuing to raid the social security trust fund. The surplus was not caused by a sudden outbreak of fiscal conservatism in Washington, DC.

The only way Congress will cease excessive spending is by rejecting the idea that the federal government has the authority and the competence to solve all ills, both domestic and international. If the last century taught us anything, it was that big government cannot create utopia. Yet, too many members believe that we can solve all economic problems, eliminate all social ills, and bring about worldwide peace and prosperity by simply creating new federal programs and regulations. However, the well-intended efforts of Congress have exacerbated America's economic and social problems. Meanwhile our international meddling has failed to create perpetual peace but rather lead to perpetual war for perpetual peace.

Every member of Congress has already promised to support limited government by swearing to uphold the United States Constitution. The Constitution limits the federal government to a few, well-defined functions. A good start toward restoring Constitutional government would be debating my Liberty Amendment (H.J.Res. 15). The Liberty Amendment repeals the Sixteenth Amendment, thus eliminating the income tax the source of much of the growth of government and loss of individual liberty. The Liberty Amendment also explicitly limits the federal government to those functions it is constitutionally authorized to perform.

If Congress were serious about reining in government, it would also eliminate the Federal Reserve Board's ability to inflate the currency. Federal Reserve policy enables excessive government spending by allowing the government to monitorize the debt, and hide the cost of big government through the hidden tax of inflation.

In 1974, during debate on the Congressional Budget Reform and Impoundment Control Act, Congressman H.R. Gross, a libertarian-conservative from Iowa, eloquently addressed the flaws in thinking that budget process reform absent the political will to cut spending would reduce the size of government. Mr. Speaker, I would like to conclude my remarks by quoting Mr. Gross:

Every Member knows that he or she cannot for long spend \$75,000 a year on a salary of \$42,500 and remain solvent. Every Member knows this Government cannot forever spend billions beyond tax revenue and endure. Congress already has the tools to halt the headlong flight into bankruptcy. It holds the purse strings. No President can impound funds or spend unwisely unless an improvident, reckless Congress makes available the money. I repeat, neither this nor any other legislation will provide morality and responsibility on the part of Members of Congress.