

Gramm-Rudman: The real enemy is the IMF

by Stephen Pepper

No one likes Gramm-Rudman, not even its sponsors, and yet it passed both houses of Congress and was signed immediately into law by the President of the United States, albeit in a ceremony so underplayed that only the night janitor was in attendance. Even the *Washington Post*, no friend of the national honor, endorsed it by writing, "The Gramm-Rudman budget amendment, now signed into law, is the wrong way to allocate public funds, a sign of impotence, an effort to deceive, an abdication of responsibility—and we welcome it." How can such an unloved act be so successful?

The answer is the International Monetary Fund, because the nasty truth is that Gramm-Rudman is to the IMF what the dirty drug pusher at the school door is to the fancy banker laundering drug money: The one could not exist without the other.

Many powerful people, Henry Kissinger for one, who hate this country and wish to see it destroyed, dare not say or do so openly. They wish to render it defenseless, reduce its population's standard of living, and see its power in the world cut back to a quarter of its present stature. Since this could not be achieved openly, the deficit was seized upon as the means to these ends. James Baker, while attending the Interim Committee of the IMF in April, said, "The United States will do its part. . . . We must follow a steady anti-inflationary policy. We are determined to reduce substantially the U.S. budget deficit."

Regan: a Jack the Ripper

But "normal" politics in 1985, seemingly divided between the White House agenda for military buildup and the House Democrats' social agenda, had made such austerity demands impossible. And so was born Gramm-Rudman,

whose great advantage is that it treats the federal budget the way Jack the Ripper treated his victims. Baker, too elegant to touch such messy legislation, endorsed it but basically just let it happen.

It was Don Regan who jumped in enthusiastically to give the concept its initial impetus, who stuck to it through its time of trial in conference, and who openly argued against Secretary Weinberger, the Joint Chiefs, and former National Security Chief Robert McFarlane on its behalf. There is no surprise in this since Regan openly welcomes the role of the tough enforcer among the Troika of Baker, himself, and Shultz which now run economic policy in this country. Regan was reported to have blown up at an NSC meeting when McFarlane asked him, "Does the President know that Gramm-Rudman means the end of his defense build-up. That it means the end of the SDI?" Shortly thereafter, McFarlane was gone.

Just before the final vote, Secretary Weinberger made a valiant effort to stop the amendment. The Defense Department issued a statement that "Gramm-Rudman will give aid and comfort to the Russians." Later, after its passage, one of Weinberger's assistants admitted ruefully, "The hysteria over deficits led Congress to move it ahead without daring to look at what it would do to defense. The congressional mood was such a panic that it was overwhelming—Reagan didn't have any choice."

Defense will feel the effects of Gramm-Rudman immediately. Estimates vary as to the depth of the cuts. The present Defense budget stands at \$302 billion, but already the House has lowered the spending authority for the current fiscal year by nearly \$10 billion in the current omnibus appropriations bill. Since Congress provides spending authority for defense contracts that extend over a number of years which always

increase over the life of the contract, cuts made in the coming budget often result in cuts of two to four times as much in later years. Thus, estimates of the current reduction of \$5 billion translates into estimates as high as \$20 billion over three to five years. Rep. Les Aspin (D-Wisc.), who has been one of Weinberger's chief antagonists, himself described the situation, "We're fooling around with national security. The situation on paper of Gramm-Rudman plus no tax-increase is taking us to the point where we can't defend the country."

In yet another belated recognition of the disastrous effects of Gramm-Rudman, Sen. Jeremiah Denton (R.-Ala.) introduced a motion to recommit the amendment to the Senate-House conference with instructions that defense spending be protected in the name of national security. In a vote that should have sent President Reagan a message, the motion was defeated 79-17. Denton, in arguing for his point, said, "I now bitterly regret my vote on that day [of the first vote on Gramm-Rudman] because, as many feared, this . . . is a legislative ticket to . . . an avalanche, an historical avalanche, the fall of the United States, the eclipse of the light of freedom in the 21st century AD." Denton correctly characterized the budget-cutters who claim to be for a strong defense, but are more concerned about the deficit, "Senator Rudman decries defense spending . . . asking how dare the spokesman for the DOD say that the threat, not the deficit, should determine the fashioning of the defense expenditures. I dare to say the same thing. . . . We should decide how much is required to survive."

Nevertheless, within the confines of Congress, no expectation could have been entertained that the nation would be spared Gramm-Rudman. It was only at the executive level that the very vigorous opposition of Weinberger and the Pentagon had any hope of success. It was here that Reagan most energetically played on the President's weaknesses, insisting that the deficit was the number-one issue, and that it would compel a reluctant Congress to enact the administration's program of cuts from domestic spending. Reagan agreed to sign the bill, since it so fitted his oft-proclaimed position, but he cancelled any ceremony, and only issued a written statement. In it, he alluded both to the issue of military cuts, and to constitutional questions surrounding the bill.

He began: "Deficit reduction is no longer simply our hope and our goal—deficit reduction is now the law. . . . I anticipate that we will have to take some significant across-the-board reductions in a wide range of programs."

But, incredibly, Reagan continues to maintain in public that defense can be spared. "We must also never lose sight of the necessity to maintain a strong national defense. . . . I am confident that implementing our previous agreements with Congress for steady real growth in defense will keep our defenses secure." No one believes this. In his remarks, Aspin flatly stated that the Pentagon budget when it arrives at the end of the month, "will be dead on arrival." Senator Denton, in his passionate remarks during the Senate debate, warned his colleagues: "If I were Chairman Gorbachov I would be

very pleased by the course of events in the Congress of the United States." Even Sen. Patrick Moynihan (D.-N. Y.), no friend of the human race, said, "We are putting in place the decline of the United States." And it is precisely for this reason that the *Washington Post* supported the monster: "It is meant to force him [Reagan] finally either to cut defense spending . . . or raise taxes."

The constitutional question

The second reason why the enemies of the nation are gleeful is that Gramm-Rudman is a direct attack on the U.S. Constitution. Even in his remarks upon signing the bill, Reagan alluded to this: "In signing this bill, I am mindful of the serious constitutional questions raised by some of its provisions. The bill assigns a significant role to the Director of the Congressional Budget Office and the Comptroller General in calculating the budget estimates that trigger the operative provisions of the bill. Under the system of separated powers established by the Constitution, however, executive functions may only be performed by officers in the Executive branch. The Director of the Congressional Budget Office and the Comptroller General are agents of Congress, not officers in the Executive branch. . . . Similar constitutional concerns are raised by a provision in the bill authorizing the President to terminate or modify defense contracts for deficit reduction purposes, but only if the action is approved by the Comptroller General. Under our constitutional system, an agent of Congress may not exercise such supervisory authority over the President. As the Supreme Court made clear in its CHADA decision, Congress can 'veto' Presidential action only through the constitutionally established procedure of passing a bill through both Houses and presenting it to the President."

This is the heart of the matter. Under our Constitution, the budget is a matter for elected representatives, the Congress and the President. Further, the President is responsible as Commander-in-Chief for national defense. The unsubtle aim of the amendment is to introduce British conceptions of government, in which the President functions as prime minister, the powers of Congress are curtailed, and ultimately authority lies with a non-elected senior civil service. Although Congressman Cynar (D-Okla.) has moved to challenge the bill on constitutional grounds in the Federal District Court in Washington, D.C., his challenge is strictly limited, and would, if upheld, not fundamentally alter the bill.

More revealing is that Trilateralist Lloyd Cutler, head of the Committee on the Constitutional System, endorsed the bill in the accepted backhanded fashion of IMF supporters: "I don't think its a good bill, but it's become a political necessity." Cutler, in a famous article in *Foreign Affairs* in 1980, had demanded that the U.S. Constitution be changed in favor of the British model, because in its present form it permitted constituency pressure to enter the budget process. With Gramm-Rudman finally being put in place, Cutler is in effect acknowledging that one no longer needs a constitutional change to turn the budget process over to the IMF.