

THE COMPACT FOR A BALANCED
BUDGET COMMISSION FORUM
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The Compact for America Balanced Budget Amendment is the best solution to what many believe is the most serious challenge facing our nation: our out-of-control and rapidly increasing federal debt. In order to understand how to tackle the problem, it is essential to first understand what caused our federal debt to climb to such dizzying heights. The simple answer in trying to reach that understanding is to say, “We spend too much.” That is, of course, part of the answer, but there is more to it than that. I believe that the most profound explanation of what caused the federal debt problem can be found in an original quote from Mr. James Booth, the President of RestoringFreedom.org, the organization that first advanced the idea that state legislatures should have veto power over an increase in the federal debt. Mr. Booth said, “The Federal debt is the inventory of the unresolved conflict between politically unpopular taxation and politically popular spending. Without **external discipline**, Congress will not resolve this conflict.”

In addition to the federal debt, we have many other issues that are creating obstacles to growth and freedom, and they have a common root cause. A few examples of these other issues are:

- Increasing encroachment of over-regulation.
- A bloated federal bureaucracy over which Congress is unable to maintain oversight and control.
- Federal takeover of our health care system.
- A proliferation of Executive Orders affecting a wide range of issues.

The “root cause” enabling all of these obstacles to growth and freedom is the fact that Congress has the unilateral, unfettered ability to borrow and spend money. Under our current system, the president’s veto pen is the only thing standing in the way of Congress’ penchant for spending, and that pen is seldom used. This unlimited borrowing and spending power is what politically empowers members of Congress and ensures their continued tenure in office. Congress is certainly not filled with bad people, and yet, most people suggest that we address our problems by electing different members to Congress or that we change the party in power. We have done that more than once and more than twice-and the problem persists. There is a lesson to be learned from that: the only thing that will change the trajectory we are on is a **systemic change**. The Compact for America Balanced Budget Amendment would be that systemic change.

Section 3 of the Balanced Budget Amendment contains the language that would require Congress to seek approval of a simple majority of the state legislatures in order to increase the debt limit. This is the “**external discipline**” mentioned earlier in Mr. Booth’s quote, and it is an absolutely critical enforcement component of the amendment. Why is it so critically important? It inserts an external force to ensure that Congress does not statutorily redefine terms that would allow them to circumvent the intent of the amendment. It also provides a mechanism to cut off the cash flow when an increase in debt is not justifiable in the judgment of a majority of the state legislatures.

The question is often asked, “Wouldn’t this be a cumbersome and unwieldy process?” The answer is no. Keep in mind that all but 4 state legislatures meet annually, with North Dakota, Texas, Nevada and Montana meeting biennially. With some basic forward planning, in every other calendar year Congress would have the opportunity to present a request for an increase in the debt limit to all 50 state legislatures while they are in regular session.

Another common question is, “What about emergencies? Wouldn’t this make it difficult to respond quickly to a true emergency?” The answer to that is also no. When the amendment is adopted, Section 2 provides for an immediate 5% increase in the allowable debt limit. As an example, if there were \$20 trillion of outstanding debt at the time of ratification, the revolving line of credit would initially be set at \$21 trillion. The extra \$1 trillion would provide approximately 1 to 1.5 years of borrowing capacity based on the current annual deficit rates. Additionally, prudence would dictate that Congress and the states agree to the establishment of a “rainy day” contingency fund, much like we did in North Dakota. Also, under our current system, the process of bonding and borrowing is not instantaneous. Another common sense practice that could be employed in an emergency is discretionary spending could be temporarily diverted to deal with the emergency.

When adopted, the Compact for America will:

1. Force Congress to approve **and** follow a **budget**.
2. Force Congress to plan ahead.
3. Force Congress to prioritize spending.
4. Restore Federalism by empowering the states.
5. Serve as a constant reminder to Congress that the Founding Fathers gave the states more power in our Republic than Congress.

Finally, when you study what the Founding Fathers intended in Article V, it is abundantly clear that they wanted state legislators to understand that, not only do they have the right to use Article V, but moreover, when they see a serious challenge that is not being addressed by Congress, they have a **duty** to use Article V. If ever there was a time in the history of our country when we should invoke our power under Article V, it is now, and if ever there was an issue for which we should be using Article V, it is the out-of-control federal debt that is threatening the very sovereignty of our Republic.

We need to do everything we possibly can to secure the passage of H. Con. Res. 26.