

Statement of Senator Joseph I. Lieberman
Budget Process Hearing
Joint Hearing of the Committee on Governmental Affairs
and the Budget Committee
January 27, 1999

Thank you Chairmen Thompson and Domenici, for calling this hearing into the budget process. I am heartened by the constructive spirit with which we are setting out to consider possible reforms, and I am hopeful that through cooperation and, where necessary, compromise, we may achieve tangible accomplishments this Congress.

I am particularly happy to co-sponsor with Chairmen Thompson and Domenici the Biennial Budgeting and Appropriations Act. This legislation enjoyed bipartisan support last year. I support biennial budgeting as a common-sense reform, which will provide greater stability and predictability in the budget process and will free up more time for oversight and management of federal programs.

This hearing into our budget process occurs during an important new era of our budgetary history. We are entering a brave new world of balanced budgets, indeed of budget surpluses. For the next several years we will be operating in a very different fiscal environment and this new challenge calls for caution.

But just as this new era will have challenges, it will also have many wonderful new opportunities. How we define these opportunities and take advantage of them will define the new era of budget surplus politics. Will the new surplus promote cooperation, or will it make the politics of governing more divisive? Will the luxury of a surplus cause us to lose our discipline? Or will it energize us to invest wisely in dealing with society's worst problems?

In my view, our priority in these brave new economic times must be to maintain a balanced federal budget. For the past several years, a declining federal budget deficit has contributed to the decline in interest rates. Less government debt on the markets has translated into lower interest rates and lower interest rates have promoted greater investment and growth in our economy. And now with a balanced budget and a projected surplus in the next ten years, we can be cautiously optimistic that interest rates will continue to remain low and that economic fundamentals will remain favorable for continued expansion of our economy.

Achieving a balanced budget has required some very strong measures and has come at some cost. It was not long ago that Congress adopted the Budget Enforcement Act to curb our appetite for spending. Since then we have managed our spending and tax cutting through a number of important rules and statutes. In this new era of surplus politics, the time has come for

us to take a hard look at some of those budget processes and to determine if they are necessary, appropriate, or in need of modification.

The pay-as-you-go system has served us very well as a fiscal discipline tool. It has forced us to think twice before considering new programs or tax cuts. It has helped us shrink the deficit to zero and make sure that important and necessary programs could still be implemented. When the law was enacted its authors assumed a world of deficits. It imposed an equal discipline on those who wanted tax cuts and on those who wanted to increase spending.

I intend to keep an open mind regarding proposed changes to the pay-go statute and corresponding Senate rules, until the implications of the changes are more fully discussed and better understood. Although we are currently forecasting budget surpluses for years to come, changed economic conditions could easily alter those forecasts. And we are still carrying a mountain of debt, more than five and a half trillion dollars. With the future solvency of our Social Security system and Medicare still very much in doubt, we must look beyond our present needs and think also of the legacy we will hand to our children and grandchildren. Some changes to pay-go may be in order, but those changes must not undermine the underlying fiscal discipline that has brought us this far.

Another significant reform that we will consider today would provide for automatically continuing appropriations in the event a fiscal year has expired without a completed appropriations bill. The idea is to prevent government shutdowns, but I wonder whether a continuing resolution would create more problems than it solves. We all know how hard it can be to pass appropriations bills, especially during a period of divided governments, and this reform may have the effect of encouraging inertia, especially since it could enable small voting blocks to hold out for the expenditure levels from the previous year. Without the specter of an imminent deadline spurring us on, will the government plod along, as if on automatic pilot? I believe we may be better off fighting the bruising battles and making the tough choices that are required of us, by nature of our offices.

I have often found myself scratching my head during budget reconciliation vote-a-thons and feeling there just has to be a better way to conduct business. Senators should not be asked to vote on amendments that no one has ever read, basing their votes entirely on thirty-second synopses offered by the proponents of the amendments. It's also fair to question whether the lengthy round of non-binding Sense of the Senate amendments, offered during our annual budget debates, serve much useful purpose. Senate Resolution 6 raises these issues, among others, and I see that resolution as a constructive first effort to improve our budget procedures.

Another resolution offered this month by the Majority leader would tighten emergency spending by establishing a 60 vote point of order against any emergency spending provision. I agree that the label "emergency spending" must not be stretched to include every-day budget needs which could clearly have been anticipated and included within the regular spending caps. I am open to a rules change in this area, but I want to hear the testimony before deciding what type of mechanism would be most effective here.

Perhaps I am being overly optimistic, but in my view the common thread to these various budget reform proposals is that none of them should be partisan in nature. Regardless of which party is in the majority, we all have an interest in the budget process running smoothly. We may partake in partisan skirmishes over the substance of the budget, as the budget is one of our most important blueprints governing the future direction of the nation. But these substantive disagreements do not obviate our common interest in conducting the nation's business in an orderly, open, and constructive fashion.