

Reagan's Statement on the Deficit

President Ronald Reagan

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Today I have signed H.J. Res. 372, which increases the statutory limit on the public debt and includes the Balanced Budget and Emergency Deficit Control Act of 1985, also known as the Gramm-Rudman-Hollings amendment. With the passage of this landmark legislation, the Congress has made an important step toward putting our fiscal house in order. Deficit reduction is no longer simply our hope and our goal; deficit reduction is now the law. From here to the end of the decade, mandated cuts can put the deficit on a declining path and eliminate governmental overspending by 1991. It is my hope that we will move even one step further to secure the gains we have made by adopting a balanced budget amendment to the Constitution.

Deficits have threatened our economic well-being for too long. For years the Congress has talked about the deficit, and now it has done something about it. But the tough work of controlling Federal spending still lies ahead. It is important that we now cooperate in good faith toward building a solid fiscal foundation for economic growth. This legislation mandates that the President and the Congress work together to eliminate the deficit over the next 5 years. The first step in that process will begin early next year. At that time I anticipate that we will have to take some significant across-the-board reductions in a wide range of programs. That means cutting back on the expansion of government, an expansion which has slowed, but which still continues apace. Whether increased government spending is financed through taxes or borrowing, it imposes a heavy burden on the private economy, the source of our prosperity and the foundation of our hopes for the future. That is why increasing taxes is not an option: Deficit reduction must mean spending reductions. We must also never lose sight of the necessity to maintain a strong national defense. Restoring our defenses has been vital not only to our security but to the cause of freedom. Today our once ailing alliances are stronger than before. America is looked upon with renewed admiration around the world, and the principles of human freedom that we embody are no longer in retreat. I am confident that implementing our previous agreements with Congress for steady real growth in defense will keep our defenses secure.

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. The bill itself recognizes this problem and provides procedures for testing the constitutionality of the dubious provisions. The bill also provides a constitutionally valid alternative mechanism should the role of the Director of the Congressional Budget Office and the Comptroller General be struck down. It is my hope that these outstanding constitutional questions can be promptly resolved.

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 *Chadha* 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.

My administration alerted Congress to these various problems throughout the legislative process in an effort to achieve a bill free of constitutionally suspect provisions. Although we were unsuccessful in this goal, I am nonetheless signing the bill. In doing so, I am in no sense dismissing the constitutional problems or acquiescing in a violation of the system of separated powers carefully crafted by the framers of the Constitution. Rather, it is my hope that the constitutional problems will be promptly resolved so that the vitally important business of deficit reduction can proceed.

In addition, the legislation also increases the debt ceiling so that the Federal Government can continue to meet its financial obligations.

The many Senators and Representatives whose hard work has borne fruit in this bill are to be commended. The American people expect their elected officials to take action now to reduce the size of government and to set upon a reasonable and equitable course to eliminate Federal budget deficits. I am unequivocally committed to that goal. I am hopeful and confident that Congress will act responsibly in meeting its obligations under the bill and thus in future years will render implementation of the automatic budget reduction mechanism unnecessary. Deficit reduction is on the horizon. We are embarked on this promising new path together, and together we will make it work.