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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

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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 implementations 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.

Statement on Signing the Bill Increasing the Public Debt Limit and Enacting the Balanced Budget and Emergency Deficit Control Act of 1985, 1985 PUB. PAPERS 1471-72 (Dec. 12, 1985).

Federal Debt Limit and Deficit reduction Bill

*Remarks on Signing H.J. Res. 324 Into Law.
September 29, 1987*

The President. Good afternoon. Most bill signing ceremonies are happy occasions; this one is not. This is a bill that I'll sign with great reluctance, and this is a bill that does not do justice to the American people. The bill contains two main provisions.

The first provision extends the Federal Government's authority to borrow funds. This is an action that we just take to prevent the Government from defaulting on its obligations, and I have no objection whatsoever to doing so. In short, this extension of the debt limit is necessary and unavoidable.

But the second provision is one to which it is my duty as President to voice the strongest possible objection. For this second provision involves a so-
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called fix of the Gramm-Rudman-Hollings deficit reduction law — a fix that doesn't fix things in the right way. Putting the country on a reliable track to lower deficits and, eventually a balanced budget — well, that's my goal. Unfortunately, the majority in Congress have already shown the inability to make the tough choices to reach those goals.

This administration's tax cuts fostered economic growth, so that over a 5-year period, Federal revenues have actually gone up more than 25 percent. But during the same period, Federal spending went up 46 percent. From 1982 to 1987, for every dollar cut from the defense budget, Congress added two dollars — and I repeat, two dollars — to domestic spending. Pork-barrel spending, spending for pressure groups, spending with utter irresponsibility — that is the main cause of the Federal deficit. And now Congress sends me this bill, a bill that I must sign to keep the Federal Government from default.

The Gramm-Rudman-Hollings "fix" is different from the original version. This measure says that, if by a certain date Congress and the administration have failed to agree upon a budget that cuts the Federal deficit by \$23 billion, then that amount — \$23 billion — will automatically be sequestered, a fancy term for an across-the-board budget cut.

The catch is this: In this version, even larger portions of the domestic budget will be exempt. This means that the cuts in the defense budget will be deep — very deep. Our nation's security would be undermined, and my hand in dealing with the Soviets would be weakened at a time when we're engaged with the Soviets in sensitive and significant nuclear arms reduction talks.

With this bill, then, Congress is telling me that we must pay for its uncontrolled domestic spending by endangering our national security or by raising your taxes, or both. Under their arrangement, the bill would go directly to the American people, but I will not allow the American people to be blackmailed into higher taxes. There are some in Congress who think that they have me trapped — that this time I'll have no choice but to raise taxes or gut our defenses.

But, well, I'm reminded of a story. It's a true story. It concerns an American commander during the Second World War. In the Battle of the Bulge, the enemy entered the American perimeter with a surrender ultimatum. They demanded this surrender, and the commander sent back a response that consisted of only one word. The word was "nuts." To those who say we must weaken America's defenses, they're nuts. To those who say we must raise the tax burden on the American people, they, too, are nuts.

For there's a third choice, the right choice. It's the choice I campaigned for in '80 and again in '84. It's the choice embodied in the Economic Bill of Rights that I proposed this past Fourth of July weekend. It

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is to cut the excesses from the domestic budget, to impose upon the domestic budget once and for all a sense of responsibility and the national good. The whole notion of fair treatment that forms such an essential part of our national character — the whole notion of fair treatment that demands that if defense spending is reduced, then a wider range of domestic accounts must be reduced as well.

The responsibility is on the shoulders of the majority in Congress. And I'm directing my Cabinet and my staff to do everything they can to cooperate and to reduce unnecessary spending on domestic programs. America can avoid a fiscal disaster, but Congress will not do it by putting their hand in your pocket or with a get-soft defense program.

There are some in Congress who support our goals to reduce the deficit. And let's take a pledge today to stand together with a common goal, a common purpose: to reject those who continue to want to spend more, tax more, and defend less; to protect America's interests and not the special interests.

Yes, I'll sign this bill. As I do so, from this moment on, the big spenders in Congress will have a fight on their hands.

[At this point, the President signed the bill.]

Reporter. Are there any big spenders in Congress up there, Mr. President?

The President. What did he say?

Q. Any big spenders up here? [Laughter]

Q. You're not President yet.

Q. He's the President.

The President. No, if you want to show your pleasure with what I said, give them a hand. [Applause] They're on our side.

Federal Debt Limit and Deficit reduction Bill; Remarks on Signing H.J. Res. 324 Into Law, 23 WEEKLY COMP. PRES. DOC. 1090-91 (Nov. 5, 1990). According to the White House transcript, the President spoke at 3:21 p.m. in the Rose Garden at the White House. See *id.* at 1091.

For an excellent scholarly discussion of Gramm-Rudman-Hollings's effect on the budget process, see Kate Stith, *Rewriting the Fiscal Constitution: The Case of Gramm-Rudman-Hollings*, 76 CALIF. L. REV. 593 (1988).

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Title I of Public Law 99-177 does not deal with the budget process. Title I provides: —

Joint Resolution

Increasing the statutory limit on the public debt.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection and inserting in lieu thereof "\$1,847,800,000,000, or \$2,078,700,000,000 on and after October 1, 1985,".

SEC. 2. MINIMUM CORPORATE TAX BY CORPORATIONS.

(a) Notwithstanding any other provision of this joint resolution the Senate Committee on Finance is directed to report to the Senate by July 1, 1986, legislation providing for payment of an alternative minimum corporate tax by corporations on the broadest feasible definition of income to assure that all of those with economic income pay their fair share of taxes: *Provided*, That said alternative minimum corporate tax shall take effect for corporate tax years commencing on or after October 1, 1986. The revenue raised by this tax shall be applied to reduce the Federal deficit.

(b) Notwithstanding any other provision of this joint resolution, the Committee on Ways and Means is directed to report to the House of Representatives legislation providing for payment of an alternative minimum corporate tax by corporations based upon the broadest feasible definition of income to assure that all of those with economic income pay their fair share of taxes: *Provided*, That, the Committee on Ways and Means shall report such legislation prior to October 1, 1986.

SEC. 3. ACHILLE LAURO HIJACKING.

(a) The Senate finds that —

(1) the four men identified as the hijackers of the Achille Lauro were responsible for brutally murdering an innocent American citizen, Leon Klinghoffer, and for terrorizing hundreds of innocent crew members and passengers for two days;

(2) the United States urges all countries to aid in the swift apprehension, prosecution, and punishment of the terrorists; and

(3) the United States should not tolerate any country providing safe harbor or safe passage to the terrorists.

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