

Exactly how much the Department of Defense (DoD) would have to contribute to achieving a zero deficit would depend on how much revenue would be increased and whether entitlements would be cut. Under the worst case scenario, there would be no increase in revenue and no cuts in the entitlement programs. This means the budget would have to be balanced by cuts in discretionary spending, of which national defense represents about one half. The best case scenario assumes half of the deficit would be offset by increases in revenue and the other half proportionately to spending for entitlements and domestic and defense discretionary programs.

Depending on the final provisions of the Balanced Budget Amendment, DoD budget cuts from FY 1996 to FY 2002 could range from \$110 billion to \$520 billion.

For national defense, the best case scenario would have a serious impact on national security. The worst case would be a disaster. Achieving these totals would entail substantial reductions to defense people and programs, which are already downsized to the minimum acceptable level deemed necessary in the Bottom-Up Review. Our forces would become hollow and we would have to give up our quality of life initiatives such as adequate compensation for military personnel, child care programs, decent barracks and family housing and other programs that provide a sense of community and support for military families. We would have to stop the modernization and recapitalization, which is needed and planned in our current five-year budget. We would have to cut back our emphasis on science and technology and technology reinvestment programs, and thereby risk the technological edge that has always given our forces an advantage over our adversaries.

Reductions such as these would fundamentally change the character of America's military posture, make our new strategy unsupportable, call into question our ability to fulfill U.S. commitments to our allies and to protect our interests worldwide, and undermine America's global leadership.

THE ANNUAL BUDGET PROCESS UNDER THE BBA

Let me now turn to the second problem: Life under a balanced budget amendment.

What about the affect on defense of the annual budget process under the Balanced Budget Amendment? The BBA annual budget process could routinely end up removing from our elected political leaders the decision about what level of defense spending is prudent. America's defense preparedness could get determined by economic shifts, cost growth in entitlements, and other non-defense factors. Even if threats to America's global interests were increasing or our forces deteriorating, the BBA could lead to deep defense cuts.

The fact that these consequences could be avoided with 3/5 approval of each house of Congress is scant reassurance. Preservation of an adequate defense posture would become dependent on exceptional political efforts. The BBA process would be heavily skewed in favor of cutting defense to compensate for whatever was escalating elsewhere in the budget. Even when a 3/5 majority minus one in either house believed that BBA cuts were unjustified, the minority view would prevail. Not exactly ideal for the world's most powerful democracy and best hope for future peace and stability.

The BBA would threaten frequent interruptions to the many long-term processes that are essential to maintaining a prudent defense posture. The quality and morale of our people must be continually nurtured, and would be devastated by rapid and deep

cuts in end strength. Our military and civilian professionals require extensive training and experience. We cannot recruit and retain top-notch military and civilian professionals, if they are vulnerable to summary dismissal.

Repair parts must be ordered three years ahead of anticipated use, in order to ensure the readiness of U.S. forces. Many years of research and development are needed to ensure that our forces are never outgunned or outmaneuvered. The average major weapons procurement program requires 8 years of development and testing. Production lines are necessarily set up anticipating stable procurement rates; they cannot be stopped and started, in order to offset a downturn in revenues or surge in entitlements. Because of the long-lead times needed for our weapons systems, DoD is unique among executive departments in that we must have detailed five-year plans incorporating them. It would be extremely costly, and essentially unworkable, to turn on and off defense programs, when the BBA forced deep budget cuts.

In sum, budgeting under BBA would inject great uncertainty and chaos into defense planning, which needs to have stability and a long-term perspective.

Small changes in the U.S. economy would mean even bigger budget problems. Using the CBO rule of thumb, a one percent rise per year in interest rates would increase the federal budget deficit \$5 billion in the first year and \$108 billion over five years. A one percent fall per year in real growth in the economy would increase the deficit \$9 billion in the first year and \$289 billion over five years. Thus under the BBA, even modest changes in the economy could trigger sweeping cuts to federal programs.

CLOSING

The Balanced Budget Amendment addresses a very important issue, but it would dramatically complicate our ability to plan for and manage a strong Department of Defense.

Defense programs would be especially vulnerable under the BBA, because DoD accounts for about half of all discretionary spending. And that is critical because the BBA had no implementation details. Unless the BBA becomes a vehicle by which revenues are increased or entitlements cut, DoD could well have to pay for half of every dollar of deficit reduction.

DoD budget authority, in real terms, has been in decline since FY 1985. We have finally reached the end of our build-down. It would be dangerous to continue to downsize our forces at this time. The Balanced Budget Amendment would cut defense spending to whatever level its arbitrary formula dictated, and thereby displace the carefully considered judgments of Members of Congress, Presidents, and civilian and military leaders as to what spending is necessary and wise. I do not believe such an approach to questions of national security would serve America well.

IMPACT ON DEFENSE TO GET TO A ZERO DEFICIT

In order to assess the impact on DOD, assumptions have to be made about final date and provisions of the Balanced Budget Amendment:

Assumption	
Year of implementation	2002.
Projected deficit at implementation .	Current budget projection.
Will revenue be increased?	If yes, 50%/50% revenue/spending.
Will entitlements be cut?	If yes, in proportion to outlays.

SMALL ECONOMIC CHANGES MEAN BIG BUDGET PROBLEMS

Modest changes in the economy would necessitate sweeping program cuts.

CBO RULE OF THUMB

	Deficit impact	
	First year	5-years
1% rise in interest rates	\$5B	\$108B
1% fall in real growth	9B	289B

A GLOOMY PICTURE WITHOUT THE BALANCED BUDGET AMENDMENT

(Mr. DUNCAN asked and was given permission to address the House for 1 minute.)

Mr. DUNCAN. Madam Speaker, former Senator Paul Tsongas wrote in the Christian Science Monitor a few months ago these very important words:

If you think sending a chunk of your hard-earned income to the Internal Revenue Service was tough this year, imagine the responses of future taxpayers who will face average lifetime tax rates of an incredible 82 percent.

Confronted with the burdens of a monstrous national debt, an aging population, and runaway federal entitlement programs, tomorrow's Americans will be turned into a generation of indentured servants. They won't stand for it. Without action today, we are likely to see generational political wars by the end of the decade.

We need to heed those words of former Senator Tsongas. That is why we need a balanced budget amendment. That is what this is all about. It is to give our children and grandchildren some hope for a good standard of living and for an economic future as bright as ours has been.

Madam Speaker, I am including at this point in the RECORD the complete article by former Senator Paul Tsongas, as follows:

[From the Christian Science Monitor]

JUST WHEN YOU THOUGHT THE DEFICIT WAS UNDER CONTROL—THE FINE PRINT IN CLINTON'S BUDGET PAINTS A GLOOMY PICTURE

(By Paul Tsongas and Jonathan Karl)

If you think sending a chunk of your hard-earned income to the Internal Revenue Service was tough this year, imagine the responses of future taxpayers who will face average lifetime tax rates of an incredible 82 percent.

Confronted with the burdens of a monstrous national debt, an aging population, and runaway federal entitlement programs, tomorrow's Americans will be turned into a generation of indentured servants. They won't stand for it. Without action today, we are likely to see generational political wars by the end of the decade.

It's a mess created by bipartisan fiscal irresponsibility in Washington. And far from addressing the problem, the politicians are insisting the deficit is "last year's issue."

The bad news can be found buried deep within President Clinton's 2,000-page, four-volume budget for 1995, which was recently passed by Congress.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, and under a previous order of the House, the following Members are recognized for 5 minutes each.