

January 31, 1979

Chairman Brand called the meeting to order at 9:05 a.m., roll call revealed that Rep. Azzara was absent.

HJR 3 - Sponsored by Rep.'s Marks, Ramirez, et al -- Rep. Marks submitted written testimony, see Attachment #1. In addition to his written statements, he also added that Hawaii, Washington, West Virginia, Alaska, California, Idaho, Iowa, Illinois, South Dakota and Indiana are considering similar bills during Legislative sessions now in progress, and felt that to be a reason for Montana to do the same thing.

REP. RAMIREZ-The American Bar Association has thoroughly studied the question of whether such a Constitutional Convention could be limited to one subject. (See Attachment #3) In the early '70's we were dealing with all of the reapportionment questions; and a select committee was called to study this question. They determined that the states could limit the business at hand. It has been well researched and I agree with their conclusions. Article 5 of the US Constitution permits them in two ways as indicated by Rep. Marks' testimony. Even if you approve this resolution, if you don't like what comes out of the convention we still have a choice about the outcome. The conclusion is that it could be limited - this is stated in the original Constitution, the Federalist Papers - that it can be a general or a specific amendment. There have been over 300 requests for Con Cons from state legislatures, but the rule is that the states must all ask for the same subject matter. So, I think the fears that this might open all sorts of amendments are untrue. Our state requires a balanced budget. He proposed an amendment that would take the language on page 2, line 18 over also, to page 3, line 10: "and allowing certain exceptions with respect thereto".

SEN. RASMUSSEN - Federal experts assure us we will be OK, but I think it violates the basis of common sense. I think we are seeing the day of reckoning now with the economic spiral. There appears to be a flaw in our economic system. There's nothing wrong with special interest groups. Each one accomplishes some good within the whole system, but none of them look at the whole picture. I think requiring a balanced federal budget will home in these groups and will allow elected officials to say no more often without it being death politically. This country is based on frugality in spending. Through over 90% of the nation's history we have managed without deficit spending. This is not a partisan issue, in that Republicans have spent just as much as Democrats. I quote Milton Friedman for you as a closing remark: "Everyone should be free to do good at his own expense."

OPPONENTS

JIM MURRAY-Executive Secretary of the Montana AFL-CIO -- Murray submitted written testimony, see Attachment #4.

LAURIE SULLIVAN-Common Cause -- We do not actively oppose this bill, but we ask very careful consideration of page 3, lines 8 and 9 -- and suggest affirmative language rather than the double negative presently in the bill.

MARKS-It was stated that this would mean an overnight decrease in federal aid. I think all this says is that these programs have to be paid for in cash. As

to a government entity borrowing money - almost all of the states require a balanced budget - the Appropriations Committee struggles for a balanced budget every year and somehow we make it. It was also stated that this would hurt less fortunate citizens. Could you look for a moment at (Attachment #2), which shows the loss in buying power due to inflation. We feel that inflation has been a direct result of deficit spending. Inflation not only hurts the retired person, but also the worker. I think this is a message from the states to Congress to act responsibly - they have two choices in this, and I feel they will take the first choice rather than go the Con Con route. I urge DO PASS.

JOHNSTON-What if the resolutions passed are different from state to state?

RAMIREZ-As long as the requests address the same subject, then according to the study cited earlier they would all be valid. PISTORIA-Why, in 200 years, we

have always used the method of state legislatures - why do you ask for a convention instead?

RAMIREZ-This gives the option to Congress but this isn't the first time that this has been attempted. There have been some 300 requests in our history but none of those requests has ever gotten 3/4 of the states; but, many of them have caused Congress to propose something to the people. Relative to the question of potential misuse of the ConCon, the booklet makes it clear (reference Attachment #3) - they have gone back to the original papers of our country and show why this particular method can limit this to a particular subject.

This resolution is very specific; even after the convention meets and accepts the amendment, the states (3/4 of them) would still have to accept the convention's findings.

PORTER-Assuming we go to Convention - who make it up? RAMIREZ-Basic-ally, Congress has the authority to set the time, place and method of delegate selection - Constitutional guidelines say that delegates would be selected from each of the states based upon population. Congress does not have the power to change the subject matter. They do have the power to propose amendments but they always have that. Congress only has the power to affix the time, place and method of delegate selection.

BRAND-The resolution says "national emergency" - we have had a 'national emergency' since I have been alive - so what does that mean?

MARKS-You mean your birth caused a national emergency? "National emergency" is defined and the President has certain powers at that time.

BRAND-So if these guidelines are followed, we still wouldn't have a balanced budget?

RAMIREZ-It would be up to the ConCon to determine what a national emergency is.

BRAND-Who will determine "economic need"? Would that be up to the President and Congress?

RAMIREZ-It isn't specified how that would be handled, but the ConCon would address that.

BRAND-Is it true that the military gets more money than any other segment of the government?

RAMIREZ-If you combine defense spending, I would say yes.

BRAND-If so, and we have a balanced budget and unemployment, and the President says we will exist under this, what happens if we have a recession or depression?

RAMIREZ-The direct payments to individuals take a larger portion of the budget than defense. I do think there are economic conditions that call for deficit spending. If the economy is poor for the working man we all suffer. We are

borrowing on the future to try to make an economic soundness for everyone and we can't continue to do that. This just says that we have to take this whole thing on a cash basis. It doesn't say the government can't help people in time of

economic crisis.

MCBRIDE-How much and who will pay for the convention?

MARKS-Just like Congress I guess, but I really can't where the money will come from or how much.

MCBRIDE-Have all the other states mentioned called for the same thing?

MARKS-I think there are only a couple who haven't called for both.

PORTER-Say that 2/3 agree to this - how soon would they act?

RAMIREZ-The Constitution provides that when 2/3 of the states ask for it, then Congress has to act.

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BENNETT-With all of the time limitations, it could be 10 years before this happened. RAMIREZ-Right, but if we don't pass this, it might never happen. DONALDSON-Is there any other way for us to ask for this? MARKS-Yes, but it hasn't been very effective - it happens every two years in November. DONALDSON-Have they ever responded to the states other than by a ConCon? RAMIREZ-Yes, the issues of slavery, polygamy, prohibition, etc. So, this method is credited with causing Congress to use the other method on a number of occasions. MARKS-This is calling for fiscal responsibility. The states have constitutional restraints and that's all we asking of the Congress. This puts them in a place of balancing spending and income. RAMIREZ-I think that before Congress calls any convention, they would propose their own amendment. The Housing Board bill showed us that we are having to show extra favor to certain people to make up for the federal deficit.

BRAND-We have a witness whose plane was late in arriving from Kalispell, would the committee object if we allowed him to testify? Seeing no objection, go ahead Mr. Williams.

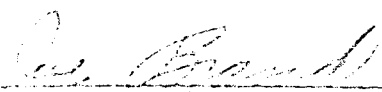
LARRY WILLIAMS-Kalispell, Montana-Candidate for US Senate in the previous election -- Our foreign trade deficit was released today and the stock market plummeted, but our inflation rate is even greater. Williams exhibited a chart illustrating that in 1915 the national debt was \$2 billion, by 1955 the interest on the same debt had grown to \$6 billion, 1965-\$10 billion, 1975-\$25 billion, with a projection for 1980 of \$75-\$80 billion. We spend more on the interest than on all of the executive department or defense combined. He cited a survey showing that 86% of Republicans and 82% of Democrats favor balanced budgeting and the ConCon to mandate that. In the Congress last year 155 representatives and 22 senators asked for this and couldn't get any reaction. He reemphasized the limitation imposed by the resolution, and that anything that passes in the convention would still have to go back and be voted upon by the states. As a closing remark, Mr. Williams warned that the cost of the convention would still not be anything close to the cost of the interest rate.

McBRIDE-Who controls the fact that the convention would be dissolved in the event that the subject matter was not strictly adhered to? WILLIAMS-The Constitution says that if it isn't limited that the convention would be null and void.

BRAND-Where was this survey you mentioned taken? WILLIAMS-It was conducted by CBS and the New York Times as people walked out of the polls last November and covered mostly eastern states, but smaller polls have been conducted in Montana and California.

Chairman Brand closed the hearing saying that HJR 3 would be put in a subcommittee for the purpose of amendment, with executive action expected in the next week.

Adjourned: 10:30 a.m.


Joe Brand, Chairman


Nita Sierke, Secretary