Our crushing, unsustainable national Debt was caused by irresponsible Congressional Deficits which can only be stopped by a Balanced Budget Amendment.

"To preserve our independence, we must not let our rulers load us with perpetual debt. I wish it were possible to obtain a single amendment to our Constitution ... taking from the federal government the power of borrowing."

Thomas Jefferson

"This country, with its institutions, belongs to the people who inhabit it. Whenever they shall grow weary of the existing Government, they can exercise their constitutional right of amending it ... I will venture to add that to me the convention mode seems preferable.

Abraham Lincoln

"... it is clear that we must rely on the states to force Congress to act on our (balanced budget) amendment. Fortunately, our Nation’s Founders gave us the means to amend the Constitution through action of state legislatures:"

Ronald Reagan

"... cherish public credit. ... use it as sparingly as possible, avoiding the accumulation of debt, by vigorous exertion in time of peace to discharge the debt, not ungenerously throwing upon posterity the burden which we ourselves ought to bear."

George Washington

Article V equally enables the general and the State governments to originate an amendment of errors.

James Madison - Federalist 43
Debt, Deficits, and the BBA is published by the Balanced Budget Amendment Task Force which is the national organization coordinating the effort to convene a convention for proposing a balanced budget amendment to the Constitution of the United States.

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Balanced Budget Amendment Convention

Debt, Deficits, and the BBA

In 2010, the Florida Legislature placed on the November general election ballot the following question:

*Should the United States Constitution be amended to require a balanced federal budget without raising taxes?*

Yes ___ No ___

With almost 5 million votes cast, 72% of Florida voters said “Yes.” The measure passed by large margins in every Florida county. 1

Why are Florida voters supporting a Balanced Budget Amendment? They are fearful of the economic and political future of our nation.

By the end of 2016, the national debt approached $20 trillion.

How much money is this? It is more money than all the stars in the sky. It is 2,600 times greater than the population of the planet Earth.

It is also greater than our gross domestic product (GDP). The GDP is the measure of all the transactions, which occur in a given year. It is the “size” of the U.S. economy.

In 2016, only eighteen of the world’s 191 nations had a debt greater than the size of their economy.

On January 1, 2017, the Gross National Debt for our nation was 107% of the GDP. During the height of World War II, the national debt reached 122% of the GDP. After the war, because of the reduction of government spending and a growing economy, the national debt dropped to 36% of GDP in 1980. 2

Unfortunately, for the last 60 years (1957 – 2017), “the world’s richest nation” borrowed money to fund the costs of its national government as the national debt has increased each year since 1956.

Congress has over the last thirty years:

1. Spent more each year than it has received in revenue.
2. Borrowed money from foreign entities which has given them significant influence over our foreign and trade policies.
3. Has looted all of the Federal trust and pension funds to pay for its deficits.
4. Instructed the Federal Reserve Bank to print money to pay for our government.

1 Florida Secretary of State, Division of Elections.
2 History of Federal Debt - U.S. Department of the Treasury
**Balanced Budget Amendment Convention**

**Deficits Cause Debt**

Some profess the Federal budget was “balanced” in 1999 and 2000 as the government took in as much as it spent. However, after accounting for the interest payable on the national debt, the total national debt actually increased both of those years.

In reality, the national debt has increased every year since 1956.

Since 2000, the Gross National Debt has increased $14 trillion. Unfortunately, Congress will borrow at least another $9 trillion from now, 2017, to 2025.³

The deficits and the increase in the national debt will likely be **much greater** than that.

The projections do not take into account additional spending for any armed conflict, natural disaster, new spending programs, expansion of current entitlement benefits, or costs above what was projected for Obama Care on the day of passage.

Additionally, the Congressional Budget Office projections do not include a significant increase in the interest rate on the current and future debt. The CBO has stated the interest rate will have to increase to 5% to finance future deficits.

One of the big questions is…from where will it get the money? There simply is not enough money available in the world to finance this debt.

The Gross National Debt is the accumulated total of all the money borrowed over the years by Congress.

The government borrows from two sources: 1) the “Public” and, 2) Federal government trust funds (Intergovernmental).

**Public Debt**

The Public Debt is money borrowed from private individuals and organizations and public entities outside the Federal government including the Federal Reserve Bank and foreign investors. Interest must be paid on this debt. The proportion of the debt held by the Public has both decreased and increased significantly over the years.

In 1995, the Public Debt accounted for 73% of our total national debt. However, by 2005, the Public Debt accounted for only 58% of the gross debt. The remainder of the

² Debt estimate based upon projections by the CBO, OMB, and Department of Treasury, which reaches a total of $28.9 trillion by 2025.
money was borrowed from Federal trust funds (more about that later). By 2020 it will account for 79% of the gross debt.⁴

The shifting composition of the gross debt is important as it identifies the source of financing for the Federal deficits. This is one of the major problems facing our nation.

In order to find sources of funding for its annual deficits, over the last fifteen years the Federal government has turned to foreign entities to loan it money.

In 1990, foreign entities owned only 6% of all of our gross debt. However, by March of 2016, their stake grew to 34% (45% of the Public Debt).

Between 2001 and 2015, the Federal government borrowed $10.2 trillion from the “public” to finance its deficits. Almost half of the money, $5 trillion, came from foreign entities.⁵

Our good friends the Russians helped us pay for our government. They increased their loans to us from $8 billion in 2007 to $164 billion by 2013. However, Russia has been “cashing in their chips” the last several years and have reduced their loans to us to about $90 billion.

China and Japan helped us pay for our government the most. In 2001, these two countries combined had only loaned our government $377 billion. However, by 2015, the debt owed to these countries grew to $2.48 trillion, 24% of the new Public Debt over the last 15 years.

However, the enthusiasm of China and Japan to loan us money has waned. Each has reduced their holdings of U.S. debt the last three years.

Why would China and Japan loan our government so much money? It certainly is not because it is a great investment, as the interest rate paid is pitifully low.

One of the principal reasons they loan us the money is to have political influence over U.S. foreign and trade policy.

**Trade Deficits**

There is a fundamental economic principle, which has been true for a thousand years: trade surpluses are good, trade deficits are bad.

When a country has trade surpluses wealth flows into the country. When it has trade deficits, wealth flows out of the country.

From about 1870 to the beginning of the World War II, the United States had only a handful of years for which it had a trade deficit. We were a wealth generating, exporting nation.

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⁵ Major Holders of Treasury Securities, U.S. Department of the Treasury
From 1950 through 1973, we had uninterrupted trade surpluses.

Unfortunately, we have not had a trade surplus since 1976. The trade deficits have been massive and are draining our nation of its wealth.\(^6\)

No nation would tolerate these trade deficits unless it had to. It would initiate trade policies, which require “fair trade” and simply turn around ships coming from ports, which do not cooperate.

However, the United States must obey the will of its bankers, China and Japan, and allow them to freely send their products to the United States without being required to purchase ours.

During this century, the trade ratio between these two countries has been similar to the following examples:

For every ten ships, which came from Japan full of goods to U.S. ports, five returned empty to Japan (2:1 trade ratio).

With China, it is worse. For every ten ships arriving from China, eight returned empty (4.5:1 trade ratio).

China has for many years violated patent, copyright, and trademark laws, manipulated its currency, and dumped products (exporting products below the cost of manufacture) on the United States. Our commerce department stood by and watched this happen.

On February 23, 2009, on a highly publicized trip, Secretary of State Hillary Clinton traveled to China to encourage Chinese leaders to “roll over” their existing debt and to continue to finance our government’s deficits.

Thirteen days later, on March 8, for no apparent reason, five Chinese naval vessels surrounded and harassed the USNS Impeccable, a naval research vessel in international waters. There was no military reason for China to do this. China simply wanted to let us know they could do it without any pushback from the U.S.

Every time our nation borrows money from foreign entities, we give up political control of our country to others.

**Owed to Government Trust Funds**

Congress has created almost one hundred “trust funds” over the years. Most are very small. A trust fund is essentially a savings account within the government.

A trust fund typically has a dedicated source of funding (tax). The expenditures are legally limited to the purpose of the trust fund. When trust funds have surpluses, the fund trustees “invest” the money so it can be used in later years.

Unfortunately, Congress has not invested the trust fund surpluses in the private sector, as is the case for funds managed by state and local governments.

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\(^6\) International Trade Administration, Department of Commerce, Bureau of the Census.
Balanced Budget Amendment Convention

For example, the Ohio Public Employees Retirement System has about $86 billion in assets. 

The money is invested in stocks, real estate, corporate bonds, and private enterprises. The profit from these investments typically is enough money to meet the annual cost of the pensions for retired government workers.

The trustees expect at least a 6% – 7% return on the investments. In most years, the return is much greater. There is usually no demand on the state’s treasury to pay retirement benefits. In the future, if there is a shortfall, the trustees can sell assets to pay for the pensions, not draw from the state’s general fund.

The largest of the Federal government’s trust funds is the Social Security Trust Fund.

In the late 1980’s, revenue to the Social Security Trust Fund was projected to fall short of disbursements to retired recipients. As a result, in 1992 Congress, with the assistance of President George H.W. Bush, effectively doubled the social security payroll tax rate.

Congress told the people the huge tax increase would save the social security program until 2040. It explained the new taxes would create huge surpluses in the fund and be “banked” until a later day. These surpluses would be available when payouts to retirees exceeded the income from taxes.

The surpluses generated in the Social Security Trust Fund between 1985 and 2016 totaled about $2.8 trillion. If the money had been invested in the private sector since 1985, like state pension funds, even if it generated a modest return of only 5% per year, there would be $5.4 trillion of “real” money and assets in the fund.

However, Congress did not invest fund surpluses in anything other than Congress. Congress “borrowed” the money from every trust fund and spent the money on anything it desired.

Congress issued non-marketable securities (cannot be sold to the public) to the trust funds, promising interest and repayment in the future. Unfortunately, Congress does not have a source of funding for repayment and literally issues an IOU for the interest due each year.

Between 2002 and 2008, Congress ran up $3.3 trillion in deficits. Cash surpluses from the Social Security fund paid for 36% of the deficits, an average of $171 billion per year.

The Congressional Budget Office (CBO) estimates that beginning in 2017 the Social Security Trust Fund will no longer have surpluses. The baby-boom generation will begin to retire in larger numbers. Income to the fund from taxes will not cover payouts to retirees.

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1 Ohio Public Employees Retirement System.
Balanced Budget Amendment Convention

In 2017 the shortfall is projected to be only $8 billion. However, by 2025 it will grow to $249 billion.

The Social Security Administration is supposed to draw down on the fund to make up the difference. The $2.8 trillion in the fund is supposed to last until at least 2035, maybe 2040.

But there is no money in the bank ... just IOU’s.

On March 18, 2014, CBO Director Douglas Elmendorf stated, “... many Americans have paid Social Security taxes for decades, expecting to get benefits in retirement. But the money people paid years ago was used to fund other government activities.”

Congress will have to find the cash to replenish the $2.8 trillion borrowed. What is worse, Congress will not have a source from which to finance its annual deficits.

The same problem exists for the Civil Service and Military retirement funds. There is supposed to be money set aside for pensions. But there isn’t any cash because Congress spent the money on other stuff.

Congress has spent all of the surpluses in all of the trust funds, including the James Madison Memorial Fellowship Foundation Trust Fund, which it owes $37 million.

One of the most egregious examples of Congressional abuse of trust fund revenues is the Nuclear Waste Disposal Trust Fund.

In 1983, the Nuclear Waste Disposal Fund was created to pay for the orderly storage of nuclear waste. A tax was levied upon users of nuclear materials, principally utility companies, which was deposited into the fund.

But Congress spent most of this money on other things. It became so obvious the tax money was not going to its intended legal use that a Federal Court of Appeals ordered the Department of Energy to stop collecting the tax beginning in May of 2014.

As of June 1, 2017, there was supposed to be $52.9 billion in the fund. But it has all been “loaned” to Congress. The problem of storing nuclear waste still needs to be addressed. It is a multi-billion dollar issue, but there is no money to pay for it.

**Interest Rate Razzle-Dazzle**

Some people fear this debt will hurt our children in the future. Actually, the burden of this debt has already fallen upon the shoulders of every American today.

For Fiscal 2016, interest payments on the debt totaled about $429 billion. This is about 28% of what the federal government collected in personal income taxes ($1.54 billion). It is more money than the cost of ten government departments.

In 2007 the federal deficit, the amount Congress spent over income, was $342 billion. Interest paid that year was $429 billion including that owed to the Federal
trust funds. In 2007, we essentially borrowed the money to pay the interest on the money we previously borrowed.

Wait a minute. How can the interest payment in 2016 be the same as 2007 when the debt was much less? The interest payment is less because the Federal government is doing a “razzle-dazzle” with interest rates.8

Enter the Federal Reserve Bank of the United States.

In order to reduce the amount of money paid for interest on the national debt and to provide a new source of funding for annual deficits, the Federal Reserve Bank has electronically “printed money” to purchase existing bonds and notes and to pay for current Federal deficits.

Between March of 2009 and June of 2014, the Federal Reserve Bank electronically printed almost $2 trillion and loaned it to Congress. The interest rate charged by the Federal Reserve Bank was virtually zero.9

History has taught us the printing of currency to pay for its government is the last act of a desperate nation.

As a result, the average interest rate on the national debt for Fiscal 2016 was only 2.23%. In 2007, it was 5.2%. In 1997, the interest rate was 7.1%.10

So, what would the interest payment have been in 2016 if the rate was the same as in 2007? At least $900 billion!

Between 2009 and 2013, deficits totaled $6.3 trillion. During this five-year period, surpluses in the Social Security Trust fund began to decline and only funded 6% ($76 billion per year) of the deficit. The Federal Reserve funded 38% of our national debt.

Big Trouble Ahead

Congress plans to borrow at least $9 trillion beginning in 2017 through 2025. It will likely be more than that. From where will it get the money?

The desire by foreign entities to purchase our debt has waned. Not only because the interest rate is very low, but also because the Federal Reserve has printed so much currency over the last five years, the value of the U.S. dollar will likely decline.

As an example, from 2002 to 2011, China and Japan combined loaned Congress an average of $180 billion per year. Since 2014, Japan has not increased its holdings and China has reduced its holdings by $200 billion.

Additionally, many believe the structure of the U.S. economy has been radically changed for the worse and there is less confidence our nation will have rapid economic growth in the future, which places repayment of the debt in question. For several reasons, the amount of debt held by foreign entities has begun to decline.

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8 Razzle-dazzle: a complex maneuver designed to confuse an opponent.
9 U.S. Treasury securities held by the Federal Reserve – Federal Reserve Bank of St. Louis.
10 Interest Bearing Securities – U.S. Department of Treasury
Since the current interest paid on money borrowed by Congress to finance the deficit is unusually low and unattractive to private investors, in the future the main sources of funding for the deficits will have to come from trust funds or from the Federal Reserve Bank by printing currency.

However, most trust funds will not have surpluses in the future and will have to be replenished from general fund revenue, as is the case of the Social Security and Medicare Funds.

The graph shows how trust funds and foreign investment will decline significantly as a funding source for the deficits.

The amount of debt attributed to the trust funds is already declining.

To raise private capital, interest rates will have to increase to at least 5% to become attractive for private sector investors, including foreign entities.\(^\text{11}\)

If that occurs, total interest payments paid by Congress annually will likely grow to more than a trillion dollars very soon, adding another $600 billion to the national debt each year. (The CBO projects the interest payment to be $1.3 trillion in 2025. It will likely be higher.)

Therefore, the Federal government now has a very difficult problem if it wants to continue deficit spending.

Congress could encourage the Federal Reserve Bank to continue to print currency to fund the Federal government, significantly devaluing our currency and leading to hyperinflation.

Alternatively, Congress could let the marketplace determine interest rates, which will balloon interest payments to be possibly the largest expenditure of the Federal government.

Either scenario could cause a collapse of our national economy and place our system of government in jeopardy.

**What Can We Do About It?**

Congress has placed the American people in an unconscionable position of being responsible for a debt it did not have to create.

Never before in the history of this country has one generation left the next generation in such a precarious fiscal situation.

We the people of this country are the victims of the excesses of our government. We will suffer for it.

What can we do to stop it? There are several alternatives.

We can do nothing. Doing nothing is always an alternative.

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\(^\text{11}\) Congressional Budget Office - January 2014 report.
Balanced Budget Amendment

We can elect people to office who will stop spending and borrowing. This alternative has not worked for the last 30 years.

We can riot in the streets like so many did in Europe. This is not a good idea.

The best solution is to limit Congress’ ability to borrow money by way of a Balanced Budget Amendment to the Constitution.

The first thought most people have when they hear the words “Balanced Budget Amendment” (BBA) is language, which limits spending by government to its revenue. However, a BBA can be constructed in many ways to include limits on borrowing, the growth of government, and provide exceptions for war and catastrophes.

**Balanced Budget Amendment**

In order to amend the Constitution, an amendment must first be proposed. After it is proposed, it is either accepted (ratified) or not.

Article V of the Constitution spells out the process. An amendment can be proposed in two ways:

- by a resolution adopted by two-thirds of both houses of Congress which Congress can do at any time,

- by the states at a convention called for the purpose of proposing an amendment.

The first draft of the Constitution at the Philadelphia Convention provided that only the states could amend the Constitution. A subsequent version allowed only Congress to propose amendments. The final version included both, equally.

The key to the debate in 1787 was the insistence that the states have the ability to both propose and ratify amendments, bypassing Congress. The minutes of the Philadelphia Convention are quite clear on this matter. The delegates demanded a provision, which enabled the states to correct the errors of the Federal government.

After the amendment is proposed, 38 states must agree to the amendment (ratify) in order for it to become part of the Constitution.

Congress will not propose a meaningful Balanced Budget Amendment. It enjoys spending money too much to place substantive restraints upon itself. There have been repeated efforts to get Congress to propose an amendment. It has always refused to do so.

As a result, the state legislatures must convene a convention to propose a Balanced Budget Amendment.
Convention for Proposing Amendments

Referring to an Article V Convention, Alexander Hamilton wrote, "We may safely rely on the disposition of the state legislatures to erect barriers against the encroachments of the national authority."

A “Convention for Proposing Amendments” is not a "Constitutional Convention" and never should be called such. There is no provision in our Constitution for such an assembly.

Instead, a Convention for Proposing Amendments is an assemblage of the 50 states with the limited purpose of proposing amendments - the same authority granted to Congress 365 days of the year.

Unfortunately, some state legislators fear a Balanced Budget Amendment Convention. They have been told “terrible things” can happen at a convention.

Those opposed to a convention call it a “Con-Con,” a derogative term describing what they believe will be a “run-a-way” convention, a meeting where the attendees can somehow change the Constitution on their own.

This notion was manufactured by liberal, central government advocates who know if the states exercise their authority to hold an amendments convention, power would shift toward the states, away from Washington.

These opponents will say and do anything to prevent the states from holding a convention.

Therefore, they made up a doomsday scenario, which unfortunately is believed by some conservative groups and legislators even today.

Liberal Washington groups popularized the “fear” of a convention first in the 1960’s to stop the States from overturning several liberal Supreme Court decisions. It was resurrected in the 1980’s to discourage states from holding a Balanced Budget Amendment Convention.

In 1990, 32 states (34 needed) had passed resolutions to convene a Balanced Budget Amendment Convention. Unfortunately, the effort stalled because of the myth of a run-a-way convention.

In the 1980’s, there was little academic research of founding era documents available to refute the claim that a convention could run-a-way. Fear of the unknown is a powerful motivator and liberals know how to use it.

Luckily, we know more today than in the 1980’s.

Technology to the rescue

Because of the ability to digitize information, founding era documents, resolutions, Federal case law, and academic studies, which had been hidden away in state records vaults, university archives, and private sector collections are now indexed and readily accessible for review today.
Balanced Budget Amendment Convention

It has been found that what was believed to be true about a “Con-Con” has little basis in fact. Federal Court rulings and the historical record support the following process for a convention.

Convention Process

In order to convene a convention for proposing a balanced budget amendment, thirty-four states (2/3rds) need to pass a resolution for this subject. The resolutions do not have to be the same in their wording, but only need to state the convention is limited to considering a balanced budget amendment. 12

Congress has already decided a convention can be called for a single subject. Over the last 150 years, Congress has received more than 500 “applications” from the states to convene a convention under Article V. However, Congress has never received an application from 2/3rds of the states for the same subject.

If a convention could not be limited to one subject, Congress would have been compelled many years ago to convene a convention after receiving applications equivalent to 2/3rds of the states for different subjects. It was not forced to do so.

The convention contemplated is a “convention of the states.” Virtually every Constitutional scholar agrees, as this was the only “convention” known to the Framers when the Constitution was written.

The Framers of the Constitution were very familiar with a convention of the states. Most of the delegates at the Constitutional Convention had participated in several interstate conventions during the Founding Era, as there were as many as 20 of them.

Upon receiving thirty-four applications for the same subject, Congress “shall” convene a convention. It has no discretion in the matter. As Alexander Hamilton wrote in the Federalist Papers: Congress’ responsibility in this matter is “obligatory.”

Congress’ only authority is to set the time and place for the convention. It cannot interfere in any manner regarding how the convention will function or its representation.

You see, at this point in the process, the role of Congress is “ministerial.” In fact, Congress is actually serving as an agent for the states, a facilitator to enable the convention.

In order for the states and Congress to have “equal” ability to propose amendments, Congress cannot interfere in the convention of the states in any manner; else, the process would no longer be equal.

12 Most of the findings clarifying the nature of an Article V convention are the result of the research by Professor Robert Natelson, Ret. He is presently a Senior Fellow in Constitutional Jurisprudence at the Independence Institute, Denver, CO and the Montana Policy Institute, Bozeman, MT.

Professor Natelson has created a series of studies and papers, which can be reviewed at http://www.i2i.org/robnatelson.php.
Balanced Budget Amendment Convention

The main reason the applications are sent to Congress is that the states need a “mailbox,” for lack of a better word.

Since the assemblage is a convention of the states, each state legislature will determine the following through a resolution passed by the legislature:

1) how many delegates it will send,
2) how the delegates will be chosen,
3) what specific instructions the state will give to its delegation,
4) and the conditions for recalling a delegate for violating the state’s instructions or the rules of the convention.

The specific instructions created by the legislature will control its delegation. Keep in mind, this is a convention of states, not a convention of delegates.

The instructions can be general in nature such as “use your good judgment in writing a balanced budget amendment.”

Alternatively, the instructions can be extremely restrictive such as “you are prevented from voting in favor of any amendment which does not limit the ability of Congress to raise taxes to balance the budget.”

The delegates are the agents of the legislature. Agency law and the conditions of their appointment bind them. They have absolutely no more authority at the convention than what the legislature has given them.

Most importantly, in order to convene the convention, 34 states previously passed resolutions for the single subject of a balanced budget amendment.

The delegates at the convention will be limited by the convention call, plus the instructions from their legislatures, to only consider a balanced budget amendment. They cannot do otherwise.

Interest in convening a Convention for Proposing a Balanced Budget Amendment has grown significantly among the legislatures.

In fact, the legislatures of several states are considering passage of bills, which will determine the number of delegates, how they will be chosen, and what criminal penalty a misbehaving delegate will suffer.

How the convention will function is not a mystery. From the minutes of previous conventions of states, the rules and procedures can be easily created.

The delegations will write the rules for the convention, voting will be by state, and the convention will deliberate the issue - a balanced budget amendment.

A vast, vast majority of the delegates will understand the great responsibility they have and will take great care in considering the amendment. To construct an amendment, the delegations will have to create language, which

1) will prevent Congress from frivolously creating debt,
Balanced Budget Amendment Convention

2) will assure there are provisions to finance armed conflicts or national emergencies,
3) is easily understood by the people,
4) has a penalty for non-compliance, and
5) will likely be ratified by 38 states.

It is highly unlikely a multi-page document will be proposed, which attempts to micromanage Congress.

The process of writing rules for a convention is nearing completion. In September 2017, a convention of the states convened in Phoenix, AZ for this purpose (see back cover).

If an amendment is proposed, Congress will determine the method of ratification either by the legislatures or by state ratifying conventions. Under either method, approval by 38 states is necessary to add the amendment to the Constitution.

What is the big fuss about a convention?

So, what is the fuss about a holding a convention? Well, there are organized groups which either want to stop any convention from being convened or they still believe the propaganda manufactured in the 1980’s regarding a convention having extraordinary powers which will get out of control and do all sorts of nefarious things.

Let us look at some of the issues, which they constantly raise.

The Philadelphia Convention ran-a-way, so will this one.

Opponents suggest the delegates at the Philadelphia Convention of 1787 violated the “convention call” which, they say, limited the convention to only amending the Articles of Confederation. Instead of amending, the convention recommend a new government.

They suggest since George Washington, James Madison, and others were “dishonorable,” then the delegates at a balanced budget amendment convention will also disregard the limits of the convention and propose other amendments.

The opponents base their argument on language from a resolution passed by the Confederation Congress in February of 1787, which included these words:

(The Convention) be held at Philadelphia for the sole and express purpose of revising the Articles of Confederation.

What they do not provide for you is the entire resolution, which follows:

Resolved that in the opinion of Congress it is expedient that on the second Monday in May next a Convention of delegates who shall have been appointed by the several states be held at Philadelphia for the sole and express purpose of revising the Articles of Confederation.

Note the first seven words of the resolution. The Confederation Congress had absolutely no authority over the convention and it knew it. The resolution was only a recommendation for action to be taken by the delegates at the convention, which had already been called by the states.
Balanced Budget Amendment Convention

So how did the Constitutional Convention in Philadelphia come about?

The convention was the result of a recommendation of the Annapolis Convention of 1786. That convention was called by the Virginia legislature to discuss “interstate commerce.” You see, that is how the states debated and solved interstate problems during the founding era, they had conventions of the states.

Among those attending were James Madison, John Dickinson, and Alexander Hamilton. At the convention, most expressed extreme frustration with the Articles of Confederation and desired to begin to form a new government.

Nevertheless, they could not do it at Annapolis, as that convention was limited to interstate commerce.

Instead, the convention issued a recommendation to the states to have another convention “to take into consideration the situation of the United States, to devise such further provisions as shall appear to them necessary to render the constitution of the Federal Government adequate to the exigencies of the Union.”

The word “constitution” (as it had been used during the era) did not refer to the Articles of Confederation, but to the entire political system at the time.

In November of 1786, the Virginia Assembly passed a resolution to convene a convention for that subject. At that point, a convention was going to be held. The only question was … how many states would show up.

By February of 1787, seven of the 13 states had passed resolutions to attend the convention to form a new government. It was at this time the Confederation Congress passed its resolution recommending only revising the Articles of Confederation.

In total, ten states voted to send delegations to form a new government, while New York and Massachusetts both passed resolutions to limit their delegates to only amending the Articles of Confederation. Rhode Island did not attend.

Of the 55 delegates who attended the Convention, only two signed the Constitution (Massachusetts delegates) against the will of their states. The convention did exactly what it was called to do.

Most importantly, after George Washington gavelled the close of the Philadelphia Convention, nothing changed. The convention only proposed the Constitution and had no power to force its adoption. Only after the states ratified the new Constitution was there a change in our government.

This is also the case for an amendments convention. It cannot change anything. It can only propose an amendment.

Opponents say James Madison was against an Article V convention because he wrote a letter against a convention. Therefore, we should be against a convention.

Almost immediately after the 9th state ratified the proposed Constitution and it went into effect, the states of Virginia and New York passed resolutions to convene an open convention under Article V. That was before Congress met for the first time. The purpose was to propose a “bill of rights.”

We have abundant historical precedent from which to draw in determining in detail what the scope and parameters are of a convention for proposing an amendment.

David F. Guldenschuh, Esq. Constitutional Attorney

James Madison not only supported the use of Article V for single subjects, he likely wrote the language, which appears in the Constitution.
Balanced Budget Amendment Convention

James Madison wrote a letter opposing that convention. He believed the convention was too comprehensive so shortly after the Philadelphia convention and that Congress should be given the opportunity to propose the amendments, which it did.

However, Madison not only helped write Article V, but also in his writings he was fully supportive of a convention convened under Article V for, in his words, “a single object.”

Delegates will do what they want, cannot be controlled, and will propose all kinds of amendments.

Opponents suggest the delegates attending such a convention are likely to be scoundrels and will summarily dismiss the limited purpose of the convention and all of the laws, which control it.

The opponents for some reason simply disregard all of the case law and legal restraints, which are placed upon the delegates at such a convention.

Additionally, this is a convention of states, not a convention of delegates. It would take a majority of the delegates from a majority of the states to violate not only their oath of office but also the laws of their states in which many are creating criminal penalties for doing such.

Even if that occurs, any amendment proposed other than a balanced budget amendment will be “ultra vires,” outside the power of the convention, and could not be sent back to the states for ratification by Congress.

If there is so much political support for other amendments, the process is open to these issues. Simply hold a convention for those subjects.

Congress will set the rules, pick the delegates, and control the convention.

Since virtually no one trusts Congress, the opponents try to instill fear by suggesting Congress will control this convention.

The opponents ignore the fact this is a convention of the states. In order for the states to have equal opportunity to propose amendments, Congress cannot interfere.

This position is supported by several Federal court cases, which state that no outside party, including Congress, can interfere with this convention. Period.

Just like the Confederation Congress in 1787 had no authority over the Philadelphia Convention, Congress has no authority over this convention.

The Convention can change the ratification process!

Opponents are again trying to instill fear against a convention suggesting that not only will the convention propose any amendment it desires, but somehow has “extra-constitutional” power to summarily amend the constitution at this convention to enable fewer than 3/4ths of the states be able to ratify a proposed amendment.

This is perhaps the most ludicrous idea the opponents suggest.
Balanced Budget Amendment Convention

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Balanced Budget Amendment Convention

Article V of the Constitution is very clear that ratification requires 38 states by the legislatures or by ratifying conventions.

In order to change the Constitutional process for ratification, the Constitution would have to be amended.

The convention does not have the power to amend the Constitution, only to propose an amendment.

What Has Happened?

• 1982: BBA proposed by U.S. Senate, 69-31, but fails to pass in “Tip” O’Neill controlled House. President Reagan urges States to use Article V.

• 1992: 32 States had passed a BBA Convention Resolution over the previous 15 years. The effort stalls as labor unions get Ohio and Michigan to vote no. Count - 32

• 1990’s: Interest in a Balanced Budget Amendment wanes as deficits decline with Gramm - Rudman, GOP Congress spending cuts, and unanticipated income from the “dot.com” stock market boom. Balanced Budget Amendment passes U.S. House but fails in the U.S. Senate, by one vote.

• 1990’s - 2010: Organizations which oppose a BBA Convention took advantage of the absence of advocates for a convention and convinced 16 states to rescind their applications, reducing the number of active applications to 16. - Count - 16

• 2010: Effort to convene a BBA Convention is initiated by a handful of volunteers. Through their efforts, Florida passes a two-subject resolution: BBA and restraining Federal mandates. Count - 17

• 2011: Alabama passes BBA Convention Resolution. Count - 18


• 2013: Ohio passes the BBA resolution in December. Ohio had defeated the resolution on three previous occasions. Count - 20

• 2014: Georgia, Michigan, Tennessee, and Louisiana pass the resolution. The Wisconsin House, Arizona House, and South Carolina House pass the BBA resolution, but because of the objection of one Senator in each state, a vote was not taken in the Senate. Florida passes a single subject BBA resolution. Count - 24

• 2015: South Dakota, Utah, and North Dakota pass the resolution. Additionally, the Wyoming House, West Virginia Senate, and Oklahoma House pass the resolution. Count - 27

• 2016: West Virginia and Oklahoma pass the resolution along with the Virginia House of Delegates. Democrat controlled Delaware rescinds. Count – 28

• 2017: Arizona, Wyoming, and Wisconsin pass the BBA resolution bring the total to 31 states. However, Democrat controlled Nevada, New Mexico, and Maryland rescinded their previous applications. Count – 28

“As the national debt continues to increase and the nation heads toward bankruptcy, momentum will grow for the BBA.

West Virginia Delegate
John Overington - Sponsor

“If not now, when? If not us, who?”

- Ronald Reagan

Referring to the citizen effort to convene a convention to propose a balanced budget amendment.
Watch a series of short videos which explain the desperate need for a Balanced Budget Amendment and how the convention process is safe and orderly. Go to ...

www.bba4usa.org/videos/
Arizona BBA Planning Convention

The Arizona State Legislature called a “formal” convention of the states which convened September 12, 2017 in Phoenix for the limited purposes of:

(1) planning for, and recommending rules and procedures to, the prospective convention for proposing a balanced budget amendment to the United States Constitution, and

(2) recommending to Congress the initial date and location of a convention for proposing a balanced budget amendment.

The Convention was structured in the same manner as an amendment convention.

After four days of deliberation, the convention recommended an eleven page set of rules which includes the following key provisions:

(1) Strictly limits all discussion to the subject of a balanced budget amendment with penalties for doing otherwise.

(2) Each state will have one vote.

(3) Quorum and voting rules prevent the minority from obstructing the convention or controlling its proposals.

(4) Each state will have an equal opportunity to present its ideas regarding a balanced budget amendment.