

Constitutional convention

Panic on the Potomac

NOW THAT INFLATION IS ONCE AGAIN raging at a double-digit level, it's hardly any wonder that the American people have lost confidence in the will and ability of Congress and the Carter administration to "manage" the economy. So badly have Democratic and Republican politicians bungled affairs in the last fifteen years that words like "management" and "planning" can only draw snickers in the context of federal economic policy. The people know who's responsible for recent economic disasters: Seventy percent in a recent poll said they did not trust politicians to wipe out the budget deficit, and, in a rare display of consensus, they have chosen by a margin of at least six to one to take matters out of the hands of Congress and to support a constitutional amendment to balance the budget.

Thanks to a concerted drive by the National Taxpayers Union, twenty-one states out of the needed thirty-four have passed petitions calling for a special constitutional convention to consider adding an amendment that would require Congress to keep its books in the black. A senior White House aide calls the convention "the most important domestic issue of the year," and indications are that President Carter and many congressmen are running scared. Already they have let loose a barrage of criticism against this potential challenge to their spending powers. And their rhetoric has been as inflated as their budgets.

"The radical and unprecedented action of convening a constitutional convention might do serious, irrevocable damage to the Constitution," Carter recently wrote Vern Riffe, speaker of the Ohio House of Representatives—a strange thought, considering that the Constitution itself provided for such conventions. Walter Mondale, in a speech to the National League of Cities, raised the specters of war and depression in attacking the alleged inflexibility of the as yet unwritten amendment. And, he added, "Sometimes we need a deficit in order to stimulate the national economy"—an excuse that sounds hollow after the years of unrelieved deficits we've been handed without economic justification, by one administration after another. What Mondale really meant was, "Sometimes we need a deficit to pay for programs we can't justify enough to raise taxes for." And what the hungry city officials in the audience no doubt heard was, "Without continued deficits, federal grants to states and cities will dry up."

If that's the impression they came away with, they can't be blamed, for they had been told as much by Senator Ed Muskie of Maine when he spoke to the National Press Club last February. "That's not a threat, but arithmetic," he

said, letting the state politicians draw their own conclusions. Muskie insisted that no money could come out of "defense," social security, or any other entrenched budget category. He outlined the economic holocaust that would follow in the wake of spending cuts: "That would cost more than a million American jobs. It might have an impact on inflation, but it would leave the economy far weaker than before." Evidently Muskie believes that jobs are created not by real investment but by the Federal Reserve Board's funny money, printed every year to cover congressional overspending. Fortunately more than three-fourths of the American people know better.

The liberals are having a hard time these days finding anyone to take seriously their discredited Keynesian doctrines; all those old shibboleths about the trade-off between inflation and unemployment just don't ring true in these times of high unemployment and high inflation. So liberal opponents of budget balancing have taken to arousing fears that the American people cannot be trusted with a constitutional convention. Members of a White House task force organized to defeat state endorsements of the convention have called the convention a "nightmare" and a potential source of "serious dangers to our economic, social and political system." Cynics might conclude that Carter's real nightmare is a political coup by Jerry Brown, but advocates of the convention do have to consider seriously the concern expressed by one Iowa state legislator: "Perhaps, just perhaps, you're inviting an entire rewrite of the Constitution that has existed since 1787."

Many liberals who have sounded this alarm seem to take it for granted that along with a balanced-budget amendment, we would be saddled with amendments outlawing free speech, abortion, and other civil rights—what Senator Kennedy has called "dismantling" the Constitution. That's a curious attitude for politicians who claim to want to open up the political system to "the people" and who look with pride on the growth of political participation by women, blacks, and the poor as proof that democracy works. If the people cannot be trusted at a convention, why trust them with the vote? Why not return to indirect election of senators? And why, above all, assume that convention delegates charged with the sober task of amending the Constitution would be any more likely to run roughshod over our liberties than Congress or the Nixon Court? Since any amendment proposed at a convention would still require ratification by thirty-eight states and would be subject to limited court review, it is hard to take seriously the hue and cry raised by congressional liberals.

The position of Republican leaders, however, is no less anomalous. Judging by their rhetoric, one might have expected the Grand Old Party to come down on the side of the balanced budget; after all, what else could distinguish it from the party of the New Deal and the Great Society? But let's not forget that the GOP gave us such big spenders as Presidents Nixon and Ford. So it shouldn't come as any surprise that House Minority Leader John Rhodes of Arizona should call the proposed amendment oversimplified

and unworkable, or that Senator Barry Goldwater should sound like a Carter minion when he proclaims, "We may wind up with a Constitution so far different from that we have lived under for 200 years that the Republic might not be able to continue." Evidently Republican as well as Democratic politicians know their bread is buttered at the taxpayers' expense—and they want no part of any moves to limit their powers. As Republican Representative E. G. Shuster of Pennsylvania said in disgust at the failure of House Republicans to endorse the amendment, "We're nothing but pusillanimous pussycats."

A balanced-budget amendment isn't necessarily the best way to tackle the problem of uncontrollable government spending, but it would at least force Congress to disclose to the American people the true costs of the myriad programs that politicians enact in order to win the next election. One thing's for sure: The hair-pulling and hand-wringing by convention opponents have little to do with real fears for the stability of the economy or the sanctity of our liberties. The only liberties in question are the liberty of politicians to filch the taxpayers' money and the liberty of Americans, guaranteed by the Constitution, to exercise their democratic prerogatives. □

Carter flunks on inflation

Passing the buck

O **N HIS RECENT BARNSTORMING TRIP** through the Southwest, Jimmy Carter expected to bask in the supposed triumph of the just-concluded Middle East peace treaty. Instead, with prices rising at the annual rate of 15.4 percent, he found that all the people wanted to hear about was inflation. More sharply, they wanted to quiz him on the federal government's own responsibility for inflation. Thus, in his appearance before the National Association of Broadcasters on March 25 in Dallas, Carter was asked by Carolyn Rosenzweig of Lansing, Michigan: "Washington places much of the blame for inflation on business and labor. But since the government controls the printing press and is by far the biggest spender in the nation, I'd like to ask you, doesn't the primary responsibility for inflation really lie with the federal government and just filter down to the rest of us?" At which the crowd literally cheered.

Carter's initial comment on this highly intelligent and perceptive question was, "That seems to be the most popular question so far." He then went on to explain why he thought Mrs. Rosenzweig was wrong. It was a fast shuffle. First, he quickly acknowledged that the federal deficit was too high, and that while he had promised a balanced budget, and the promise has clearly not been fulfilled, at least the deficit will, Carter hopes, have been cut in half by 1980. That done, the President went on to set forth his basic theory of the causes of inflation. The theory can be summed up in the phrase, "we're all in it together." Or, in Carter's own words:

It's obvious to me that industry, all employers, labor, the government at all levels and consumers are in this together, and until each one of us does our part, we'll never find a resolution of the problem.

And again:

The point is, I'm doing all I can as head of our government to control inflation. You need to do all you can within the area of your own influence. But if your own prices and charges go up more than our guidelines, you will have directly contributed to inflation and hurt your country, and it's a responsibility that each of us ought to accept. . . . Only by assessing it as a partnership and not trying to find a scapegoat can we possibly succeed.

And on and on. It is impossible to know what the crowd thought of these words because the President made this his last answer, and promptly closed the meeting.

To someone who knew nothing about the subject of inflation, Carter's answer might have seemed sober, reasonable, and sophisticated, in contrast to Mrs. Rosenzweig's seemingly simplistic heaping of blame on the poor, struggling federal government. But Carter's approach is very much like coming upon a big guy mercilessly beating up a little guy, and approaching the matter by lecturing both of them—while the beating goes on—that everyone should pull together to reduce the climate of violence in our society. Sometimes correct answers are simple rather than complex. In the case of inflation, Rosenzweig was on target and Carter was merely fogging up the problem.

The crucial point is this: Prices don't keep going up because people are greedy, or because businessmen or unions are selfish or unpatriotic and are trying to violate Carter's guidelines. Inflation is not a general failure of will. If prices were rising by 1.6 percent a year in the early 1960s, and by over 15 percent now, the reason is *not* that the quantum of greed has increased tenfold. There are basic economic reasons for inflation, and they have nothing to do with the relative selfishness or nobility of workers, businessmen, or consumers. By pinning the blame on all of these groups, it is President Carter who is scapegoating all of us to divert the blame from where it really belongs: on his own federal government. For the only reason that prices can continue to go up, and at ever-increasing rates, year after year, and decade after decade, is that the supply of money—of dollars—keeps going up, in roughly the same proportions over the long run. Prices have doubled in the last ten years only because the money supply has roughly doubled.

Consider what economists mean by "price." A price is simply the ratio of the money spent on a product to the amount of the product. If the price of beer is \$.30 a bottle, this means that people will have to spend \$1.80 for a six-pack. The determinants of price are the money spent as against the supply available. If the amount of beer increases, the price will fall; if the money spent on beer increases, the price will rise.

Prices can only keep rising *over the entire economy* if one, or both, of two things happen: Either the supply of most goods and services keeps going down year after year, or the amount of money spent on them keeps going up. Even though productivity and output would be going up much faster without the burden of government restrictions and taxes, the fact remains that overall, year after year, the production of goods and services keeps going *up*, not down. Since supply keeps rising, *none* of the blame for our chronic inflation can be laid to the door of any suppliers: businessmen, monopolies, or unions. On the contrary, despite other economic problems that may exist, the supply side has had a healthy, antiinflationary effect. The problem comes from the money side: The supply of money keeps going up, year after year. Money, the supply of dollars, is the sole culprit.

But when we look to the source of the supply of dollars,

we find there is only one source: the federal government. In Mrs. Rosenzweig's words, the federal government "controls the printing press." The more money it prints, the more the new money filters through the economy, and the more prices go up. No one else, no other institution in society, can control that printing press; counterfeiters are pursued with great vigor by the federal government, and put away for a very long stretch. Other crimes may be crimes, but, like the crime of tax evasion, counterfeiting hits directly at the revenue of the federal government, and is therefore treated as serious business indeed.

The money-printing process these days is complex. Not only does the federal government print money directly; it also creates new bank deposits through the Federal Reserve and its manipulations of our totally government-controlled commercial banking system. The effect is the same as printing money directly, but the process, conveniently for the government, is so obscure as to be scarcely understood by the general public. Yet if Mrs. Rosenzweig is any indication, the public at long last is catching on.

Why does the government have a penchant for using the printing presses? Well, why not? Wouldn't anyone who had acquired a monopoly on such a power make use of it? Having the power to counterfeit, the federal government is able to finance its own deficits and to subsidize powerful political groups, in a seemingly painless manner. Taxes, after all, raise the hackles of the unfortunates who have to pay them, but financing deficits by printing new money—a course not legally open to state and local governments—has been a painless way for the federal government to finance itself.

President Carter, like his predecessors, is blaming inflation on everyone else. But now at last the American public is catching on. Catching on to the fact that regulation of industry creates monopolies and injures the consumer. Catching on to the idea that high taxes only serve to fill the coffers of the bureaucracy and privileged political groups. And, as in the warmly greeted query of Mrs. Rosenzweig, catching on to the fact that our Number One economic enemy, inflation, is attributable solely to the money and spending policies of the federal government. The public refuses to be duped any longer. Unlike his predecessors in the Oval Office, Jimmy Carter will not get off the hook. □

The treaty's heavy price

Mideast maelstrom

NOW THAT AMERICA'S CHIEF MILITARY strongman in the Middle East, the shah of Iran, has fallen from power, President Carter has become more determined than ever to foster an informal military alliance among the anti-Soviet states in the region and has made the United States the guarantor of peace between Egypt and Israel. All this, White House officials frankly acknowledge, is an effort to salvage American influence in the postshah era.

Though surrounded with gala ceremonials and much trumpeting of significance, the newly signed Egyptian-Israeli treaty is little more than a gloss on the Camp David

accords. It has the same fundamental weakness of those accords: namely, as the *Christian Science Monitor* pointed out on March 7 in a survey of Arab attitudes toward the peace negotiations, that the Arabs since 1948 have seen Israel as the thief of Palestinian lands—and the Camp David framework neither returns those lands nor recognizes the right of Palestinian self-determination.

What do the Israelis mean by autonomy for the West Bank and Gaza? In February, a committee of high Israeli government officials recommended that the Israeli occupation regime remain the source of authority in the autonomous regions. Israel would retain control over internal



security, water rights, customs duties and other indirect taxes, and the issuance of identity papers. Land technically owned by the state (one-fifth of the West Bank) would remain at the disposal of Israeli authorities and be open to Israeli settlements. Some autonomy.

Furthermore, during the March 20–21 Knesset debate, Prime Minister Begin reiterated his triple rejection of moderate Arab hopes for the shape of peace: no political independence for the Palestinians, no Israeli withdrawal from Arab Jerusalem, and no Israeli withdrawal to the 1967 borders. Some peace.

While the contents of the new treaty are hardly new, we now know what the price tag is. Congressmen who had blithely talked about how cheap the treaty was are discovering to their amazement that the tax revolt isn't over yet. In a flood of mail their constituents are objecting to the additional \$5 billion that the United States is committed to providing to Egypt and Israel over the next three years. In reality, this is simply an extension of the \$15 billion that the United States has been giving to Israel and its neighbors since 1975 in an effort to purchase a peace to the American government's liking. But the American public is beginning to wise up about the costs.

Together with continued U.S. spy flights over the Sinai, naval visits to Haifa, and a guaranteed fifteen-year supply of oil to Israel, has come an increasingly formalized military alliance with Israel and an offer to enter into similar relations with Egypt. The new U.S.–Israeli memorandum of assurances contains language and formulas right out of standard treaties of military alliance. And it reaffirms all past assurances including Kissinger's secret 1975 memo that linked the partial Sinai withdrawal to a military alliance in everything but name.

Americans are being drawn farther into the maelstrom of Middle East politics. A treaty that resolves none of the fundamental issues is a recipe for a future war, and America's intimate involvement now makes it a likely participant in that future bloodbath. □

LETTERS

Letters to the editor should be addressed to INQUIRY Magazine, 1700 Montgomery Street, San Francisco, California 94111. The editors reserve the right to edit letters for length when necessary.

Surprise attack

IN YOUR ARTICLE ENTITLED "Citizens versus the mx" [INQUIRY, March 5, 1979] you mentioned the outrage of farmers over having only two weeks to comment on the mx missile project once they found out about it. Well, it's happened again. In February the air force distributed the "Air Mobile Option of the mx" for review by state and certain local governments. This review period was "regrettably" compressed to twenty-five days. Upon receipt of the document the reviewers found a note requesting that comments be returned by March 12. In most cases that gave reviewers less than twenty days to provide input on a 300-page document that requires a substantial knowledge of the initial six-volume mx Environmental Impact Statement in order to understand the concept. This just goes to show that the element of surprise is alive and well in the military arsenal.

PAUL DEGAETA
Topeka, Kan.

Alaska land grab

SOMETIMES YOUR MAGAZINE is most delightful and enlightening to read; other times it is exasperating, especially when you display either malice toward or ignorance of the environmental movement and what it is trying to do.

Your recent article on Alaska [INQUIRY, Mar. 19, 1979] by a staff member of the *Anchorage News*—a paper well known for supporting development—is a case in point. The article is a plea for untrammled greed and exploitation, under the guise of "home rule," and the casual reader not familiar with the attempted land grab going on up there may well fall for this lie, especially those who, myself included, have great sympathy for the concept of

local control, states' rights, and libertarianism.

But Suzan Nightingale's article is devious in a much more serious way. While it portrays the "outsiders" (ecofreaks from the lower forty-eight states) as depriving freedom-loving homesteaders and "real" Alaskans, nowhere does it even mention just who is really doing the exploiting of the state's resources, wildlife, and environment: namely the energy and mineral corporations, none of which has any loyalty to or affection for what makes Alaska so extraordinarily precious. That a magazine like yours should print what is a thinly disguised attempt to shift the blame from the greed and short-sightedness of private corporations—whose loyalty is not to national energy sufficiency or Alaskans or the environment but to their stockholders—gives the lie to everything that you purport to stand for.

LORNA SALZMAN
Friends of the Earth
New York, N.Y.

Abortion law

K. MULHAUSER AND J. Beals's "The campaign against abortion" [INQUIRY, Feb. 5, 1979] asserts as to the Akron ordinance regulating abortion clinics: "By defining the embryo as an unborn child from the moment a human egg is fertilized, the ordinance contradicts—among others—the Supreme Court, which has stated, to the contrary, that 'the unborn have never been recognized in the law as persons in the whole sense.'" But this report that the Supreme Court "has stated" that a pregnant mother's offspring is not an "unborn child" is false.

The passage Mulhauser and Beals quote has in truth nothing to do with "defining the embryo as an 'unborn child.'" Instead it discusses "persons," a legal term including partnerships, counties, corporations, etc. The standard *Black's Law Dictionary* defines: "A person is such, not because he is human, but because rights and duties are ascribed to him." Read the Mulhauser-Beals quotation in context:

[U]nborn children have been recognized as acquiring *rights or interests* by way of inheritance or other devolution of property, and have been represented by guardians ad litem. *Perfection of the interests involved*, again, has generally been contingent upon live birth. In short, the unborn have never been recognized in the law as persons in the whole sense. (Emphasis added.)

Misrepresentations like Mulhauser and Beals's might be excusable if innocently propounded by laypeople unfamiliar with right-to-life issues. When presented in a journal's law section by the executive director and the director of public information of the National Abortion Rights Action League, they are a disgrace.

GEORGE STEVEN SWAN
Toronto, Ontario

KAREN MULHAUSER replies: Mr. Swan's letter offers the opportunity to explain further the issues that were considered by the Supreme Court when it ruled in 1973 that restrictive state abortion laws were unconstitutional.

In its long and well-documented ruling, the Supreme Court traced the history of abortion laws from the time of the Persian empire and Greek and Roman eras—when abortion was practiced under the common-law tradition that allowed abortions performed before "quickening" (sixteen to eighteen weeks)—through the first criminal abortion statute in England in 1803 and the first American abortion law of 1821. The court made clear that the early U.S. laws were drafted to protect the life of the woman—abortions were extremely dangerous in the era before antiseptics. Acknowledging that there are numerous medical, philosophical, and theological views on when life begins, the Court stated that "there has always been strong support for the view that life does not begin until live birth"; and that "in areas other than criminal abortion the law has been reluctant to endorse any theory that life, as we recognize it, begins before live birth or to accord legal rights to the unborn except in narrowly defined situations, and except when the rights are contingent on live birth."

Roe v. Wade includes an excellent outline which unquestionably provides a defensible context for the statement that "the unborn have never been recognized in the law as persons in the whole sense."

PHIL STANFORD

Singing the balanced-budget blues

CONSIDERING THE OVER-whelming public sentiment in favor of a balance-the-budget amendment, why hasn't Congress rushed to support it? According to the polls, about three-quarters of the people in this country want a constitutional amendment that would require a balanced federal budget. A poll sponsored jointly by the Associated Press and NBC shows 70 percent in favor. The *New York Times*-CBS poll has it at 73 percent, and Gallup's two polls show 78 and 81 percent.

About the only other time in recent memory when there has been such a clear consensus on any political issue was a few years ago when the Senate Committee on Government Operations commissioned a poll to test the public's confidence in its elected officials. Seventy percent of those surveyed declared they had little or no confidence in the U.S. Senate, 71 percent had a similarly low opinion of the House of Representatives, and garbage men got a higher approval rating than any group of public officials. The upshot of that one, you may recall, was that several public officials held press conferences and warned the citizenry that they'd better shape up.

The spectacle of Congress attempting to cope with anything more consequential than the Easter recess is never very edifying. Congressmen did not become congressmen by taking courageous stands. They all know that if they want to be reelected they can't afford to offend too many voters. If an issue is particularly controversial, a successful politician will stall as long as

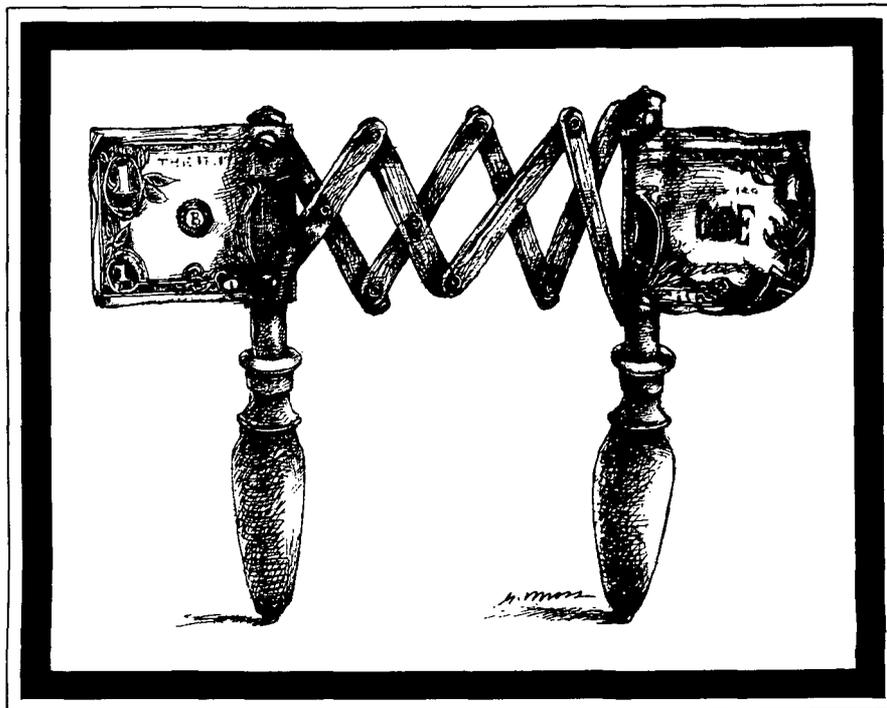
possible, in hopes that it will go away. If the issue absolutely refuses to disappear, the next step is to stake out as much territory as possible on both sides of it. This often helps to confuse matters and makes the prospect of actually voting for or against a controversial measure a bit less terrifying.

You would think, however, that the balance-the-budget amendment wouldn't fit this pattern. The mandate is unmistakable: People want the government to stop spending so damn much money. They have even made it easy for Congress by initiating the action at the state level. By the time this edition goes to the printer, it is likely that thirty state legislatures will have voted for a constitutional convention. Once thirty-four states, the two-thirds required by the Constitution, have done so, all Congress has to do is call the convention. It all seems easy and painless. But true to form, Congress, or at least a significant part of it, is currently engaged in trying to delay, divert, and, one way or another, defeat the amendment.

Senator Alan Cranston, the majority whip, has raised the possibility that Congress may be picky about which petitions it accepts from the states.

This is a possibility because the Constitution does not spell out exactly what the petitions should say or how the legislatures should approve them. Senator Gary Hart has proposed a new system of bookkeeping. Under Hart's proposal, the federal budget would be divided into operating expenses and capital investments, and capital investments wouldn't count as part of the budget. According to Hart, \$115 billion, about one-fifth of the current budget, would fall into the latter category. His list of these "long-term capital investments" is enlightening: It includes \$44 billion for new weapons; \$24 billion for highways, mass transit, pollution control facilities, hospitals, and "other physical assets"; \$15 billion for research and development; \$21 billion for education and training; and \$4 billion for loans. Whatever you may think about the merits of Hart's proposal, you must admit that the concept—of eliminating the annual budget deficit without spending less or taxing more—has a certain strange beauty.

Some of the opponents of the amendment simply resort to threats and dire predictions. Senator Edmund Muskie, chairman of the Senate Budget Committee, has threatened states with the loss of revenue sharing funds if the balance-the-budget amendment goes through. Senator Edward Kennedy has warned that a constitutional convention called to vote on the budget amendment might get out of hand and end up "dismantling" the Constitu-



PHIL STANFORD is Washington correspondent for INQUIRY.