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REMARKS BY GOVERNOR JAMES B. EDWARDS.

SOUTHERN GOVERNORS' CONFERENCE

REPORT FROM TASK FORCE COMMITTEE ON FISCAL RESPONSIBILITY

MR. CHAIRMAN, MY FELLOW COLLEAGUES, THE SOUTHERN GOVERNORS' CONFERENCE, IN ITS 1975 MEETING HELD AT ORLANDO, FLORIDA, PASSED A RESOLUTION ESTABLISHING A TASK FORCE TO DRAFT A PROPOSED CONSTITUTIONAL AMENDMENT TO LIMIT FEDERAL GOVERNMENT SPENDING.

I AM PLEASED TO REPORT WE NOW HAVE BEFORE US A PROPOSAL WHICH SPANS POLITICAL AND PHILOSOPHICAL LINES TO REACH THE HEARTS OF THE AMERICAN PEOPLE...REGARDLESS OF LOYALTIES.

THE TASK FORCE WAS COMPOSED OF SUCH NATIONAL AND INTERNATIONAL PARTICIPANTS AS - MILTON FRIEDMAN, INTERNATIONALLY REKNOWNED IN THE FIELD OF ECONOMICS; JOHN ROUSSELOT, THE DISTINGUISHED CONGRESSMAN FROM CALIFORNIA; JOHN ARENA, UNITED STATES TREASURY DEPARTMENT; CLARK STEVENS, DIRECTOR OF BUDGET FOR THE STATE OF GEORGIA; MAURICE ROWE, SECRETARY OF ADMINISTRATION

AND FINANCE, FOR THE STATE OF VIRGINIA; DR. PHIL KURLAND, UNIVERSITY OF CHICAGO LAW SCHOOL; AND FRED BUNTING, RETIRED FOREIGN SERVICE RESERVE OFFICER OF THE STATE DEPARTMENT; PLUS BUDGET OFFICERS AND MY STAFF MEMBERS FROM SOUTH CAROLINA.

THE TASK FORCE WAS AWARE OF THE TRADITIONAL BALANCED BUDGET SENTIMENT AND THE DIFFICULTIES OF DRAFTING A SOUND AMENDMENT BASED ON THIS PHILOSOPHY. WE WERE FURTHER AWARE OF THE GROWING NEED TO ATTACH AN ACCOUNTABILITY CLAUSE TO THE FEDERAL SPENDING PROBLEM.

OUR NATIONAL ECONOMY HAS BEEN SUBJECTED TO VIOLENT TRENDS IN RECENT YEARS. THE RESULT OF THIS UNSTABLE MOVEMENT HAS BEEN REFLECTED IN INFLATION AND RECESSION SIMULTANEOUSLY. ON THE GOVERNMENTAL SIDE, INFLATION HAS THE EFFECT OF A HIDDEN TAX, BUT IN THE PRIVATE SECTOR INFLATION NIBBLES INTO THE POCKETS OF EVERY MAN, WOMAN AND CHILD.

WITHOUT REGARD FOR TRADITIONAL ROLES, THE TASK FORCE AGREED THAT A NEW, MEANINGFUL APPROACH MUST BE OFFERED WHICH WILL BRING RELIEF TO THE AMERICAN PEOPLE.

ONE BASIC PROBLEM WITH THE DRAMATIC CHANGES IN OUR ECONOMY IS THAT A BUDGET DEFICIT OF "X" PROPORTION WILL BE FINANCED BY EITHER: (1) PRINTING MONEY - THIS METHOD PROLONGS THE INFLATIONARY TREND, OR (2) BORROWING - THIS TAKES MONEY AWAY FROM THE PRIVATE SECTOR AND RESTRICTS GROWTH OF THE PRIVATE ENTERPRISE SYSTEM.

IT BECAME OBVIOUS TO THE TASK FORCE THAT A BALANCED BUDGET WAS NOT THE MAJOR PROBLEM...THE PROBLEM IS TOO MUCH GOVERNMENT SPENDING WITHOUT BASIC GUIDELINES.

WE PROPOSE TO LIMIT GOVERNMENT SPENDING TO A SET PERCENTAGE OF THE NATIONAL INCOME. THE CONCEPT IS HIGHLY ACCEPTABLE IN THAT GOVERNMENT WOULD GROW WITH THE PEOPLE. THE FEDERAL GOVERNMENT WILL ALSO CONTINUE TO REAP THE INFLATIONARY ADVANTAGES OF THE PAST BASED ON THE NATIONAL INCOME GROWTH.

IF THIS IS TRUE, AND I ASSURE YOU IT IS, WHAT SIGNIFICANT EFFECT WILL THIS AMENDMENT TO THE CONSTITUTION HAVE ON OUR FEDERAL BUDGET?

FIRST...IT WILL ENABLE THE AMERICAN PEOPLE TO LOOK AT THE NATIONAL INCOME FIGURES AND PROJECT FEDERAL SPENDING AND BORROWING. THIS WILL GIVE CONFIDENCE TO OUR BUSINESS LEADERS AS THEY PLAN FOR FUTURE PRODUCTIVITY AND GROWTH.

SECOND...IT WILL SERVE AS A LONG-RANGE GUIDE TO OUR GOVERNMENTAL LEADERS AS THEY GEAR-UP ESSENTIAL PROGRAMS OR ATTEMPT TO DEVELOP NEW AREAS OF NECESSARY FEDERAL INVOLVEMENT.

FURTHER, PROVISIONS HAVE BEEN MADE TO CREATE FLEXIBILITY IN THE EVENT OF A NATIONAL EMERGENCY.

GENTLEMEN, I AM DELIGHTED TO HAVE CHAIRED THIS TASK FORCE AND NOW IT IS MY PRIVILEGE TO OFFER THE FOLLOWING PROPOSED AMENDMENT.