

Class 1

Were the designers of our Constitutional Republic unaware or unprepared for the economic crises of today? The truth, they knew precisely the challenges we would face and created a system that would not only fund a federal government, but would also place the most control over the government in the hands of the people. The problem with government and spending today, is that we have traded the constitutional standard for politics and political party policies.

- Who is supposed to control the budget, or have “the power of the purse?”
- What is the intent and purpose of the “power of the purse?”
- Which Article, section and clause empowers those in the federal government to do what they do?



Article 1 section 7 clause 1 of the Constitution:

“All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other Bills.”

The power to collect money Originates in the House of Representative.

The Senate “may” “propose or concur with amendments as on “other” bills.”

Federalist #58, written by James Madison and second, the *Notes on the Ratification Debates* taken by James Madison and others during the debates.

In Federalist #58

“The House of Representatives cannot only refuse, but they alone can propose, the supplies requisite for the support of government. They, in a word, hold the purse that powerful instrument by which we behold, in the history of the British Constitution...”

Constitutional Design:

Only the House the defunds and it is only the House that can fund.

He identifies this delegation of authority as the “power of the purse” and a powerful instrument as well.

POWER OF THE PURSE: ART 1 SEC 7 CL 1

- Why would the designers of our federal government vest this power in the House and limit the Senate's authority over spending?

This very question became part of the debate during the *Ratifying Convention in 1789*.

During the Ratifying Convention held in Virginia in 1789, Representative Alexander White made this comment:

“The Constitution, having authorized the House of Representatives alone to originate money bills, places an important trust in our hands, which, as their protectors, we ought not to part with. I do not mean to imply that the Senate are less to be trusted than this house; but the Constitution, no doubt for wise purposes, has given the immediate representatives of the people a control over the whole government in this particular, which, for their interest, they ought not to let out of their hands.”



Today, our Congress undermined this distinction of revenue power resting in the House alone. Our modern process places way too much power in the Senate.

Even then the question seemed to be WHY the House? Why not the Senate? Or even why not the Senate AND the House?

The distinction is intentional and based upon wisdom.
The House is “the immediate representatives of the people.”

As the immediate representatives of the people, the House must remain focused upon the people and the liberties of the people, that means limiting government and controlling spending.

The describes its purpose; “a control over the whole government.”

The power of the purse is the most powerful instrument because if you control the money, you control the entire government.

In this discussion, as it occurred in 1789, James Madison responds to Alexander White in the affirmative:

“The Constitution places the power in the House of originating money bills. The principal reason why the Constitution had made this distinction was, because they were chosen by the people, and supposed to be the best acquainted with their interest and ability.”

The House is the representatives of the people. The Senate is the representatives of the States.
We want the PEOPLE to have the greatest control over the operation of the government. The House, being chosen by the people, as the direct representatives of the people, will know what their people want the government to do with THEIR money.

At this time in America, the representatives in government still believed that tax dollars were the property of the people, to be controlled by the people, and to be guarded and responsibly maintained by the government in trust for the people.

Theophilus Parsons, a representative at the Massachusetts Ratifying convention in 1788, - why we shouldn't vest the power of the purse in the Senate:

“It is objected that it is dangerous to allow the Senate a right of proposing alterations or amendments in money bills; that the Senate may by this power increase the supplies, and establish profuse salaries; that for these reasons the lords in the British Parliament have not this power, which is a great security to the liberties of Englishmen...”



Remember the Senate is the representative of the State governments, not the people. And representing another form of government, there might be the tendency to support government over the will of the people.

‘Mr. Grayson objected to the power of the Senate to propose or concur with amendments to money bills... As this was, in his opinion, a departure from that great principle which required that the immediate representatives of the people only should interfere with money bills... The lords in England had never been allowed to intermeddle with money bills. He knew not why the Senate should... Why should the Senate have a right to intermeddle with money, when the representation is neither equal nor just?’

In this debate, Madison reassures Grayson that the ability of the Senate to propose or concur with amendments to money bills is not intended to be a significant power

“When a bill is sent with proposed amendments to the House of Representatives, if they find the alterations defective, they are not conclusive. The House of Representatives are the judges of their propriety, and the recommendation of the Senate is nothing.”

Additional Reading:

1. Article 1 section 7 clause 1 US Constitution
2. Federalist #58 http://avalon.law.yale.edu/18th_century/fed58.asp
3. Annals of the Congress of the United States, pages 193-194 in Ebook, pages 360-362 in original text <https://play.google.com/books/reader?id=gK9JAQAAMAAJ&printsec=frontcover&output=reader&hl=en&pg=GBS.PA359>
4. Massachusetts Ratifying Convention, 23 Jan. 1788, http://press-pubs.uchicago.edu/founders/documents/a1_7_1s9.html
5. Debate in Virginia Ratifying Convention, 14 June 1788, http://press-pubs.uchicago.edu/founders/documents/a1_7_1s10.html



Class 2

Remember - Article 1 section 7 clause 1

All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other Bills.

Madison explains to Grayson, because the clause says “May,” the House doesn’t have to accept the Senate’s proposals or amendments. The House is the FINAL judge of all spending and anything the Senate may have to offer is merely suggestive, it is NOT a controlling power.

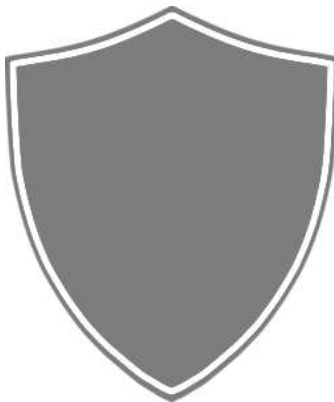
All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other Bills.

How does this power of the purse exercise a control over the whole government?

Madison explains in Federalist #58 what the House of Representatives is to do with this power:

“... finally reducing, as far as it seems to have wished, all the overgrown prerogatives of the other branches of the government.”

One thing that the designers of our Constitutional Republic were very aware of was the propensity for government to grow over time. A government left unchecked will grow exponentially. History proves the bigger government gets, the less power and liberty the people will hold.



Our founders believed that the jealousy of the people toward their liberty and the liberty of their children, combined with the ever-vigilant and watchful eye of their representatives, would drive their representatives to maintain government within its Constitutional boundaries. Any power exercised outside proper Constitutional delegation would be immediately identified by the people as a threat to their liberty, and that activity would be defunded, or even denied funding from the very onset through the people’s House of Representatives.

If the executive branch began to exercise unauthorized power, if its agencies began to grow in number and in size beyond the delegation of the power through the Constitution, the House of Representatives would be OBLIGATED to defund these agencies to restore the proper limits and balance of the federal government. If the Judiciary, began consuming more and more power, escaping its constitutional confines, the House of Representatives would be OBLIGATED to reduce its funding to restore the proper balance of government.

James Madison elaborates on the purpose of the power of the purse in Federalist #58:

“This power over the purse may, in fact, be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people, for obtaining a redress of every grievance, and for carrying into effect every just and salutary measure.”

There will be those who will argue about the role of the Senate in funding and defunding. But the argument made in favor of the expansion of the power of the Senate is only made by ignoring every statement made by the men who designed the House, the Senate, and the power of the purse.



But what about the president? Can the president refuse to sign a budget? Can the president shut down the government if he doesn't like the House's budget?

Article 2 is the power delegated to the President. There is no power to raise or lower taxes. The only power delegated to the president is to act within an advisory role, much like the advisory role of the Senate as indicated in

Article 1 section 7 clause 1:

All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other Bills.

There is no mention of the executive branch or the president in this clause.

Bills of revenue ARE NOT LAW. They are the exception to the process of creating law. If Bills of revenue were exactly the same as laws, to be processed exactly as laws, and to function exactly like laws, there would have been no reason to even add Article 1 section 7 clause 1, because everything would simply follow the same process:

1. Laws originate in the House OR Senate
2. Laws can be changed by the Senate
3. Laws can be filibustered by the Senate
4. Laws must be signed by the President
5. Laws can be vetoed by the President

But because Bills of Revenue are NOT LAWS, there is a different clause with express distinctions:

1. Funding can only originate in the House
2. Funding cannot originate in the senate
3. Funding cannot be controlled by the Senate
4. Funding cannot be blocked by the Senate
5. Funding cannot be controlled by the Executive
6. Funding doesn't need to be signed by the President.

Why is this distinction justified? Because Laws are permanent until revoked. In order to undo a law, you have to go through the entire legislative procedure to revoke or amend a law. Since it carries such a permanent (influence) over the people, it MUST have the check and balance of both branches of government. Bills of revenue, however are NOT permanent. They expire at the end of every fiscal year.

POWER OF THE PURSE: ART 1 SEC 7 CL 1

The designers of our Constitutional Republic made the purpose of reserving the power of the purse in the hands of the House very clear. And to deny that purpose and its subsequent control of government is to establish a government whose only limit is its own desire and whim. We now know the office of the president has:

No Constitutional Authority to Approve A Budget

No Constitutional Authority to Disapprove A budget

No Constitutional Authority to Amend a budget

No Constitutional Authority to Veto a budget

No Constitutional Authority to Shut down the government

NO CONTROLLING AUTHORITY OVER THE BUDGET.

Additional Reading:

1. Article 1 section 7 clause 1 US Constitution
2. Article 2 of the US Constitution
3. Federalist #58 http://avalon.law.yale.edu/18th_century/fed58.asp
4. Federalist #69 http://avalon.law.yale.edu/18th_century/fed69.asp



Class 3

- How it is operating today?

The change from the Constitutional standard to our modern unconstitutional government spending began in the era shortly before and after 1920 with the Budget and Accounting Act of 1921 signed into law by President Harding.

Budget Accounting Act of 1921

- Made some of the most significant changes to the power of the president and would change the expectation of the office of the president forever.
- Began the controlling power of the executive branch over the budget.
- Created the General Accounting Office, an executive agency that institutionalized the executive branch as a part of the budgetary process.
- “Standardize” the budgetary procedure.
- Removed the established standard and created the road to the chaos we have today.

After 1921 came a succession of laws that make our process of funding and defunding what our Congressmen believe is the proper form of government.

1974 Congressional Budget & Impoundment Control Act
1985 Balanced Budget & Emergency Deficit Control Act
1987 Balanced Budget & Emergency Deficit Control Reaffirmation Act
1990 Budget Enforcement Act
1997 Balanced Budget Act

Each of these laws moved America further and further from its Constitutional moorings, removing more and more power from the people, and allowing greater and greater unchecked expansion of government.





The Congressional Budget & Impoundment Control Act of 1974, eliminated an essential check and balance that existed in the executive branch over the legislative branch called “impoundment.” Congress, during the Nixon administration, was irritated that Nixon was refusing to spend money allocated to the Environmental Protection Agency. Impoundment is the prerogative of the president to refuse to spend money allocated that was unnecessary or unjustified and was seen as an essential check and balance and had been exercised by presidents since Thomas Jefferson. When Jefferson was the 4th president, congress had allocated \$50k to buy gun boats for the navy. Jefferson refused to spend this money, as he felt it was an unnecessary expenditure:

“The sum of \$50k appropriated by Congress for providing gun boats remains unexpended. The favorable and peaceable turn of affairs on the Mississippi rendered an immediate execution of that law unnecessary.”

During the Nixon administration, Congress did not appreciate this check upon their power and wrote the Congressional Budget & Impoundment Control Act of 1974, to eliminate that check and balance. Unfortunately, this unconstitutional expansion of congressional power was thought to be “lawful” by the supreme Court and in their Opinion in Train v City of New York, the Court stated:

“The President cannot frustrate the will of Congress by killing a program through impoundment.”

The obligation of the president to execute the laws of Congress is limited by Article 6 section 2 of the Constitution which requires all laws made by congress to be consistent with the Constitution. Any law inconsistent to the Constitution, as stated by Alexander Hamilton in Federalist #78, is no law at all.

When congress makes a law that is inconsistent with the Constitution, the executive branch not only has not authority to execute that law, but it also has an obligation to defend the Constitution by refusing to execute the law.

In that essential principle of defending the Constitution, Impoundment is vital check on legislative power.

Balanced Budget & Emergency Deficit Control Act of 1985 required that Balanced Budget be achieved by 1991. This Act created a process for sequestration. Sequestration involves setting a hard cap on the amount of government spending; if Congress enacted annual appropriations legislation that exceeded these caps, an across-the-board spending cut is automatically imposed on these categories, affecting all departments and programs by an

equal percentage. The amount exceeding the budget limit is held back by the Treasury and not transferred to the agencies specified in the appropriation bills. The supreme Court didn't like the sequestration process created by this Act and declared it to be an unconstitutional violation of separation of powers. This time deciding that the legislative branch cannot interfere with the executive branches execution of the budget. A complete 180, once again, in favor of bigger government.

This Act in 1985 also established penalties if Congress exceeded the federal budget in a fiscal year. Following the Act of 1985 Congress passed the Balanced Budget & Emergency Deficit Control Reaffirmation Act of 1987 which delayed the balanced budget requirement in that Act of 1985 by 2 years and "fixed" the sequestration process according to the supreme Court's opinion.

The Budget Enforcement Act of 1990 established the Pay As You Go or PAYGO, which compelled new spending or tax changes not to add to the federal debt. Any new spending proposal must either be "budget neutral" or offset with savings derived from existing funds.

Then in 1997, Congress passed the Balanced Budget Act of 1997 which amended the PAYGO to allow debt if it occurred after the 1st fiscal year. Beginning in 1998, Congress started enacting, and the President signing, increases in discretionary spending above the statutory limit using creative means such as advance appropriations, delays in making obligations and payments, emergency designations, and specific directives. PAYGO expired 2002 and has been reenacted in various forms over the years. None with any force as the original legislation, all with loopholes and "emergency" exceptions defined by Congress to allow Congress to spend beyond the budget. One thing that remains consistent in all of these congressional acts, is that with all the limits that are established there is always a loophole to exceed them, always an exception to allow, through this discretion of the law makers to set their own limits and then violate them with no consequences.

As a direct result of all these politically created procedures, the Constitutional Standards established to maintain a limited a defined federal government in which the House oversees and controls the budget, have been all but forgotten and completely ignored.

Today the budgetary process goes like this:

- President Submits a Budget Request to Congress by the 1st Monday in February:
- Budget Includes Spending for Next Fiscal Year Beginning October 1 through September 30
- Budget is Created by the OMB
- Funding Requests For Executive Departments & Independent Agencies
- February: Budget goes to House & Senate Budget Committee & The Congressional Budget Office (CBO)
- March: The CBO publishes President's Budget Proposals
- Congressional Budget Committees Consider President's Budget Proposals
- April: Committees Submit Budget Resolutions
- House & Senate Expected to Pass Budget Resolutions by April 15
- If No Budget Resolution passed, Previous Year's Resolution Remains
- If Budget Resolution is Not Passed by Start of October 1, Congress May Enact a Continuing Resolution for Temporary Funding
- Failure to Appropriate = Shut Down

Where is the people in this process? Where are the checks and balances? What is the limits to spending in our government? Under this new aberration, we call a budgetary process, as one Michigan Congressman told me, "the

only limit to the power of Congress to spend, is what they can get a majority of Congressmen to support by vote.” This is not the Constitutional Republic that our founders created. This is a spending monster. When we abandoned the Constitutional standard in 1921, we created the pathway for the government today, where as of April 22, 2016, every man, woman, and child effectively owes \$42,998.12 as soon as they take their first breath!

Additional Reading:

1. Article 1 section 7 clause 1 US Constitution
2. Home Politics Encyclopedias almanacs transcripts and maps Budget and Accounting Act 42 Stat. 20 (1921) <http://www.encyclopedia.com/politics/encyclopedias-almanacs-transcripts-and-maps/budget-and-accounting-act-42-stat-20-1921>
3. 1974 Congressional Budget & Impoundment Control Act <https://www.govtrack.us/congress/bills/93/s37/text/enr>
4. 1985 Balanced Budget & Emergency Deficit Control Act <https://www.congress.gov/bill/99th-congress/house-joint-resolution/372>
5. 1987 Balanced Budget & Emergency Deficit Control Reaffirmation Act
6. 1990 Budget Enforcement Act <https://www.gpo.gov/fdsys/granule/HMAN-112/HMAN-112-pg1099/content-detail.html>
7. 1997 Balanced Budget Act <https://www.congress.gov/bill/105th-congress/house-bill/2015>



Class 4

Remember the words of James Madison:

“This power over the purse may, in fact, be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people, for obtaining a redress of every grievance, and for carrying into effect every just and salutary measure.”

There are great consequences if we remain on this course. These consequences were not unforeseen. James Madison gave this warning in 1792:

“...If Congress can employ money indefinitely to the general welfare, and are the sole and supreme judges of the general welfare... it would subvert the very foundations, and transmute the very nature of the limited government established by the people of America.”

Our refusal to act and defend the constitutional limitations of government will establish a future where we no longer have a Constitutional Republic, but a Banana Republic.

Hear what George Washington has to say about this fact in his letter to Bryan Fairfax in 1774:

“I think the Parliament of Great Britain hath no more Right to put their hands into my Pocket, without my consent, than I have to put my hands into your’s, for money;”

Combine the truth that the government has no authority unless that authority first exists in the hands of the individual, with the knowledge of the “power of the purse” delegated to the House. The people cannot delegate a power, they do not possess. Therefore, since we know the “power of the purse” was delegated to the House, we must admit that WE THE PEOPLE, as individuals also possess this power! This is the very point Thomas Jefferson made to Lord North in 1775:

“That this privilege of giving or of withholding our monies, is an important barrier against the undue exertion of prerogative, which, if left altogether without controul, may be exercised to our great oppression; and all history shews how efficacious is its intercession from redress of grievances, and re-establishment of rights, and how improvident it would be to part with so powerful a mediator.”

This is why Americans MUST work to eliminate the IRS, repeal the 16th Amendment and restore taxation to its constitutional standard, where taxes are assessed upon the States and apportioned according to their population.

We must work to restore the sovereign nature of our State governments. The States were established to be the guardian of our Rights. When the States created the federal government through the Constitution, they retained the obligation to control their creation and the time to act is now!

Additional Reading:

1. Bounty Payments for Cod Fisheries, 6 February, 1792
<https://founders.archives.gov/documents/Madison/01-14-02-0192>
2. From George Washington to Bryan Fairfax, 20 July 1774 <https://founders.archives.gov/GEWN-02-10-02-0081>
3. General Welfare Revisited; James Madison’s Warning <http://krisannehall.com/general-welfare-revisited-james-madison-responds-to-common-core/>
4. Who Has Control Of The Budget <http://krisannehall.com/who-has-control-over-the-budget/>

NOTES:

