



Congress Has the Taxing and Spending Authority

Within the past decade, I've written three columns titled "Deception 101," "Stubborn Ignorance," and "Exploiting Public Ignorance," all explaining which branch of the federal government has taxing and spending authority. How can academics, politicians, news media people and ordinary citizens get away with statements such as "Reagan's budget deficits," "Clinton's budget surplus," "Bush's budget deficits and tax cuts" or "Obama's tax increases"? Which branch of government has taxing and spending authority is not a matter of rocket science, but people continue to make these statements. The only explanation that I come up with is incurable ignorance, willful deception or just plain stupidity; if there's another answer, I would like to hear it.



Let's look at the facts. Article I, Section 7 of the U.S. Constitution reads: "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." Our Constitution grants the president absolutely no authority to raise or lower taxes. The president is permitted to propose tax measures or veto them. Congress can ignore proposals and override vetoes.

The Constitution grants Congress the final and ultimate say on taxes. The same principle applies to spending. A president cannot spend one dime that Congress does not first appropriate. Therefore, statements such as "Under Barack Obama, government spending has increased 21 percent," and "Under Barack Obama, welfare spending has increased 54 percent" are just plain nonsense, if they are suggesting that Obama has increased spending. Credit or blame, whether it's a balance budget, budget surplus, budget deficit or national debt, lies with the U.S. Congress.

Knowing where constitutional authority for taxing and spending is vital to our nation. No matter how we feel about President Obama, if we buy into the notion that it's he who's doing the taxing and spending, adding to our debt and deficits, we will focus our attention on trying to restrain the president. That will leave Congress less politically culpable for our deepening quagmire. Of course, if you're a congressman, not being held accountable is what you want.

Adding to the political deception in Washington is the notion that nearly 60 percent of the federal budget is off limits for spending cuts, the so-called non-discretionary spending such as Social Security, Medicare and Medicaid. Congress has the constitutional authority, through a simple majority vote, to change whatever laws associated with those "nondiscretionary" spending programs.

As an example, the U.S. Supreme Court held in *Flemming vs. Nestor* (1960) there are no "accrued property rights" to a Social Security check. That means Congress can do anything it wishes with Social Security and that includes means-testing payments, raising eligibility age, reducing payments,



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increasing “contributions” or eliminate the program altogether. The same applies to any of the other so-called non-discretionary spending programs.

By the way, thinking about the looming Social Security disaster, I believe that a person who’s 65 years old and has been forced into Social Security is owed something. But who owes it to him? Congress has spent every penny of what he put into Social Security. Any check he receives comes out of the hide of young workers in the labor force. I think that’s unfair. The young worker has no obligation to that senior citizen, but Congress has.

I have a one-time fix to give us some breathing room to make reforms. The federal government has huge quantities of wasting assets — assets that are not producing anything, 650 million acres of land — almost 30 percent of the land area of the United States. It owns 80 percent of the land in Nevada, 70 percent in Alaska, 60 percent in Idaho and 50 percent in California and Oregon. I would be willing, and I suspect many others, to make a deal with Congress whereby I forsake all Social Security and Medicare benefits for, say, 50 acres of land in Alaska.

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