

Balanced Budget Amendment Editorials and Op-Eds

The Washington Post

A balanced budget amendment isn't the answer

By Editorial

July 14, 2011

AMENDING THE Constitution to require a balanced budget is a bad idea that never dies. It's not surprising that the current avalanche of debt has inspired renewed calls. Given that the political system appears unable to discipline itself not to spend more — trillions more — than it takes in, why not tie lawmakers' hands to prevent them from piling ever more debt on the national credit card?

The answer: The constitutional cure, while superficially tempting, would be worse than the underlying disease. A balanced-budget amendment would deprive policymakers of the flexibility they need to address national security and economic emergencies. It would revise the Constitution in a way that would give dangerous power to a congressional minority.

The latest push from lawmakers [advocating the amendment](#) is to couple a vote on the proposal with an agreement to raise the debt ceiling. On the surface, this argument seems benign enough: Why not give states the chance to decide whether the Constitution should mandate a balanced budget? But policymakers have an independent responsibility to assess whether an amendment is wise. This one, especially in its latest incarnation, is not. It would require a two-thirds vote in both houses of Congress to run a deficit in any year. The same supermajority would be needed to enact any tax increase. Compare those hurdles to the version of the amendment that passed the House in 1995, which called for a slightly lower three-fifths vote in each house to pass an unbalanced budget or increase the debt ceiling and a mere majority vote to increase taxes.

Worse yet, the latest version would impose an absolute cap on spending as a share of the economy. It would prevent federal expenditures from exceeding 18 percent of the gross domestic product in any year. Most unfortunately, the amendment lacks a clause letting the government exceed that limit to strengthen a struggling economy. No matter how shaky the state of the union, policymakers would be prevented from adopting emergency spending, such as the extension of unemployment insurance and other countercyclical expenses that have helped cushion the blow of the current economic downturn. The 18 percent cap on spending is so severe that House Budget Committee Chairman Paul Ryan's economic plan would violate its strictures. So would any budget passed under President Ronald Reagan. With health-care costs rising and the number of retiring baby boomers increasing, it would be next to impossible to keep spending to that low share of the economy.

Both houses of Congress are expected to vote on the amendment next week, but a responsible lawmaker's obligation does not end at voting against this version. Even a less draconian rendition — without the spending cap or with lower thresholds for approving tax increases or

running deficits — would be the wrong approach. If a balanced-budget amendment had been in place when the economy crashed in 2008, Congress would have been unable to respond with a stimulus package or efforts to stabilize banks and auto manufacturers. Even if you believe that was the wrong policy response, it is important that Congress retain the flexibility to craft the correct one.

The fiscal situation is perilous. It's commendable that members of Congress are trying to right it. The balanced-budget amendment remains a deeply flawed approach to achieving a noble goal.

New York Times
More Folly in the Debt Limit Talks
Editorial
July 4, 2011

Congressional Republicans have opened a new front in the deficit wars. In addition to demanding trillions of dollars in spending cuts in exchange for raising the nation's debt limit, they are now vowing not to act without first holding votes in each chamber on a balanced budget amendment to the Constitution.

The ploy is more posturing on an issue that has already seen too much grandstanding. But it is posturing with a dangerous purpose: to further distort the terms of the budget fight, and in the process, to entrench the Republicans' no-new-taxes-ever stance.

It won't be enough for Democrats to merely defeat the amendment when it comes up for a vote. If there is to be any sensible deal to raise the debt limit, they also need to rebut the amendment's false and dangerous premises — not an easy task given the idea's populist appeal.

What could be more prudent than balancing the books every year? In fact, forcibly balancing the federal budget each year would be like telling families they cannot take out a mortgage or a car loan, or do any other borrowing, no matter how sensible the purchase or how creditworthy they may be.

Worse, the balanced budget amendment that Republicans put on the table is far more extreme than just requiring the government to spend no more than it takes in each year in taxes.

The government would be forbidden from borrowing to finance any spending, unless a supermajority agreed to the borrowing. In addition to mandating a yearly balance, both the House and Senate versions would cap the level of federal spending at 18 percent of gross domestic product.

That would amount to a permanent limit on the size of government — at a level last seen in the 1960s, before Medicare and Medicaid, before major environmental legislation like the Clean Water Act, and long before the baby-boom generation was facing retirement. The spending cuts implied by such a cap are so draconian that even the budget recently passed by House Republicans — and condemned by the public for its gutting of Medicare — would not be tough enough.

Under the proposed amendments, the spending cap would apply even if the government collected enough in taxes to spend above the limit, unless two-thirds of lawmakers voted to raise the cap. More likely, antitax lawmakers would vote to disburse the money via tax cuts. Once enacted, tax cuts would be virtually irreversible, since a two-thirds vote in both houses would be required to raise any new tax revenue. It isn't easy to change the Constitution. First, two-thirds of both the Senate and House must approve an amendment, and then at least 38 states must ratify the change.

But expect to hear a lot about the idea in the days ahead and in the 2012 political campaign, with Republicans eagerly attacking Democrats who sensibly voted no.

Democrats, undeniably, have a tougher argument to make. A fair and sustainable budget deal will require politically unpopular choices on programs to cut and taxes to raise. Americans deserve to hear the truth: There is no shortcut, no matter what the Republicans claim. Nor is their urgency to impose deep spending cuts now, while the economy is weak, as Republicans are insisting.

What is needed is enactment of a thoughtful deficit-reduction package, to be implemented as the economy recovers. If politicians respect the voters enough to tell them the truth, the voters may reward them at the polls.

USA Today

Our view: Budget amendment wrong vehicle for right principle

July 19, 2011

In 1997, the Senate came [within a single vote](#) of passing a constitutional amendment mandating a balanced federal budget. Backers made all the same arguments you'll hear today when the House takes up a new version of the old elixir: An amendment will finally force Congress to balance the budget, we'll never have a balanced budget without one, and so on.

But a funny thing happened after that amendment failed in 1997. Thanks to prior deficit-reduction deals and a strong economy, the federal government ran a surplus in 1998 and for the next three years. Then an economic downturn, huge tax cuts, two unfunded wars and an unfunded expansion of Medicare plunged the budget back into the red, where it has been ever since.

The moral is, Congress doesn't need a constitutional amendment to balance the budget. It just needs the will to do it and the willingness to compromise over how. But rather than make the tough decisions about spending cuts and revenue increases, it's always easier to vote for a balanced budget amendment.

And not just any balanced budget amendment. Rather than embrace the same legislation that almost passed in 1997 and would surely attract Democratic votes this time around, backers have made the latest version so extreme that it's virtually certain not to pass both chambers of Congress, much less the three-fourths of states required for ratification.

This new version — part of the Republicans' "Cut, Cap and Balance" plan — sets [a permanent limit on spending](#) equal to 18% of the economy, a level it hasn't achieved since 1966. (The plan of conservative House Budget Committee Chairman Paul Ryan, R-Wis., would leave spending at around 20% of [GDP](#) for the next two decades as Baby Boomers retire.) [Raising taxes would require](#) two-thirds of votes by the House and Senate.

Reading between the lines, it's clear that many supporters care less about cutting the deficit than about rewriting the Constitution to embrace an economic theory that shrinks government and makes it almost impossible to raise taxes.

Certainly, balancing the budget is a sound goal. We've been supporting it in this space for more than 20 years. Congress and successive presidents have demonstrated an inability to match revenue and spending. Something has to be done to change the incentives.

But the fatal flaw in virtually any balanced budget amendment is that it ties the government's hands in times of economic distress. When those sorts of crises hit, the government needs to be able to move quickly to rescue major financial institutions and deploy "automatic stabilizers," such as unemployment benefits and food stamps that steady the economy until private-sector forces can create a recovery. Failure to intervene caused the Great Depression of the 1930s, and had a balanced budget amendment been in place when the financial crisis struck in 2008, there's no doubt at all that we'd be living through another one now.

Backers also argue that because states have to balance their budgets, the federal government should, too. But the federal government has responsibilities the states don't, most notably to protect national security. And [when state revenues collapse](#), the federal government serves as a critical lifeline.

Preferable alternatives to a constitutional amendment include pay-as-you-go requirements and firm spending caps that require lawmakers to make choices, rather than run up debt. But why make tough choices now when you can vote for [a gimmick that someday](#), maybe, would address the problem?

Los Angeles Times
Debt-ceiling denial won't work
Editorial
July 15, 2011

Even if the White House and congressional leaders reach a deal to raise the debt limit, they face at least two hurdles to persuading rank-and-file Republicans to go along. Some cling to a disturbing belief that the Treasury Department doesn't need to borrow more money to keep America's creditors happy. And many more insist that the deal must include a constitutional amendment to require a balanced budget. The former notion is irrational. And the latter is bad policy, even if it reflects a legitimate concern about the financial burden on future generations.

The statutory debt ceiling limits the amount of money the Treasury Department can borrow from the public, which it does by selling bonds. The government hit the \$14.3-trillion debt limit in May, forcing the department to borrow from federal pension funds and use other accounting gimmicks to pay the bills. But because Washington is running such an enormous deficit — through June, it was borrowing 36 cents of every dollar it spent — Treasury Secretary Timothy F. Geithner has warned that the government will run short of cash after Aug. 2.

Geithner, President Obama and Federal Reserve Chairman Ben S. Bernanke have declared that not raising the debt ceiling would be devastating, sending shockwaves through the global credit markets and raising interest rates for millions of borrowers. A faction in Congress aligned with the "tea party" movement dismisses the fiscal doomsayers, however, arguing that there's no risk of default because monthly tax receipts far exceed the amount needed to continue paying the interest on the federal debt.

That's true, but it's akin to arguing that you could survive just fine if you paid your mortgage every month but stiffed the gas company, MasterCard and your babysitter in order to do so. Unless it can borrow more, the Treasury Department would have to stop paying for more than a third of Washington's expenses — with the administration left to decide where to cut. Obama drew rebukes for suggesting that Social Security checks might be affected; should he stop paying air traffic controllers instead?

Not raising the debt limit would send an unmistakable message to the public that Congress cannot be counted on to hold up its end of a bargain. That point was underlined this week by a Standard and Poor's executive, who told lawmakers that S&P may downgrade the government's credit rating if the Treasury Department pays bondholders but not other creditors. Investors would then demand higher interest rates, driving up U.S. borrowing costs and the deficit.

The demand for a balanced-budget amendment is motivated by a more sweeping and pernicious distrust of lawmakers and the political process. Advocates argue that the only way to stop Congress from spending the country into oblivion is to require a balanced budget each year unless Congress can muster a supermajority to approve deficit spending. Recent history shows that they have a point: Deficits balloon when the economy is struggling, and when the economy is good, lawmakers rush to cut taxes instead of paying down debt or creating emergency reserves. Making matters worse, seemingly every federal program and subsidy is defended by a phalanx of interest groups that benefit from the largesse.

Such concerns have been around for decades, as has the idea of amending the Constitution to require a balanced budget. But lawmakers have refused to slap procedural handcuffs on themselves and future Congresses for at least two very good reasons. First, deficit spending isn't necessarily harmful, and it can help steady the economy during a downturn or a crisis. It's problematic only when the deficits are so large that the national debt grows faster than the economy. And second, requiring a two-thirds vote to run even a negligible deficit would lead to legislative gridlock and give too much power to political minorities with an agenda, as California has demonstrated repeatedly.

The amendment being sought by Republicans has several troubling new features. For starters, it would require a two-thirds vote for any increase in revenue. Lawmakers already pay a high political price for supporting higher taxes; that's enough of a disincentive. The GOP proposal would not only help special interests preserve unwarranted tax breaks, it would discourage lawmakers who want to create programs from including a way to pay for them.

The amendment would also require a two-thirds vote to spend more than 18% of the previous year's gross domestic product, roughly the level of spending during peacetime in the 20th century. But the U.S. population today is older, and its healthcare expenses are many times greater. Within a few decades, according to Congressional Budget Office projections, an 18% cap would leave no room for anything but Social Security, Medicare, Medicaid and interest payments on the debt.

Those projections provide ample reason for Congress and the White House to agree to cut spending, subsidies and tax breaks enough over the next few years to stop the national debt from growing faster than the economy. A host of bipartisan commissions have offered plans that could achieve that goal; none of them, however, have called for a balanced-budget amendment. And if the fight over the amendment stops Congress from raising the debt ceiling on time, it will only serve to make the country's fiscal problems worse.

The Washington Post

Why a balanced-budget amendment is too risky

By Norman J. Ornstein

July 18, 2011

It is no surprise that a constitutional amendment to balance the budget [would reemerge now](#) — there's the symbolism of standing for fiscal rectitude and wrapping that position in the cloak of the Constitution. And nearly all states have constitutional provisions to balance their budgets, so why should the federal government be different?

But the answer to that question is a key reason a constitutional amendment to balance the federal budget would be disastrous.

A sagging economy requires what we call countercyclical policy, stimulus to counter a downturn and provide a boost. The need for countercyclical policy became apparent in the 1930s, after the opposite response to economic trouble caused a dizzying collapse; its application early in Franklin Roosevelt's presidency succeeded in pulling the United States out of the Depression (until a premature tightening in 1937-38 pulled us back down into it).

Countercyclical policy is what every industrialized country in the world employed when the credit shock hit in late 2008, to avoid a global disaster far more serious than the one we faced. Under a balanced-budget amendment, however, no countercyclical policy could emanate from

Washington. Spending could not grow to combat the slump. And while the Obama stimulus did not jump-start a robust economic recovery, any objective analysis would find that absent the \$800 billion stimulus, the economy would have spiraled down much further.

State balanced-budget requirements make the option of a federal balanced-budget amendment dangerous. When state revenue declines during economic downturns, state spending on unemployment and Medicaid increases. To balance their budgets, states have to raise taxes and/or cut spending, the opposite of what is needed to emerge from a fiscal funk. This is the economic equivalent of the medieval practice of bleeding to cure any ailment, including anemia. In 2009, the fiscal drag from the states amounted to roughly \$800 billion; in effect, the stimulus from Washington merely replaced the blood lost by the state-level bleeding.

Even balanced-budget amendments that have a waiver for recessions are a risk because there is often a lag between a recession itself and when it is recognized. That lag could produce more inopportune bleeding.

The amendment under consideration has its own deep flaws. The Republican proposal would cap spending each year at 18 percent of gross domestic product. Because the formula is based on a previous year's economy, it would mean, according to Republican economist Don Marron, [a cap of more like 16.7 percent of GDP](#). This in turn means that the House-passed budget proposed by Rep. Paul Ryan, which calls for draconian cuts in Social Security, Medicare, Medicaid and discretionary domestic programs, would not be nearly draconian enough. Accounting for population changes, the 16.7 percent limit would mean slashing Social Security and Medicare well below the levels contemplated by the bipartisan [Simpson-Bowles fiscal commission](#), and cutting discretionary spending by half or more. It is hard to make the case that decapitating food inspection, air traffic control, scientific research, Head Start, childhood nutrition programs and more, as the amendment would almost certainly require, would lead to a healthier economy, itself a necessity to solve the debt problem.

To be fair, the amendment has a safety valve — a two-thirds vote of both chambers can authorize a deficit. But imagine the chances of securing a two-thirds vote in this Congress. Similarly, its requirement that 60 percent of both houses vote to increase taxes or the debt limit would result in political gridlock and opportunities for legislative blackmail.

That this amendment has been [endorsed by all 47 Republicans in the Senate](#), and that a dozen Republicans have pledged not to increase the debt limit without the amendment, are sad commentaries on our politics. But the effects should this amendment be adopted would be frightening.

Norman Ornstein is a resident scholar at the American Enterprise Institute and co-author of "[The Broken Branch](#): How Congress Is Failing America and How to Get It Back on Track."



The Real Reason the GOP Wants a Balanced Budget Amendment

By BRUCE BARTLETT

July 15, 2011

Next week, House Republicans plan to debate a balanced budget amendment to the Constitution. Although [polls show overwhelming public support](#), it is doubtful that many Americans realize that the measure to be debated is not, in fact, a workable [blueprint to enforce a balanced budget](#). In fact, it's just more political theater designed to delight the Tea Party.

Historically, those supporting a balanced budget amendment to the Constitution were only interested in balance per se. That is, requiring that revenues and expenditures be as close to equal as possible. The view was that if the states – almost all of which are required to balance their budgets annually – could do it then so could the federal government.

One problem is that the states don't really balance their budgets. All have separate operating and capital budgets and only the operating budget is required to be balanced. By contrast, the federal budget lumps together operating and capital expenses, such as roads and buildings that will last for decades. Moreover, the states are notorious for using gimmicks to give the [appearance of budget balance](#) even though they run deficits.

Another problem is that there is a powerful enforcement mechanism that keeps states from straying too far from budgetary sustainability: the bond rating agencies. If they think a budget endangers the timely payment of interest or repayment of principal on state bonds, they are quick to downgrade them. This will raise interest costs immediately and bring heavy political pressure from bondholders, who will suffer from lower prices on their investments. (Bond prices rise when interest rates fall and bond prices fall when interest rates rise.)

The federal government does not face the same pressure from the ratings agencies as the states except in unusual situations such as the one we are facing today when Congress refuses to raise the debt limit. The rating agencies believe that since the federal government can, in principle, create money to pay its debts there is never any risk of default. Of course, bondholders may suffer a real loss of principal if too much money is created and inflation ensues. However, the rating agencies are only concerned with legal default.

Thus a big problem for proponents of a balanced budget amendment has always been how to enforce it. Lacking de facto enforcement from the rating agencies, there would have to be some mechanism whereby the courts could intervene to block spending or force tax increases for a balanced budget requirement to be operational and not just an expression of sentiment.

Not only is it a really bad idea to give unelected judges such power, it is not really practical. For example, until the last day of a fiscal year, it would be impossible to say, as a matter of law, that the balanced budget requirement had been violated. At that point, spending would have already

occurred, and it's not really feasible to tell people to send back some of their Social Security checks because the budget was unbalanced. And who is to say what spending was the amount that went above revenues and what wasn't?

These problems are magnified by the balanced budget amendment Republicans plan to debate next week. As [reported by the House Judiciary Committee](#) on June 23, the joint resolution (H.J. Res. 1) would limit federal spending to "18 percent of economic output" unless two-thirds of the House and Senate vote otherwise.

Assuming such a proposition is a good idea, how practical is it? For one thing, the term "economic output" is not defined in the committee report. Presumably, it means gross domestic product. But this is not a term defined in law; nor could it be. GDP figures are constantly being revised as new data become available and economists change their concept of what it means.

Another problem is that Congress cannot know what GDP will be in the coming fiscal year and it must necessarily pass its appropriations bills before the fiscal year begins. This means, as a practical matter, that Congress must base its spending on forecasts of GDP, which are often wrong and sometimes by large magnitudes. And of course it is impossible to control spending on entitlements or interest on the debt on an annual basis.

Needless to say, the problem of enforcement is even greater than with the simple sort of balanced budget amendment that was previously under discussion. Yet Republicans held exactly one day of hearings on their proposed amendment and routinely assert that further discussion is unnecessary because the idea of a balanced budget amendment has been kicking around for decades. But no previous amendment has ever contemplated limiting spending to a certain percentage of economic output--and no state or foreign country has ever attempted such a thing.

If Republicans were really serious about putting a balanced budget amendment into the Constitution they would not have written an entirely new one that is radically and conceptually different from those debated in the past, with new language that constitutional scholars have not even begun to analyze. Republicans would have held weeks of hearings with such experts and planned many more weeks of floor debate. GOP think tanks would have been urged to hold conferences and publish studies of the proposed amendment.

None of this was done, of course, leaving the inescapable conclusion that this is nothing but a political ploy designed solely to appeal to the GOP's Tea Party wing. The time wasted debating a balanced budget amendment would be better spent taking care of the House's long list of unfinished business, such as passing appropriations bills.

Bloomberg

Balanced-Budget Amendment Makes Politics Easy, Budgets Bad: View

By the Editors

July 21, 2011

An amendment to the U.S. Constitution should have two qualities: It should make sense as a piece of legislation, and it should be, as much as possible, politically neutral. The [balanced-budget amendment](#), which has re-emerged in Congress as part of the political jockeying over the budget impasse, fails on both counts.

Justice Oliver Wendell Holmes famously said that a constitution is “made for people of fundamentally differing views.” There are limits to this. You don’t want the Constitution to be neutral between slaveholders and abolitionists. But it shouldn’t be choosing sides in budget disputes. These decisions are up to the elected branches.

A balanced-budget amendment, especially the current model, clearly does take sides. It would require a two-thirds supermajority in both houses to raise taxes, with no such requirement to lower taxes. It would require spending to be cut to 18 percent of gross domestic product, down from its current 24 percent, and even down from the 19 percent to 20 percent of recent years, prior to the recession. If the amendment were in effect today, the budget passed by [House Republicans](#) in April would spend too much -- it would be unconstitutional.

There are a variety of other practical objections. The main one is that requiring a balanced budget every year -- even one that can be waived by a two-thirds supermajority in both houses -- would deprive us of the ability to respond quickly to an incipient recession by increasing government spending or, for that matter, by cutting taxes.

There are plenty of technical problems, too: How do you decide when a recession has started, an event that would allow legislators to override budget constraints? What happens if Congress or the president simply ignores one or more of the amendment’s restrictions?

All such questions would have to be clarified by the courts. Just as they found themselves designing school bus routes in their efforts to enforce the [Civil Rights Act](#), judges might well find themselves choosing among social programs to kill. Thus the party that supposedly stands for judicial restraint and deference to the elected branches now wants to invite judges to take over large chunks of national policy on basic questions of taxing and spending. All 47 Republican senators have endorsed the balanced-budget amendment.

Here’s a better idea: If House Republicans want a balanced budget, why don’t they propose one? Republicans controlled both houses of Congress and the White House during President [George W. Bush](#)’s first term. There was nothing to stop them from submitting and enacting a balanced budget. But they never did. Instead, they brandished their balanced-budget constitutional amendment. For a senator or member of Congress, voting for a balanced-budget constitutional amendment is an easy vote. Voting for a balanced budget, by contrast, would be a tough vote indeed.

Philadelphia Inquirer
Inquirer Editorial: Financial straitjacket
July 21, 2011

The Republicans in charge of the House are showing how badly out of touch they are with the rest of America. Instead of working on a realistic plan that would allow the government to continue paying its bills, the House wants to put the nation in a fiscal straitjacket.

The measure it approved Tuesday demands deep spending cuts without any new revenues. But in a transparently cynical move, politically sensitive programs such as Social Security, Medicare, and pay and benefits for soldiers and veterans were exempted.

The House deficit-reduction plan would constitutionally lock the nation into this imbalanced fiscal arrangement by also demanding a balanced-budget amendment. That restriction would make it nearly impossible for the federal government to borrow even for legitimate long-term investments such as needed repairs to infrastructure.

Completing the trifecta of nonsense, the House insisted that the amendment make it almost impossible to raise any federal tax in the future. The Constitution allows the nation to go to war, even launch a nuclear attack on another country, with a simple majority vote in Congress. But the House thinks that extracting even another penny in taxes from hedge-fund managers should take a supermajority vote of two-thirds.

That's not what the American people want. They know that it will take a mix of spending cuts and increased revenues - heavy on the spending cuts - to stabilize the nation's finances.

Polls consistently show support for that approach, and it's the kind of deal President Obama has supported. He has sought to close the nation's financial hole by \$4 trillion, three-quarters of it by spending cuts. About \$1 trillion would come from closing tax loopholes exploited by highly profitable corporations and hedge-fund managers and a slight boost in taxes on the highest income bracket.

House Republicans say they are only asking government to do what families do to balance their budgets. But under its constraints, a family wouldn't be allowed to buy a house until it had saved the entire purchase price. Same for buying a car or paying a college tuition bill. Sorry, no "deficit spending" allowed.

The House plan would lock down federal revenues at a time when they are at historically low levels - 14.4 percent of the nation's economy, compared with 20 percent when the nation was running a surplus under President Bill Clinton. Not since 1966 have federal revenues taken a smaller bite of the national economy.

If there's an analogy to family finances, it's this: After reducing its income, a family was hit by a horrendously expensive crisis that made it unable to pay all the bills. But instead of trying to bring in new income, the Republicans would hock the family furniture, at least the furniture from the rooms in the house where they don't live.

This shortsighted financial plan is not what the nation needs or what Americans support. It's time for the House Republicans to stop pandering to their right-wing base and work on a balanced

package that will steer the nation back to financial health. Maybe the Senate can provide that guidance.

Wall Street Journal

The Balanced Budget Amendment's Fatal Flaw

Nothing would give judges more policy-making power.

By PETER H. SCHUCK

JULY 22, 2011

A balanced budget amendment (BBA), a hardy perennial in Congress, is once again in the headlines. This is entirely understandable. The public trusts neither the president nor Congress, regardless of the party in control, to strike and maintain an economically healthy, sustainable balance between federal spending and revenues. Thus, the idea of tying them to the constitutional mast, Ulysses-like, so that they cannot succumb to the inevitable temptation to spend more and tax less is itself tempting to many reformers and voters.

Nevertheless, many sound objections to a BBA exist, which the current version—indeed, any version—cannot adequately address. Many of these objections, such as the need for deficit spending in a recession, are hoary Keynesian pieties and will resonate only with liberals and moderates. But one objection, largely absent from the debate so far, should convince even the most hidebound conservative to strongly oppose the BBA.

I can think of no other law that would empower judges to exercise more political and policy-making discretion than a balanced budget amendment. It would quickly realize every conservative's fears of an "imperial judiciary" that "legislates from the bench"—even if the courts simply did their job and did not grasp for that power.

First, the courts would be swamped with challenges to every governmental decision with significant budgetary implications, which means almost all important decisions. As federal Judge Ralph Winter pointed out long ago, the judges would have to decide who, if anyone, would have standing to sue and who the proper defendant would be. If they ruled that no one had standing, then the amendment would be legally unenforceable, a dead letter. If the judges found standing, however, a host of exceptionally controversial legal-interpretation issues would arise.

Perhaps the most fundamental questions have been posed by Rudy Penner, who was Congressional Budget Office director in the Reagan years: What is a "budget," and which budgets are covered by the amendment? This is pivotal because the amendment would create an irresistible incentive for politicians to expand "off-budget" programs or establish new ones.

Social Security, Fannie Mae, Freddie Mac, the Postal Service and the new Consumer Financial Protection Bureau are all off-budget and constitute a huge share of federal fiscal commitments. The BBA does not even mention this multitrillion-pound gorilla, nor does it deal with the creation of new off-budget spending programs which would certainly proliferate in its wake, so a judge would have to decide whether they are included. (The state and local equivalent dodge of balanced budget rules is the "special district"—some 40,000 nationwide—which often has taxing power.)

The BBA also uses the basic term "tax" as if it were self-defining, but of course it isn't. Indeed, one of the key issues in the legal challenge to ObamaCare is whether the spending mandates in the legislation constitute a tax (as the administration argues) or a penalty (as its opponents claim). Only the courts can decide—and so far they have split on the issue. This is political power of a high order, given the importance of the legislation.

Then there are the classic ploys that governments use to evade budgetary restrictions, about which the BBA is also silent. Does the amendment's term "outlay" apply to long-term capital investments such as infrastructure spending, of which the Obama administration is so fond? If not, we can anticipate lots more spending being called capital investment. The judges will have to decide whether the amendment applies or not.

Does "outlay" cover government loan guarantees—a form of subsidy used promiscuously by government to avoid budgetary constraints? Does "revenue" include so-called "offsetting receipts" such as the large amounts that Medicare beneficiaries pay for their physician and drug benefits? If so, we can expect Congress to use more of them. Again, the courts will have to decide.

It does seem clear that the amendment would not cover private expenditures mandated by government regulation of individuals and firms. After all, regulations affect private budgets, not governmental ones; that is part of their political appeal. If the BBA passes, then look for the politicians to transfer much of their spending desires into a burst of new regulations. For conservatives, this should be a nightmare.

The political pundits report that there is no chance that the balanced budget amendment will pass. This should be cause for conservative celebration, not disappointment.

Mr. Schuck is a professor at Yale Law School and the co-editor, with James Q. Wilson, of "Understanding America: The Anatomy of an Exceptional Nation" (PublicAffairs, 2008).

The Washington Post

A balanced-budget amendment: Bad idea, for many reasons

By [Robert J. Samuelson](#)

July 18, 2011

Can we review, once again, why a [balanced-budget amendment](#) (BBA) is a rotten idea? It is not that a balanced budget — when we're near "full employment" — is a bad target. It's a good target, and the fact that we abandoned it in the 1960s helps explain why there have been only five [budget surpluses](#) since 1961 (1969 and 1998-2001) and why the federal debt is so large. Budget balancing imposes discipline: Politicians have to weigh the pleasures of more spending against the pain of more taxes.

The trouble with a constitutional amendment is that it would probably fail — in the sense that it would not discipline government — while having undesirable side effects. For starters, it would

inspire evasion. States and local government balanced-budget requirements have “driven a lot of activity into independent authorities,” says economist Rudolph Penner, former director of the Congressional Budget Office. Sure enough, the country had 37,381 [“special districts”](#) in 2007, up 27 percent from 20 years earlier.

Presidents and Congress might evade a constitutional mandate in many ways. They might create off-budget entities (shades of Fannie Mae and Freddie Mac!); they might increase loan guarantees; they might put some spending “off-budget” (technically, Social Security is now “off-budget”).

Another danger is that a balanced-budget amendment could force the government to worsen an economic slump. Recessions spontaneously cause tax revenue to fall (incomes decline) and spending to increase (unemployment insurance and other benefits rise). These [“automatic stabilizers”](#) can turn budget surpluses into deficits. If Congress had to remedy them by raising taxes or cutting spending, it might prolong or deepen the recession.

True, the [version of the BBA favored by many Republicans](#) has an escape clause. A two-thirds vote of Congress can waive the constitutional mandate. But this is hardly automatic. There are also exceptions for combat operations: With a declaration of war, a simple majority can suspend the BBA; in other circumstances “involving military conflict,” [different proposals](#) impose varying voting hurdles for overriding the balanced-budget amendment. All these details indict the BBA in a deeper way.

The Constitution is the repository of the nation’s basic political principles. This is why it commands public respect. What the Constitution is not (and should not become) is a handbook for the day-to-day operations of government. The fatal flaw of the BBA is that it would take the Constitution in precisely this direction. It not only says the budget should be balanced, but one Republican version says it should be balanced at 18 percent of the economy (gross domestic product). That’s not a principle; it’s an instruction. Why not 17 percent or 22 percent of GDP? What happens in a national emergency?

All this threatens to turn many budget disputes into constitutional crises, as one side or the other takes to court to prove the other side violated the nation's Magna Carta. Do we really want to force unelected judges to make what are fundamentally political decisions? Didn’t we learn anything from *Bush v. Gore*? Even when disagreements don’t go to court, politicians’ efforts to manipulate or avoid the BBA will deepen public cynicism, because these acts will be seen not just as routine partisan maneuvers but also as assaults on the Constitution.

The BBA is another example of congressional evasion. “It’s showcasing. It plays to the public,” says political scientist Allen Schick of the University of Maryland. What it does not do is balance the budget, now or ever. Only unpopular decisions to cut spending, including Social Security and Medicare, and raise taxes can do that. The BBA distracts from this and, if ever adopted, would undermine the Constitution. Could this really be a “conservative” idea?

Baltimore Sun

Balanced budget amendment: Here's why it's a bad idea

By Philip Joyce

July 21, 2011

The U.S. government teeters on the brink of an unprecedented, self-inflicted debt default, and the House of Representatives can't seem to keep its eye on the ball.

After the House debated the fate of incandescent lightbulbs last week, it approved on Tuesday a bill called, "The Cut, Cap, and Balance Act of 2011." Among other things, it would tie an increase in the debt limit to approval, by both houses, of a constitutional amendment requiring a balanced federal budget.

It is imperative that the federal government reduces unsustainable budget deficits. While this whole bill is a symbolic gesture, since it cannot pass the Senate and the president has promised to veto it, a constitutional amendment is a particular distraction — a hidden-ball trick. It is the wrong thing, at the wrong time, for two reasons.

First, amending the Constitution is not necessary to balance the budget — and won't actually move us any distance toward that goal in the short run. Second, there is a real risk that this feel-good action will undermine market confidence in Congress' ability to do its job, while justifying public cynicism about Washington — thus making it harder for future legislators to work us out of the fiscal corner we're in.

The balanced budget constitutional amendment merely establishes a goal that future political leadership would have to reach. There are no penalties for failing to do so. In other words, between now and the day the amendment took effect, Congress and the executive branch would have to figure out what spending to cut and/or what revenues to raise in order to reduce the deficit to zero — and what sanctions to impose for failing to do so. The inability to agree on these policy changes, and sanctions, is the problem we already have today. There is nothing about the balanced budget amendment that helps us solve that problem.

Further, Constitutional amendments are not quick fixes. Both houses have to pass the amendment by a two-thirds majority. Then, three-fourths of the state legislatures must ratify the amendment within some specified time period, usually seven years. Then more delays — the House version of the amendment would take effect the second fiscal year following ratification, the Senate's after five years. Assuming state legislatures take the full seven years, this means that the House version would take effect in 2020, and the Senate version in 2023. How's that for responding to an immediate crisis?

Don't worry, though, states are unlikely to actually ratify the amendment, since it is not in their interest for the federal government to balance its budget on an annual basis. Currently, states get almost one-third of their money from the federal government.

Besides being unlikely to help much, the amendments on the table rely on a faulty premise and faulty economics. Sen. Orrin Hatch, the main Senate sponsor of the amendment, argued that the

federal government should balance its budget because "hard-working families across the country have tightened their belts, balanced their budgets, and lived within their means." He also pointed out that states are required to balance their budgets.

This would be a compelling argument, if only it were true. Families have mortgages, car payments, and student loans. State and local governments balance their operating budgets, but they borrow to build highways, dormitories or prisons. Equally, businesses carry debt.

Borrowing is a fundamental part of the financial model for families, corporations and governments. Used correctly, it can be very productive and result in measurable gains. The problem is not that the U.S. government has debt, it is rather that the fiscal imbalance is too large and too heavily weighted toward debt that does not make us better off in the long-run.

The only way to address the problem is to take timely action to reduce the debt. But not to zero, and not by imposing an arbitrary rule that says that revenues should match spending in every year. If we had a balanced budget requirement in place during the recent recession, it would have required spending cuts and tax increases — just when the economy was in its most fragile state. Federal stimulus efforts during the most recent recession were a lifeline for state and local governments. A balanced federal budget would have left states on their own.

The language of amendments being considered this year would create a particularly difficult situation as they require spending be limited to 18 percent of gross domestic product. Leaving aside the rather bizarre notion that we would put a specific economic measure like this in our most sacred founding document, it would require huge cuts in Social Security and Medicare (larger than those in Congressman Paul Ryan's plan) to achieve this goal.

There are more direct ways for elected legislators to show commitment to deficit reduction. In 1992 testimony before the House Budget Committee, then Congressional Budget Office director Robert Reischauer argued that it was a "cruel hoax to suggest to the American public that one more procedural promise in the form of a constitutional amendment is going to get the job done." He went on to state what should be (but apparently is not) obvious, which is that "the deficit cannot be brought down without making painful decisions to cut specific programs and raise particular taxes."

In the 1990s, Presidents George H.W. Bush and Bill Clinton worked with the Congress to do just that, and they helped to move the country from deficit to surplus by the end of the decade. Only a similar willingness to make hard choices will lead the country out of the current crisis. Let's leave the Constitution alone. It didn't create the debt problem, and it won't solve it for us.

Philip Joyce is Professor of Management, Finance, and Leadership at the University of Maryland School of Public Policy.



Balanced budget amendment: 'Irresponsible'

By Jeanne Sahadi, senior writer

March 29, 2011

NEW YORK (CNNMoney) -- In a time of record debt, it sure sounds prudent: Amend the U.S. Constitution to force Congress to balance the budget every year. In reality, it may be anything but.

More than a dozen leading Republican senators are co-sponsoring a bill that would require a balanced budget; cap spending below the historical average; and require a supermajority of lawmakers to approve tax hikes or most increases to the [debt ceiling](#).

Co-sponsors Orrin Hatch and John Cornyn noted earlier this year that the annual deficit is more than 10 times what it was in 1997, when the Senate came close to approving another balanced budget amendment.

"Millions of working families across the country balance their checks every year; their government should do the same," they wrote in a letter to colleagues.

But the wisdom of bringing such an amendment to a vote is more political than fiscal.

"Voters would then know, with very stark clarity, who is for a balanced budget and who is not, and it could have a big impact on the 2012 elections," Cornyn told the conservative publication Human Events last week.

Indeed, the chances of the amendment coming to fruition are near nil.

For any constitutional amendment to make the grade, two-thirds of the House and the Senate must vote in favor; and then at least 38 states need to ratify it. No wonder only 27 amendments have been added to the Constitution since it was ratified in 1788.

But even if the voting hurdles weren't so high, the proposal raises substantive concerns.

Given the fiscal shortfalls on tap, achieving a balanced budget under such parameters would be rather Herculean.

Lawmakers can always choose to alter the country's fiscal path for better or worse. But on its current course, the federal government could wrack up deficits averaging \$674 billion to \$950 billion a year over the next decade, according to Congressional Budget Office projections.

Lawmakers wouldn't necessarily need to [cut spending](#) by those amounts to balance the budget. That's because the sooner lawmakers start to cut, the greater the interest savings over time and the less they would have to cut in subsequent years.

But even after accounting for [interest savings](#), it's reasonable to assume that lawmakers would end up needing to cut several hundred billion every year all the same. That's especially likely since the amendment wouldn't require a balanced budget until five years after ratification, at which point annual deficits will have grown worse.

[Sorry, GOP. Tax revenue needs to go up](#)

Striving to achieve a balanced budget by way of a constitutional amendment would be "irresponsible," according to one seasoned congressional observer.

"It is about the most irresponsible action imaginable," said Norman Ornstein, a resident scholar at the conservative American Enterprise Institute. "It would virtually ensure that an economic downturn would end up as a deep depression, by erasing any real ability of the government to pursue countercyclical fiscal policies and in fact demanding the opposite, at the worst possible time."

The liberal-leaning Center on Budget and Policy Priorities said essentially the same thing, noting in a recent report how a balanced budget amendment coupled with a rigid cap on spending would prevent automatic stabilizers from working.

The point of such stabilizers -- such as unemployment benefits, which automatically expand when the economy weakens -- is to help maintain Americans' purchasing power in tough times, the report notes.

The amendment does provide a number of exceptions to the balanced budget and spending cap requirements. For instance, if a supermajority of lawmakers approves, Congress could run a "specific" deficit in a given year or exceed the spending cap by a "specific" amount.

But those supermajorities could be hard to rally until after a recession takes hold, CBPP notes.

"Even then, determined minorities could resist voting to lift the spending cap or balanced budget requirement, or might demand destructive measures -- potentially including new, permanent tax cuts that increase deficits and ultimately necessitate even deeper budget cuts -- as the price for their votes."

Alice Rivlin, a federal budget expert who sat on President Obama's debt commission, said an amendment to balance the budget is not a "useful goal."

And the proposal's spending cap of 18% of gross domestic product is too low, Rivlin said.

"Keeping spending at 18 percent of GDP is not feasible when we have a huge generation of baby boomers moving into retirement, longevity is increasing, and medical costs are high and rising." ■

New York Times

An Amendment That Could Not Be Enforced

By WALTER E. DELLINGER III

July 21, 2011

FOR decades, supporting a balanced-budget amendment to the Constitution has conveniently allowed many politicians to seem serious about the deficit without actually having to identify a single spending cut or tax increase. It was a neat trick — until now.

Members of the House are poised to vote on such an amendment next week. With President Obama and the House speaker, John A. Boehner, in negotiations over a major budget deal, and little interest in the Senate, the amendment seems to have little chance of being passed. But the fact that so many House members support the amendment is alarming; if it were to become law, it would do grave harm to our constitutional system, because the process for enforcing it would be uncertain and perilous.

Most versions of the proposal set a seemingly simple rule for the federal budget: “Total outlays for any fiscal year shall not exceed total receipts for that fiscal year.” (Some versions also provide that outlays cannot exceed a certain percentage of the previous year’s gross domestic product.) But how will it come about? The amendment does not say.

Even if every member of Congress individually favored a combination of taxes and expenditures that would be in balance, there is no way to ensure that any particular proposal would gain majority support. And even if Congress as a whole were able to agree on budget in which receipts exceeded expenditures, what happens if later in the fiscal year spending turns out to be greater, or revenue less, than expected?

Could the president take the position that the amendment confers upon him the authority to ignore appropriations and entitlements, or the Impoundment Control Law, which restricts the president from withholding funds for programs he opposes? Under that reading, the amendment would give a president sweeping new powers while providing no guidance on how to exercise them.

Court is where the whole budget process would likely wind up. Unlike older versions of the amendment, which left enforcement a mystery, the current proposals clearly contemplate judicial involvement and even provide that members of Congress can bring lawsuits to enforce the limits.

What a nightmare. Allowing federal judges to make fundamental decisions about spending whenever outlays threatened to exceed receipts would be an extraordinary expansion of judicial authority. Absolutely nothing in the training or experience of judges remotely equips them to decide whether weapons systems or Social Security should be cut, and by how much.

Robert H. Bork, a former solicitor general and federal judge, once said an amendment would result in “hundreds, if not thousands, of lawsuits around the country, many of them on inconsistent theories and providing inconsistent results.”

“By the time the Supreme Court straightened the whole matter out,” he said, “the budget in question would be at least four years out of date and lawsuits involving the next three fiscal years would be slowly climbing toward the Supreme Court.”

Because judicial budgeting would so distort our constitutional system, federal judges might find a way to avoid playing such a profoundly inappropriate role. While that would preserve the judiciary as we know it, it would also render the amendment unenforceable.

That is not a good alternative. Placing an empty promise in the Constitution could have a very corrosive effect.

It would be wonderful if we could declare that from this day forward the air would be clean, our children well educated and the budget forever in balance. But merely putting such things in the Constitution — as some foreign governments have done — would not make them happen.

Walter E. Dellinger III, a lawyer at O’Melveny & Myers, was an assistant attorney general and acting solicitor general under President Bill Clinton.

Charlotte Observer

Balanced budget amendment is a waste

Fannie Flono

July 22, 20011

Even some conservatives acknowledge the breast-beating about a balanced budget constitutional amendment is wrongheaded and more symbolism than anything else. And it's not simply that getting an amendment through Congress is impossible.

Norm Ornstein, resident scholar of the conservative American Enterprise Institute, wrote in the Washington Post recently of how "disastrous" such an amendment would be: "A sagging economy requires countercyclical policy, stimulus to counter a downturn and provide a boost. The need for this policy became apparent in the 1930s, after the opposite response to economic trouble caused a dizzying collapse. Its application... succeeded in pulling the U.S. out of the Depression. Countercyclical policy is what every country employed when the credit shock hit in 2008, to avoid a global disaster far more serious than the one we faced. Under a balanced-budget amendment, no countercyclical policy could emanate from D.C."

Ornstein also notes the fantasy - my word - that the current proposal's safety valve is - the two-thirds vote of both chambers that can authorize deficit spending. "Imagine the chances of securing that vote in this Congress."

Imagine, indeed.

Of course, many of those pressing for a balanced budget amendment will dismiss even conservative concerns. They cite the fact that states have balanced budget amendments but ignore the reality that most states eagerly took federal money in this economic downturn to help balance those budgets. If lawmakers had not, they would have had to impose tax increases and service cuts that would've had their constituents howling. Even with the federal money, taxes and deep cuts were necessary in many states.

Still, most of us - conservatives, moderates and liberals - agree that the country needs to get spending under control. A \$14 trillion national debt is nothing to sneeze at. Concern about this issue is not partisan. Under President Bill Clinton, according to the Congressional Budget Office, both the federal budget was balanced and the federal debt declined.

Whether or not a balanced budget amendment is necessary or even desirable will remain debatable to some. I don't think it is. But whether such a law would get on the books anytime soon is not debatable. It won't.

Here's why. Even if Congress could agree on this measure - and clearly the Senate won't - constitutional amendments require ratification by three-quarters or at least 38 states.

Utah passed a resolution Wednesday supporting the amendment that the GOP-dominated U.S. House approved on Tuesday. But history shows the hurdles facing amendments to be ratified by states and become law.

Take the last amendment ratified, the 27th, on May 7, 1992. It was first submitted for ratification to states on September 25, 1789 - 203 years (74,003 days) before it became law.

It wasn't a radical idea either. The amendment only provides that any change in compensation in Congressional salaries take place after the start of the next term of office. Among those early states, North Carolina ratified it on Dec. 22, 1789, but Georgia only got around to it on Feb. 2, 1988.

The 27th amendment is an anomaly. But it's been grueling to get state ratification of many other amendments too - amendments we all agree now are critical to U.S. ideals of liberty and justice. It took the first 10 amendments to the Constitution - the Bill of Rights - 811 days (more than two years) to be ratified. It took 757 days to get ratification of the 14th amendment granting slaves U.S. citizenship after the Civil War. It took 441 days to get ratification of the 19th amendment giving women the right to vote. It took 1,439 days (nearly four years) to get ratification of the 22nd Amendment that restricted presidential terms of office to two.

Few would dispute that the time and energy spent on getting those measures ratified were worth the effort. But there's a lot of dispute about whether a balanced budget amendment would do more harm than good. Conservatives like Ornstein call it "about the most irresponsible action imaginable."

It's clearly one of the most wasteful efforts. Lawmakers could and should make better use of their time by truly tackling the struggling economy.

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Salon

The dangerous silliness of a balanced budget amendment

By Andrew Leonard

February 1, 2011

A perennial favorite for politicians who want to pretend to be fiscally responsible is back in the air: A [balanced budget amendment](#) that would once and for all put government finances in order. House Republicans [introduced a new version of such legislation this January](#), just as they did in January 2009. (The main difference between this year's model and 2009's: Raising taxes is explicitly discouraged as a method for reaching equilibrium.) In the Senate, South Carolina's Jim DeMint has been the most vocal supporter of a balanced budget amendment, [warning](#) that "powerful nations all the way from Rome to Russia have killed their economies by spending more than they had."

All the versions have basically the same requirements. Super majorities (three-fifths of the Senate and House) are required to break the rules, and there's always a get-out-of-jail-free card if a congressional Declaration of War is in effect. (Which means, of course, that even if there was a balanced budget amendment currently in effect, it wouldn't have been operative since 2001.) And, perhaps most important, the legislation also requires that the books be balanced at the end of every fiscal year.

The important tweak, this year, is that [a growing number of Republicans](#) are suggesting that a balanced budget amendment should be the quid pro quo exchanged for a vote to raise the debt ceiling.

Some people may have [a hard time understanding](#) how a party that believes tax cuts are the answer to every fiscal problem, but also explicitly believes that tax cuts do not need to be matched by spending cuts, could support a balanced budget amendment. [The tax cut deal recently cut](#) by Republicans and Democrats would, of course, have been prohibited by a balanced budget amendment. Indeed, an argument often heard in conservative circles *against* a balanced budget amendment zeroes in on the fact that judicial enforcement of such legislation might end up *requiring* higher taxes.

But never mind that. In principle, most people would agree that over the long run, government spending and revenue should match. The real problem with a balanced budget amendment, as currently written, comes in the short term. It puts [a fiscal policy straitjacket](#) on the U.S. government that could be very dangerous in times of recession.

Let's try a thought experiment, and suppose that the U.S. Constitution had included a balanced budget amendment when Obama took office at the beginning of January 2009. We'll ignore, for now, the loophole provided by the ongoing war in Afghanistan, and posit, for the sake of argument, that there was no way that the White House could have gotten enough votes in the

House to pass its stimulus package, given the supermajority requirements in a typical balanced budget amendment.

Sure, plenty of people might say: Well, that's exactly the point -- the government *should not* engage in budget-busting fiscal stimulus. But what about the reverse: budget-balancing anti-stimulus at the worst possible time?

As noted here many times before, the Great Recession exploded the government deficit because tax revenue plummeted while government spending on so-called automatic stabilizers -- unemployment benefits, etc. -- rose. [According to the Congressional Budget Office](#), almost one-fifth of the \$1.4 trillion deficit in 2009 can be blamed directly on a recession-induced tax revenue decline of around \$320 billion. (A very nice chart [here](#) makes the diverging trend lines crystal clear.)

If Obama had been forced to adhere to the strictures of a balanced budget amendment for fiscal-year 2009, he would have had to cut spending enormously, or shock the economy with a big tax hike, or both, simply because of the precipitous downturn in the business cycle. While one can understand why people cite a 9.4 percent unemployment rate as evidence that the stimulus did not work, I, for one, am very grateful that at a time when the U.S. economy was shedding well over half a million jobs a month, we didn't simultaneously *cut* spending on social welfare and raise taxes. That would have been balanced-budget mandated suicide.

This is why [most economists believe](#) that the sensible way to proceed is to balance the budget over the time period of a typical business cycle, both ups and downs included, rather than a single fiscal year. But that raises its own gnarly questions: How does one budget realistically for something as imprecise and unknowable as the length or severity of a business cycle downturn? Who decides when the deadline for balancing the books finally arrives?

This is not a new problem for governments, and the solution has been known at least since the days of Joseph and the Pharaoh. You save when times are fat, and spend when times are lean. At least, that's what responsible leaders do, when they don't have a balanced budget amendment tying their hands.



Why the Balanced Budget Amendment Is Terrible, and Why Congress Is Voting on It Anyway

By: [Dan Amira](#)

July 18, 2011

As the debt negotiations continue this week — the last week, we hope — Congress will simultaneously deal with the sideshow of the Balanced Budget Amendment. This is a proposed amendment to the U.S. Constitution that would, as the name suggests, encourage Congress to pass a balanced budget by requiring a two-thirds supermajority to pass one that isn't. The House and Senate will vote this week on legislation that says the debt ceiling can only be raised once such an amendment passes through Congress. While that idea is popular with the GOP, it's not likely to get through the Democratically held Senate, and President Obama has already promised to veto it.

Not every Democrat is necessarily opposed to any kind of balanced-budget amendment, but this particular one goes [far beyond what even budget-conscious Blue Dogs are willing to support](#). For starters, the amendment makes no exceptions for recessions, in which heightened government spending is crucial to the economy. It also requires a two-thirds supermajority in both houses of Congress to pass a tax increase, effectively ensuring that no taxes will ever rise again (even though tax increases would help to balance the budget, which is somehow not important to backers of the *Balanced Budget Amendment*). The spending cuts it would require would be [more drastic than even those proposed by Paul Ryan or Rand Paul](#). It's so extreme that, [as Ezra Klein wrote back in April](#), "Not a single year of the Bush administration would qualify as constitutional under this amendment. Nor would a single year of the Reagan administration. The Clinton administration would've had exactly two years in which it wasn't in violation."

The only reason this legislation will get its day in Congress this week is to appease the right wing of the Republican Party before trying to sell it on whatever deal is eventually hashed out between Mitch McConnell, John Boehner, and President Obama. As [First Read notes this morning](#), "the House GOP leadership needs to show — and not just say — to some of its new rank-and-file members that a Balanced Budget Amendment cannot pass ... [O]nce that's out of the way (after a necessary amount of messaging to go with it), the real convincing takes place." It's like taking your toddler to the playground. He wants to play basketball, but you know he won't even be able to reach the rim. So you have to prove it to him first by letting him shoot an air ball. Only then will he grudgingly play on one of those lame [spring animals](#).

[First Thoughts: Holding pattern](#) [First Read/MSNBC]

[Republican push for balanced-budget amendment faces high hurdles in House](#) [Hill]

[New balanced budget amendment, not the same as the old balanced budget amendment](#) [Ezra Klein/WP]

Ocala Star Banner (Ocala, FL)

Editorial: 'Balanced budget' amendment a bad idea

July 26, 2011

A "balanced budget" amendment to the U.S. Constitution is not the answer to the country's debt woes. Politicians should stop resuscitating this bad idea and seek more sensible ways to reduce the deficit.

The latest constitutional amendment proposal, included in legislation passed last week by the House of Representatives, was blocked by the Senate in a vote Friday.

That's good — as long as the measure stays dead.

Over the decades, there have been multiple versions of balanced-budget amendment proposals. The latest was one of the most problematic, because it also included a spending cap — no more than 18 percent of Gross Domestic Product — that would have brought on rapid, deep cuts. The measure also would have required congressional supermajorities in order to exceed the cap, incur deficits or raise taxes.

This tough-on-spending stance has populist appeal among voters angered by the nation's rising debt load. But cementing budget restrictions into the Constitution would be harmful.

Here are some of the problems inherent in a balanced-budget amendment:

— In times of financial crisis the amendment's requirements would slow the federal government's ability to respond, provide a safety net and initiate stimulus programs.

— “A balanced budget amendment would invite Congress to enact unfunded mandates, requiring states, localities and private businesses to do what it cannot finance itself,” according to a letter last week from a group of economists. (They include Nobel Prize winners Kenneth Arrow, Peter Diamond, Robert Solow, Eric Maskin and William Sharpe.)

— The congressional supermajority required to approve tax hikes and deficits could give the minority virtual veto power over the annual budget.

Of the spending cap, the group of economists said the requirement would harm economic growth “because increases in high-return investments — even those fully paid for with additional revenue — would be deemed unconstitutional if not offset by other spending reductions.”

To be sure, most states have balanced-budget requirements, including Florida. That is often cited as a reason for the federal government to follow suit, but the comparison is misleading.

Many states, for example, require that only portions of the budget be balanced. Some, such as Michigan, allow unavoidable deficits to be resolved in the next fiscal year, without defining ‘unavoidable,’ according to a report by the National Conference of State Legislatures. Many do not include bond financing for capital projects in the balancing requirement. And some states do not prohibit end-of-year deficits from being carried forward into the next period. If the federal government were to cut payments to the states, as would likely happen under a spending cap, many states would face a financial crisis. This reality reflects the federal government's vital role in funding social services and as an economic safety valve when disasters and recessions slam state revenues.

Fiscal hawks are right to pursue federal budget balancing but wrong to do it via a rigid constitutional amendment and arbitrary spending cap.



Balanced-budget amendment should be rejected

Editorial

July 17, 2011

The stalemated negotiations over increasing the debt limit have renewed talk in Congress about a balanced budget amendment to the Constitution.

The idea has some support among Democrats and Republicans, although GOP lawmakers are insisting that Congress approve an amendment to be sent to the states for ratification before voting on any debt reduction proposal. Twelve Senators and 36 House members have signed on to a “cut, cap and balance” pledge requiring spending cuts and a balanced-budget amendment vote.

Such amendments sound good, but they have several drawbacks that would limit presidential and congressional flexibility in responding to a crisis such as the latest recession when revenue declines and there is greater demand on safety-net programs.

A leading GOP plan would require the president to submit a balanced budget. Spending could not exceed revenue unless approved by three-fifths of Congress.

The same supermajority would also be required to approve increases in the debt limit, in effect giving a minority veto power.

But it would also set an unrealistic limit on spending. It would prevent federal spending from exceeding 18 percent of the gross domestic product unless also approved by two-thirds of the House and Senate. Federal spending has not been this low since 1966, when Medicare and Medicaid, two of the government's costliest entitlement programs, were just being implemented. “Maybe they haven't heard about the baby boom generation,” quipped Democratic Sen. Kent Conrad.

Colorado Sen. Mark Udall has a less stringent version that would allow waiving a balanced-budget requirement during wartime. It would prohibit Congress from passing tax breaks on people earning more than \$1 million a year and put Social Security in a “lockbox” so it could not be used in budget cuts. Republicans oppose any amendment that does not also cap spending.

President Obama, who would have no role in the amendment process, opposes the idea. If approved by two-thirds vote of the House and Senate, three-fourths of the states would have to ratify it. But it should not get to the states. Congress should reject such an amendment.



Pittsburg Morning Sun (Pittsburg, KS)

EDITORIAL: Balanced budget amendment just another gimmick

July 21, 2011

One of the despicable things about politics is when lawmakers do stuff just for show, usually to pander to some perceived political base, with no real intention of anything coming of it. That pretty much sums up the U.S. House of Representatives' effort to try to get a balanced budget amendment added to the U.S. Constitution.

The House was set to vote on the measure this week - perhaps even Tuesday, though not yet at this writing - with majority Republican leaders tying it to their support for raising the debt ceiling by some \$2.4 trillion. Called "cut, cap and balance," it would also reduce the budget by at least \$100 billion in 2012 and handcuff Uncle Sam on spending to 18 percent of the size of the economy over the next decade, with the modern-era average at about 20 percent of GDP. And it doesn't have a prayer of passing. Even if the House were of a mind to go this route, the Democrat-controlled Senate wouldn't, and even if it did, President Barack Obama would veto it.

As to amending the Constitution, first, to even pretend this is some sort of solution to the current budget and deficit dilemma is laughable. Article V of the Constitution spells out a few ways to get from here to there on a new amendment, one of which has been by far the most commonly used - in fact, all but once. The wheels would be set in motion by both houses of Congress passing a bill by two-thirds majorities. Even if all 240 Republicans in the House were to vote in the affirmative, they would still need some 50 Democrats to go along, which seems unlikely. In the Senate, 67 votes would be needed, and that's even more unlikely with Dems in the majority. In any event, no president's signature is required.

If by some remarkable turn Congress were to send an amendment to the states, the approval of three-quarters of them - through their legislatures or conventions, 38 states - is necessary to ratify.

As one might guess, this would take a while. Congress typically places a time limit on amendment approval. In the past that has been seven years. Last one checked, the deadline for raising the debt ceiling is Aug. 2. A balanced budget amendment isn't coming to anyone's rescue.

Second, Obama is right, "we do not have any more time to engage in symbolic gestures." Beyond that, "we don't need a constitutional amendment to do our jobs." In fact balancing the budget is within the capability of the federal government now, no amendment necessary. Arguably this is about providing political cover to those elected representatives who wish not to suffer the fallout from their decisions, should they ever have the courage to make them knowing that their votes actually mean something. When Congress hikes the eligibility age for Medicare, or reduces Social Security costs by changing the inflation index, or begins means testing for

those programs, its members can tell those baby boomers swelling the entitlement ranks, hey, the Constitution made them do it.

To those who would say it's not about that at all, that given the charged political climate it's impossible to seriously curb spending or do what's necessary to balance the budget otherwise, well, Democrat President Bill Clinton and a Republican Congress put the lie to that in relatively recent memory.

Finally, it's fair to point out that Illinois has a balanced budget provision in its constitution, and a lot of good that does. The Legislature and governor routinely ignore it, with impunity. No one holds them accountable, at the ballot box or anyplace else. Would Congress be any different? Where there's a will, there's a way for politicians to go around anything.

At this writing communication between the feuding parties is ongoing, with a late compromise being put together by the Senate's so-called Gang of Six. Multiple scenarios were on the table, combinations of plans put together by both sides; what has emerged is a proposal to shave some \$4 trillion in deficit spending over the next decade, while halving the number of income tax brackets and lowering the rates across the board. It may not be enough for the purists to swallow, but may the pragmatists prevail.

It may be naive, but it's impossible to believe that the decision-makers in Washington, D.C., will bring the nation to the brink of default. Perhaps the most likely scenario is, as Obama says, that "Washington operates as usual and can't get anything done," everybody blinks - or at least the leadership does, because they've been around long enough to appreciate what's at stake even if the rookies around them don't - and that some compromise is hatched to "at least avert Armageddon."

That's how low America's aspirations are these days - to "avert Armageddon" - with the political leadership of both parties less interested in fixing problems than in posturing, pandering and pushing for electoral advantage. And so it goes, as the American people get ever more frustrated, and rightfully so, with the gamesmanship.