



OPPOSE ANY BALANCED BUDGET AMENDMENT

November 28, 2011

**The Honorable Dick Durbin, Chairman
Subcommittee on the Constitution, Civil Rights, and Human Rights
Committee on the Judiciary
United States Senate
Washington, DC 20510**

**The Honorable Lindsey Graham, Ranking Member
Subcommittee on the Constitution, Civil Rights, and Human Rights
Committee on the Judiciary
United States Senate
Washington, DC 20510**

Dear Chairman Durbin and Ranking Member Graham:

On behalf of The Leadership Conference on Civil and Human Rights, we write to express our opposition to S.J.Res.3, S.J.Res.23, or any other proposed balanced budget amendment (BBA) to the United States Constitution. While the notion of a BBA may have a certain political appeal, its impact in reality would be disastrous for the economy as a whole and for the communities we represent. As you know, a supposedly less extreme version of the BBA, H.J.Res.2, already failed in the House on November 18.

The BBA in its various forms would require a balanced budget every year, regardless of the state of the economy. While it punts on the specifics, it would require extreme spending cuts precisely when the economy is at its weakest and government revenues are at their lowest, preventing the government from resorting to countercyclical policies right when they are needed most. As a result, the BBA would tip a struggling economy into a recession and keep it there for a protracted period of time.

Moreover, the various proposals on the table would require a supermajority to increase revenues – even in order to close outrageous loopholes or to end corporate welfare in the form of tax expenditures. Such a requirement would virtually guarantee that in the event of any shortfall, the budget would be balanced on the backs of people who least can afford it.

According to a new analysis of a balanced budget amendment by Macroeconomic Advisers, one of the nation's preeminent private economic forecasting firms, if a constitutional balanced budget amendment had already been ratified and were now being enforced for fiscal year 2012, "the effect on the economy would be catastrophic." The analysis reports that if the 2012 budget were balanced through spending cuts, those cuts would have to total about \$1.5 trillion in 2012 alone, which they estimate would throw about 15 million more people out of work, double the unemployment rate from 9 percent to approximately 18

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percent, and cause the economy to shrink by about 17 percent instead of growing by an expected 2 percent.¹

Additionally, all versions of the balanced budget amendment being considered also contain a provision requiring a supermajority of both houses to raise the debt limit, making the risk of default more likely and empowering a willful minority to hold the creditworthiness of the U.S. hostage to whatever other political demands they may have. The difficulty of raising the debt limit this summer illustrates how hard it can be to secure the necessary votes even when the consequences are so grave. Only two of the last ten debt limit increases achieved a three-fifths vote, and in those two cases, it was only because the increases were imbedded in other must-pass legislation. In short, a balanced budget amendment is a recipe for making recessions more frequent, longer, and deeper, while requiring severe cuts that would harshly affect seniors, children, veterans, people with disabilities, homeland security activities, public safety, environmental protection, education and medical research. It would almost certainly necessitate massive cuts to vital programs including Social Security, Medicare, Medicaid, and veterans' benefits, with cuts even more drastic than the House-passed Ryan budget.

S.J.Res.23 is even more extreme than other versions of the BBA. It would require a supermajority of two-thirds in each chamber to increase revenues, and would drastically reduce government expenditures overall to 18 percent of GDP, a level not seen in decades. Taken together, these provisions would force massive if not devastating cuts in many of our most important governmental functions and programs, cuts that have clearly not yet been fully thought out by proponents.

For these reasons, we urge you to oppose S.J.Res.3, S.J.Res.23, or any other balanced budget amendment – either as a free standing proposal or as a prerequisite to raising the debt ceiling. Thank you for your consideration. If you have any questions, please contact Senior Counsel Rob Randhava at 202-466-6058.

Sincerely,

Wade Henderson
President & CEO

Nancy Zirkin
Executive Vice President

¹ Macroeconomic Advisers LLC, "Man Up: AJ(obs)A vs. J(obs)TGA," *Macroadvisers* (blog), Oct. 21, 2011, at <http://macroadvisers.blogspot.com/2011/10/man-up-ajobsa-vs-jobstga.html>.