

# **STATE AND LOCAL ORGANIZATIONS OPPOSING THE BALANCED BUDGET AMENDMENT**

**November 14, 2011**

Dear Representative/Senator:

The undersigned state-level organizations strongly urge you to oppose any balanced budget amendment to the United States Constitution.

A balanced budget constitutional amendment would damage the economy, not strengthen it. Demanding that policymakers cut spending and/or raise taxes, even when the economy slows, is the opposite of what is needed to stabilize a weak economy and avert recessions. Such steps would risk tipping a faltering economy into recession or worsening an ongoing downturn, costing large numbers of jobs while blocking worthy investments to stimulate jobs and growth and address the nation's urgent needs in infrastructure and other areas.

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

Additionally, all versions of the balanced budget amendment being considered also contain a provision requiring 3/5 of whole membership of both houses to raise debt limit, making risk of default more likely and empowering a willful minority to hold the full faith and credit 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, 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, veterans' benefits and lead to even deeper cuts than the House-passed budget.

A balanced budget amendment has no place in the Constitution of the United States. Our Constitution has served the nation well because it represents enduring principles that are the foundations of our government. It should not be used as a substitute for real leadership on fiscal policy.

We strongly urge you to oppose any constitutional balanced budget amendment.

Sincerely,