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**STATEMENT OF ROBERT GREENSTEIN, PRESIDENT,
ON THE CONSTITUTIONAL BALANCED BUDGET AMENDMENTS
BEFORE THE HOUSE**

Both Versions Would Threaten Full Faith and Credit of U.S.

The House is scheduled to consider two versions of the constitutional balanced budget amendment later this week — H.J. Res 1 and H.J. Res 2. The first (H.J. Res 1) requires a two-thirds vote of the House and Senate for any legislation that includes a tax increase and also prohibits federal spending from exceeding 18 percent of GDP. Both of these provisions, which we analyzed [here](#), are extremely ill-advised.

H.J. Res 2 does not include them. But it is extremely dangerous nonetheless. Along with the highly misguided requirement to balance the budget every year regardless of the state of the economy — which almost certainly would make recessions more frequent, longer, and deeper — H.J. Res 2 would put the full faith and credit of the United States at risk by making default more likely.

H.J. Res 2, like H.J. Res 1, would make it even harder to raise the debt limit than it already is by requiring a *three-fifths* vote of both the House and Senate for any increase. That's about the last thing we need, as the current struggle to raise the debt limit makes clear. *Only two of the last ten* debt limit increases obtained three-fifths vote in both chambers, and those two instances both occurred amidst the financial crisis in 2008 when the debt limit increases were included in larger legislation to respond to the meltdowns accelerating in the housing and financial markets.

In short, a three-fifths requirement would be exceedingly dangerous, heightening the risk of an unprecedented federal default that could raise interest rates and damage the U.S. economy for years to come. Unless policymakers like the mess we're in now, they should not put the nation in even deeper messes and greater jeopardy in the future. Moreover, the three-fifths requirement would further empower determined minorities to hold the economy hostage to their demands as their price for providing the votes needed to garner a three-fifths supermajority in both houses to avoid a default.

(more)

Both Versions Would Make it Harder to Raise Taxes than to Cut Social Security, Veterans Programs, or Basic Assistance for the Poor

Although H.J. Res 2 does not require two-thirds votes to raise taxes, it still makes it harder to raise tax revenue than to cut programs. Legislation that includes a tax increase would require a majority of the *full membership* of the House and Senate, while legislation to cut programs would continue to require only a majority of those *present and voting*. The difference may not be huge. But on some key votes, it could make the difference between passage and defeat.

This provision raises a fundamental question. Why shouldn't the playing field be level for budget cuts and revenue increases? Why should a measure to close an egregious special-interest tax loophole require more votes than a measure to cut Social Security benefits, disability compensation for veterans wounded in combat, cancer research, education, or basic assistance for the neediest of our fellow citizens?