



Chris Chocola | President

A Letter to Speaker John Boehner: Pass the Amash Balanced Budget Amendment

The Honorable John Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

September 21, 2011

Dear Mr. Speaker:

The Budget Control Act of 2011 requires the House and Senate to vote “on passage of a joint resolution proposing a balanced budget amendment to the Constitution” sometime between October 1 and December 31.

This presents Congress with a historic opportunity to send such an amendment to the States for ratification.

Rep. Justin Amash and 28 other representatives have sponsored a version of the amendment (H.J.Res. 73) that has enormous potential to create a consensus that appeals to both parties and a broad range of ideological views. This proposed amendment already has sponsors from a broad ideological spectrum in both parties. Such a consensus would greatly improve the possibility of passage by Congress and ratification by the States.

H.J.Res. 73 would balance the budget over the business cycle. It limits debt by specifying that outlays could not exceed the average revenue of the prior three years, adjusted for growth in population and inflation. It allows for debt beyond the limit in emergencies of any kind if approved by a large supermajority of Congress and the president. The proposal would phase out the deficit over a ten-year period after the amendment is ratified.

This amendment has unique features that appeal to both liberals and conservatives who support constitutional limits on debt. Liberals will appreciate its built-in countercyclical features and that it does not attempt to specify that government should be a certain size. Conservatives will appreciate that the amendment is far less reliant on estimates than other balanced budget amendment proposals and provides incentives for pro-growth policies such as predictable tax and debt burdens and low inflation. Its language is simple and consistent with the principles enumerated by the U.S. Constitution.

Economists Carmen Reinhart of the University of Maryland and Kenneth Rogoff of Harvard looked at debt levels and economic growth during the last 200 years in 44 countries. They concluded “Our main finding is that across both advanced countries and emerging markets, high debt/GDP levels (90 percent and above) are associated with notably lower growth outcomes.”

Our debt levels will soon soar well past those levels. Congress is institutionally incapable of balancing the budget on a regular basis – the books have been balanced just five times in the last 50 years. A key reason is because special interest groups fight hard to protect spending that benefits their constituencies, yet any savings from a cut is spread over 300 million citizens. This creates unequal pressure for more and more spending and debt, far beyond what the nation can afford. Without constitutional limits on debt, special interest politics will literally send us to the poorhouse. H.J. Res. 73 is well suited to countering this institutional bias for excessive debt.

If the leadership plans to comply with the Budget Control Act through scheduling a vote on a Balanced Budget Amendment without a tax and spending limit, then it should support passage of H.J.Res. 73 by the House of Representatives.

Sincerely,



Chris Chocola
President
Club for Growth