



November 15, 2011

OPPOSE ANY BALANCED BUDGET AMENDMENT

Dear Representative:

On behalf of The Leadership Conference on Civil and Human Rights, a coalition of over 210 national organizations, we write to express our opposition to H.J.Res.2 or any other proposed balanced budget amendment (BBA) to our 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. We consider this week's vote a priority, and we **intend to record your position in our voting record for the 112th Congress.**

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 when 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 would keep it there for a protracted period of time. Its requirement also would virtually guarantee that in the event of any shortfall, the budget would be balanced on the backs of people who can afford it the least.

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.¹

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 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

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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>.



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.

In short, H.J.Res.2 would force massive if not devastating cuts in many of our most important governmental functions and programs. It is clear that BBA proponents have not yet fully thought out the details.

For these reasons, we urge you to oppose H.J.Res.2 or any other balanced budget amendment. 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