



March 31, 2011

An Open Letter to the United States Senate: Support the Consensus Balanced Budget Amendment!

Dear Senator:

On behalf of the 362,000 member National Taxpayers Union (NTU), I write to provide our strong endorsement of the “Consensus Balanced Budget Amendment” (BBA), which is the product of negotiations among advocates of several BBA measures. We commend Senator Hatch and his colleagues, Senators Lee, Cornyn, Kyl, McConnell, Toomey, Snowe, Risch, Rubio, DeMint, Paul, Vitter, Enzi, Kirk, and Crapo, for introducing this legislation and urge all Senators to cosponsor the resolution.

NTU has approached the current legislative evolution of the BBA not merely as an interested observer or even as a concerned stakeholder. Instead, we view this process through a 40-plus-year organizational history in which constitutional limits on the size of government have occupied the central part of our mission.

Throughout the 1970s and 1980s, my organization helped to launch and sustain the movement for a limited Article V amendment convention among the states to propose a Balanced Budget Amendment (BBA) for ratification, all while pursuing a BBA through Congress. Our members were elated over the passage of S.J. Res. 58 in 1982, and the passage of H.J. Res. 1 in 1995 through the House of Representatives. In both cases the measures, whose provisions varied somewhat, fell short of enactment in the other chambers of Congress. More recently, we have provided endorsements to BBA legislation such as S.J. Res. 3 and H.J. Res. 1.

To our members, a BBA would provide the very lifeblood that will restore and sustain the financial health of our Republic. We are therefore elated over the intensifying interest among Members of Congress and state legislators in a unified BBA concept. The proposal admirably harnesses this energy, by combining and refining elements from several amendments introduced thus far in Congress. These include strong “supermajority” safeguards against reckless tax or debt increases as well as override provisions to confront the realities of military conflicts.

Also of great importance is the amendment’s spending limitation clause. Although several types of mechanisms could answer to the purpose of controlling growth in expenditures, any such protection incorporating Gross Domestic Product (GDP) must pay careful heed to historical experience. In this case, an annual spending cap at 18 percent of GDP is clearly the most prudent choice. Such a level reflects the share of economic output that federal revenues have typically represented since World War II. Given that constitutional amendments should be designed with a long nod to the past and an equally farsighted view to the future, 18 percent is a most stable and logical benchmark.

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In addition, setting the expenditure limit at 18 percent would make a vital contribution toward harmonizing all parts of the amendment so that the whole functions as intended. An assumption that spending should normally be linked to the average and customary federal revenue proportion would by its very nature give Congress and the President a starting point that is closer to balance. Indeed, the limit helps to remedy Washington's increasingly metastasized affliction of tax-spend-and-borrow, by elevating the concept of expenditure restraint to its rightful place in policymaking. While the two-thirds "supermajority" override requirement is essential to ensuring this place, so is the 18 percent cap on expenditures. If set too high, the spending limit would merely institutionalize, rather than minimize, deficits. Recent spending-to-GDP ratios in excess of 20 percent – and the resulting pressures to borrow or tax even more – ought to convince fiscal disciplinarians of the need for a carefully-designed limit.

We understand the political environment within which the consensus BBA was crafted, and, given our history, we appreciate the many challenges in the legislative effort that lies ahead. Yet it is precisely our longstanding devotion to this reform that gives us cause to make several observations. Moving forward, Senators must commit to *passage* of the BBA in this Congress, *not* simply another "test vote" tied to some legislative urgency. This means making the Amendment a part of the Congress's everyday narrative on tax and spending policy, thereby leading a national discussion that occupies a primary place in the public square. Nor should the BBA be held as some proxy to other reform approaches. Indeed, statutory or regulatory steps to control the nation's finances are not "second-best" substitutes; their very effectiveness depends upon a constitutional foundation that will set the boundaries within which they can operate.

Furthermore, supporters of this BBA must reach far and wide across the aisle to obtain the necessary bipartisan backing that will ensure passage of the measure. The temptation to put electoral calculations first is unacceptable to taxpayers, who (properly) surmise that concerted action to control deficits cannot wait until after 2012. Likewise, Senators must engage their House colleagues as well as state legislators in their capitols back home, many of whom have both the commitment and the experience to see the BBA through to passage and ratification.

Through all of these means, and toward the critical end of enacting a Balanced Budget Amendment, NTU and members pledge the fullest possible measure of their time, energy, and resources. Together, we can fulfill this long-overdue obligation to future generations.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Sepp", with a stylized flourish at the end.

Pete Sepp
Executive Vice President