



February 1, 2011

The Honorable Orrin Hatch
The Honorable John Cornyn
United States Senate
Washington, DC 20510

Dear Senators Hatch and Cornyn:

On behalf of the 362,000-member National Taxpayers Union (NTU), I write to offer our wholehearted support for S.J. Res. 3, a constitutional amendment to require a balanced federal budget as well as establish protections against runaway taxes, spending, and debt. If passed, your amendment would represent the single most important taxpayer victory in this Congress.

Since its founding in 1969, NTU's most fundamental and enduring goal has been to establish constitutional limits on the size and future growth of government. 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.

I recall these efforts as an illustration of how prescient the arguments of BBA advocates such as yourselves have proven to be, and how specious those of your opponents have been. For the better part of 40 years, we were told that fiscal discipline would evolve simply by "electing the right people," all while Republican and Democratic Presidents and Congresses abused the nation's good credit. We were told that statutory measures would bring outlays under control, even as laws such as the Gramm-Rudman Hollings Act were trampled underfoot. We were told that our foundational document shouldn't be "cluttered" with mundane matters of budgeting, even as the tax and spend culture in Washington eroded the foundations of prosperity for current and future generations.

Alarming fiscal developments such as these have rarely abated, and have largely accelerated. Last week's Congressional Budget Office Fiscal Year 2011 projection of a \$1.5 trillion deficit is perilous in its own right; yet, the federal government has seen deficits during 44 of the last 50 years. This fact ought to give pause even to die-hard Keynesians, who believe surpluses should be the norm in most economic growth cycles.

The notion that limits on taxes and spending are too trivial for the Constitution seems quaint today, as our national debt tests the ominous level of 100 percent of the nation's economic output. Unsustainable entitlement programs, whose dire condition has been known for at least 20 years now, threaten to heap unfathomable burdens on taxpayers. BBA naysayers sought to derail the constitutional budgetary discipline that could have made adjustments to the realities of these programs gradual and bearable, all while they complained that the measure would "take too long to ratify" for it to have any salutary effect. The question now before Congress is, how could our Constitution *not* be allowed to contribute toward restoring our nation's fiscal stability? The fiscal crisis our government faces overwhelmingly demonstrates the continued relevance of a BBA to curing the maladies that threaten the health of our economy.

Your proposal contains some of the strongest BBA provisions we have ever seen. It includes a two-thirds “supermajority” vote requirement if Members of Congress wish to approve deficit spending or tax increases, whereas most BBAs have set the deficit-exception threshold at three-fifths. The measure also includes an explicit limitation on federal spending, set at 20 percent of Gross Domestic Product. Although economic measurements such as these can be subject to interpretation, we believe that thoughtfully designed mechanism, one which helps to keep expenditures at affordable levels can be a desirable feature of a constitutional amendment. Moreover, your legislation provides the right balance of flexibility and inclusiveness, with sensible exemptions for wartime situations and a stipulation that the Executive Branch must do some lifting of its own by proposing a balanced budget to Congress.

As you know, NTU has supported, and will continue to support, various BBA concepts as they enter the public square. For example, we were pleased to note the introduction of H.J. Res. 1 by your House colleague, Bob Goodlatte. This amendment bears several similarities to your own, among them an expenditure limitation. Additionally, Representative Goodlatte has introduced H.J. Res. 2, whose elements are virtually identical to the BBA that his chamber enacted in 1995. Given our past history of advocacy for this amendment, we believe that H.J. Res. 2, though less comprehensive than your own bill, would provide acceptable progress toward solid budget reform. Furthermore, NTU has endorsed the Vote on Taxes Amendment, which incorporates a voter approval requirement as a check against deficit spending and higher taxes. This vehicle is wielding its way through the Article V amendment convention process.

Despite these many facets of our campaign for constitutional fiscal discipline, some plans will no doubt be called “Balanced Budget Amendments” by their sponsors without being worthy of the name. For example, any plan with weaker exemption clauses than H.J. Res. 2, or legislation that would exclude the Social Security Trust Fund from balanced-budget calculations, would earn NTU’s strident opposition.

Thomas Jefferson once wrote, “I wish it were possible to obtain a single amendment to our Constitution . . .; I mean an additional article, taking from the federal government the power of borrowing.” No proposal in Congress today would guarantee such an outcome – an end to deficit spending. What your legislation will guarantee is a more deliberative, accountable budgeting process that avoids the rash impulse to tax or borrow and encourages consensus-building toward spending restraint. Constitutions shouldn’t make policy, but they should set rules within which policymakers operate and they should safeguard the rights of citizens. If the fundamental right – of every generation – to be free of excessive federal debt cannot be protected by our Constitution, little else in that precious document will matter. Jefferson would certainly agree. Thus, the past, present, and future all speak clearly to us on behalf of this reform.

NTU is proud to endorse your Balanced Budget Amendment, and we pledge our maximum effort toward the enactment of the best possible BBA. Any roll call votes pertaining to S.J. Res. 3 will be among the most heavily weighted in our annual rating of Congress.

Sincerely,



Pete Sepp
Executive Vice President