November 15, 2011

Dear Representative:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I am writing to urge you to vote no on H.J. Res. 2 or any other amendment to the U.S. Constitution to require a balanced budget. The proposed constitutional balanced budget amendment would devastate the economy, result in serious job loss, double the rate of unemployment, and undermine Medicare, Medicaid, and Social Security and other vital public services.

While so-called “Balanced Budget Amendments” may sound reasonable to some, it actually would weaken the economy and make it nearly impossible for Congress to respond to economic crises. If such an amendment had been in place when the economy crashed in 2008, Congress would have been unable to effectively respond. A group of Nobel Laureates and leading economic scholars in a July 28, 2011 letter to President Obama and House and Senate Leaders called it “very unsound economic policy” that would adversely impact the economy and aggravate recessions by requiring large, indiscriminate spending cuts during economic downturns, precisely the opposite of what is needed to stabilize the economy and avert recessions.

These views are further reinforced by other economic analysts. According to Macroeconomic Advisors, a leading econometrics firm, if the balanced budget requirement were applied to the current fiscal year it would require cuts totaling $1.5 trillion, result in the loss of 15 million jobs, and double the unemployment rate from nine to 18%. It also would cause the U.S. economy to shrink by about 17%. These results by anyone’s measure would be unacceptable and catastrophic.

A constitutional balanced budget amendment is a simplistic answer to complicated fiscal issues. Rather than result in balanced budgets, it would only serve only to weaken our economy and move us away from fiscal responsibility. And it would cause major cuts in Social Security, Medicare, Medicaid, education, veterans’ benefits and other vital programs. It would devastate important public services and adversely affect state and local governments that are struggling through a cycle of serious fiscal problems.

The three-fifths super-majority required to raise the debt ceiling or waive its provisions would do serious damage to the democratic principle of majority-rule and could enable an extremist minority to hold the economy hostage to unreasonable and harmful demands. If the Congress is now in the midst of political gridlock, one can only imagine how this would further paralyze political decision-making in Congress.

There are also serious concerns about the implementation of a constitutional balanced budget amendment and how such an amendment could inaugurate an era of

American Federation of State, County and Municipal Employees, AFL-CIO

TCL (202) 429-1000 FAX (202) 429-1293 TDD (202) 659-0446 WEB www.afscme.org 1625 L Street, NW, Washington, DC 20036-5687
judicial decision-making. Mainstream legal scholars maintain that such an amendment would bring the courts into day-to-day budget decisions, stripping away much of the budget-making power intentionally given to Congress in the Constitution by our Founding Fathers. Budget decisions should be made by officials elected by the people, not unelected court officials with no economic or budget expertise.

AFSCME strongly urges you to oppose this harmful amendment to the Constitution requiring a balanced budget. While it may sound like a good idea, it will do more harm than good to the economy and to our system of government. AFSCME thinks this is one of the most important votes you will make in this Congress.

Sincerely,

Charles M. Loveless
Director of Legislation

CML:ejm