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***Why I Oppose a
Balanced-Budget Amendment to the
United States Constitution***

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**It is very
important to
control federal
deficits.**

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**But to require a balanced
budget in every year is to
invite disaster.**

**It would turn a mild recession
into a deep one.**

**It would turn a deep recession
into a depression.**

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1. In recessions, people lose their jobs.

2. When people lose their jobs, their tax payments go way down, and they may become eligible for unemployment benefits. Unless these are offset, they will increase the deficit.

3. Thus if we insist on balancing the budget in a recession, we have to raise taxes on those who still are working, or raise taxes on businesses that are still in business, or reduce spending.

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4. Those tax hikes, or spending reductions, would put a further drag on the economy. When the economy is already weak from a recession, a further drag from tax hikes or spending cuts is harmful.

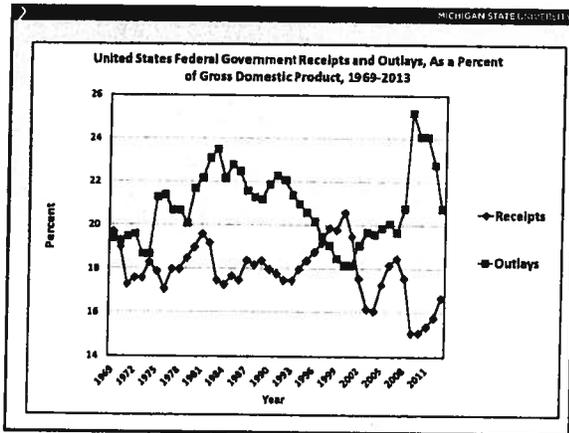
A mild recession could become a deep recession, and a deep recession could become a depression.

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Some History:

1. Deficits increase during and after recessions.

2. It really is possible to balance the federal budget; it happened in 1997-2000, through tax increases, spending reductions, and a growing economy.



Since 2011, economic recovery, tax increases, and spending reductions have led to very large deficit reductions.

	<u>Deficit (billions)</u>	<u>Deficit as % of GDP</u>
2011	\$1,300	8.8%
2012	\$1,089	6.8%
2013	\$ 680	4.1%

What if we had insisted on a balanced budget in 2013? Where would the extra \$680 billion come from?

Senator Green: "federal government today could shut off Social Security".

Would that have been enough to balance the 2013 budget?

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2013 Social Security benefits	\$803 B.
2013 Dept. of Defense	\$608 B.
2013 Medicare & Medicaid	\$760 B.
50% of 2013 income taxes	\$658 B.

But that isn't the end of the story.

--Large reductions in Social Security, or Medicare and Medicaid, or defense, or large tax increases, would all lead to job losses, which would further increase the deficit.

A balanced-budget amendment to the U.S. Constitution is very appealing on the surface.

But it could do profound damage.

I pray it does not pass.

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Here is a Constitutional Amendment that might help control deficits, without damaging the economy:

End gerrymandering of Congressional districts.
