

Extension of Remarks
Representative Jan Schakowsky
H.J. Res. 2

November 17, 2011

Mr. Speaker,

I rise in opposition to H.J. Res. 2, the Balanced Budget Amendment.

It was just a decade ago that President Clinton left office with not just a balanced budget but a surplus, and the Congressional Budget Office declared in 2001, "The outlook for the federal budget over the next decade continues to be bright."

And here we are today – after two wars that weren't paid for, two tax cuts that weren't paid for and that mainly benefitted the wealthy, and a devastating recession that may have been prevented had financial regulators not turned a blind eye to Wall Street greed – debating an amendment to the Constitution that offers anything but balance.

This amendment would destroy the budget – and in the process wipe out jobs, eviscerate federal programs that benefit seniors, middle class families, and the most vulnerable – programs like Social Security, Medicare, and Medicaid, the Supplemental Nutrition Assistance Program and extended unemployment benefits, as well as education and research and development funding – you name a program and this amendment will put it at risk.

A November 15, 2011, report from the Center on Budget and Policy Priorities states that:

The constitutional balanced budget amendment that the House is expected to consider this

week could force Congress to cut all programs by an average of 17.3 percent by 2018. If revenues are not raised and all programs are cut by the same percentage, Social Security would be cut \$184 billion in 2018 alone and almost \$1.2 trillion through 2021; Medicare would be cut \$117 billion in 2018 and about \$750 billion through 2021; and Medicaid and the Children's Health Insurance Program (CHIP) would be cut \$80 billion in 2018 and about \$500 billion through 2021.

This amendment would limit the ability of the federal government to respond to national crisis – including an economic or natural disaster – and risks handing spending and tax decisions over to the Federal courts. It would virtually guarantee that recessions turn into depressions.

This amendment will require a supermajority to raise the debt ceiling – a reckless requirement given how close we came to defaulting earlier this year when a simple majority was required.

My colleagues on the other side of the aisle like to say that “if states and families must balance their budgets, so should the federal government.” But they are not telling the entire story. Yes, states must balance their operating budgets but they can still borrow for capital projects. Yes, families must balance their budgets but they can and do borrow for home mortgages or student loans or to pay medical bills. This amendment blocks the federal government from making any investment in the same way.

The following excerpt from an October 21, 2011, analysis from the Macroeconomic Advisers, an economic forecasting firm that provides nonpartisan analysis to both the President's Council of Economic Advisers and the Congressional Budget Office, outlines how damaging this amendment is to the economy:

Suppose in 2008, when the deficit seemed manageable, a [Balanced Budget Amendment] had been sent by Congress to the states, that it was ratified this fall, and enforced for FY 2012. The effect on the economy would be catastrophic. If the 2012 budget were balanced through spending cuts, those cuts would total about \$1.5 trillion in 2012 alone. Those cuts 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.

I share the concern that we must fix our fiscal problems but this amendment will only make things worse. It will force cuts to the programs that benefit seniors, middle class families, and the most vulnerable, and leave our grandchildren sick, uneducated, and unemployed.

We have a responsibility to ensure that America continues to be a great nation with widespread prosperity and a strong middle class, and that we remain the world's leader in technological progress and scientific innovation. H.J. Res. 2 works against that goal.

I urge my colleagues to vote no.