

Testimony of Dick Thornburgh

Former Governor of Pennsylvania and Former Attorney General of the United States

Currently Counsel to K&L Gates LLP

On the Need for a Balanced Budget Amendment to the United States Constitution

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The United States House of Representatives

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My advocacy of a balanced budget amendment to the United States Constitution goes back over a thirty-year period, beginning during my two terms as governors of Pennsylvania. Thus far, the results have not been encouraging, but I am comforted by the observation of President Woodrow Wilson that “I would rather fail in a cause that will someday triumph, than triumph in a cause that will someday fail.” Recent near train wrecks in the budgeting process have brought this cause to the fore once again and I am privileged to appear before this Committee to make the case for this proposal and urge its enactment.

I have worked in the past with numerous leaders in both parties in this cause and I am particularly proud of my partnership with such congressional leaders as Senators Orrin Hatch, and the late Paul Simon and Governors Tom Carper, Evan Bayh, Mike Castle, Bill Clinton, Dick Riley and Michael Dukakis and Congressman Joseph P. Kennedy II who have provided leadership in this effort over the years.

From my stand point, I suggest that it is particularly significant to note that all but one of the states have constitutional balanced budget requirements which, coupled with a line-item veto and separate capital budgeting requirements (which differentiate investments from current outlays), have been utilized by their governors and state legislatures throughout their histories. And they work.

I know this because of my personal experience in Pennsylvania during the 1980s when we had to cope with serious projected deficits and a national recession which threatened to obstruct our efforts to revitalize and redirect our economy without the expenditure of vast amounts of revenue which we simply did not possess. The discipline of our constitutional requirement to match revenues and expenditures not only forced us to tend both these aspects of our budgets but eventually contributed to an economic recovery which saw our state produce over 500,000 new jobs and our unemployment

rate plummet from one of the ten highest in the nation when I was elected to one of the ten lowest when I left office. Disciplined cost-cutting measures alone reduced expenditures by over \$6 billion during my eight years in office.

While I champion this cause, I recognize that it is useful, indeed necessary, to look at and assess the arguments usually raised against a balanced-budget amendment to the federal constitution.

First, it will be argued that the amendment would "clutter up" or trivialize our basic document in a way contrary to the intention of the founding fathers. This is clearly wrong. The framers of the Constitution contemplated that amendments would be necessary to keep it abreast of the times. It has, in fact, already been amended on 27 occasions.

Moreover, at the time of the Constitutional Convention, one of the major preoccupations was how to liquidate the post-Revolutionary War debts of the states. Certainly, it would have been unthinkable to the framers that the federal government itself would systematically run at a deficit, decade after decade. Indeed, the Treasury did not begin to follow such a practice until the mid-1930s.

Second, critics will argue that the adoption of a balanced-budget amendment would not solve the deficit problem overnight. This is absolutely correct, but begs the issue. Serious supporters of the amendment recognize that a phasing-in period of five or ten years would be required to reach an ultimate zero deficit.

During this interim period, however, budget makers would be constitutionally disciplined to meet declining deficit targets in order to reach a final balanced budget by the established deadline.

As pointed out by former Commerce Secretary Peter G. Peterson, a leading spokesman for

responsible budgeting, such "steady progress toward eliminating the deficit will maintain investor confidence, keep long term interest rates headed down, and keep our economy growing."

Third, it will be argued that such an amendment would require vast cuts in social services and entitlements or defense expenditures. Not necessarily. True, these programs would have to be *paid for* on a current basis rather than heaped on the backs of succeeding generations. Certainly, difficult choices would have to be made about priorities and levels of program funding. But the very purpose of the amendment is to discipline the executive and legislative branches actually to *debate* these choices and not to propose or perpetuate vast spending programs without providing the revenues to fund them.

The amendment would, in effect, make the president and congress fully accountable for their spending and taxing decisions, as they should be.

Fourth, critics will say that a balanced budget amendment would prevent or hinder our capacity to respond to national defense or economic emergencies. This concern is easy to counter. Clearly, any sensible amendment proposal would feature a "safety valve" provision to exempt deficits incurred in responding to such emergencies, requiring, for example, a three-fifths "super majority" in both houses of congress. Such action should, of course, be based on a finding that such an emergency actually exists.

Fifth, it will be said that a balanced-budget amendment would be "more loophole than law" and might be easily circumvented. The experience of the states suggests otherwise. The balanced-budget requirements now in effect in all but one of the fifty states have served them well.

Moreover, a constitutional line-item veto, similar to that available to 43 governors, would assure that any specific congressional overruns (or loophole end-runs) could be dealt with by the

president. The public's outcry, the elective process and the courts would also provide backup restraint on any tendency to simply ignore a constitutional directive.

In the final analysis, most of the excuses raised for not enacting a constitutional mandate to balance the budget rest on a stated or implied preference for solving our deficit dilemma through the “political process” – that is to say, through responsible action by the president and congress.

But that has been tried and found wanting, again and again and again.

I pass no judgment on the specific proposals before this Congress to effect such an amendment but, surely, this country is ready for a simple, clear and supreme directive that its elected officials fulfill their fiscal responsibilities. A constitutional amendment is the only instrument that will meet this need effectively. Years of experience at the state level argue persuasively in favor of such a step. Years of debate have produced no persuasive arguments against it.

And the stakes are high. Perhaps Thomas Jefferson put it best:

"To preserve our independence, we must not let our rulers load us down with perpetual debt."

That is the aim of a balanced budget amendment. Reform-minded members of Congress should choose to support such an amendment to our Constitution as a means of resolving future legislative crises and ending "credit card" government once and for all.

Such action would as well send a powerful message world-wide that the United States is willing to take necessary steps to put its house in order.