

Testimony to the Committee on the Judiciary

Hearing on Constitutional Solutions to our Escalating National Debt: Examining Balanced Budget Amendments

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Chairman Goodlatte and Ranking Member Conyers:

Thank you for inviting me to testify on the necessity of a Balance Budget Amendment (BBA). My support for a balanced budget amendment came soon after I came to Congress in 1987. It didn't take me long to realize that there is an infinite capacity in Washington, DC to kick the can down the road. The problem today is that can is getting pretty heavy to kick down the road, and it's going to land on the next generation with full force--\$17 trillion of debt. I believe we have to force Congress to make tough decisions about solving our ever expanding debt. A balanced budget amendment would be the most effective way to do that.

This is the same conclusion I came to when I supported the balanced budget amendment back in the mid-nineties. In 1995, with my support, the House passed a balanced budget amendment. It then failed by one vote in the Senate. Had that become the law of the land, today we would be paying down the last of the debt. Instead we have a \$17 trillion debt burden and little capacity to remedy it.

In 2011, I bucked my Democratic leadership, a powerful coalition of labor unions and 270 other powerful interest groups to vote yes on a balanced budget amendment. I was the lead Democratic sponsor and worked closely with Chairman Goodlatte for months to secure broad support for the balanced budget amendment. Unfortunately, Democratic leadership and the interest groups launched a massive campaign to oppose the bill. In the end only 25 Democrats supported the balanced budget amendment and it failed to garner the necessary 2/3rds vote to pass. I think we can do better next time, but that will take some help from my Republican friends.

Some of my Democratic colleagues are opposed to a balanced budget amendment because it forces Congress to make tough decisions that could include spending cuts to programs that are important to them. I urge them to not lose sight of the fact that this amendment plays both ways. Had the 1995 balanced budget amendment passed the Senate and been ratified by $\frac{3}{4}$ of the states, the Bush tax cuts would not have lasted one year. Under the current H.J. Res 2, we would have had annual votes on both Afghanistan and Iraq exemptions for deficit spending. Every deficit-laden Bush budget would have ultimately needed a $\frac{3}{5}$ th vote to gain a deficit exemption. If we had passed a balanced budget amendment in 1995, we would not have a \$17 trillion debt today, and Social Security, Medicare, and Medicaid would not be under attack.

My Democratic colleagues also have some legitimate concerns with a BBA. They rightfully worry that a BBA will be used as a blunt force weapon to impose a rigid ideology upon the nation. Their worries stem from some of the alternative BBAs that have gained significant support amongst some of my Republican colleagues. My Democratic colleagues also remember the multiple debt limit fights that unnecessarily trashed our economy as conservative Republicans placed their ideological concerns above the U.S. economy.

I and most other Democrats have serious concerns with setting arbitrary spending caps in a BBA and treating changes to spending and revenue differently. How can this Congress pretend to know the exact spending and revenue balance of the federal government 10, 20 or 50 years in the future? A BBA should force Congress to be responsible with the taxpayers' money, but not impose a particular ideology upon a future Congress. All that these radical proposals accomplish is to push Democrats further away from supporting a reasonable, balanced BBA. I fear the radical BBAs have poisoned the well.

Recent history provides us with a roadmap of how quickly the spending and revenue balance can change. President Reagan and a Democratic Congress pushed through many tax cuts and several tax increases over Reagan's two terms. The net contribution to the federal debt was a nearly \$3 trillion increase in eight years. Fiscal prudence is tough to actually accomplish, and not a partisan issue. In the late 1990s, Clinton and a Republican Congress balanced a budget from 1998 to 2001 because they compromised on both spending cuts and increased taxes. It can be done, but boxing in a future Congress on how it's done is a mistake.

If our goal here today is to unite this Congress, gain the 2/3rds necessary to pass a Constitutional Amendment, and force some fiscal responsibility upon Congress, we need to focus our efforts on H.J. Res. 2. This is the same balanced budget amendment that passed the House in 1995. This is a bipartisan resolution that has stood the test of time. Let us pass this amendment to our Constitution.

If some of my Republican colleagues want to insist on a more ideological BBA, I have some suggestions for them to consider. H.J. Res. 2 rightly allows Congress to pass an unbalanced budget if Congress declares war. But it also allows Congress to pass an unbalanced budget for any significant military action that is not a congressionally declared war, like Iraq, Libya or maybe Syria today. Closing this loophole would force each year's budget to be honestly calculated and would force the President to think twice before sending our men and women to war without the required Congressional approval. This would greatly improve the ability of H.J. Res. 2 to control deficits.

There is another change to H.J. Res. 2 that could gain additional Democratic support. I have proposed that we keep Social Security in a separate account, where it needs to remain in balance over the long term, but is not subject to arbitrary cuts because of other annual federal budgeting decisions. Social Security is not a significant driver of our deficits, and asking seniors who paid FICA taxes for decades to do more with less is wrong.

Finally, Democrats would be more likely to support H.J. Res 2 if the debt limit requirement was modified to prevent ideological troublemaking. The BBA provides two exemptions to the balanced budget requirement. By a 3/5th vote, Congress can waive the

requirements for any reason, and a simple majority can waive the requirements because of a military conflict. Either of these exemptions could necessitate an increase in the debt limit. Since H.J. Res. 2 requires a separate 3/5th vote to raise the debt limit, it is conceivable that members could approve an unbalanced budget, and then refuse to increase the debt limit. Such hostage taking is not theoretical. As recently as 2013 the Republican majority in the House of Representatives allowed the debt limit to become a crisis. Their demand for ideological intransigence unnecessarily hammered our economy. My Democratic colleagues have not forgotten.

In summary, I support H. J. Res. 2 because it has the best chance of passage and I don't believe we can afford to wait longer to pass a BBA. A balanced budget can be accomplished, and we have seen it done as recently as 13 years ago, but it took real compromise from both parties. Demands for an ideologically radical BBA are only a distraction that prevents Congress from succeeding at bringing fiscal resolve to Congress.