

Op-Ed

OPINION: Budget amendment flawed

By Dale Butland

Ohio Gov. John Kasich has called for a balanced budget amendment to the Constitution (“BBA”) and a constitutional convention to get it enacted (“Our nation’s budget must be balanced,” Dec. 2). Both are terrible ideas.

Let’s start with a constitutional convention, which could easily spin out of control. Indeed, the only one in U.S. history occurred in 1787 and was called to consider a narrow range of amendments to the existing Articles of Confederation. Instead, delegates junked the Articles and wrote a whole new document. With the only precedent we have suggesting not that a constitutional convention might exceed its mandate but that it will, do we really want to roll the dice and risk wholesale changes to our nation’s founding document? All 27 existing amendments – including the Bill of Rights – were adopted through the process laid out in the Constitution itself: a two-thirds vote in both houses of Congress and ratification by three-fourths of the states. Why should there be special treatment for a balanced budget amendment?

Nor is a BBA even necessary. Between 1998 and 2001, we had a succession of balanced federal budgets, and a \$236 billion surplus to boot. And we did it without a BBA. What we had instead were the 22 million net new jobs created during the Clinton years that allowed tax revenues to rise and counter-cyclical spending to fall. Rather than proposing cynical gimmicks, maybe our elected officials should spend their time enacting a serious job-creation program.

In the meantime – and contrary to Kasich’s alarmist rhetoric – federal deficits are falling fast. Thanks to the “sequester” spending cuts and slightly higher income taxes on the wealthy, the FY 2013 deficit was the smallest since 2008 – and less than half what it was in 2009. By 2018, the non-partisan Congressional Budget Office says the deficit will be smaller yet.

In any event, the dirty little secret Kasich doesn’t want to share is that a BBA would not balance the budget. Now or ever. Only difficult decisions on spending and taxes can do that. So before they ask us to change our Constitution, BBA advocates should at least be willing to identify which programs they would cut and which taxes they would raise – and by how much – in order to achieve what they say they want.

It’s easy to propose an abstraction, but spelling out the concrete pain you’re willing to inflict is politically risky. And BBA supporters have never been profiles in courage.

Eventually, America does need to balance its budget. But the proper time to cut spending or raise taxes is when the economy is humming, not when it is still struggling. Which is one reason the federal budget is not like a family budget.

In a recession, federal revenues fall because personal incomes decline. When a breadwinner loses a job, family belt-tightening makes perfect economic sense. But when consumers and businesses all stop spending at once, government spending is all that stands between a recession and a depression. Without “automatic stabilizers” like unemployment compensation and food stamps, a severe downturn can quickly become a death spiral. A BBA would lock the government in a straitjacket and require deep spending cuts and/or huge tax increases at exactly the wrong time.

For states like Ohio, a BBA would be especially pernicious. For one thing, there would have been no federal rescue of the automobile industry. Not only would GM and Chrysler have gone under, but they probably would have taken the entire supply chain down with them, causing Ford, Honda and other car makers to close their doors, too; bad news indeed for a state with the nation’s second-highest number of auto jobs.

More recently, a BBA would not have allowed Kasich to expand Medicaid and provide health insurance for 275,000 of Ohio’s working poor at zero cost to taxpayers over the next three years.

A BBA sounds good. It’s an easy issue to demagogue, especially for politicians eager to improve their public approval ratings prior to the 2014 and 2016 elections. But as H.L. Mencken once reminded us, “there is always an easy solution to every human problem – neat, plausible, and wrong.”

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