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House Concurrent Resolution 5005 Testimony
House Federal and State Affairs Committee

Chairman Barker and Members of the Committee:

Thank you for the opportunity to provide testimony in opposition to House Concurrent Resolution 5005. The Kansas Center for Economic Growth (KCEG) is a nonpartisan organization dedicated to promoting balanced budget and tax policies that help ensure all Kansans prosper. We urge the Committee to reject this proposal, which jeopardizes our nation's future economic health.

There is no clear procedure to limit the process, scope, or outcome of a constitutional convention. The Constitution provides no guidance whatsoever on even the most basic format of a convention, such as the delegate selection procedure or the required number of votes to adopt amendments. A convention could set its own agenda and adopt a new ratification process, without any other body – like the courts – exercising clear authority to check radical developments.

Adding a federal balanced-budget requirement to the U.S. Constitution risks significant economic damage. During economic downturns, the amount of federal revenue collected automatically falls as jobs are lost and consumer spending declines. However, “automatic stabilizers” like unemployment insurance are able to offset some of these harms – cushioning economic fallout while creating short-term budget deficits. Requiring a balanced federal budget, no matter the state of the national economy, risks triggering recessions during weak economic times and making economic downturns even longer and more painful. Such an amendment would force policymakers to cut spending, raise taxes, or both precisely when the economy is weakest.

The nation's leading economists agree that such a balanced-budget requirement would create dire consequences for our national economy. In 1997 more than 1,000 economists – including 11 Nobel laureates – issued a joint statement condemning the proposed balanced-budget amendment as “unsound and unnecessary.” Macroeconomic Advisors (MA), one of the nation's most prominent private economic forecasting firms, concluded that such an amendment would have had “catastrophic” consequences if it had been in effect for fiscal year 2012. MA found that balancing the 2012 federal budget through spending cuts alone would have doubled the unemployment rate from 9 percent to 18 percent and caused the national economy to shrink by 17 percent instead of growing by 2 percent.

Rather than threaten our constitutional stability and economic health, policymakers should focus on opportunities to bring structural balance to the Kansas state budget in 2017. For these reasons, KCEG urges the Committee to reject House Concurrent Resolution 5005.