

Written Statement of House Judiciary Committee Chairman Bob Goodlatte
to the Meeting of the Compact Commission
of the Compact for a Balanced Budget
May 25, 2016

I welcome the work and educational mission of the Compact for a Balanced Budget, which understands the urgency of the need for constitutional reform. As a Member of Congress, I've led the effort to achieve a balanced budget amendment to the Constitution. I'm the chief sponsor of H.J.Res. 1 and H.J.Res. 2, two particular versions of such an amendment, and I welcome all comers to this debate who can help spread the word to the American people that our fiscal situation is dire, especially in the long run, and that statutory approaches toward a balanced budget have repeatedly failed over many decades. We can't afford more delays in amending our Constitution while yet other statutory approaches are tried, as those approaches, even if achieved, could easily be reversed by future Congresses.

In 1995, the U.S. Senate failed by one vote to send a balanced budget constitutional amendment to the states for ratification. The amendment had passed the House by the required two-thirds majority and the Senate vote was the last legislative hurdle before ratification by the states.

If Congress had listened to the American people and sent that amendment requiring a balanced federal budget to the states for ratification, we would not be facing the fiscal crisis we are today. Rather, balancing the federal budget would have been the norm, instead of the exception for over 20 years and we would have nothing like our annual deficits and skyrocketing debt.

In 1995, when the balanced budget amendment came within one vote of passing, the gross federal debt stood at \$4.9 trillion; today it stands at over \$19 trillion. The federal debt held by the public is rising as well and is increasing rapidly as a percentage of the country's economic output. Unlike the past, when the debt spiked to pay for wars of finite duration and then was reduced gradually after hostilities ended, more recently the debt has risen as a result of having to pay for entitlement programs that are on auto-pilot, of indefinite duration, and difficult to reduce over time.

As the non-partisan Congressional Budget Office has observed, "such high and rising debt [will] have serious negative consequences . . . interest rates [will] increase considerably . . . productivity and wages [will be] lower . . . [and] high debt increases the risk of a financial crisis."

What is particularly troubling is that the debts we are incurring will burden multiple future generations. Indeed, a 2013 cross-national study found that the United States ranked *worst* among 29 advanced countries in the degree to which it imposes unfair debt burdens on

future generations.¹ It's time for Congress to stop saddling future generations with the burden of crushing debts to pay for current spending. We should not pass on to our children and grandchildren the bleak fiscal future that our unsustainable spending is creating.

The only way to ensure that Congress acts with fiscal restraint over the long term is to pass a balanced budget amendment. Experience has proven time and again that Congress can't for any significant length of time rein in excessive spending. And simply raising taxes is not the answer. In order to pay for entitlement spending alone solely by raising taxes, we would have to double marginal tax rates for *all* income tax brackets over the next 30 years. Indeed, even if the government confiscated all of Americans' personal income for the entire year, you still couldn't pay off the national debt, and the government wouldn't be able to draw on those taxpayers for any money to speak of in successive years, having drained them dry.

While my preference is to pass the strongest possible version of the balanced budget amendment, the super-majority requirements for passing a constitutional amendment demand that we achieve bipartisan support for any approach. I am grateful to the Compact for a Balanced Budget for helping further that effort.

¹ See SGI, "Intergenerational Justice in Aging Societies: A Cross-national Comparison of 29 OECD Countries" (2013) at 6, available at https://www.dcu.ie/sites/default/files/afu/Intergenerational_Justice_OECD.pdf