

# AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS



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## **LEGISLATIVE ALERT!**

(202) 637-5057

November 16, 2011

Dear Representative:

On behalf of the AFL-CIO, I am writing to express our strong opposition to the balanced budget constitutional amendment (H.J. Res. 2) introduced by Rep. Goodlatte and scheduled for floor consideration later this week. H.J. Res. 2 would prohibit federal outlays from exceeding receipts, require a three-fifths vote to increase the public debt limit, and direct the President to submit a balanced budget annually to Congress.

The most immediate challenge facing our economy today is not the federal budget deficit, but persistently high unemployment. A balanced budget amendment would make this problem worse and put our economic future in jeopardy. It would make it impossible to make the kind of public investments we need to compete in a global economy, where other nations are rapidly outpacing the U.S. by investing in education, infrastructure, and green jobs. Moreover, the requirement of a three-fifths vote to increase the debt ceiling would elevate the risk of a federal default that could raise interest rates and damage the U.S. economy. Only two of the last ten debt limit increases achieved a three-fifths vote, and those occurred during an international financial meltdown.

H.J. Res. 2, like other balanced budget amendments, is designed to ensure that the wealthy do not share any of the burden of deficit reduction, and to place all the burden on working families. A recent analysis by the economic forecasting firm Macroeconomic Advisers concludes that if a constitutional amendment were in place to balance the 2012 budget, cuts totaling \$1.5 trillion would be required in 2012 alone. According to this analysis, cuts of this magnitude would result in an additional 15 million more people out of work, double the unemployment rate from 9 percent to approximately 18 percent, and cause the economy to shrink by about 17 percent (rather than grow by 2 percent). Also, massive cuts would be required in vital programs including Social Security, Medicare, Medicaid, veterans' benefits—cuts even deeper than those required by the Ryan budget.

By protecting the privileged and the powerful from shared sacrifice, by demanding pain and sacrifice from middle-income and low-income Americans, by eroding the foundations of long-term economic growth, by unnecessarily prolonging the jobs crisis, and by putting the economic recovery at risk, H.J. Res. 2 would exacerbate the worst economic inequality America has experienced since 1929.

For the above reasons, the AFL-CIO urges you to vote no on H.J. Res. 2 and any other balanced budget amendment to the U.S. Constitution.

Sincerely,

  
William Samuel, Director

GOVERNMENT AFFAIRS DEPARTMENT