

2010

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Repository Citation

Oman, Nathan B., "Balanced Budget Amendment is Dangerous Gimmick, Not Solution" (2010). *Popular Media*. 229.
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Deseret News

Nathan B. Oman: Balanced budget amendment is dangerous gimmick, not solution

By Nathan B. Oman

Published: Sunday, Sept. 19 2010 12:00 a.m. MDT

As the race for Utah's Senate seat heats up, Republican senatorial candidate Mike Lee and his supporters have dusted off the idea of a balanced budget amendment to the Constitution. While Lee should be lauded for his concern over the ballooning federal debt, a balanced budget amendment is a dangerous gimmick rather than a real solution.

There is no serious debate about the need for fiscal reform. The federal government spends more than it receives each year in taxes, and entitlement programs such as Social Security and Medicare legally pledge it to spend even more enormous sums in the future. Given this reality, a balanced budget amendment is a beguilingly simple solution. Why not simply force the federal government to live within its means?

Unfortunately, the amendment would do nothing to solve our fiscal woes. America's budget problems are political, not constitutional. Solving them requires that politicians make painful decisions to reduce benefits, increase taxes or — as seems most likely — some combination of both. Amending the Constitution doesn't make these choices any easier. Rather, it's a distraction, a gimmick that lets politicians avoid the risky and unpopular business of talking honestly about the nation's finances.

A balanced budget amendment is also dangerous because there are times when the nation needs to borrow money. The debate over deficits is as old as the republic itself, with Alexander Hamilton supporting prudent use of the national debt and Thomas Jefferson preaching balanced budget fundamentalism. Hamilton understood that in times of crisis governments sometimes must borrow money. He saw that Britain's ability to run deficits allowed British defeat of France in the wars of the 18th century.

History has confirmed Hamilton's wisdom. In World War II defense spending reached nearly 40 percent of total GDP. Had that money been extracted all at once in the form of taxes, it would have crippled the American economy and with it the war effort against Nazi Germany.

There are also times when government spending on lasting goods will benefit future generations. It makes moral and economic sense to pass some of the costs of those goods along to future beneficiaries. This is a truth that even Jefferson acknowledged in the end. In 1803, he borrowed money for the Louisiana Purchase, thereby adding what would become 14 additional states to the Union. The Americans who paid for this purchase over the following decades benefited enormously from Jefferson's deficit.

Finally, a balanced budget amendment would upset the separation of powers. The founders understood that taxing and spending were among the most important albeit destructive things that governments do. Accordingly, they ensured that the most democratically accountable branch, Congress, control the purse strings. A balanced budget amendment, in contrast, would empower courts to declare budgets unconstitutional, giving the least democratic branch final say over the public fisc.

America faces difficult economic choices. Our politicians should focus on how to bequeath a fiscally healthy America to our children. It's unfortunate when they choose to squander their efforts on dangerous gimmicks to revise the superbly crafted Constitution our forbearers have bequeathed to us.

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