

Why We Need A Balanced Budget Amendment: A Citizen's Perspective

by Stephen Lazarus

It is good to live in a country where human rights are protected. The U.S. Constitution guarantees its citizens many rights we often take for granted: the right to freedom of religion, freedom of speech, freedom of assembly, freedom from unreasonable search and seizure of property, and the list goes on. That the Founding Fathers enshrined these rights and freedoms in our governing document, rather than in mere statutes, testifies to their undeniable wisdom and foresight.

Great Britain's abuse of these rights powerfully shaped the colonists' vision and determination to limit the power of government in the New World. They penned the Declaration of Independence which states: "But when a long train of abuses and usurpations, pursuing invariably the same object, evinces a design to reduce [citizens] under absolute despotism, it is their right, it is their duty, to throw off such government, and to provide new guards for their future security."¹

A quick glance at the Bill of Rights shows that the Founding Fathers even included in the Constitution protection for certain rights which today we do not usually think of in terms of "human rights." Citizens cannot be forced by government to house soldiers on their property against their will (Third Amendment). The government cannot deny the right of citizens to bear arms to protect themselves (Second Amendment). Citizens are even guaranteed a jury trial by their peers in any civil case involving damages over twenty dollars (Seventh Amendment). These injunctions and protections still hold today.

As the young nation grew, citizens and lawmakers determined, because of particular concerns, that the Constitution should be further amended to protect certain civil rights. For example, in 1865, following the Civil War, Congress proposed and the states ratified the 13th Amendment outlawing slavery. In 1971, voting rights were extended to all citizens eighteen years of age or older.

In 1997, many citizens and lawmakers have now presented a compelling case that all taxpayers — and future generations — deserve the protection of a Balanced Budget Amendment to the Constitution. The property and income of citizens deserve protection alongside more familiar rights to worship and speak freely. Is this case exaggerated — or worse — misguided? The answer lies in the dark recesses of Congressional budget-making history.

First, the Founding Fathers originally prohibited most forms of direct taxation, such as the income tax. They generated government revenue by relying mainly upon tariffs on traded goods.

¹ *Constitution of the United States of America, With the Declaration of Independence*. Public Interest Institute, December, 1996.

In fact, an attempt to make direct taxation constitutional was rejected by the Supreme Court during the Civil War. They correctly applied Article I, Section 9 of the Constitution, which states: "No capitation, or other direct tax shall be laid, unless in proportion to the census or enumeration herein before directed to be taken." Those arguing for direct taxation promised that, if enacted, the tax would never need to be higher than 10 percent of a person's income, similar to the Jewish and Christian notion of a tithe. While their proposal was rejected, decades later the Sixteenth Amendment established the direct income tax in 1913, repealing the prohibition of direct taxation in Article I, Section 9.

Today, government's grip on our pocketbooks is much tighter than Americans in 1913 — or the Founding Fathers — could ever have imagined. For this reason, many believe it is time to amend the Constitution again. In 1996, federal, state, and local taxation and spending consumed approximately 35.7 percent of net national product, and 49 percent of U.S. total personal income, America's highest total tax burden in history. At a more personal level, the average American family pays more than 50 percent of its earnings to government when all taxes and regulation costs are considered. No constitutional limit exists on government's power to tax, spend, and borrow. While taxes will always be needed to support certain basic government services, citizens should seriously question both the exorbitant demands currently placed on them by their government and the lack of any constitutional limitation on taxes, spending, and debt.

Enter the Balanced Budget Amendment. Though it is no cure-all, it would help restrain out-of-control government spending. Because the law now permits Congress to spend more than it takes in taxes, they overspend and simply pass off the debt to future generations. This sleight-of-hand procedure discourages fiscal responsibility today, and guarantees higher taxes tomorrow. It unfairly burdens future generations with the net federal debt government runs up today — at present, to the tune of 49.9 percent of our entire Gross Domestic Product.² Unrestrained deficit spending violates the Founders' original principle of no taxation without representation, because it denies future citizens any voice at all, yet *they* will eventually have to foot the bill.

A Balanced Budget Amendment would require Members of Congress to assume full responsibility for their budgetary decisions. If they support more spending, they must impose that cost (either by increased taxes or cuts in other spending) on those entitled to vote. This will help restore the confidence of Americans who believe their representatives are no longer accountable to them. Many lawmakers are in "deep hock" to special interests, and this has no doubt motivated much deficit spending. Requiring them to balance the books as all Iowa families and state Legislators must do, will provide the outside legal restraint they need to resist the call of special interests to spend, using the people's dollars to buy the votes of members of organized groups.

The Founders could never have foreseen the fiscal crisis America would sink into after 200 years. Yet they have provided a means through the amendment process to deal with it. Future generations will no doubt thank or resent us for our actions in the present. How will history judge us?

² John Berthoud, Testimony before the U.S. House Judiciary Committee on the Balanced Budget Amendment, February 3, 1997

Stephen Lazarus is a Research Analyst with Public Interest Institute.

*Permission to reprint or copy in whole or in part is granted, provided a version of this credit line is used:
"Reprinted by permission from INSTITUTE BRIEF, a publication of Public Interest Institute."*