



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 15, 2011
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H. J. Res. 2 – Proposing a Balanced Budget Amendment

(Rep. Goodlatte, R-VA, and 242 cosponsors)

The Administration strongly opposes H. J. Res. 2. We do not need to amend the Constitution for only the 28th time in our nation's history to do the job of restoring fiscal discipline. Instead, it requires us – as members of both parties have done in the past – to move beyond politics as usual and find bipartisan common ground to restore us to a sustainable fiscal path.

H. J. Res. 2 would impose serious risks for our economy in several ways. It risks accelerating economic downturns by requiring the government to raise taxes and cut spending in the face of a contraction, which would accelerate job losses. The President proposed a balanced approach to restore fiscal sustainability and in a way that doesn't slow the Federal Government's ability to initiate actions that help stabilize the economy and keep future recessions from becoming worse. By contrast, under H. J. Res. 2, a minority in a single house of Congress could block the will of the majority and the Executive to waive its provisions when our country faces a downturn. If H. J. Res. 2 had been in effect in recent years, such a minority in one house would have been able to prevent efforts to override the requirement for tax increases or spending cuts, risking an even deeper contraction and pushing the economy into a second Great Depression. Further, H. J. Res. 2 ducks responsibility and does not take the Nation's fiscal challenges head-on. Rather, it could inevitably result in handing the hard decisions that our elected representatives in the Congress should be making to the Federal Courts.

In addition, absent a willingness to raise substantially higher revenues than in the House Budget Resolution by closing tax loopholes or asking the most fortunate to pay more, H. J. Res. 2 would undercut the Federal Government's ability to meet its core commitments to seniors, middle class families and the most vulnerable, while reducing our ability to invest in our future. This could result in severe cuts to programs like Medicare and Social Security that are growing due to the retirement of the baby boomers, putting at risk the retirement security of millions of Americans, and it could result in significant cuts to education, research and development, and other programs critical to growing our economy and winning the future.

H. J. Res. 2 is not a solution to the Nation's deficits. The Administration is committed to working with the Congress on a bipartisan basis to achieve real deficit reduction. The President laid out a set of recommendations to the Joint Select Committee to achieve over \$4 trillion in balanced deficit reduction, including the deficit reduction already locked in by the Budget Control Act. The President urges the Committee to meet or exceed its mandate for deficit reduction.

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