



Had Enough of the Political Class Cash Machine? Compact for a Balanced Budget

By Nick Dranias

Americans have tried for decades to fix Washington by voting in new politicians with new promises or by endorsing one of the two main party's platform over the other.

It hasn't worked. The political class keeps abusing its unlimited borrowing capacity and treating future generations like an ATM machine for doling out favors, buying votes and promising the unsustainable and impossible.

That's why it was encouraging last session for the Michigan Legislature to pass a joint Senate Resolution calling for a convention to propose a federal Balanced Budget Amendment. Article V of the U.S. Constitution gives states the power to create constitutional amendments, a power intended to allow states to provide a check against the accumulation of political power in Washington.

The only problem with last session's BBA effort is that we might not have time to wait for it to generate an amendment — if it ever does. The Article V reform effort previously advanced by the Michigan Legislature still requires 70 or more state enactments nationwide, one convention of uncertain duration, and two congressional resolutions before it can generate a Balanced Budget Amendment.

The problem is that we already face an \$18 trillion national debt. That is more than 107 percent of the Gross Domestic Product. That's as big a percentage of the American economy as during the height of World War II. Today, only 10 countries worldwide have a higher total debt-to-G.D.P. ratio.

We may not have 10 more years to wait before stopping such fiscal insanity with a Balanced Budget Amendment. Fortunately, there is a better way — what the Heartland Institute has called "Article V 2.0." It involves passing the Compact for a Balanced Budget. The Compact uses an agreement among the states to consolidate the otherwise arduous process of originating a Balanced Budget Amendment from the states.

With Alaska and Georgia already on board, the Compact effort is only 36 state laws, one congressional resolution, and one 24-hour-long convention away from ratification. In other words, the Compact approach to originating a Balanced Budget Amendment involves roughly 50 percent fewer moving

Summary

The Michigan Legislature last session approved a joint Senate Resolution calling for a convention to propose a federal Balanced Budget Amendment. Here is how Michigan can help speed up that process even more effectively.

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legislative parts than the effort passed last year. It is entirely plausible that the effort could secure a BBA by July 4, 2017, if not sooner. Even better — the Compact specifies the contemplated amendment in advance, which has been fully vetted by leading policy experts from around the nation as both plausible and powerful. With any other approach, we have to first organize a convention to find out what it might propose — if anything.

The Compact for a Balanced Budget effort is clearly in the lead among reform efforts. But even if other reform movements somehow catch up, the Compact effort can roll with them, too.

Why? Because each time the Compact is passed into law, the Balanced Budget Amendment it carries is simultaneously pre-ratified by that state's legislature. That ratification will go live whenever the same amendment is referred out for legislative ratification. That could happen even if other Article V efforts organize a convention first. This is because the same states that have joined the Compact will also have delegates at those conventions. Those delegates will have a powerful argument to their convention colleagues to propose the Compact's BBA in view of the fact that it will have already been pre-ratified.

In short, unlike any other Article V effort, the policy payload of the Compact for a Balanced Budget will be advanced by the success of other efforts, including the one passed by the Michigan Legislature last session. At the same time, the Compact puts us within the shortest striking distance of reforming Washington. By passing the Compact for a Balanced Budget, Michigan can maximize the chances that we will stop Washington from mortgaging our kids' future. With a debt-fueled calamity almost upon us, we don't have any time to lose.

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