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Nobel Laureates and Leading Economists Oppose Constitutional Balanced Budget Amendment

A group of leading economists, including five Nobel Laureates in economics, today publicly released a letter to President Obama and Congress opposing a constitutional balanced budget amendment. The letter outlines the reasons why writing a balanced budget requirement into the Constitution would be “very unsound policy” that would adversely affect the economy. Adding arbitrary caps on federal expenditures would make the balanced budget amendment even more problematic, the letter says. The Economic Policy Institute and the Center on Budget and Policy Priorities organized the letter.

“A balanced budget amendment would mandate perverse actions in the face of recessions,” the letter notes. By requiring large budget cuts when the economy is weakest, the amendment “would aggravate recessions.”

The signatories of the letter are Nobel Laureates **Kenneth Arrow**, **Peter Diamond**, **Eric Maskin**, **William Sharpe** and **Robert Solow**; **Alan Blinder**, former Vice Chair of the Federal Reserve System’s Board of Governors and former member of the Council of Economic Advisors; and **Laura Tyson**, former Chair of the Council of Economic Advisors and former Director of the National Economic Council.

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