

THE FISCAL COMMISSION



NATIONAL DEBT

Fiscal Year	\$ in trillions	% of GDP
1946	\$0.3	122%
1981	\$1.0	33%
1993	\$4.3	66%
2000	\$5.6	58%
2008	\$10.0	70%
2012	\$16.3	101%
2020	\$25.8	107%

POTENTIAL SOLUTIONS

- Cut spending
- Restructure “entitlements”
- Raise taxes
- Keep borrowing & inflate

WHY A COMMISSION?

- Political leaders cater to short-term interests of their constituents. A commission can give them cover to do “the right thing”.
- Partisan bickering creates gridlock. Commission spanning political spectrum can propose bipartisan answers.

National Commission for Fiscal Responsibility and Reform

- Created by executive order on 2/18/10
- 18 members (12 from Congress, 6 other)
- Medium-term objective (3% deficit by 2015)
- “Everything on the table”
- First meeting April 27, 6 more general meetings scheduled, report due around December 1
- Recommendations require at least 14 votes

FC MEMBERS

Co-Chairs	<i>Erskine Bowles</i> (former investment banker, White House chief of staff, university president); <i>Alan Simpson</i> (former senator, was on Iraq Study Group).
At large	<i>David Cote</i> (CEO of Honeywell); <i>Alice Rivlin</i> (former Federal Reserve vice chair & budget director, now with Brookings); <i>Ann Fudge</i> (former CEO of Young & Rubicam); <i>Andrew Stern</i> (former president of SEIU).
The Senate	<i>Max Baucus</i> (D-MT); <i>Tom Coburn</i> (R-OK); <i>Kent Conrad</i> (D-SD); <i>Mike Crapo</i> (R-ID); <i>Dick Durbin</i> (D-IL); <i>Judd Gregg</i> (R-NH).
The House	<i>Xavier Becerra</i> (D-CA); <i>Dave Camp</i> (R-MI); <i>Jeb Hensarling</i> (R-TX); <i>Paul Ryan</i> (R-WI); <i>Jan Schakowsky</i> (D-IL); <i>John Spratt</i> (D-SC).

ISSUES

- Reflecting outcome of November elections?
- Enough time?
- The right group?
- The right goal?
- Is deck stacked in favor of big tax increase, e.g., Value Added Tax?

RASMUSSEN POLL (4/27)

- 83% blame deficits on unwillingness of political leaders to cut spending vs. public opposition to raising taxes
- 78% expect Congress to raise taxes if FC so recommends
- 69% oppose tax increases to eliminate deficits
- 58% think that if Congress raises taxes, the money will be used for new spending

STRAW POLL

Four paths: Cut spending; restructure entitlements; raise taxes; keep borrowing.

Questions: Which best? Which most likely?

<http://www.fiscalcommission.gov/>

<http://www.s-a-f-e.org/>