



Joint Economic Committee

Republicans

Senator Sam Brownback *Ranking Member*
Representative Kevin Brady *Senior House Republican*

Daily Econ Digest

Special Edition: The Fiscal Commission Proposal & Related Proposals

News

[Commission's final deficit report preserves controversial spending cuts](#)

...fiscal commission released a final report Wednesday that is full of political dynamite, recommending sharp cuts in military spending, a higher retirement age and reforms that could cost the average taxpayer an extra \$1,700 a year

[Scooping up Uncle Sam's loose change](#)

The report singles out a few potential targets. One of them is job training. Nine separate federal agencies fund a total of 44 such programs, according to the report.

[Big Hurdles to Jump to Keep Plan from Being DOA](#)

Deficit reduction is about more than accounting. It's about the size, shape and nature of government.

[Deficit Plan Wins Backers](#)

Bipartisan support adds momentum despite Sharp Criticism from left and right.

[As Final Debt Plan Is Released, Signs That the Fight Is Just Beginning](#)

...with opposition from four House members on the panel — three Republicans and one Democrat — and with several other commission members indicating that they were leaning in that direction, the panel seems all but certain to fall short of Mr. Obama's 14-vote threshold for sending a package to Congress for a vote.

[Deficit panel leaders upbeat](#)

Critics on right and left assail tax, budget proposals.

[Debt panel's plan would cut \\$4 trillion](#)

Called "The Moment of Truth," the report is an amended version of a plan put out three weeks ago by the panel's co-chairmen, Erskine Bowles and Alan Simpson.

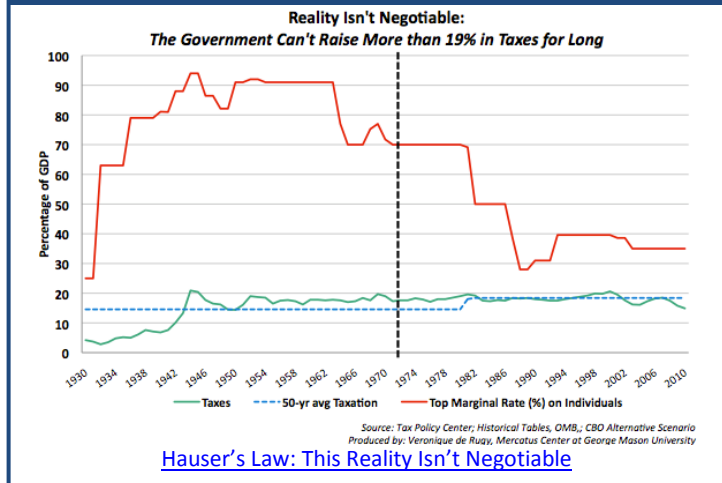
[Mortgage Tax Break in Crosshairs](#)

The chairmen, who head the National Commission on Fiscal Responsibility and Reform, told reporters Tuesday they would delay a final vote on their package until Friday, because they wanted to give the group's 16 other members more time to study their recommendations.

[US budget deficit plan faces rewrite](#)

A sweeping plan to cut US budget deficits by \$3,900bn by 2020 proposed by the two heads of a bipartisan fiscal commission...

Graphic of the Day



Research, Reports & Studies

[The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform](#)

Deep down, every American knows we face a moment of truth once again. We cannot play games or put off hard choices any longer.

[Co-Chairs' Proposal](#)

...identifying policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run.

[\\$200 Billion in Illustrative Savings](#)

This proposal would cut the budgets for Congress and the White House by 15 percent, saving about \$800 million in 2015.

[Restoring America's Future](#)

Reviving the Economy, Cutting Spending and Debt, and Creating a Simple, Pro-Growth Tax System

[A Plan to Cut Spending and Balance the Federal Budget](#)

Official projections show rivers of red ink for years to come unless policymakers enact major budget reforms. Unless spending is cut, the United States is headed down the road to economic ruin.

Quote of the Day

"Budgets cannot be left adrift in the sea of democratic politics. They must be constructed within constraints that impose external form and coherence on the particular decisions about size and distribution which an annual budget reflects. The elected politicians, who must be responsive to their constituents, the governmental bureaucracy as well as the electorate, need something by way of an external and "superior" rule that will allow them to forestall the persistent demands for an increased flow of public-spending benefits along with reduced levels of taxation." —James M. Buchanan & Richard E. Wagner, [Democracy in Deficit: The Political Legacy of Lord Keynes](#), 1977

"Did You Know"

["The federal government owns a lot of land. The United States government is the largest property owner in the country, with 1.2 million buildings, structures, and plots of land totaling 650 million acres. The Debt Commission says 64 thousand of those buildings and structures are either excessive, underutilized, or vacant... Selling the surplus of land is not a new idea. President Obama signed a memorandum this year directing agencies to eliminate excess properties, saving taxpayers \\$8 billion by fiscal year 2012. The commission's recommendation would add another billion dollars to that savings. ...the land the government currently owns is grossly undermanaged—the Department of the Interior suggests between \\$13.2 and \\$19.4 billion dollars need to be put into existing property."](#)

Blogs

[Bright Spots in Fiscal Commission Report](#)

Three of the report's main themes are on target: the need to make government leaner, the need to cut business taxes to generate economic growth, and the need to impose tighter budget rules to discipline spending.

[Would the Bowles-Simpson proposal raise or lower your taxes?](#)

How will a proposed budget affect your taxes? It depends entirely on how you define now. 'Current law' and 'current policy' turn out to be very different baselines.

[The President's Fiscal Commission: It's a Start](#)

...the report recognizes, to its credit, that our corporate income tax structure puts U.S. corporations at a considerable competitive disadvantage against their foreign competitors.

[The Simpson-Bowles Social Security Plan](#)

Chuck Blahous identifies the winners and losers. The three main groups of winners...

[Tax Loopholes Are Corrupt and Inefficient, but They Should only Be Eliminated if Every Penny of New Revenue Is Used to Lower Tax Rates](#)

...their plans result in more revenue going to Washington. In other words, the tax increase resulting from fewer tax distortions is larger than the tax decrease resulting from lower tax rates. To put it bluntly, the plans would increase the overall tax burden.

[The Rivlin-Domenici Alternative to the Deficit Commission Report](#)

The Rivlin-Domenici plan wouldn't cut spending; it freezes some small portion of the budget at 2011 levels but that's pretty much it.

[Fiscal Commission Compared to Clinton](#)

... [The] draft report suggested that federal spending be reduced from 25.1% of GDP today to 22% by 2020, and lower after that. ...let's remember that spending was just 18.2% in President Clinton's last two fiscal years, 2000 and 2001.

[Lifting the Payroll Tax Cap Will Only Increase Spending](#)

There is roughly \$2.5 trillion in the Social Security Trust Fund, made of the extra payroll tax collected from taxpayers since 1983. However, the Social Security Trust Fund is required by law to purchase Treasury securities with its tax income, which means that the fund contains \$2.5 trillion worth of IOUs.

[Soda Taxes Are Still Not a Substitute for Real Tax Reform](#)

This does not belong in a plan that seeks to champion increased progressivity of the tax code and a broader base.

[Fiscal Responsibility Commission Draft Report Quick Take](#)

...any deficit-reduction plan that continues to believe government investment in the economy will promote growth is likely to be a failure.

[Obama's Fiscal Commission: the Good and Bad](#)

...the commission should have placed more emphasis on fundamental restructuring of government, and not just spending trims.

[So, About That Deficit Commission...](#)

The magnitude of deficit reduction required is far greater than anything we've had to do so far (except in post-war interludes where the solution was to um, not spend so much money shooting at people). There is no magic pot of money out there that does not come attached to some angry interest group.

[Co-Chairmen of Obama's Fiscal Commission Unveil Real Tax](#)

[Increases and Fake Spending Cuts](#)

If past behavior is any indication (and it is), politicians will spend any additional tax revenue.

[The Worse Type of Bipartisanship](#)

Based on fuel usage data from the Federal Highway Administration, the tax would raise about \$43 billion, and \$17.2 billion would be dedicated to deficit reduction... It's a drop in the ocean. Keep in mind that the federal government will be spending \$42 trillion over ten years. ...More importantly, they want to raise \$0.10 for deficit reduction while \$0.25 would go to more spending.

Economists' Comments & Opinions

[How to Shrink the Deficit](#)

...Obama's deficit commission lands with a predictable political thud.

[Judd Gregg: Why the fiscal commission's plan is the way forward](#)

It should not be viewed as the ultimate solution. But it is a template for governance, something that has been sorely lacking as the country sinks deeper and deeper into debt.

[Simpson-Bowles: \\$4 Trillion of Beltway Mumbo Jumbo](#)

...forget the \$4 trillion headline -- that's just reflective of the old Washington game of projecting a decade's worth of guesstimates into the foggy future.

[Why We Should Be Thankful for the Fiscal Commission](#)

Instead, I view the Commission's purpose as furthering a long-range process: driving an elite discussion about deficit reduction options so that, when the right economic time comes to actually close the budget gap, we have a clear vision of the steps we will need to take--and what compromises politicians will be willing to make.

[The Blur between Spending and Taxes](#)

...solving the long-term fiscal problem won't be easy. Everyone will have to give a little, and perhaps even more than a little. I am willing to give up my favorite tax expenditure if everyone else is willing to give up theirs.

[CORRAO: It's the spending, stupid](#)

Just as with the BRAC Commission, the anti-appropriations committee was successful because it was focused - when new spending was taken off the table, true reform and rescissions were made easily.

[Fixing the Deficit: Our Biggest Test](#)

The proposals by Bowles and Simpson, however, are just that: a series of proposals designed to get a national conversation started.

[Deficit Commission Runs Up against Unreality](#)

There is a whole lot to criticize in it. But that would be true of any serious effort to cut future deficits.

[BACON: Serious proposal for restoring fiscal sanity](#)

Whereas the Republican budget hawks in Congress had been talking in terms of \$100 billion in budget cuts this year, plus caps on spending for future years, the benchmark has just shifted to \$372 billion in savings by 2015 and \$761 billion by 2020.

[Bowles-Simpson plan raises everybody's taxes](#)

In 2015, the lowest earners would face an average cut in their after-tax income of 3.4 percent or about \$400. Middle-income households (those earning an average of about \$60,000) would see their after-tax incomes fall by 4 percent or about \$1,900. ...the top one percent of earners (who earn an average of about \$2 million) would lose about \$77,000 (5.3 percent) while the top 0.1 percent would see their after-tax incomes cut by nearly 8 percent, or close to \$500,000.

[Cal Thomas: Debt Commission needs a history lesson](#)

They are recommending cuts in some government spending and advocating for higher taxes to pay for the rest. What is needed, instead, is a "history commission" to remind those who have forgotten -- or never learned -- the purpose of government and the role and responsibility of the individual.

[Left, Right and Wrong on Taxes](#)

My greatest concern, however, is that the plan is more about "principal" (cutting federal debt) than about "principle" (what we want taxes and spending to accomplish).

[FRASER: Good ideas, bad ideas](#)

Like many such reports, this one has sound policy recommendations that should be considered seriously and others that are flawed.

[Beware Commissions Bearing Gifts](#)

...Cato Institute's Chris Edwards noted Wednesday, "federal spending was just 18% of GDP in President Clinton's last two years in office."

[A Deficit of Nerve](#)

Even if their proposals fail to gain the 14 commission votes out of 18 needed for a consensus judgment by December 1, they've at least shown that restraining the federal Leviathan is possible.