



BIPARTISAN POLICY CENTER

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Bipartisan Policy Center Domenici-Rivlin Task Force Begins Exploring Solutions to Debt Crisis

Washington, D.C. – The Bipartisan Policy Center’s (BPC) Debt Reduction Task Force this week convened the first in a series of meetings to examine the nation’s long-term debt crisis and develop a comprehensive budget plan to place our nation on a sustainable fiscal path.

The bipartisan Task Force, co-chaired by former Senate Budget Committee Chairman Pete Domenici (R-NM) and Dr. Alice Rivlin, former Clinton Budget Director, Congressional Budget Office Director and Vice Chair of the Federal Reserve, was launched in January 2010 to develop a long-term plan to place our nation on a sustainable fiscal path. Dr. Rivlin has also been appointed to serve on the White House National Commission on Fiscal Responsibility.

BPC Task Force Co-Chair and former Senate Budget Committee Chairman Pete V. Domenici (R-NM) said “I am pleased that my distinguished friend, Alice Rivlin, will be serving on both the President’s Commission and co-chairing our bipartisan citizens’ Task Force.”

“The first meeting of our Task Force underscored the threat that exploding debt and out of control foreign borrowing from China and other nations poses to America’s economic stability and independence,” said Domenici. “A problem as great as this requires Republicans and Democrats to work together to help the American people understand the nature of our debt problem and propose concrete, sensible solutions.”

“It is clear that the debt problem cannot be solved by spending cuts, tax increases, or economic growth alone,” said Dr. Rivlin. “The U.S. budget is on an unsustainable trajectory and complacency is no longer an option. Our budget plan will be sensitive to the priorities of both parties and will call for carefully phased-in measures to avoid undermining economic recovery.”

At its first meeting, the Domenici-Rivlin Task Force discussed the long-term debt problem and heard presentations from Dr. Douglas Holtz-Eakin, former CBO Director and McCain presidential campaign adviser, and Dr. Robert Reischauer, also a former CBO Director and

President of the Urban Institute. Task Force Members Dr. Joe Minarik, Dr. Donald Marron, Dr. Len Burman, and Robert Bixby also presented to the group.

Holtz-Eakin and Reischauer emphasized to the Task Force the dire consequences to America's economic well-being and independence if the debt is allowed to grow to historic levels, with more than half owed to foreign governments and investors.

Dr. Minarik explained why we are unable to "grow our way out of the budget problem." "Unlike the post World War II debt," he said, "we don't have a surging labor force from returning troops, pent-up demand because of wartime austerity, and a devastated world needing American exports. Nor can enormous tax cuts or a surge in spending produce the unprecedented levels of growth that would be required."

Dr. Marron addressed the claim that spending cuts alone can solve the problem. "Solving our debt problem will require more than spending cuts alone," he said. "With Social Security, Medicare, Medicaid, and interest payments comprising more than half of the federal budget, it would be extremely hard to cut spending enough to bring our debt down to a sustainable level."

Dr. Burman pointed out that the tax rates that would be required to solve the debt problem through tax increases are also untenable. "Reducing annual deficits to a reasonable level by 2019, through tax policy alone, would require tax rates reaching 52% if all rates were increased, 76% if the increases were limited to the top three brackets, and 91% if the rates were limited to the top two brackets."

Robert Bixby, Director of the Concord Coalition, which has organized bipartisan "fiscal wake-up tours" across the country, emphasized that "people are willing to make significant tradeoffs, including benefit cuts and tax increases, but only if they can be assured that their tax money is being well spent." He said the public must be engaged to overcome mistrust.

The Domenici-Rivlin Task Force brings together some of the nation's preeminent budget experts, former cabinet officers and elected officials, as well as representatives of the academic, faith, senior, business and labor sectors. The bipartisan task force includes, in addition to Sen. Domenici and Dr. Rivlin, the Reverend A.R. Bernard Sr., Robert Bixby, Gov. James Blanchard, Prof. Sheila Burke, Dr. Leonard Burman, Robert Campbell III, Secretary Henry Cisneros, Secretary Carlos Gutierrez, G. William Hoagland, Gov. Frank Keating, Karen Kerrigan, Maya MacGuineas, Dr. Donald Marron, Ed McElroy, Dr. Joseph Minarik, Mayor Marc Morial, Prof. William Novelli, and Mayor Anthony Williams.

After examining a broad range of spending and revenue options, the Domenici-Rivlin Task Force will release its recommendations for long-term debt reduction to Congress, the Administration and the American people by the end of this year.

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About the Bipartisan Policy Center:

In 2007, former U.S. Senate Majority Leaders Howard Baker, Tom Daschle, Bob Dole, and George Mitchell formed the Bipartisan Policy Center (BPC) to develop and promote solutions that can attract the public support and political momentum to achieve real progress. The BPC acts as an incubator for policy efforts that engage top political figures, advocates, academics, and business leaders in the art of principled compromise. For more information, please visit our website: <http://www.bipartisanpolicy.org/>