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What a Fiscal Commission Does and Doesn’t Do

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In January, the House Budget Committee approved legislation to authorize a fiscal commission. It would be a bipartisan group of 16 elected officials and outside experts. Four members each would be appointed by the speaker of the House, the House minority leader, the Senate majority leader, and the Senate minority leader. The ratio of elected members of Congress to outside experts is 3:1. The commission would be allowed to hold hearings and propose legislation.

Romina Boccia of the Cato Institute has a post on her Substack rebutting some claims made by opponents of the fiscal commission. They include some of the greatest hits, such as that entitlement programs pay for themselves and that tax cuts are the real problem. She points out that between 2000 and 2022, federal revenue as a share of GDP declined by 2 percent, while spending increased by 42 percent. It’s pretty clear what the problem is.

She also addresses more specific concerns about the commission, such as that it would be undemocratic. Aside from the fact that 75 percent of the members would be elected members of Congress, any legislation the commission proposes would still need to win a majority in the House, clear the filibuster in the Senate, and be signed by the president before it became law. The commission exists to concentrate legislators’ efforts on fiscal problems, not replace legislators in the lawmaking process.

Boccia rebuts the argument that the commission is just a sneaky way to raise taxes. Of course, taxation is an important topic to consider for deficit reduction, and some tax reforms might be recommended, but the existence of the commission doesn’t change the fact that tax increases are unpopular. It also doesn’t change the fact that successful fiscal reforms around the world have focused on spending cuts, and the federal government’s problem is clearly spending.

Boccia’s overall summary of the commission is properly modest in its praise:

While the current fiscal commission approach is far from perfect, it is a positive step toward bringing more attention to the nation’s rapidly deteriorating fiscal state and advancing proposals to avert a severe fiscal crisis or a prolonged economic decline. At a minimum, the fiscal commission would make policymakers and the public aware of the policy and economic tradeoffs of fiscal reform. Given current deficit projections, a future without fiscal reforms will likely be characterized by repeated bouts of inflation, as the federal government comes to increasingly rely on the Federal Reserve to finance the exorbitant US debt through fiscal quantitative easing. The US budget is highly unsustainable, and a well-designed fiscal commission offers the greatest promise for overcoming the congressional gridlock and unproductive partisanship that has stifled reasonable reform options thus far.

The most likely outcome at this point, if the commission is actually enacted, is that it makes many sensible recommendations, a few less sensible ones, and is generally ignored by Congress, at least at first. But it would be good to demonstrate that there's some work being done on getting the debt under control. And if (when) a debt crisis does arise in the future, it would be good to have some ideas on the shelf from a commission that both parties signed up for to help solve the problem.