



## Can Politicians Cut the \$1.3 Trillion Deficit?

Experts Say There's Little Political Will for Bold Actions to Reduce Federal Debt

By HUMA KHAN

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Even as the United States struggles with a staggering \$1.3 trillion [budget deficit](#) and a \$13.8 trillion national debt, many are questioning whether there is political will to tackle the issue with bold measures that may not always be popular with the public.

President Obama's [National Commission on Fiscal Responsibility and Reform](#) will release a report today that outlines bold and oft controversial steps to reduce the debt that currently amounts to more than \$44,300 for each American man, woman or child.

Yet with all of the talk of deficit reduction and paying down the debt, Congress continues to pass legislation that will add to the total, and analysts say both parties are to blame.

The Medicare "doc fix," for example, which passed Congress Monday with a bipartisan vote and postpones for a month a 23 percent pay cut to doctors who participate in the Medicare program, will cost U.S. taxpayers \$1 billion over 10 years.

The food safety bill that sailed through the Senate Tuesday, mainly on Democratic votes, is estimated to cost about \$1.4 billion over four years.

The Republicans' tax proposal, which would extend [Bush-era tax cuts](#) for all Americans, regardless of income, would add \$4 trillion to the deficit in the next decade, or \$2.65 trillion without counting the alternative minimum tax. President Obama and Democrats' proposal to extend tax cuts for only lower and middle-class Americans would add to the deficit by \$2.15 trillion.

"I think they (lawmakers) are taking away with one hand what they're talking about doing with the other. In fact, they aren't doing anything at the moment to reduce the deficit," said Isabel V. Sawhill, a budget expert at the Brookings Institute. "They're just talking about it and what they're actually doing is stuff that's going to make matters worse and dig the hole deeper."

That's not to say all bills flying out of Washington are on the same path -- Obama this week imposed a [freeze on salaries](#) for all non-military federal employees for the calendar year 2011-2012. The move is expected to save \$60 billion in total over the next 10 years.

And several members of Congress such as Rep. Paul Ryan, R-Wis., the incoming chairman of the House Budget Committee, are working on similar plans.

But overall, there is little impetus to pull away programs popular with Americans. While polls show most of the public agrees that the deficit should be reduced, people aren't as warm to the idea of increasing taxes or chipping away at costly programs like Medicare and Social Security.

Eighty-five percent of those polled in an [AP-CNBC poll](#) released Tuesday said the enormous budget deficit would harm future generations, but even so, 46 percent said education, health and energy programs should grow even if it worsens the deficit. Forty-seven percent said they should be cut to bring down the deficit.

"I don't think the political will is there yet when it comes to what I consider to be the major problem, and that's spending," said Tad DeHaven, a budget

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analyst at the conservative Cato Institute. "Certainly Democrats don't want to cut spending. At the same time, while tax cuts are good for the economy, good for the private sector, Republicans at the same time need to focus just as much, if not more, on cutting spending, and I think there's still an unwillingness on the part of most policymakers to square with the American people on the substantial cuts that need to be made."

"I don't think there's a broad recognition yet amongst the public that these middle-class entitlements are unsustainable," he said.

Lawmakers argue that entitlement programs are needed to boost the economy and raise employment in the short term, even if economists say they would worsen the deficit.

That was the idea behind such large programs as the \$787 billion stimulus, the bailout for automakers and the Troubled Asset Relief Program that saved banks from collapsing.

### Deficit Debate Heats Up Ahead of Commission's Report

Perhaps the biggest challenge for [lawmakers and the administration](#) is how to cut programs that add to the deficit without upsetting the economy and voters.

A preliminary report, released by President Obama's bipartisan fiscal commission on Nov. 10, proposed measures that would cut the deficit by \$4 trillion through 2020, achieve \$3.8 trillion worth of debt reduction and more than \$200 billion in domestic and defense savings by 2015.

But the report was widely criticized for many of its suggestions, including one that doctors who oversee Medicare patients should be paid less and that there should be more cost-sharing in the program for seniors.

The commission also took heat for suggesting that the retirement age be increased by one month every two years after it reaches 67 under current law. That would mean the retirement age would be 68 in 2050 and 69 by 2075.

The vote on the final report, which will be released today, will take place on Friday. Commission co-chairmen [Erskine Bowles and Alan Simpson](#) acknowledged that their proposal may not receive a warm welcome by everyone.

"They're going to rip this thing to shreds and do it with zeal," Simpson said. "There are plenty of zealots out here."

The president already took one recommendation from the commission's report by [freezing federal employees' salaries](#).

Some economists say the president's decision was a step in the right direction, but he needs to take bolder steps that would have a much wider impact on the long-term deficit.

Programs such as freezing pay, cutting earmarks and waste are a "a drop in the bucket," Sawhill said. "You need leadership, especially from the president, and then you need the public to have sufficient understanding of where their tax dollars go and what the government spends money on so that we can find the political will to do these tough things."

"It's going to take a lot of sacrifice and it's going to take not having tax cuts and it's going to take not promising seniors benefits out in the future that we can't afford," she added.



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