

## Open-mike day at debt panel

By Jeanne Sahadi, senior writer

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WASHINGTON (CNMMoney.com) -- Cut. Don't cut.

Tax more. Don't tax more.

Reform Social Security. Don't touch Social Security benefits.

Don't act too soon to reduce the deficit. Don't wait too long.

And whatever happens, do no harm to the most vulnerable in society.

That's just a taste of the recommendations presented to President Obama's bipartisan fiscal commission this week during a marathon public listening session focused on how to put the federal budget on a sustainable track and reduce the growth rate in U.S. debt. (Read "[CBO chief: Budget outlook 'daunting'](#) ")

In all, 75 speakers representing think tanks, nonpartisan grassroots organizations, trade associations and advocacy groups from the right and left spoke during the seven-hour meeting. A handful of concerned citizens contributed their two trillion cents, too.

One of the speakers was Carolyn Lukensmeyer, president of the nonpartisan grassroots organization AmericaSpeaks. She relayed preliminary findings from a day-long

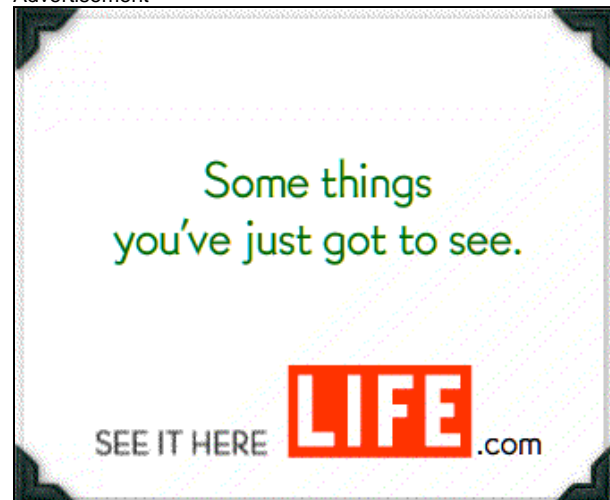
conference on the federal budget in which 3,500 demographically and politically diverse Americans in cities nationwide met to share ideas on how to rein in debt.

"Americans are ready to make the tough decisions," Lukensmeyer told the commission, noting how every table of participants backed a combination of spending cuts and tax increases, regardless of participants' political leanings.

A majority said they could support at least a 5% cut in health and non-defense spending and up to a 15% reduction in defense spending. They said they could back a carbon tax, a securities transaction tax and higher taxes on corporations as well as individuals making more than \$1 million.

On Social Security, participants at the AmericaSpeaks event said they could support raising the limit on taxable wages so that the highest income workers pay more into the system. Right now the first \$106,800 of wages is subject to the payroll tax. They would also opt to raise the retirement age for full Social Security

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benefits to 69 by 2025. Currently the full retirement age is on track to rise to 67.

Many other speakers at the event, however, urged commissioners to tread very, very lightly when it comes to the country's most popular entitlement program.

"Social Security did not cause these deficits -- it has a \$2.6 trillion surplus and a dedicated source of revenue," said Edward Coyle, executive director of the Alliance for Retired Americans.

Indeed, workers and employers over the years have paid more money into the system than the system had to pay out. But the Treasury spent that surplus and in exchange issued interest-bearing non-marketable U.S. bonds to the system.

"Those bonds are not different than any other debt issued by the U.S. government," said Janice Gregory, president of the National Academy of Social Insurance.

Even if Uncle Sam paid those bonds back in full, however, the pay-back would end by 2037, at which point the system would only be able to pay out roughly 75% of the benefits promised.

On other issues, there were many calls to reform the tax system, continue to reduce health care costs, and boost or sustain economic growth.

Some, like Chris Edwards of the libertarian Cato Institute, recommended that policymakers seriously consider privatizing some public assets, such as airports.

Those from the business community,

including John Castellani, president of the Business Roundtable, urged commissioners to support policies and reforms that attract investment to the United States.

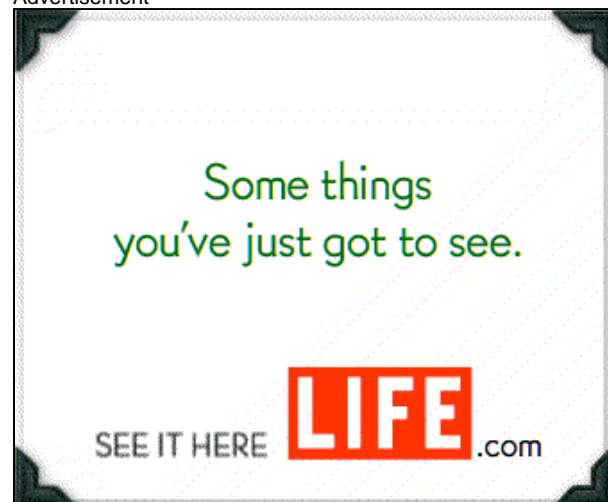
There were also calls for more government efficiency and less waste. Jim Kessler, vice president of policy at Third Way, a think tank for moderate progressives, noted that the public will have a harder time accepting the notion of shared sacrifice if they believe Uncle Sam isn't doing some belt-tightening of his own.

"Washington must lead by example and take the first hit," Kessler said. Among his ideas: Reform the federal pension system, which he said puts \$14 taxpayer dollars for every one dollar that employees contribute. He also called for an end to "the ridiculous rifle-shot spending that is rife in appropriations bills and the tax code."

If you want to listen to the meeting, it will be posted on the [commission's Web site](#) starting on Friday.



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