

## OPINION

# Take Action on Debt Before Fiscal Crisis Hits

BY VIC FAZIO

## Guest Observer

As the clock is ticking for the Joint Committee on Deficit Reduction to come up with its recommendations, I expect that some of the proposals considered will be necessary but painful for Democrats like me.

That's because, as a budget hawk, I understand that the key to growing the economy over the long term is a broad, comprehensive plan in which everything is on the table, and reform, not more of the same, is the guiding principle.

As a Democrat, a more efficient and vibrant federal government dedicated to making key investments in our nation and expanding opportunity for all has been a long-standing personal priority. Our growing national debt makes it increasingly difficult to make these investments.

Under current policies, we will be spending \$1 trillion a year on interest on the debt by 2020. That is \$1 trillion that won't be available to educate a child, feed a family, provide health care, build a road or bridge or make any other critical investments, such as funding the National Institutes of Health or National Science Foundation.

We cannot afford to wait for a fiscal crisis to force action. If we act now, we can set priorities and make choices and exercise reasoned judgment in enacting savings, protecting valuable and worthwhile programs and phasing in changes gradually.

If we are forced to act, which we will be eventually if we remain on this unsustain-

able fiscal path, we will not have a choice and will be forced to enact dramatic, immediate cuts to reassure markets, in which case policymakers won't have the luxury of making reasoned choices and those programs and investments that are most important to Americans will be jeopardized.

Furthermore, active and sustained Democratic engagement is critical to achieving a reasonable and balanced approach that addresses both spending and revenue.

"Gang of six" member and Senate Majority Whip Dick Durbin (D-Ill.) said it best: "I want to be at the table to be able to have a voice in how changes are made. If cuts are inevitable, Democrats must be a part of the discussion to make sure they are targeted in a way that solidifies our economic recovery and ensures a bright future for all Americans."

Democratic involvement in crafting a workable deficit reduction plan will ensure that Americans who are struggling the most do not bear a disproportionate share of the pain.

Now is the time to act. The committee created by the debt ceiling legislation has the authority to produce a grand bargain along the lines of the National Commission on Fiscal Responsibility and Reform and gang of six plan.

Democrats need to push the super committee to seek deficit reduction greater than the triggers included in the final law. In fact, the committee must produce a package that stabilizes the debt and ad-

dresses not only discretionary spending but also tax and entitlement reform.

The report of the president's fiscal commission and the work of the gang of six contain several key elements and principles that should guide the work of the new committee:

- **Maintain critical investments for future growth.** A long-term plan can ensure that we are reducing the deficit on our own terms and not hindering our long-term growth by underfunding critical investments in education, infrastructure and innovation.

- **Avoid disrupting a fragile economic recovery.** The fiscal commission and gang of six provided for phasing in savings gradually, with significant spending cuts not beginning until 2013. At the same time, by putting in place a credible plan to stabilize the debt, the proposals would strengthen long-term economic growth by eliminating the risk of a fiscal crisis.

- **Ensure revenue is part of the solution.** Federal revenue is at its lowest percentage of gross domestic product since the Korean War, and going forward, we will need more if we want to reduce the debt as a share of the economy while adequately funding government in an era of increased longevity and rising health care costs. Under the gang of six proposal, revenues would increase from their current level of slightly more than 16 percent of GDP today to 20 percent by the end of the decade.

- **Tax reform that eliminates special-interest tax breaks and preserves pro-**

**gressivity.** The best way to grow revenue is an approach similar to the fiscal commission's in which most tax expenditures are eliminated and the savings are used for deficit reduction and to help increase progressivity.

- **Require defense savings for deficit reduction.** A broad agreement must scrutinize every aspect of the federal budget — including defense spending. All discretionary spending should be on the table for consideration.

- **Protect programs that serve low-income families.** Any agreement must adhere to the principle that the most vulnerable in society be protected, especially since they have weathered the worst of the economic downturn. The fiscal commission report, as well as the gang of six proposal, upheld this principle, and for that reason, critical safety net programs were preserved and in some ways strengthened as part of the overall fiscal plan.

At the end of World War II, America's debt exceeded its entire GDP. Yet, rather than throwing up their hands, our parents and grandparents whittled down their deficits. By the Kennedy administration, the ratio of debt to GDP was back down to where it was before the war. What lesson can we learn from the "greatest generation"? Simply this: Opportunity, not debt, is the legacy we owe to future Americans.

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*Former Rep. Vic Fazio (D-Calif.) served 10 terms in the House. He is now a senior adviser at Akin Gump Strauss Hauer & Feld LLP.*