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*Kent Conrad and Judd Gregg*

## A Fiscal Battle on Two Fronts

As a Democrat and a Republican, we don't always see eye to eye on fiscal matters. But we agree on this: When Congress takes up an economic recovery package this month, it should be linked to a bipartisan commitment to begin addressing the long-term budget challenges confronting our nation.

Washington must act quickly to respond to the economic crisis. More than 2 million jobs have been lost in the past year; businesses are struggling; credit markets have been virtually frozen; home values have plummeted; and retirement savings have been wiped out. Our first priority must be to reverse this decline and restore economic growth.

We recognize that enacting an economic recovery package will involve a worsening of our near-term budget picture. In this case, more borrowing by the government is reasonable and understandable, as long as it is for proposals that will truly help spur economic activity.

But we also face a long-term budget crisis of unprecedented proportions. The leading edge of the baby-boom generation began retiring in 2008. The combination of this demographic tidal wave and the exploding cost of health care and inadequate government revenue will swamp federal finances. Under one scenario presented by the Congressional Budget Office, federal debt would rise to 400 percent of gross domestic product by 2058 — a clearly unsustainable level and an unworkable option.

Action must be taken on this front. As we address the economy, we need to simultaneously signal to the markets that we are serious about restoring fiscal discipline and putting our budget back on a sound long-term path. Linking these short-term and long-term plans is the best way to instill global confidence in the U.S. financial system.

When he announced his economic team in November, President-elect Barack Obama emphasized that "part and parcel" of our economic recovery package should be a "plan for a sustainable fiscal situation long term." That is exactly what we are calling for.

By acting now, we can make difficult but gradual changes to bend the cost curves of entitlement programs that will otherwise overwhelm our budget, as well as make needed reforms to our out-of-date and inefficient tax code. The longer we put off these reforms, the more draconian our choices will become and the more likely they are to be forced upon us.

The commitment we call for could take the form of the bipartisan fiscal task force that we have proposed. The task force would establish a process to confront the long-term fiscal imbalance. It would consist of a bipartisan panel of lawmakers and administration officials tasked with developing a legislative proposal to steer our budget back on course. Everything, including spending and revenue, would be on the table.

The panel's proposal would be given fast-track consideration in Congress. But, importantly, nothing could be put forward by the task force without a strong bipartisan agreement among its members.

The reality is that our nation's long-term fiscal challenges are too great to be handled by one party alone, regardless of the outcome of November's elections. We must work together, assembling the best minds and the best ideas from across the political spectrum. This spirit of bipartisanship is crucial. We cannot afford to return to the acrimony that has stymied past efforts to address our long-term budget issues.

We will recover from the current economic downturn. With a timely and carefully crafted economic package, we are likely to do so sooner rather than later. But our long-term economic future will remain in jeopardy until we place our budget back on a sound course. We must get moving on both fronts.

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