

Statement of William A. Galston
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Chairman Conrad, Senator Gregg, and members of the Committee, thank you for inviting me to participate in this important hearing. Although I am a senior fellow at the Brookings Institution as well as a member of the bipartisan Fiscal Seminar convened under the auspices of Brookings and the Heritage Foundation, I am here in my personal capacity, and unless otherwise noted, the views I express are mine alone.

I will not spend much time discussing the circumstances that form the backdrop to these proceedings. Regardless of party, ideology, or branch of government, almost no one in possession of the facts believes that our current fiscal course is sustainable. The level of deficits, debt, and borrowing from abroad projected for the next decade threaten not only our economic prosperity but also our currency, our global leadership, and our national independence. As soon as our economy emerges from recession and the job market improves, we must adopt a new fiscal strategy, and the planning needed to craft and implement it should begin without delay.

If these facts are clear, as I believe they are, then why have so many past efforts failed to yield major changes, and why is there so little evidence that we are preparing to make them now? While it is all too easy for partisans to point fingers at one another, it is more useful to examine the deeper problems that have thwarted action. Two are key. First, these issues are difficult, engaging them is risky, and in today's intensely polarized national politics, no one wants to take the first step. Second, ordinary budget procedures are not well designed to address problems that develop over not years but decades. While we need sharp distance vision, what we mostly have is institutional myopia. For these reasons, business as usual is unlikely to produce better fiscal results in the next decade than it has in the past.

Fortunately, there is an alternative—namely, institutions specifically designed to address the problems of polarization and near-sightedness. In a paper released last June (“The Potential Role of Entitlement or Budget Commissions in Addressing Long-Term Budget Problems, brookings.edu/papers/2009/06_commissions_sawhill.aspx), the bipartisan Fiscal Seminar reviewed the century-long contribution that commissions have made to U.S. policymaking. From the establishment of the Federal Reserve Board and Social Security, from military base restructuring to the struggle against terrorism, the list of accomplishments is impressive. The challenge of developing a sustainable fiscal policy offers the latest opportunity to put this institution to work.

While it is not my purpose this morning to evaluate the relative merits of various commission proposals, I can list the criteria that experience suggests are essential to any commission's effectiveness.

First, the President and the congressional leaders of both parties must fully support its establishment. If they cannot agree at the beginning that the fiscal problem is too grave and urgent to defer, they are unlikely to support any solution the commission may propose.

Second, its membership must be truly bipartisan, and its rules must ensure that it can take no action without substantial support across party lines. Recommendations reflecting the views of only one party will simply replicate the polarization that has thwarted action up to now.

Third, it must be empowered to discuss the fullest possible range of relevant issues and options, with the fewest possible preconditions. Artificial limitations on the agenda will almost certainly tilt the deliberations toward a particular party or outcome and reduce the incentives of others to participate. No deficit reduction commission can succeed if its purview does not include both spending and revenue. Nor should we focus on entitlements to the exclusion of our tax code.

Finally, its recommendations must go before Congress under procedures that require expedited consideration and ensure an up-or-down vote. Rules permitting endless delay or amendments that could destabilize a balanced compromise are a formula for futility.

Beyond these core elements, there is room for legitimate disagreement about the scope of a fiscal commission. Some experts believe that a single commission should address all the major issues and seek to negotiate a “grand bargain.” Others think that breaking the problem up into more focused discrete issues would prove more workable. For example, Social Security and pensions could be in one basket and federal health care programs in another.

There is of course no guarantee that a commission will succeed where ordinary procedures have failed. Because fiscal policy raises issues that go to the heart of partisan and ideological definition in our politics today, a commission could yield yet more gridlock. And there is a possibility that both Congress and the White House could use a commission to evade their own responsibilities and defer a debate that needs to occur. Nonetheless, the potential gains outweigh the possible costs. At the very least, a commission would force both parties to focus on our fiscal challenges and send average Americans--whose concerns about deficits and debt have risen substantially during the past year--a credible signal that their leaders are paying attention.