

# Panel says U.S. can't grow its way out of deficits

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**The United States cannot grow its way out of budget deficits and both revenue increases and spending cuts will be needed to stem the flow of red ink and create a brighter financial outlook, top members of a newly created budget commission said on Sunday. -**

The independent National Commission on Fiscal Responsibility and Reform created by President Barack Obama is to hold its first meeting on Tuesday. The co-chairmen of the 18-member panel told "Fox News Sunday" that everything had to be on the table as it considers ways to reduce huge deficits and mounting debt.

"We're not going to say we're going to grow our way out of this," said former Republican Senator Alan Simpson. **"Hell, we could have double (-digit) growth for 30 years and never grow our way out of this."**

The deficit was \$1.4 trillion in 2009, nearly 10 percent of the overall economy, and it is expected to be that much again this year. Longer term, the retiring baby boom generation will strain the Social Security retirement and Medicare health program for the elderly, putting even more pressure on government spending.

Erskine Bowles, former White House chief of staff under President Bill Clinton, said spending on those politically popular entitlement programs also has to be considered.

"If we're going to be serious about balancing the federal budget and righting this fiscal ship, then we have got to have everything on the table, and that includes the entitlement programs," Bowles said. "We'll never get to balance unless they're on the table."

**Both liberals and conservatives have expressed concern about the commission. It is due to make its recommendations in December, well after the November mid-term congressional elections where record deficits and the \$12 trillion national debt are likely to be major issues.**

Liberals are worried the panel will recommend deep cuts to Social Security and Medicare as well as other social programs. Conservatives believe the panel is a way to set the stage for raising taxes.

"I'm not a stalking horse for taxes," Simpson said. "I had a terrific record on that. I'm a stalking horse for my grandchildren."

Bowles said the panel should look at the tax system, which critics say is so riddled with breaks and loopholes that it is becoming dysfunctional, and that a European-style value-added tax should also be on the table.

"I think there are many good arguments that you can make for a value-added tax or consumption tax, as opposed to a tax on wages," Bowles added. "But I think it's just one of the things that ought to be on the table that we ought to discuss."

A value-added tax is imposed on goods at each stage of production and critics say it would push the cost of goods too high. Supporters argue it has some trade advantages as the tax generally does not apply to exports but is put on imported goods.

(Reporting by Donna Smith; Editing by [Eric Walsh](#))