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BAUCUS, RIVLIN, DOMENICI TALK DEFICIT REDUCTION, FISCAL CRISIS

Finance Chairman: A Comprehensive, Balanced Plan Is the Only Way Forward

Washington, DC – In a Senate Finance Committee hearing held today, Chairman Max Baucus (D-Mont.) discussed plans for deficit reduction and the year-end fiscal crisis with Dr. Alice Rivlin and former Senator Pete Domenici (R-N.M.). Baucus called on Congress to come together on a bipartisan agreement that reduces the deficit responsibly. With taxes set to spike and the automatic sequester set to take effect at the end of the year, Baucus said Congress must work to avoid the economic harm the fiscal crisis would cause. He also said canceling the sequester and extending all the expiring tax cuts would demonstrate a dangerous inability to solve the deficit problem. A combination of additional revenues and spending cuts, Baucus argued, is the only solution.

“With the fiscal crisis we’re facing at the end of the year, Congress needs to come together and agree on a combination of revenues and spending cuts. It’s the only way forward,” Baucus said. **“The fiscal crisis would do real damage to our economy and could throw us back into recession. Alternatively, canceling the sequester and extending all of the expiring tax cuts would tell the American people and the world that we are not serious about our deficit problem. This is an opportunity for us to come together to pass a balanced solution that puts us on a sustainable path for the future.”**

At the hearing, Baucus described his criteria for a deficit reduction plan that would give confidence to the country and the markets. He said the plan needs to be balanced, comprehensive and fair, and the government needs more revenue than current policy brings in to pay for the country's needs. He added that the plan should start by stabilizing debt as a percentage of GDP and reduce it thereafter. Baucus also said that the plan should avoid deep, immediate cuts that would shock the economy in the short term.

Baucus praised Rivlin and Domenici, co-chairs of the Debt Reduction Task Force at the Bipartisan Policy Center, for crafting a comprehensive deficit reduction plan that meets many of those criteria. He noted, however, their plan makes changes to Medicare and Medicaid that shift costs onto seniors and states. He called for any changes to Medicare and Medicaid to focus instead on improving the quality and efficiency of care, while maintaining services for beneficiaries.

Baucus also addressed the looming fiscal crisis in his recent speech on tax reform delivered at the bipartisan policy center. The full text of his speech [is available here](#).

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