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**CRFB Reacts to Debt Deal
August 1, 2011**

Last night, President Obama announced that he had reached a deal with Congressional leaders to raise the debt ceiling and begin to address the national debt. The deal would include a two-stage process that enacts discretionary caps as a down payment, and would empower a new Joint Committee of Congress (yes, another commission) to agree to an additional \$1.5 trillion in deficit reduction over the next ten years.

Although lifting the debt ceiling is necessary, and the deal takes some important first steps to bring our debt under control, we are quite disappointed that it does not go further.

"It's certainly a relief that our leaders came to agreement to raise the debt ceiling and were able to get some deficit reduction in the process," said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. "But this debate represents a missed opportunity to do something big, something that would truly put our country on a sustainable path."

Earlier this year, the Committee for a Responsible Federal Budget called for a package of at least \$4 trillion, sufficient to stabilize the debt while focusing on the parts of the budget most in need of reform: Social Security, Medicare, Medicaid, and the tax code. This plan comes up short on all fronts.

"Assuming this gets through Congress, the real questions now will revolve around the Joint Committee," said MacGuineas. "They should hold themselves to a higher standard—aiming to save significantly more than the \$1.5 trillion in deficit reduction prescribed – including by not only recommending more savings, but also proposing long-term entitlement changes and pro-growth tax reform."

"It is unfortunate we couldn't do more now, but luckily we'll get two more bites at the apple – when the committee reports at the end of this year, and when the tax cuts expire and the debt enforcement mechanism hits at the end of next year," MacGuineas explained. "We cannot afford to blow these opportunities. The more time we waste, the harder it will be to reassure markets we are serious about getting our fiscal house in order."