

# What the country needs? A fiscal triple play

By David M. Walker

**N**ot only is our country in a deep recession, but our federal financial condition is deteriorating rapidly. We need to pull a triple play, and soon, to avoid a "super subprime crisis."

**First**, to get our economy back on track, we need a fiscal stimulus package that is timely, targeted and temporary — large enough to make a difference but not so large as to guarantee significant waste. Its provisions should be designed to stimulate short-term consumption and create or save jobs — within this calendar year. While it may involve temporary time extensions of unemployment and other federal benefits, benefit expansions should be avoided until we get our fiscal house in order.

The stimulus being considered by the Congress is very large. Many believe that we could achieve much more stimulus with a lower price tag if a vast majority of the legislation's provisions met the above criteria. Only time will tell whether the bill that goes to President Obama's desk is modified to better meet these standards.

The federal government has engaged in a number of major "bailout" or "assistance" efforts already. More will undoubtedly occur, and we need to learn from past mistakes to increase the chance of future success.

The Troubled Asset Relief Program (TARP), for example, has been a major disappointment. This should not be surprising since it was enacted in a crisis atmosphere without clearly defined and transparent objectives and conditions to be met before the "funds flowed." As a result, it is difficult to assess the benefit of the first \$350 billion in taxpayer funds. Proponents assert how much worse it would have been had they not acted, but the absence of any clear positive accomplishment is telling.

**Second**, the federal government needs an independent and professional person or board (e.g., three persons) who would serve as a gatekeeper and help

ensure that any proposed federal assistance is consistent with the program's objectives and meets certain criteria before the funds flow. Once the funds flow, the person or board would ensure transparency and accountability.

Having been on the front lines of fighting waste and abuse for almost 10 years as comptroller general of the United States and head of the U.S. Government Accountability Office (GAO), I have concluded that the traditional transparency and accountability mechanisms are not enough to



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protect the taxpayers' interests when huge incremental spending amounts are involved.

**Third**, while turning the economy around is the priority now, we also need to take steps to put an extraordinary process in place to put our nation's finances in order and maintain investor confidence. President Obama was right when he said in January that we need to achieve a "grand bargain" during his presidency. But we need to start now — our fiscal clock is ticking, and time is not working in our favor.

As a former head of three federal agencies and a public trustee of Social Security and Medicare, I have learned that the process that one employs is critically important when transformational changes are needed. It has also led me to the conclusion that the "regular order" in Congress is broken and that achieving progress on multiple fronts within a relatively short time frame is not possible on a piecemeal basis.

What does this mean? The president and the Congress need

to work together to establish a "Fiscal Future Commission" (or Task Force) that, unlike most Washington commissions, would be designed to accelerate action and get the ball across the goal line rather than punt it down the field. Ideally, this commission would be created by statute to ensure buy-in from both the Congress and the president. It should include selected congressional members and administration and non-governmental officials. It should engage the American people outside Washington's Beltway while also leveraging digital technology and the Web. After engaging the public and key stakeholders, it would make a range of budget control, entitlement, other spending and tax reform recommendations that would be subject to an "up or down" vote in Congress, with limitations on amendments so they would not undercut the fiscal "bottom line" of the commission's recommendations.

To achieve initial success and gain both enhanced credibility and momentum, the commission could be tasked with reporting on selected issues in an expedited manner — for example, Social Security reforms. Hopefully, action would be taken on any such interim recommendations. But if it weren't, then any related recommendations would be included in the group's final report. This approach would serve to provide a fail-safe mechanism to help ensure that the commission's recommendations are given appropriate consideration by the Congress.

We can and must come to grips with our current and structural fiscal challenges. Employing this three-pronged approach would enable the Obama administration and the Congress to focus on our immediate challenges while putting a credible process in place to help put our nation's financial house in order. The time for action is now.

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