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## Biden Talks Must Move Swiftly and Produce Results May 5, 2011

As the bipartisan deficit reduction talks led by Vice President Biden begin today, the Committee for a Responsible Federal Budget (CRFB) strongly urges negotiators to move quickly and to produce concrete results.

"The purpose of these discussions should be to agree on acceptable measures to attach to a debt limit increase *in a timely manner*," said CRFB President Maya MacGuineas. "One of the main objectives must be to avoid an eleventh hour showdown."

As Treasury Secretary Geithner said in a letter Monday, the Treasury Department will begin undertaking extraordinary measures to avoid hitting the debt limit around May 16<sup>th</sup>. These measures will extend the U.S. borrowing limit until around August 2<sup>nd</sup>. However, we should not plan on running down the clock on this before increasing the debt ceiling—particularly since credit markets may get nervous about the U.S. political system's ability to deal with this situation long before then.

The Committee for a Responsible Federal Budget believes the debt ceiling must be increased, but that we should also include measures to improve the country's fiscal situation. Ideally, we would include a comprehensive multi-year package to stabilize the debt.

However, there may not be time to agree on such a large deal. Another option is to include a set of debt targets and triggers as recommended by the Peterson-Pew Commission that would set out annual debt and savings targets to put the budget on a glide path to reasonable debt levels.

But while budget process can play an essential role in fiscal discipline by nudging lawmakers to act and putting in place automatic changes if they do not, budget process is not enough. Concrete debt reduction policies must be agreed upon as well. Any increase in the debt ceiling—even if only a short-term increase to buy more time to develop a detailed deficit reduction plan—should include specific policy changes that generate real and significant savings as well.

"Budget targets can be a meaningful step in bringing about fiscal reforms, or they can be a pure political punt," said MacGuineas. "Recent budget plans have illustrated that there is consensus in several areas for achieving savings that lawmakers should look to include as part of a deal."