

**TESTIMONY BY ERSKINE BOWLES TO
THE JOINT SELECT COMMITTEE ON DEFICIT REDUCTION
November 1, 2011**

Mr. BOWLES:

I tried to think, if I were sitting in your shoes or I was the go-between as I was in the what became the Simpson-Bowles plan, if it was possible for you all to get to the \$3.9 trillion deficit reduction, given where your positions are today, and I think it is, I think you can get this done, and I will just go through briefly the arithmetic. And, again, you have got to flesh out the policies, but if you look at where I understand the two sides now stand, and this is from just listening, which is what you have got to do if you are the guy in the middle, you know, the proposals for discretionary spending, and these are all above what the \$900 billion and the 400 that was in the continuing resolution, so this is in addition to the \$1.3 trillion worth of spending cuts that have already been done, but you all are between \$250 and \$400 billion of additional cuts on discretionary, so I assumed that we could reach a compromise of an additional \$300 billion on discretionary spending cuts.

On health care you are somewhere between \$500 and \$750 billion of additional health care cuts. I assumed that we could get to \$600, and I got there by increases in the eligibility age for Medicare that I discussed with Senator Kerry when he was talking to me. That is about \$100 billion. That would take you from the 500 where the Democrats are to \$600 billion, and it happens to come not on the provider side, which I think would kind of balance that out.

On other mandatory cuts, you are somewhere between 250 and 400, so I settled on 300 there, and we had enough cuts in our plan to get you to 300 on the other mandatory. Interest will obviously just fall out at approximately 400 billion, the savings there. You agreed actually on CPI in your two plans of approximately \$200 billion. The total of that is \$1.8 billion. That left me a little short.

That gets me to revenue. And on revenue I took the number that the Speaker of the House, I had read had actually agreed to, and I was able to generate \$800 billion through revenue from the Speaker's recommendation, and if you did that without dynamic scoring, but you did it, and, you know, on dynamic scoring I am kind of on the Reagan plan, trust and verify, which we talked about earlier. If it actually comes, great, you will use it to reduce rates or you will use it to reduce the deficit. But if you add the \$800 billion there and you do that slightly on a more, make it so the code is slightly more progressive after you have done it than before, then I think you have really got something that you might be able to work with the Democrats on.

That would give you an additional total of \$2.6 trillion added to the 1.3 you have already done. That is \$3.9 trillion in deficit reduction, and I think that would create a lot of excitement with people in the country, and I think it would go a long ways toward building up confidence that we really could stand up to our problems.