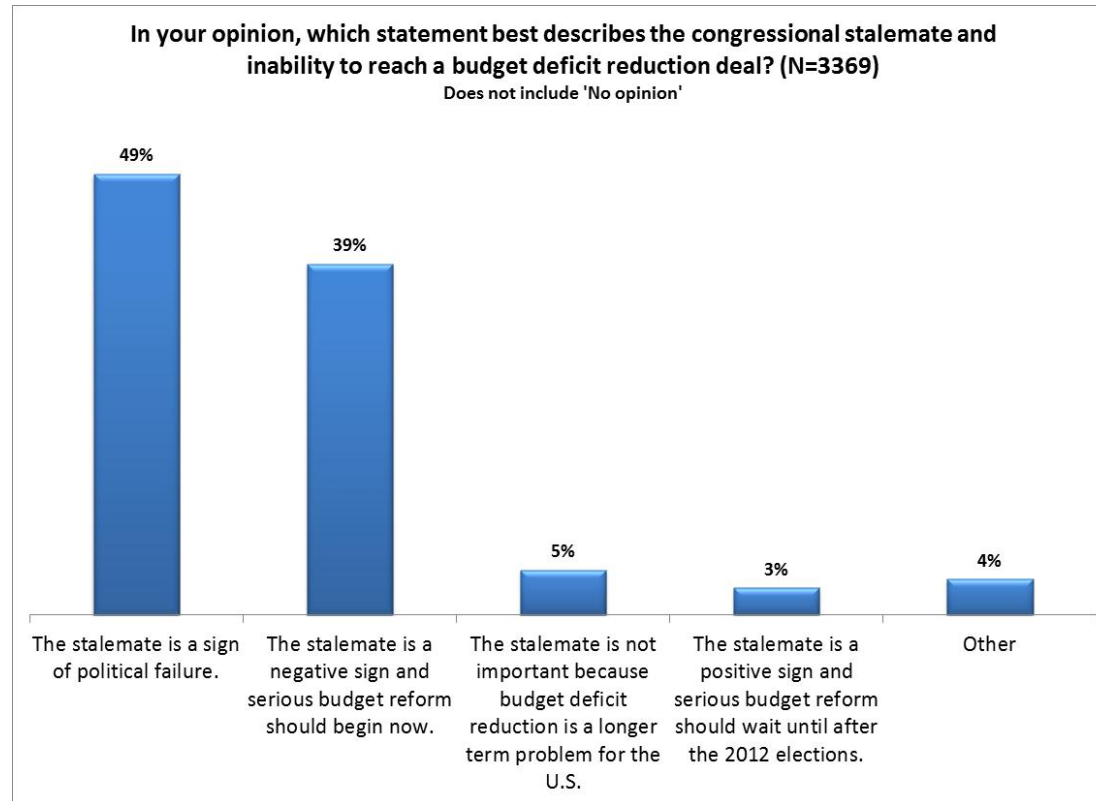




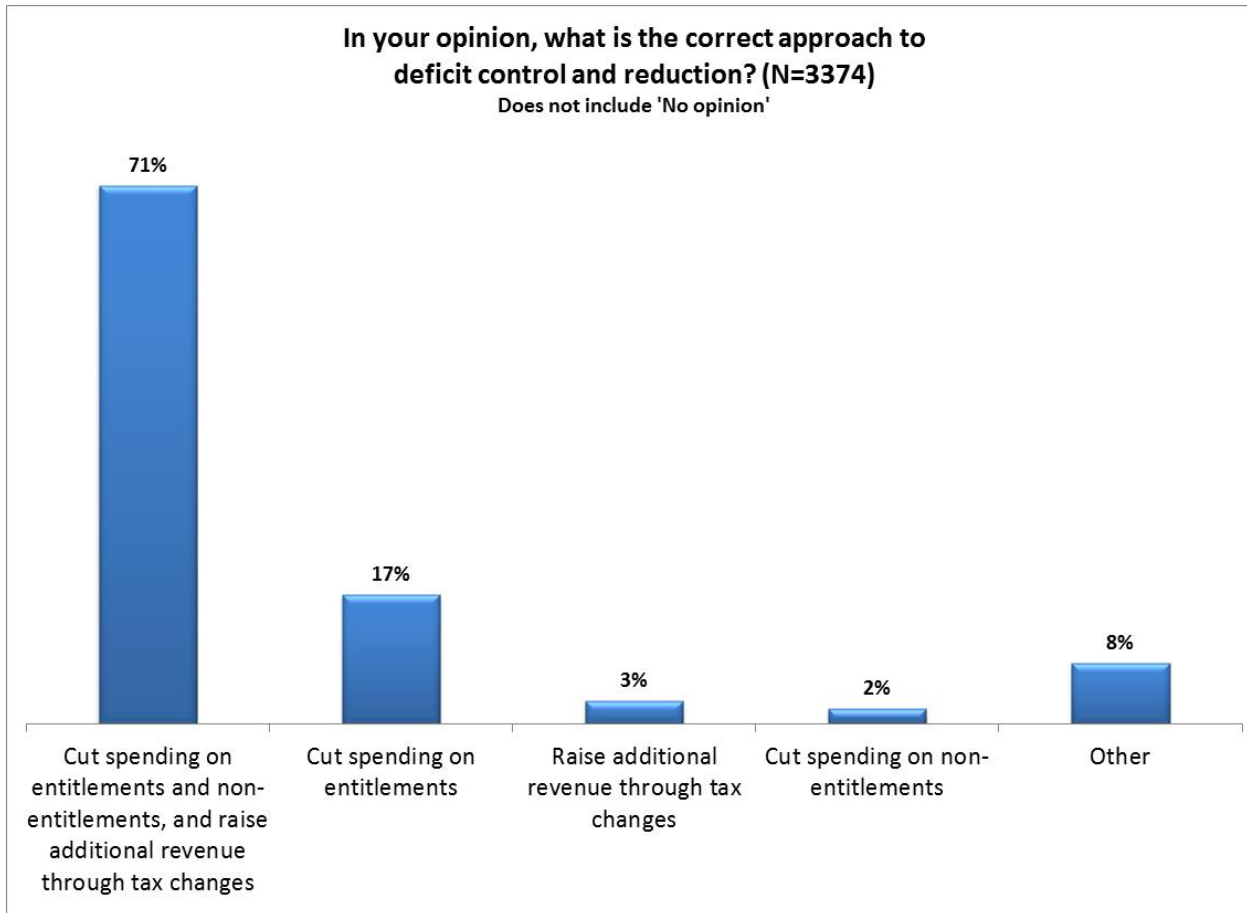
CFA Institute Member Poll: Budget Deficit Turmoil

An online survey was emailed to 43,889 CFA Institute members in the United States on 21 November 2011 in order to collect their opinion on the controversy over U.S. budget and deficit remedies. The survey was closed at 7:30a.m. EST on 23 November 2011. 3,549 members responded for an overall response rate of 8% and a margin of error of $\pm 1.62\%$.

In your opinion, which statement best describes the congressional stalemate and inability to reach a budget deficit reduction deal? (N=3369)	
The stalemate is a sign of political failure.	49%
The stalemate is a negative sign and serious budget reform should begin now.	39%
The stalemate is not important because budget deficit reduction is a longer term problem for the U.S.	5%
The stalemate is a positive sign and serious budget reform should wait until after the 2012 elections.	3%
Other	4%



In your opinion, what is the correct approach to deficit control and reduction? (N=3374)	
Cut spending on entitlements and non-entitlements, and raise additional revenue through tax changes	71%
Cut spending on entitlements	17%
Raise additional revenue through tax changes	3%
Cut spending on non-entitlements	2%
Other	8%



**In your opinion, which statement best describes the congressional stalemate and inability to reach a budget deficit reduction deal?
(Other, please specify)**

- \$120B/\$3,700B = 3.24% is not meaningful enough to matter
- 1.5 trillion over 10yrs when that implies over 10 trillion more to the national debt is an insult to us
- 2 & 4
- 2 and 4 should be checked
- a positive sign and serious budget reform is forced into play now due to the 1.2 trillion in guaranteed cuts. Just 8.8 trillion in more cuts needed.
- About half of the country's representatives still don't understand how destructive nature of excessive government spending.
- Although no agreement represents political failure, I view it as positive because when both parties were more moderate, it is that consensus that dug the country into the hold we're in today.
- Although we should be addressing the budget deficit longer-term; near term should be addressing appropriate spending measures to address the jobless recovery
- Americans need to see the numbers to understand what is necessary.
- bad theatre
- Both 2 and 4 apply, but I can't check two boxes.
- both answers " Negative sign and serious budget reform begin now" and "sign of political failure" are applicable
- Budget reform for 2013 and beyond and revenue raising should begin now.
- Congress is no longer relevant
- Considering what is going on in Europe, politicians that refuse to reduce spending are out of touch.
- Do nothing.
- Doing nothing trims the deficit by much more than \$1.2T over the next 10 years.
- EVERY MEMBER OF CONGRESS THAT HAS SERVED FOR AT LEAST THE LAST 30 YEARS SHOULD BE CHARGED CRIMINALLY FOR MISPRISON OF FELONY AND MANY WITH TREASON DISGRACEFUL
- FEDS WILL NEVER CUT SPENDING...MORE OF THE SAME
- Fiscal policy is no longer a viable policy tool due to polarizing politics. We are now in a two speed economy
- From a financial and economic perspective I believe the budget deficit is a longer term issue to be resolved. As a citizen and investor however, the political acrimony and inability to achieve solutions is despicable and only increases market uncertainty.
- How could any sane person not have seen this failure of politicians coming?
- I think both the stalemate is a negative sign and serious budget reform should begin now, and also that the stalemate is a sign of political failure. This is Political Economy at its worst. I had undergraduate dual majors in Economics and Political Science.
- I'm a registered Republican, but I believe the stalemate is the result of the Republican efforts to win the White House next year. They are doing everything possible to make the President look bad. They would rather talk about creating jobs than actually creating jobs. These actions/inactions are hurting the economy. The best way to reduce the deficit is, first, create jobs. Jobs generate tax revenues.



And through the multiplier effect each new job increases GDP by more than the payroll expense associated with that job. Second, raise taxes on the rich the Buffett way. I am not a billionaire, but I am well off & I would not mind paying higher taxes. Cutting entitlements is not something I favor, though I have a plan called Supercharged Social Security that would slash the cost and raise the benefits of Social Security, and it could also do the same for Medicare. Though it would provide substantial benefits to seniors, it is not going to be politically popular because it would discourage campaign contributions from our financial services industry.

- It is a damning commentary on our current political will and the failure of our political representatives to summon the courage to act in the best/better long-term interest(s) of the nation.
- It is a failure but any progress would have been mitigated by changes in Congress, the Senate and possibly the presidency in the next election. A deal would have been meaningless but still perceived as a confidence booster.
- It is a positive sign and serious budget reform should go forward
- It is a sign of political immaturity on the part of the citizenry. The public elected politicians who promised something for nothing. Unfortunately that has occurred for the past 50 years and no one wants to admit that it can no longer work
- It is a sign that the current administration's socialist policies are destroying the country.
- It is a sign the welfare state is dead & politicians cannot admit they failed
- It is the latest example of a systemically broken system that is functioning for its benefit rather than the country or its citizens. I am enraged.
- Its a positive sign & automatic across-the-board cuts should be made.
- It's good so long as they let sequestration play through.
- It's meaningless
- Its Nonsense, they should come to an agreement now and provide clarity for business.
- it's the second and fourth options
- Jealousy, envy, and small-mindedness of D members selected guaranteed failure.
- Mandatory cuts would be a welcome wakeup call.
- negative sign; shows lack of leadership/willingness to make tough choices
- Neither side has any incentive to provide a solution until after November 2012
- new policies changes all
- No deal is better than any deal Congress will strike. Failure triggers automatic cuts and an increase in taxes due to failure to extend unfunded Bush tax cuts and Obama tax cuts, including reduction in Soc. Sec. taxes for 2011. The combined effect is estimated to be around \$7 Trillion over ten years -- which should go a long way toward balancing the budget.
- No leadership in executive branch of government
- Not important as proposed changes not big enough to be material.
- Options B and D
- our government is a kleptocracy that is controlled by the criminal offshore banking cartel (including Wall Street), and as long as they are in control there will be meaningful financial reforms
- Political theatre -- they are fighting over 2.5% of the total spending
- Political posturing for the 2012 election



- positive sign BIG GOVERNMENT DEADLOCK is always good for the economy
- president's fault
- Pure Democratic Politics to blame Republicans
- Pure politics to manipulate the public and delay any decision to actually reduce spending
- reflects bi-polar attitude among voters; next election will be needed to provide direction probably.
- Serious budget reform needs to begin now. But, we all know that what is being debated now is not serious reform. The entire budget process needs to change to a zero based budget from the current baseline budgeting process. The cuts that are currently being debated are not cuts at all, but are reductions in the growth of spending. We need cuts!
- Sign of Democrats playing political games
- Signals that Congress is more worried about re-election than what is good for the country in the long run.
- Spending must be cut now.
- Stalemate is a negative and serious reform should wait until after 2012.
- Stalemate is a positive sign and serious budget reform should continue.
- stalemate is a sign of just how those who want to keep spending don't care about it's long term impact
- Stalemate is a sign of Republican lack of vision for justice and equality for all.
- Stalemate is both a sign of political failure and budget reform must commence now!
- Stalemate is over a \$120 billion 2013 cut in a Federal budget that this year totals \$3.8 trillion, with deficit spending of \$1.5 trillion this year. It is irrelevant and does not even begin to address the problem of parasitic growth in government spending, which has increased 40 percent at the Federal level since 2007.
- stalemate is positive since no better reduction alternative was available. persistent stalemate bodes well for elimination of obama-bush tax cuts.
- Stalemate means some action will be taken in 2013 that is more equitable than would have come out of super committee. 2013
- supercommittee is toothless- it does not matter whether it reaches agreement or not.
- The choices should include "The stalemate is not important and serious budget reform should begin now and continue after the elections until the problems are solved."
- The committee, whose constitutionality is highly questionable, would not be making significant cuts even if it were not in a stalemate.
- the deficit doesn't matter AND it is a sign of political failure.
- The deficit is way too small for our given level of government and the private sector's desired savings levels. Your question is misguided and part of the entire problem.
- The deficit reduction debate is misguided and Congress should be focusing on promoting employment and the welfare of its citizens.
- The democrat members succeeded in their plan to prevent a deal and then run against the "do nothing" Republicans.
- The entire topic is a non-issue and politically contrived theater!
- The failure is a sign of Obama's lack of leadership and his desire to finger Republicans as not contributing to the solution of this most pressing issue.
- The failure reflects both sides inability to recognize the cliff we're standing on with one foot ready to step over.

- The near term budget deal is of little consequence as it fails to address the much larger numbers associated with the total US debt load as well as the pending debt load due to Social Security, Medicare and other grossly underfunded entitlement programs.
- The stale mate is welcome albeit a sign of political failure. Budget reform should be in the way of redirecting how money is spent, not some ridiculous \$1.2 trillion in ten years formula. See comments.
- The stalemate creates greater volatility and more opportunity to profit.
- The stalemate defaults to spending cuts without tax increases, which is fine for now although not enough for the long term.
- The Stalemate demonstrates the flaws in our Political structure and lack of accountability by Congress
- The stalemate doesn't matter and is not a long-term problem. The Fed can print money at will so default is not possible (technically speaking of course).
- The stalemate is a natural phenomenon. This is a battle between the private and public sectors, and battle between the military-industrial complex and other interest groups.
- The stalemate is a negative sign as it shows that some (i.e. Republicans) are willing to sacrifice growth now in a weak economic environment to pay for their prior years of running up massive deficits even during times of so-called prosperity. They are also willing to sacrifice the well-being of the US to try and score political points.
- The stalemate is a negative sign, serious budget reform should begin soon, BUT the priority need now is more stimulus spending and tax increases on the very wealthiest.
- The stalemate is a negative sign, we should have at minimum a preliminary start to budget reform now. We shouldn't wait until after the election - that would put it off literally until 2013
- The stalemate is a positive because it theoretically forces uncomfortable mandatory cuts for both sides of the aisle... everybody needs to get comfortable with the notion that no one part is going to win this debate outright.
- The stalemate is a positive because the automatic cuts are a good start and defense spending is where cuts should start.
- The stalemate is a positive sign and serious budget reform will be accelerated.
- The stalemate is a positive sign because it requires cuts to be made with no additional tax revenues
- The stalemate is a positive sign that conservatives are holding their ground, at least so far.
- The stalemate is a positive sign that serious budget reform should begin now. Even so, the reform effort probably will last beyond the 2012 elections.
- The stalemate is a positive step forward toward the budget reform
- The stalemate is a sign of failure, it is a negative sign and serious budget reform should start now. However, it is also a longer term issue that has important economic and political ramifications. Unfortunately both sides have dug their heels in so far that a workable solution only comes about through crisis.
- The stalemate is a sign of political failure within the framework created by the media and the elites. The real story is Occupy Wall Street. Return the rule of law. Why has no one gone to jail? Why is Jon Corzine free?
- The stalemate is a sign of politicians' unwillingness to compromise and work in the best interests of the American people.
- The stalemate is a sign of two competing philosophies that are poles apart and are determined to become the foundation of the country's political process going forward. Until one side wins decisively at the poles the country will sink deeper into the quagmire of spending that is too high for the level of tax revenue that is being generated.



- The stalemate is a sign our system of government is corrupt beyond repair
- The stalemate is a sign that the Republican party is fighting for tax cuts to the wealthy and at the expense of the national well being .
- The stalemate is an indication of political failure on the part of both parties AND a complete lack of presidential leadership. Obama has had many opportunities to get this deal done (e.g., Simpson, Bowles), but he has chosen to do otherwise. He is a weak and pathetic president.
- The stalemate is an indicator of significant political change underway, and could be a positive sign if it leads to serious commitment to fiscal responsibility.
- The stalemate is better than some alternatives.
- The stalemate is expected and will continue until voters choose different politicians
- The stalemate is important only in regard to whether or not it actually causes the US to default on its debt. The deficit is a longer term problem and should not be a priority until the economy has fully recovered.
- the stalemate is positive let all the tax cuts expire and let the automatic cuts happen better deal than what the politicians could have reached
- The stalemate is predictable because there is such a divergence of ideology between raising taxes and cutting spending. One side rails against the 'rich' and the other side wants to cut spending. Normal political baloney. This committee was never put together to succeed...it was put together to allow the President and the Democrats to decry the republicans as people who will not compromise. Typical...
- The stalemate is pure theatre. Neither side has any intention of actually reducing government spending, size, or scope. They will only modestly reduce the rate of growth.
- The stalemate is sign of lack of executive leadership.
- The stalemate is the result of a near even division in the U.S. between those who want lower taxes and those who want more government hand-outs.
- The stalemate is the result of the polarized views held by the electorate leading into a presidential election year.
- The stalemate reflects the outcomes of recent elections and therefore the desires of the voting public.
- The stalemate results from having a D president and senate and a R house. This is not a political failure, it's just the way it is based on party platforms.
- The stalemate shows Republicans don't care about the creditworthiness of the U.S.
- The stalemate was designed to allow members of Congress to avoid responsibility for their actions.
- The stalemate was predictable and nothing positive will happen until Congress gets serious about spending reductions.
- The stalemate will most likely not have an egregious effect on the capital markets because of the presence of the sequestration. I do believe, however, that the President needs to show leadership and get lawmakers to put re-election tensions aside during the debate.
- The stalemate is a reflection of politically motivated Republican intransigence on tax revenues.
- The stalemate is a sign of the failure of leadership
- The stalemate is neither positive or negative, it is part of the political process.
- The stalemate was an exercise that the administration concocted in an effort to embarrass Republicans because Obama's re-election prospects look bad.



- The stalemet is positive because it signifies the begining of true debate in regards to the issues. It is negative as it also signifies how bitterly partisan the debate will likely proceed.
- The statemate is a political failure with both parties, a further example of the lack of leadership in Washington, and it allows for continuation of the deficit problem as opposed to making some tough decisions and beginning a remedy.
- The supercommitte was a polictical ploy to delay the issue/reform until after the 2012 election. The stalemate is no surprise.
- the supercommittee concept was doomed to fail as many of the participants were too partisan and brought their own agenda - I don't beleive that anyone could have expected this to succeed
- there's always a stalemate on these hard issues
- They should not be discussing a trillion plus or minus over the next 10 years, but that same amount for next year
- This "stalemate" is simply a symptom of the problem. The problem is more basic and comprehensive, which are encapsulated by the OWS movement.
- This congressional stalemate illuminates the complete lack of fundamental market knowledge our elected officials have as well as the on-going failure of these officials to do what is necessary create positive change in not only the US economy but the global economy too.
- This is a political calculation by the Obama Administration that was designed to fail. The fall back position of cuts to be implemented in 2012 and 2013, after the election allows for the administration to use this "faillure" as a political club on the Republicans. The failures of the democrats to propose budget at all in the past 2 years is the real failure. The normal budgetary process is the path to deal with the deficit issue.
- This should be multi part. First is it positive or negative; second part is why. Finally, it is negative because we have two parties that are controlled by special interests. Lastly, most CFA Charterholders are not qualified to state a reason because we do not know what is going on behind close doors. We are only speculating
- This was to be expected from the outset. The current administration and his political party had no intention of any compromise on the spending and tax issues, and have used this process as an attempt to make political gains prior to the election. The stalemate also allows "automatic" cuts to begin so that the administration and his party dont have to take responsibility for the cutting. The issue needs to be addressed immediately, but probably will go nowhere until at least after the elections.
- Though the deficit is a long term problem, the reform should start now.
- whar do you expect
- While important, deficit reduction is not the most urgent problem - gettnng the US economy moving forward is. The stalemate, the inevitable result of intransigence from one side of the political spectrum, makes clear how hard it will be to address that primary problem.
- who cares? Politicians are complete idiots...
- With high unemployment, more federal spending is needed.

In your opinion, what is the correct approach to deficit control and reduction? (Other, please specify)

- End the empire - immediately withdraw all military forces around the globe and cut defense spending to close to zero and 2) Reform the tax system so that everyone - especially corporations - pays their taxes (i.e. why did GE pay nothing?).



- across the board spending cuts including entitlements and discretionary - eliminate tax deductions and flatten tax code at lower income tax rates
- across the board spending cuts on all programs with tax reform via a flat tax
- Adjust entitlements for reality; massive corporate tax reform.
- Adopt Simpson-Bowles
- Again, the choices should include "Cut spending on entitlements and non-entitlements--PERIOD!"
- All three plus institute mandatory spending caps and a balanced budget requirement
- any and all tools should be used since we operate in an interconnected world. Well beyond the models of Keynes or Hayek.
- Austerity does not work. As a real life case study see Europe. There is a significant deficiency in aggregate demand and the government should make up the difference through additional spending and tax cuts.
- Balanced budget + cut spending on non-entitlements + tax reform
- better political leadership in all areas is required
- both 2 and 3
- both of the first two
- Bowles Simpson
- combination tilted toward spending cuts and across the board tax increases at all income levels
- combo of spending and entitlement cuts plus tx increases
- control costs with a focus on cutting non entitlement spending and corporate welfare, raise additional revenue through tax increases and elimination of loopholes
- Cut spending and cut taxes
- Cut spending, but DO NOT raise tax
- Cut all benefits to congress until they begin working for their constituents instead of the lobbyists.
- Cut all spending
- cut all spending and flat tax
- cut all spending to match current revenues
- Cut all spending.
- Cut and cap
- cut as much spending as possible as soon as possible
- cut defense, raise taxes
- Cut entitlement and war spending; flatten and lower tax rates.
- Cut Entitlement spending and grow the economy
- Cut entitlements & non-entitlements, close foreign military bases, close TSA, eliminate departments not authorized by the Constitution
- Cut entitlements and Non-entitlements, cut taxes to grow the economy and raise revenues
- Cut entitlements and non-entitlements, with a 3 or 4 to 1 ratio versus tax reform enhancements



- Cut entitlements, cut spending on non-entitlements, lower corporate tax, flatten and lower personal income tax
 - Cut entitlements, non-entitlements, corporate welfare, loopholes and lower taxes. Shrink government and increase economic freedom for all.
 - Cut Federal spending of all kinds back to 2007 levels.
 - cut real spending 3% each year until surplus and pay off debt.
 - cut spending
 - Cut Spending
 - cut spending
 - cut spending
 - Cut spending - complete elimination of certain non-core programs as an example. Just like a household, complete review of all expenditures and cut or reduce all non-essential programs
 - Cut spending (entitlements and otherwise) and reduce regulation to allow the spirit of industry to grow the economy.
 - Cut spending across the board
 - Cut spending across the board (but do not raise taxes)
 - Cut spending across the board, with limited cuts to defense. Lower taxes to increase the revenue base and spur economic growth
 - cut spending and eliminate tax loopholes and other special interest benefits.
 - Cut spending and make congress live by the same rules as the citizens (enroll in SS, Medicare, Medicaid, insider trading rules etc.)
 - Cut spending and reform entitlements. Change incentives to be positive to work rather than not work. Now people on entitlements get more money not working than if they took an entry level job. That is wrong. Also cut the fat in non entitlement spending
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- Cut spending and reform taxes
 - Cut Spending and reform the tax code
 - cut spending broadly
 - Cut spending by a fixed % across the board (except interest on debt)
 - Cut Spending Everywhere
 - Cut spending first and foremost. The Federal government is too big as it is. It doesn't need more revenues. But the tax code does need to be simplified a la Bowles-Simpson.
 - Cut spending in all areas of the budget.
 - cut spending in all federal categories, do not raise taxes
 - cut spending in all segment, reform the tax code to make it fair (lower tax rates to broad base), eliminate loopholes. Take tax code changes out of hands of Congress. Fix the Code now, then lock it down.
 - Cut spending in real terms on both entitlements and non entitlements. leave taxes untouched, except for extending the Bush tax cuts or move to a flat tax.
 - Cut spending in various ways and redirected spending in various ways--see comments.
 - Cut spending non-entitlement spending, reform the Social Security and Medicare programs to cut the future cost of operation, simplify the tax code and reduce the specific advantages granted to certain groups, and keep income tax rates low, particularly on business.



- Cut spending on both discretionary and entitlement programs by 15%
- Cut spending on both entitlement and non-entitlement instead of raising taxes. Interesting that CFA did not consider that as an alternative. And then you will report very few CFA's advocating that. Not very rigorous of a questionnaire.
- Cut spending on both entitlements and non-entitlements
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- Cut Spending on both Entitlements and Non-Entitlements
- Cut Spending on both entitlements and non-entitlements with no tax increase
- Cut spending on both entitlements and non-entitlements, but do not increase taxes
- cut spending on both entitlements and non-entitlements.
- Cut spending on both entitlements and non-entitlements.
- Cut spending on both entitlements and non-entitlements. Tax code changes and simplification but not just higher taxes
- Cut spending on both entitlements and non-entitlements; revenue enhancement should be in the form of lower marginal tax rates across the board combined with elimination of deductions and means testing Social Security and Medicare
- cut spending on entitlement and non entitlements WITHOUT tax increases - why was this not a choice?
- cut spending on entitlement and non-entitlements
- Cut spending on entitlement and non-entitlements with no revenue increases
- cut spending on entitlements & non-entitlements
- Cut spending on entitlements & non-entitlements - taxes are scheduled to rise at the beginning of 2013 already
- cut spending on entitlements AND DEFENSE and raise revenues through tax changes.
- Cut spending on entitlements and initiate pro-growth policies such as lower regulation to generate higher revenues through economic growth and broaden the tax base.
- cut spending on entitlements and non entitlements
- cut spending on entitlements and non entitlements
- cut spending on entitlements and non entitlements, no additional taxes
- Cut spending on entitlements and non-defense non-entitlements.
- Cut spending on entitlements and non-entitlements while raising no additional revenue through taxes.
- Cut spending on entitlements and non-entitlement, implement a flat tax with lower rates for individuals and corporations
- Cut spending on entitlements and non-entitlements
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- Cut spending on entitlements and non-entitlements
- cut spending on entitlements and non-entitlements (military) and no tax increases
- Cut spending on entitlements and non-entitlements and begin the process of significant tax code reform.
- Cut spending on entitlements and non-entitlements and do not raise tax rates. Raise some revenue through eliminating loopholes. preferences and deductions targeted on narrow interests rather than the majority of taxpayers.
- Cut spending on entitlements and non-entitlements and do not raise taxes.
- Cut spending on entitlements and non-entitlements and get serious about reducing waste, fraud and abuse in the federal Govt. There is so much that could be done in this area that is being completely ignored. As a taxpayer I don't want to send the Feds another dime until the budget process is changed and a serious attempt to reduce waste is begun.
- cut spending on entitlements and non-entitlements and NO additional revenue
- Cut spending on entitlements and non-entitlements and not raise additional revenues through tax changes
- cut spending on entitlements and non-entitlements and reform tax code, which should raise revenue due to economic growth
- cut spending on entitlements and non-entitlements while leaving taxes alone
- Cut spending on entitlements and non-entitlements with changes to tax structure to encourage investment

- Cut spending on entitlements and non-entitlements without tax increases
- Cut spending on entitlements and non-entitlements, and cut regulations. Eliminate ineffective departments like Energy.
- Cut spending on entitlements and non-entitlements, and focus on growing the total size of the pie (instead of how to slice up the existing pie)
- cut spending on entitlements and non-entitlements, and have tax reform which lowers rates overall
- Cut spending on entitlements and non-entitlements, and raise additional revenue by simplifying the tax code and expanding the number of taxpayers
- Cut spending on entitlements and non-entitlements, and raise additional revenue through tax changes and systematic reform of the budgetary political process.
- Cut spending on entitlements and non-entitlements, and raise additional revenue through tax changes and tax increases
- cut spending on entitlements and non-entitlements, and raise revenue by cutting tax expenditures (loopholes)
- cut spending on entitlements and non-entitlements, and raise zero new revenue for government. Tax simplification and other reforms to eliminate waste and distortion should not be a cover for continued government spending through "revenue raising".
- Cut spending on entitlements and non-entitlements, but do not raise taxes rates
- Cut spending on entitlements and non-entitlements, but there is no need to raise additional revenue
- cut spending on entitlements and non-entitlements, do not increase marginal tax rates but raise some revenue by closing loopholes
- Cut spending on entitlements and non-entitlements, no additional revenue.
- Cut spending on entitlements and non-entitlements, no tax increases until these spending cuts are made.
- cut spending on entitlements and non-entitlements, reform tax system to lower tax rates while broadening the base
- cut spending on entitlements AND non-entitlements, reform the tax code (flat tax applied over a broader base)
- Cut spending on entitlements and non-entitlements.
- Cut spending on entitlements AND non-entitlements.
- Cut spending on entitlements AND non-entitlements.
- Cut spending on entitlements and non-entitlements.
- Cut spending on entitlements AND non-entitlements.
- Cut spending on entitlements and non-entitlements. Do not raise taxes.
- cut spending on entitlements and non-entitlements. Do not raise additional revenue.
- cut spending on entitlements and non-entitlements. Dont raise taxes.
- Cut spending on entitlements and non-entitlements. NO NEW TAX REVENUE.
- Cut spending on entitlements and non-entitlements DO NO raise additional revenue through tax changes.
- Cut spending on entitlements and raise additional revenue through tax changes. In other words, the "non-entitlements" are a rounding error in the long-run budget picture.
- Cut spending on entitlements through smart reform and reform the tax system to 1) broaden the base and 2) shift tax burdens more towards consumption than production/savings
- Cut spending on entitlements, reduce the size of the federal government, and adopt pro-growth tax policy that encourages investment and savings.



- Cut spending on entitlements and non-entitlements. Scrap the current tax code in its entirety, and set a flat tax rate.
- cut spending on everything
- cut spending on everything, reduce regulatory burden, eliminate redundant or unnecessary agencies, introduce term limits
- Cut spending on future entitlements and non-entitlements, only raising taxes to a small extent.
- Cut spending on low or no Return on Investment initiatives. Provide incentives for people and corporations to make investments in people and expansion. Cut spending and focus more on deficit control when economy is healthy.
- Cut spending on non-defense programs and entitlements by 10% across the board
- Cut spending on non-entitlements & to a lesser extent, entitlements.
- Cut spending on Non-entitlements and Entitlements
- Cut spending on non-entitlements and entitlements
- Cut spending on non-entitlements and raise additional revenue through tax changes
- cut spending on non-entitlements and raise additional revenue through tax changes
- Cut spending on non-entitlements and raise additional revenue through tax changes
- Cut spending on non-entitlements and raise taxed for a short defined period of 1-3 years
- Cut spending on non-entitlements, and raise additional revenue through tax changes...which is exactly what will happen if Congress does nothing.
- cut spending on non-entitlements, reform the tax code as well as entitlements
- Cut spending on entitlements and non-entitlements and no tax increases.
- Cut spending period. govt spending is already approaching 25% of GDP
- cut spending simplify tax structure to increase revenue
- Cut Spending with everything on the table
- Cut spending, Cut Spending, CUT SPENDING!!!
- Cut spending, increase domestic taxes, and Increase share of taxes paid by foreigners via tariffs for access to our economy to at least equal dollars spent abroad for defense and foreign aid.
- Cut spending, then look at raising taxes. While I believe that Congress will grab every tax dollar they can, I do not feel they will legitimately cut until they have no choice.
- cut spending.
- Cut Spending.
- Cut spending. And to use a term so often stated by the president, Congress has enough money to spend, they don't NEED anymore.
- Cut spendings on military expenses
- Cut the size and scope of the Federal government across the board, throw everyone in Congress out, elect new, honest people, who are not political professionals, to the job, put through 'term limits' eliminate ALL their perks, eliminate all lobbyists and eliminate half of the Cabinet Departments sucking money off the electorate. And that's just for starters!
- Cut the size of government dramatically
- Deep cuts in increases in entitlement AND non-entitlement spending are necessary. Raising tax revenues would negatively impact growth, and simply encourage further spending.



- deficit control through economic growth, which will only be deferred now if we focus on raising taxes or cutting expenditures.
- Deficits are a spending problem not a revenue problem. Cut both entitlements and non-entitlements. Reform tax code to apply to broader base.
- do it slowly, everything on the table, everybody takes a hit
- Do nothing.
- Don't spend more than you take in! Balance the budget.
- Eliminate all federal agencies not specifically authorized by the constitution (that would be nearly all of them).
- Eliminate capital gains taxes, limpose a 15% flat tax, eliminate various gov departments, cut entitlement spending, repeal Obamacare, reduce regulations. Pass moratorium on new regulations for 5 years.
- eliminate spending
- End the Empire and associated costs.
- entitlement and tax REFORMS, details below
- Everything has to be on the table. More poor need to be willing to work to pull themselves up. Help must be given to them. Stupid, pardon my french, trade policies need to be reversed. Accounting gimmicks need to be revealed and there just needs to be more ethics. Just evidence that they were not so incompetent would be a good sign. Actions will always speak louder than words. What we need is an action plan. Any plan.
- First cut spending on entitlements and non-entitlements, then address the tax changes. Congress has had zero discipline on expenditures for decades. First cut; higher taxes just stunt growth.
- Focus on stimulus in short term; raise additional revenue through tax changes; and focus on deficit reduction in long-term
- Freeze spending, prioritize what is left, cut regulations, run government like a business
- go back to the last time we had a balanced budget and require the same "proportions" for each department - and don't raise taxes because they would already be higher than when the budget was last balanced...
- GROW THE DAMN ECONOMY...INCREASE THE DEFICIT
- GROW THE ECONOMY
- hold spending
- I think spending should be cut on things like the size of government, government benefits to senators and congressmen such as pensions that the rest of U.S. do not enjoy, and cut the size of military spending.
- Implement and change in consumer behavior.
- Increase government spending modestly, mostly in defense. Reduce taxes modestly.
- Intelligent application of productivity based desires and outcomes. Use taxes and spending to encourage intelligent growth and sustainability, invest government spending in projects that will create long term productive growth.
- introduce flat tax, remove all tax breaks and make tax credits available on an annual basis through application only.
- investments tax credits that stimulate domestic growth
- Just keep spending until they cut up the credit card
- Large military cuts
- Limit gov't to no more than 18% of GDP and create a flat income tax

- No tax increases, but Cut spending on BOTH Entitlement and Non-entitlements
- No taxes should be raised to enable this bloated government
- None of the above choices are good choices as they stand. We need a long-term approach to approach to deficit control and reduction. Job creation would be the catalyst to solve the problem. We ran up a huge deficit, and huge debt, during World War II. We raised taxes to a high level and kept them high until the 1960s. That combination should have killed job creation. It did just the opposite. The post-war economy boomed. And the “deficit problem” became a non-problem. A large part of today’s problem lies in politicians rewriting history and relying on Orwellian “NewSpeak” to attract campaign contributions and voters. How would I create jobs? The Obama jobs proposal would be a good start, if it weren’t for politics. But I would ask corporate America to do the bulk of job creation, using some of its \$2T in idle cash that earns c**p for shareholders. If the IRS offered tax credits for using a fraction of that cash to create jobs (say 10%, or \$200B for new annual payroll expense), and a penalty if less than that fraction remained idle, the private sector could create FIVE million jobs very quickly. (The first hires would be paid to figure out what jobs the other new hires should be doing.) Let’s assume the typical American hired would earn an average \$40k. Jobs that count for tax credits would be limited to those that pay \$100k/yr. or less, since lower-paid workers pump much more of their pay into consumption. Much of the \$200B spent for payroll would not disappear from the collective balance sheet of corporate America. It would come right back as new revenues when workers spend it to survive, and the multiplier effect would increase GDP by much more than \$200B.
- None of the above. The politicians are at the will of the electorate. Neither action (reduced spending or increased revenue) is likely and as explained in Q1 isn't even necessary.
- Pass a balance budget amendment and reduce or eliminate most entitlements.
- Permanent spending cuts and significant tax reform
- Primarily cut spending on entitlements and raise additional revenue through tax changes
- Raise spending or cut taxes, depending on your political preferences. You have the problem wrong. The U.S. has had six depressions, all accompanied by sustained financial surpluses.
- Real cuts in spending, including eliminating some agencies and departments.
- Reduce all spending
- reduce spending of all forms, especially in DoD where accountability does exist, ie: no audits
- Reduce spending on entitlements and non-entitlements and revamp tax code to a flatter tax
- Reduce the cost of health care, which is the highest in the world
- Reduce the rate of growth of spending with few true cuts from prior year spending. See comments below.
- Reduce the size and scope of government; simplify income taxes, increase the percent of citizens who pay income taxes--not enough people have skin in the game.
- Reduce the size of gov. spending in the economy by imposing an across the board cut of 2% on all departments for 5 years. Reform and lower corporate taxes to promote revenue growth.
- Reduce the size of government by eliminating a few federal departments.
- Reform and don't vote for incumbent.
- reform the entitlement programs and simplify the tax code



- Repeal Obamacare, cut trail of pork spending on both sides of the aisle, reform the tax code so businesses/investors/markets have clarity.
- restructure
- rewrite tax code to simplify and minimize exclusions and exceptions.
- scale back non-entitlements over next couple of years, reduce entitlement growth rates, raise taxes on top 1%
- See comments on the first question. Unless and until the "1%" are taxed equitably and "Wall Street" accepts its responsibility, there won't be any long-term "solution."
- SIEZE ALL GAINS FROM CRIMINAL ACTIVITY BY CONGRESS AND CORPORATIONS _ IMPRISON POLITICIANS AT HARD LABOR
- Spend more
- spending has risen to approx. 25% of GDP, it is crowding out the private sector and slowing growth. We need a plan to bring it down to approx. 19%.
- spending should be cut on entitlements and non-entitlements
- stimulate GDP growth by reducing government regulation of business - especially energy
- Stop moving the goalposts. Lower taxes across the board, cut entitlements, roll back Obamacare
- target federal expenditures at 19% of GDP, make sure all taxpayers pay some federal income taxes, adopt a pro-business agenda, stop all new regulation, get all Americans to feel some pain, criticize all lobbying organizations who won't give up something (AARP, Unions, Corporate welfare), simplify the tax code.
- Tax changes, cut spending on entitlements, reduce the power of labor unions, boost exports, jobs, tax revenues
- tax reform and overhaul, abolition of fiat currency
- taxes and spending cuts are only needed when there is full employment and inflation
- Term limits
- Term limits for Congress. If possible, get rid of all incumbents now.
- The correct answer is number 4 above, but the sequence is key. FIRST government spending has to be brought under control, and only THEN do we allow for tax raising measures. Anything else would be just waste and more of the same.
- The correct answer is to cut all spending on both entitlements and non-entitlements. As most of us know, if you tax something you get less of it. We want more economic growth not less! Raising taxes is insane!
- The economy is in a situation that there should not be cutting spending or raising taxes at this time
- The goal should be to reduce the national debt
- the government to behave like a business and raise revenue from sources other than taxes
- The question presumes that the current budget deficit is a serious problem. Keynes would say it is not.
- Trim Governmental waste, unfreeze the earnings cap on Social Security, adopt Medicare for all and limit the role played by private insurers.
- Unemployment is the problem most in need of being addressed. Immediate deficit reduction will exacerbate unemployment.
- Wait until economy back to normal before cutting spending or raising taxes
- We need to raise additional revenues through tax changes and REFORM how entitlement and non-entitlement payments are determined.



- Would be nice to see budget cuts first then maybe higher taxes later. My fear is that we get tax increases without budget cuts.
- www.fiscalcommission.gov this is true north

If you have any comments on this topic, please share them with us below:

- "raising additional revenue through tax changes" should involve phasing out all deductions including mortgage for income over \$500,000, plus lowering income tax rates slightly
- "Tax changes" need to involve a more inclusive federal income tax. It does not have to be regressive, necessarily, but people who vote need to have something on the line. Exempting nearly half the country from income tax creates thoroughly distorted incentives and I believe in large part is responsible for the highly divergent positions on how to deal with this problem.
- \$13 tril. Got to be dreaming if it is all coming from cuts or raising taxes. Got to be both. And for a long time to come.
- \$3 in spending cuts for every \$1 raised in revenues.
- cut entitlements by achieving balance between payers and payees. / 2) cut tax rates by eliminating deductions. / 3) keep a graduated tax system - not flat and everyone pays something
- Pass balanced budget ammendment to go into effect in 2020. / 2) Suspend pay to legislators as long as complete budget not passed (no retroactive reinstatement). / 3) Change senate rules to prevent effective super majority on all legislation / appointments
- National health care expenditures have grown faster than GDP growth and are expected to continue on this trend in the years ahead. This needs to be corrected. 2.) U.S. government officials have little credibility on lecturing the Europeans after our own stalemate. 3.) More use of even greater automatic spending cuts should be applied in future budget deals, since this appears to be the only solution that works. 4.) Marginal personal tax rates are already high in my opinion, and so personal tax increases should be limited, with the focus instead on reduced government spending. 5.) If the U.S. continues on its current path of rising national debt, we will have our own "European" moment at some point in the future when our own "austerity programs" will need to be implemented.
- 2 year term in House is too short to be meaningful in the 21st century. / Simple majority should prevail in Senate. 7 States have 1 congressperson, 5 States have 2 congresspersons, 5 States have 3 Congresspersons, so 3.9% of the population control 34% of the Senate. This is no longer democracy. The Constitution needs changing!! /
- A balance sheet for the US should be produced that includes assets and liabilities. The financial picture might look quite a bit different. It certainly does for individuals on an aggregated basis (Fed). An accrual transaltion should also be produced to understand the true financial position of the US. It seems clear that based on demographics that certain entitlements are a real fiscal solvency danger. I believe (value statement) that most investments are better made in the private sector and are more efficient there. Non investment or transfer payments have to be sustainable and they seem not to be. Therefore I am (value statement) for lower taxes and lower entitlements. Where possible, I am also for investments to be made in the private sector.
- A better economy, jobs, and resultant increased tax revenue would go a long way toward improving near term budget issues. Near term priority #1 is jobs, jobs, jobs . . . from growth in the economy. The solution to near-term budget issues . . . it's the Economy Stupid!
- a collaborative approach that includes spending cuts and increases in revenue is needed. Benefits programs also need to be revised. However, no tax increases should be included until the politicians demonstrate the ability and willingness to meaningfully cut spending immediately. Not a promise of reductions in future assumed increases or cuts that kick in years from now. Meaningful cuts

that take place before the next election. The failure of the super committee highlights that there is little political will to make hard choices. I am willing to pay additional taxes if there is a reasonable plan in place to improve the future financial stability of the country. I do not want to pay addtl taxes if that money will be squandered in a manner that does not improve the economic status of the country

- A combination of increased revenues and reduced entitlement spending is the only option when you look at the numbers.
- A concrete plan for reduced spending in the medium- and long-term, including entitlements, is essential to regaining fiscal balance. However, revenue is also an important part of the fiscal balance equation. Tax loopholes need to be closed and the Bush tax cuts allowed to expire. An important component to all of this is also the abismal unemployment situation. In the short-term, smart, targeted, stimulative fiscal spending is needed to encourage growth in the economy and help decrease unemployment. / / Revenues, growth, and spending all must be addressed together. We cannot cut our way to growth (no country ever has), nor can we tax our way to fiscal balance. We must combine both increased tax revenue and spending cuts, while at the same time encouraging economic growth in the short-term. This is certainly a challenge, but absolutely achievable if politics can be removed from the discussion (perhaps a foolish thought).
- A conundrum. How can one raise enough money to run an election campaign if the major contributors are told you intend to reduce their income, i.e., the lavish Medicare and Medicaide payments to doctors, hospitals, laboratories, etc.
- A room full of 5 year olds could do a better job at reaching a compromise than congress.
- Abolish the Farm Service Agency, as it competes with private sector banks!!!! This Agency is no longer needed.
- Academic research has shown that tax increases have historically been unsuccessful means of lowering the deficit, and that spending cuts have proven much more effective at fiscal consolidation. Given this fact and that entitlement spending comprises the majority of US spending, the only sustainable, long-term solution is to restructure entitlement spending to reduce outlays.
- Action is needed to manage the deficit.
- Additional revenue could be generated from tax system overhaul (simplify) and eliminating / loopholes in the system.
- Additional tax revenue is an essential part of any solution. The democrats are right not to make any cuts until the GOP starts to act like adults.
- Additionally, government waste and foreign aid along with a secure border need to be addressed in order to reduce costs to the taxpayer. A flatter - not flat - tax needs to be considered.
- Adopt some version of Simpson Bowles, which is a balanced solution to deficit reduction and debt repayment. I think political candidates should campaign on Simpson Bowles and not on no new taxes. Candidates who will not support a reasonable deal should be voted out of office. The far left and far right have broken our political system and we , as voters, must reclaim it.
- After listening to Grover Norquest I am now scared to death for our country. I believe the Republican party (my party) has been highjacked by an extreme demagogue and his financial backers who are dedicated to destroying our country as we know it.
- After the above short term strategies a comprehensive revision of the tax code should be undertaken removing the line by line special and/or specific interest elements which make it so difficult to meet the needs of the country.
- All Americans need to contribute in the best way they can without undue burden on those least able to give more. Structural remedies are so much more important than cutting spending and raising revenue. For example, I would not cut education,

infrastructure, and R&D budgets. I would apply technology to making health care more efficient rather than cutting benefits. Cutting safety net programs for people who have no other options is un-American. I could go on and on...

- all entitlement need to be separately reformed to preserve their long term health. This includes SS and medicaid/medicare. The entitlement process is broken and the influence of individual congressmen has to be reformed. Spending has to be drastically cut once the risk of recession wanes. The corporate tax system needs to be simplified with a lower tax rate to compete with other countries, even if this reform is revenue neutral.
- All I can say is... that if I ever told my superior that we had failed to come up with a solution to a matter of critical importance to my company...I would expect to be summarily fired, as opposed to seeking re-election.
- All of these developments point to serious political, socioeconomic, and cultural dysfunctions. We are dealing with the continuing aftermath of the global financial collapse which started more than 4 years ago.
- also need to simplify the tax system by eliminating/reducing deductions/loopholes and bringing down rates, to encourage decisions to earn the marginal dollar
- Also, cut spending on non-entitlements. Do not raise taxes. We have a problem that spending is too high, not that taxes are too low. /
- Although entitlement and non-entitlement spending should be significantly reduced, additional tax revenue may be needed as well. I believe that it is important to increase this revenue, not by raising rates, but by closing loopholes which distort economic forces. For example, an eventual (perhaps gradual) reduction in the mortgage interest tax deduction could be a source of revenue (since the government should not be in the business of influencing where/how people live). Also, I believe that tax rates on dividends and capital gains should be taxed at the same rate as labor. It seems somewhat immoral that returns to capital should be taxed at a lower rate than returns to labor, ceteris paribus. The effect of the elimination of these tax benefits could be partially offset by lowering corporate tax rates. / / In conclusion, I believe that a greater number of politicians and citizens would be open to increasing revenues if the debate was shaped around the idea of "closing loopholes" rather than "raising tax rates". Compromise and collaboration are important skills which most politicians currently seem to be lacking.
- Although I am a registered Republican, I fault the Republicans for their intransigence. The budget deficit is too large to simply grow our way out. If they do not want to raise taxes, they should tell us how much we specifically should cut from social security, medicare and medicaid. Americans this time around will vote for the candidates who are willing to tell us like it is (Chris Christie, e.g.)...
- Although I picked the 4th option for question 2, the vast majority of deficit reduction should come from spending cuts. at least 3 to 1 spending cuts over tax changes. Tax changes should be in the form of simplification and pro investment changes. We should have corporate tax and capital gains taxes at lower levels than competitors and eliminate loopholes.
- Although the press does not want to be so pessimistic, the economists do not focus on the fact that the productive population of the U.S. has peaked and will be declining for successive generations. This means that demand for goods has peaked and will not return to the 2007 peak (in real terms) for decades. The Baby Boomers are aging and their highest spending years are behind them. The Generation X population is almost 20% smaller than the Boomers and cannot replace the demand that the Boomers have now outgrown (i.e., move-up housing, college tuition for their kids, etc.) They must shrink the government infrastructure that services this shrinking population. /



- America's long-term fiscal problems are worrying enough, but what the deficit debates have highlighted is that our political landscape has become so fractured and dysfunctional that it may be literally impossible to achieve consensus on a solution big enough to solve the problem. Europe's experiences with austerity -- violent riots, severe cutbacks in public services, vanishing pension incomes, political leaders falling left and right -- make for a disturbing preview of what America has in store over the next decade.
- An additional choice was omitted: Cut spending on entitlements and non-entitlements. Spending cuts should take place first. Only after meaningful and substantive reductions have taken place to the point where no more cuts can be made without endangering vital, high priority programs should revenues be raised. And when revenues are raised, all should be asked to contribute above the poverty level; not just the "rich". We all have a stake in the outcome.
- and cut spending on non-entitlements
- Any other president would have this problem resolved by now. Clinton would have claimed he thought of the idea and we could all have moved on. The founders recognized the American people would occasionally make mistakes with their choice of leaders and that is why we have elections every 2 years. For the sake of this country and our future, November 2012 can't get here fast enough.
- As a municipal credit analyst, we often get asked about the trickle-down credit effects to state and locals of both the budget impasse and the recent S&P downgrade of the U.S. I'm thrilled to see CFA Institute is focusing on public finance issues.
- As an article in today's Financial Times points out, Congress needs to do nothing. The laws are already on the books that will set the US on a course of financial austerity and stability. Let the annual Medicare "doc-fix" expire. Let the Bush tax cuts expire. If no budget deal, cuts will take place. Go home Congress and stay there for 3 years and everything will take care of itself.
- As I see it, the problem is there is no political incentive to impose the pain that is required to solve the crisis. A politician's primary goal is reelection. To get reelected, politicians need to kick the can down the road.
- Austerity should be back loaded; stimulus should be front loaded
- Balanced approach will be right approach
- Balanced Budget Amendment to force fiscal control with mandatory across the board cuts to make it happen - with no tax increases as a scape goat. Take the politics out of the legislative process. Also add term limits.
- Balanced solutions where the majority of stakeholders have some contribution have a better chance of being perceived as fair. Orthodox and inflexible points of view are going to sink the government and ultimately the country.
- banks that fail to manage their risk should not be bailed out, no matter how big. let them fail, and those that behave ethically and correctly manage their risk will be able to step in and pick up the pieces. this is the only way to hold people accountable for the morale hazard that they create.
- Both entitlement and non-entitlement spending must be significantly reformed/curbed in combination with tax reform whereby the base must be broadened, code simplified, and loopholes closed.
- Both major political parties are morally bankrupt, totally corrupt and only work for corporate interests and special interests. Not one member of the executive branch or legislative branch deserves to be re-elected in November 2012. We need to replace every swinging Richard and Renee in Congress!
- Both parties are acting like idiots!!!
- Both parties are to blame. What is dearly missing here is a President that can lead and deliver.



- Both parties need to consider the overall impact of their votes, rather than just on the impact of the opinion polls heading into 2012 elections. Not likely for either to concede on their primary planks though.
- Both sides are irresponsible clowns.
- Both sides must give in to positions they do not like in order for reform to happen. For Republicans, this means accepting tax increases. For Democrats, this means accepting spending cuts.
- both sides pander to the simpleminded core base; social welfare big government on one side, and dogmatic "cut taxes conservatives" on the other side. I believe in a dismantling of the welfare state (at the Federal level, let Calif do what it pleases and pay for it as it sees fit), social security to be replaced by a pay as you go pension safety net (ala UK), paying off the national debt, reinstate Glass Steagall or such like regulations differentiating Investment bank from Banks taking insured deposits, enforcing Fraud penalties with personal liability in bank and corporate failures, admit that much of financial engineering is nonsense (it just gambling, its not an investment), close down payday loan stores (what happened to usury?), a tax code that is neutral and fair; i.e. everybody pays something (no free lunch), generally flat without distorting loopholes, and finally, reform bankruptcy laws. Having debts that can't be forgiven (except taxes) undermines the risk reward pricing of loans, especially student loans.
- Bottom line gov't is way too big! We are at the breaking point; when citizens begin voting in policies (entitlements) that are for one's sole benefit, without regard for the good of the whole, democracy will fail. That's where we are headed because neither political party is willing to get the voters off the payroll.
- Bowles-Simpson was a model that Congress and the President's administration should have followed.
- By tax changes, I suggest total reform with flatter rate structure and fewer loopholes....thus a broader base. /
- by tax changes, I would like to see a flatter tax
- Can't have compromise if one party is unable to do so from fear of a PAC. / / http://www.cbsnews.com/8301-18560_162-57327816/the-pledge-grover-norquists-hold-on-the-gop/?tag=contentMain;cbsCarousel
- cap total Federal spending at say 3% per annum growth. As long term the economy grows faster (and tax receipts) the problem will be solved. Also cut taxes to grow the economy faster.
- CFA Institute also should be conducting polls on Charterholders' opinions of Wall Street (not simply Washington) and the continuing malfeasance (i.e. MF Global) on its part and what we as an organization can do to help fix things. I am proud to be a member of the CFA community, but not proud to be associated with the investment industry right now. I think organizations like the CFA Institute need to step up and commit resources – or at the very least take a position- on fixing some of these problems.
- Change how incentives work in the government and you'll see the cost of government going down. The problem is efficiency; It's not what you do but how you do it. People talk about government being grossly inefficient compared to market, and that's true. Why is it less efficient? Because the average government employee is incented to do as little as possible, to simply not make a mistake, and not try to improve any process or save any money for a tax payer, there will be no fiscal responsibility.
- Changes in the tax law should be focused on broadening the base and be pro-growth and investment. The only way to solve the larger problems is through growth.
- Check ClevelandLeader.com and search for Norman Lange and you will see what i have written on the subject
- Clearly the only approach that will meaningfully impact the deficit is a combination of increased revenue and a reduction in spending for the entitlements (including social security). Politicians seem to lack the courage to say what most already know to be true.



- Complete failure of all political leadership! Who has the balls to lead this country by taking the middle road?
- Compromise is missing in the present congress. On the fiscal issues now facing this country, political gamesmanship should be subordinated to legislation to reduce the deficit.
- Congress and the executive branch and the pools of money that influence it need reforming. Congressional members should not be above laws that effect us all, such as those that involve insider trading.
- Congress can't handle budgets as the last 20 years has shown. A balanced budget amendment is needed or we will suffer the same fate as Greece soon.
- Congress' failure to act, our President's failure to lead, and the Press's failure to ask tough questions point to the fact that we have no one to blame but ourselves - we elected these people and we watch the drivel on the networks.
- Congress has reached a new low of incompetence.
- Congress is a disgrace. Limits on Congressional terms need to be established to get members of Congress to start putting the country's interests before their own re-election desires.
- Congress is completely broken - we need wholesale reform and the only way it will happen is through a bloodbath on incumbents in the 2012 election.
- Congress is failing the American people through intransigance and political posturing. Politicians are showing a cynical disregard for the issues they are creating for the future economic prosperity of the US and global economies.
- Congress is out of touch with main stream america. Serious budget cuts, reduction in government oversight, and tax reform are needed to reduce the deficit and encourage economic growth.
- Congress must act to raise income tax rates on upper level earners, but should also lower capital gains rates as was done in previous Administrations. Federal gasoline can also be raised now for rail and infrastructure improvements now that gas mileage has improved. We also think that many states, such as Virginia, must raise their gasoline taxes, but that is up to their legislators. Otherwise, Congress must go home and face the wrath of their constituents...GCScott
- congress needs to be blown out!
- Congress should be audited each year just as they demand of public companies. Any public company runing deficits as they do would long ago have gone bankrupt and had the SEC filing an enforcement action. The news would be running stories every day about the corrupt practises of unaccountable executives. They are exempt solely because they have the power to exempt themsleves. The Good Book teaches us that those in authority are to be held to a higher standard than the rest (James 3:1). Come to think of it, so do the CFA Institute Code of Ethics and Standards of Professional Conduct.
- congress show a complete lack of compromise, a disregard for americas long-term health (and stability). True leaders could make decision to make the US stronger for the long-term.
- Congress will always spend too much money. I think the only real answer is to reduce the size of government so that it can focus on what it does best.
- Congress will blow the country up in order for an advantage in the next election.
- Congressional obfuscation of it's basic fiscal responsibilities will ultimately result in voter repudiation of the body. History is a useful guide. So it's time to label debt levels relative to GDP above 1.0/1 the national enemy and train every eye and vote on budget remediation until it's been made right.



- Congressional representatives are putting personal agenda ahead of national interests. /
- Congress's inability to do anything is an embarrassment to our country, and a complete failure of democracy. Special interests and unjust influence on the political process are ruining the country. Reform on entitlements is imperative, and the revenue base must be broadened to include more people that currently pay nothing, but accept the billions in tax credits/incentives offered each year.
- Constraint whether stalemate or other is generally a positive with empowered egomaniacs. However, now that we need action the lack of a single goal or leader is telling in our failure.
- Controlling deficit is not as important as controlling spending as a percentage of GDP.
- Correct approach does not include all the choices. It biases the outcome of the survey. How about "Cut spending on entitlements and non-entitlements, and pursue tax reform that lowers marginal rates while eliminating some or all deductions. All plans need to pass the test of pro-growth policies."
- Critical consensus-making is hamstrung by the big industry of politics and government
- cur spending on all areas - including defense - bothe entitlements and non- entitlements included. also complete tax reform by lowering rates and being revenue neutral
- Cut military spending
- cut spending across the board, but particularly on entitlements, and raise additional tax receipts through simplifying, flattening tax code.
- Cut spending first /
- cut spending is the only way to fix long-term budget deficit and free market capitalism is the best and only path to prosperity
- cut spending on entitlement AND non-entitlements
- Cut spending on entitlements and non-entitlements. It's all about the spending, period.
- Cut spending on everything. / This means absolute cuts in spending, not the phony reduction in spending growth rates that politicians like to call spending cuts. / Until spending cuts can actualized be realized, no increases in taxes should be made. /
- Cut spending on Medicaid, Medicare and defense.
- Cutting spending alone isn't enough. We should have never cut taxes to begin with because it only put us deeper in the hole.
- Cutting spending should be easy. Give FNMA and FHLMC to any one or more financial services companies. Eliminate incompetent Depts of Energy and Education or at least reform, cutting staffs. Get government out of all lending function(It's not their money; they have no accountability; and it is easy to give away.) Eliminate duplicative agencies. Cut government workforce by 20% across the board. Can't understand why anyone in Congress can't see these easy government "savings" plans.
- Deficit reduction should not come entirely from spending cuts. At most it should be \$3 of cuts for \$1 of revenue.
- Democracies always fail for this very reason. No one has any incentive to see their benefits reduced; no represeantative benefits from having their constituents' benefits reduced; and you have a swelling number of citizens who live of the country's ever-shrinking largesse.
- Democracy does not work well unless there is a willingness to compromise by everyone concerned.
- Democrat leaders again fail to acknowledge or respond to the mood and will of the country.
- Denying facts does not make them go away. The country must both cut entitltements and simplify the tax code to increase revenues and not increase marginal rates.

- Disappointed in how the politicians have handled this, especially the Republicans who seem not to acknowledge that additional tax revenues, especially on the highest income earners, are necessary.
- disgusting
- Disregarding the current political reality, any reasonable professional knows that a serious deficit reduction must contain a combination of entitlement cuts and revenue raise. / Also, reality is SS, Medicare and Medicaid must be included in any deficit reduction. The rest is chump change.
- Doing away with corporate incentives, such as oil and agribusiness tax breaks, is a good place to start.
- dont believe in any elected official---they are liars to the core!!!
- Don't confuse capitalism with socialism. People who are unemployed because demand for the goods they make and the services they offer are society's real capitalists. On Wall Street, profit made with other people's money goes home and losses go to taxpayers: this is socialism. OWS may not have a dfined objective, but they can smell shit.
- Don't like the choices on question one, but whatever.
- Downsize the Congress and Senate. Get rid of half of the congressmen and half of the senators.
- Dramatically reduce spending immediately and shrink ALL areas of government drastically, to acheive a balanced budget within 3 years and then continuing until federal government revenues are reduced by at least 50% from current levels. All tax changes should be in the direction of reduction and simplification, and should not increase revenues per se. Any 'revenue increase' that results from tax reform should go to allow absolute rate cuts and be consistent with still further spending reductions.
- dsfdgdfgdf
- Each side is too stubborn and refuses to compromise. Democrats and Republicans alike have failed, though I put more blame on the Republicans for their hard tax stance. I'd like to see the Bush tax cuts expire, and eliminate the loophole which allows fund managers to pay taxes as capital gains rather than earned income.
- Each side MUST compromise
- Economic growth is a more pressing concern than the budget deficit. While fiscal imbalance is a long term problem, the current situation is not a near term threat, nor is it best 'fixed' in a low growth environment like we're currently experiencing.
- Economically and politically, we have to make changes on both sides of the deficit equation.
- Economics wins in the long run, but the longer we wait to reduce spending the more painful it will be.
- Effectively addressing the long-term promises we know we cannot afford would provide a significant boost to markets today.
- Eliminating many loopholes in the tax code will raise revenue and reduce the distortions of economic activity driven by tax motivations.
- Embarrassing for the US, a complete failure of our political system, will this be the catalyst for a) major turnover in Congress in 2012 and/or b) major change in the political parties, with new parties formed and actually having staying power?
- End farm subsidies. Eliminate the \$360 million/year the military spends on military bands (music).
- end the war in afghanistan / cut foreign aid / close tax loopholes that shouldn't exist / keep rates largely the same / end one time tax cuts like the payroll tax cut / reform entitlement spending / convert extra unemployment assistance to a tax free loan / cut spending /

- Entitlement reform should be conducted in conjunction with comprehensive tax reform and simplification that eliminates most deductions, lowers tax rates while broadening the tax base (both personal and corporate).
- Entitlement and tax reforms are keys - as are pro-growth strategies
- Entitlements have to be cut, and taxes have to be raised. But, reform should be waited to entitlement cuts.
- Entitlements must be cut and their rate of growth curtailed. The overall level of spending should be explicitly tied to a percentage of GDP, so there will be greater emphasis on growing GDP. Tax changes should involve broadening the base so everyone except those below the poverty line pay federal taxes. Deductions should be means tested and marginal rates should not rise, but should fall to encourage work and investment.
- Entitlements need to be cut because they are a key part of the problem. In the area of non-entitlements, I think there are likely areas of wasteful spending that can be cut. As for tax increases, I think we need to have an intelligent, grown-up discussion about what we want to accomplish and what "fair share" really means. (Please see Howard Marks', CEO of Oaktree Capital, letter which is publicly available on his company's website for an excellent discussion of some of the many issues surrounding taxes.) I think the government also needs to provide money to support real investment in this country (not poor investments such as the one on Solyndra) and true rebuilding of our country's infrastructure. I know, this is increasing the problem. But, I think if we spend our money wisely AND have a credible plan for attacking our debt and budget issues that we stick to, the bond market will give us a pass on more deficit spending over the near-term. We are fortunate that things are actually better here than in Europe or Japan, in my opinion. Japan will implode, in my opinion, and it won't be pretty. Germany is really not in as good of shape as the press would have us believe -- if they recapitalized their banks, as we have ours, Germany, the sovereign, would be in far worse fiscal shape than us.
- Every incumbent member of the House and Senate up for re-election in 2012 should be voted out of office. They are a disgrace to the country and to their offices. It's also time for term limits to eliminate the permanent political class who believe they are a special and who deserve all the special privileges they receive.
- Everything must be on the table when it comes to deficit reduction. How can it not be? There isn't one thing in the government that politicians can point to and honestly say is working right. Republicans' insistence on not including additional tax revenues is shameful. To witness the kind of income growth for the upper class that we've seen over the last 30 years versus that of everyone else, it's no wonder we're in the position we're in today. Trickle down growth? Really? For those people who voice their opinion against taxing the uber-rich, I ask, why? For someone who is not in the 1%, why are you voting to protect them? Do you really believe you'll attain that status at some point in your life? Clearly a vast majority will not in which case, what is wrong with voting for the good of the majority of the population? / / Reduce government spending, increase tax revenues through tax reform and reduce entitlement spending. Period. Everyone needs to sacrifice.
- Expect no meaningful action until after the elections next November
- Extend retirement age for all and full social security benefits. Simplify the tax code. Stop wasting money!
- Federal, state and local government spending needs greater flexibility to adjust with changes in conditions. Too many obligations have been built in without corresponding sources of funding.
- Financial Analysts Journal Vol. 63, No. 2 (Mar/Apr 2007) featured an excellent article by Jagadeesh Gokhale and Kent Smetters entitled "Do the Markets Care about the \$2.4 Trillion U.S. Deficit?" that does an excellent job of highlighting the problem with entitlements. I do not view the problem as a revenue issue.

- First, increase government spending to replace inadequate private consumption. Then, when the economy is back on track, look at the remaining imbalance between spending and revenue and make adjustments to both. /
- Flat tax at much lower rate to broaden the tax base.
- Flat tax to simplify and broaden tax base /
- Focus on wasteful spending first, save tax increases for the last resort
- For both Social Security and Medicare, the changes from 1960s-1980s need to be reversed, to return to the original, "pay as you go," set-up for Social Security. Premiums in should go out for that year's benefits (with overage / underage addressed and adjusted in the following year budget). This way, no more "slush fund," from which the government can borrow, "under the radar." Because of the current Social Security and Medicare trust funds, however, and the upcoming demographic hit, and the fact that everything in the fund is essentially borrowed (or better, "printed & borrowed," money), it's probably required to leave the "trust funds" as they are (i.e. not refund the money from the trust fund, since it only exists as debt anyhow). However, the current levels of social security & medicare taxes should be adjusted to take in the same as benefits paid out, adjusted only for CPI inflation (or whatever is used to calculate benefits increases). This way, we transition back to, "pay as you go," augmented perhaps by some bleed-off of the trust fund, until such time as the trust fund needs to be reached into in earnest. Of course, reaching into that "trust fund," really means raising general income tax, since the "trust fund," is merely an accounting entry showing government bond assets or just IOUs. However, a target date should be set for weaning off the "trust fund," and back 100% on to, "pay as you go." Medicaid is in need of a complete re-configuration, to make certain it isn't used for items not medically necessary, as well as not used as a means of families' wealth preservation (offspring turning elderly into paupers in order to qualify the parents for Medicaid). SSI (Supplemental Security Income) also needs to be reviewed to make certain that taxpayer isn't funding is likewise not being abused to supplement family wealth generation and / or preservation schemes. / Also in dire need of overhaul is the general income tax code, to make it out-of-bounds for back-door subsidies (a.k.a. "tax expenditures") so popular on K Street. Since, in a very competitive world, the tax code needs to be simplified so as to pose the least distraction to DOMESTIC productivity, since paying of taxes is a product of economic growth, and a significant percentage of the cost of goods consists of taxes paid where the highest value is added.
- For economic recovery in USA, we need global economic stability, which in-turn will come from political stability. USA needs to stop starting wars and restore political stability with other global partners.
- For the Republicans to allow the Nordquist Pledge to prevent them from putting the best interests of the nation ahead of partisan politics is a sign of extreme political failure of the their part.
- Forecast Revenues should not exceed 18% of GDP and Expenditures must be cut to 20%. Growth of the economy and budget constraints should result in a balance by 2016. / Social Security Formula should be changed to reflect only consumer price increases, not labor productivity / Future budgets should use 2007 as a baseline, not 2011 levels / Medicare and Medicaid should be handed over to the states in the form of block grants. The states will do a better job of controlling growth.
- Framing the situation as purely a spending problem is a political statement, not reality. The U.S. has sufficient capacity to repay the debt and reduce the deficit, but not the political willpower to implement the changes necessary to do so. It is not at all clear to me that this is a near-term problem. Economic growth (as opposed to fiscal austerity) is my primary concern, with long-term deficit reduction a very distant third. Still, Keynes did say that the debts of governments incurred during a downturn must be repayed once the economy recovers. Perhaps we will now finally get to see if he was right (since paying off the debts has never actually been tried before).



- freeze spending, then increase taxes
- Gerrymandering of congressional districts has exacerbated a tendency to polarize elections.
- Get special interests out (huge money on narrow issues). Maybe this would require a certain amount of legislative or even popular votes to pass, or some combination of both?
- Given the budget process of looking out over next 10 years, Congress typically increases revenues nearer-term, leaving spending cuts to out years and becoming dependent on future Congresses enacting or following through on them.
- Given the US Congress' history, increasing any taxes should have ties to significant budget and waste cuts that are verifiable and carry consequences for failure to make budget cuts -- there must finally be accountability on our representatives in the nation's capital
- Go getting something done. This great country needs to move on.
- God help the USA.
- Government expenditures as a percentage of GDP is too high.
- Government must cut entitlements for all but the truly infirm and incapacitated / Must cut all govt subsidies for non-defense industries, e.g. agriculture, ethanol / Must simplify tax code, e.g. flat tax
- Government on every level is corrupt and useless and the less we have of it the better.
- Government should cut defense spending in order to pull itself out of the deficit.
- Government spending is at 24% of GDP, far too high given a long term trend at 18%.
- Government spending should be cut, the tax code simplified and regulations reduced. / Obamacare must be repealed or declared unconstitutional. We must return to a growth / economy and thereby reduce unemployment.
- Gov't failure is, unfortunately, expected. Action will not come until we are in the same situation Europe is in and the crisis is acute and a response is forced. Danger of the response simply extending the crisis until a later date of reckoning. Pain from this overspending and overleveraging fiasco is certain, and will be taken via austerity, inflation, recession/depression or some combination of the three.
- Grover Nordquest and his promotion of a pledge for over 250 Republicans to not ever raise taxes or they will be defeated is absurd. We have revenue of 60 cents for every dollar we spend. If we just cut spending, it would cause a huge reduction in government services including defense, Soc Sec, Education, Medicare etc. If we cut enough to balance the budget now, it would put us in a deep recession or a depresion. We have to do both, cut spending and raise taxes.
- Grover Norquist has done the country a serious disservice by locking the Republicans into an absolute no-tax pledge and thus preventing the government from functioning. The Bush tax cuts are eventually going to expire and it would be better for the country to accept a compromise tax increase along with cost cutting right now.
- Grover Norquist has hijacked the American political system. Taxes, as a percentage of GDP, are at the lowest level in decades yet all we hear about is the crushing tax burden and how any tax increase would strangle an incipient economic recovery. It's ok not to provide healthcare, it's ok to have a crumbling infrastructure, it's ok to cut education spending but no tax increases - unless, of course, you're a member of the group that does not pay an federal income taxes as your income isn't high enough. In that case, your taxes should be raised.
- Grover Norquist should be drowned in urine
- Growth of spending is out of control and entitlements must be reigned in. Higher taxes could be a partial answer, but would damage the economy in the short run. Therefore, higher taxes are not the primary answer, cutting spending should be.



- Health care costs in the US are significantly higher than the rest of the (developed and developing) world. I am not sure why nobody is focusing on this aspect because it directly impacts medicare and other costs. One aspect is that doctors and hospitals spend significantly higher on litigation related expenses. (eg. malpractice insurance). Even private insurers have bumped up their rates over the past few years. There needs to be some concerted effort to reduce these costs, right now the US is the only developed country in the world where a major illness like cancer is guaranteed to bankrupt most families (even upper middle class families if the major bread winner needs to quit his/her job and lose coverage).
- High Income should be considered over \$500,000. Or consideration should be made for cities with high costs of living.
- Hope we have fresh people to vote for come next year, no one there seems to care about we the people any more!!
- <http://alephblog.com/2008/04/12/problems-with-tax-reform/> / / Entitlements have to be on the table. Redefining taxable income is the heart of the tax problem; eliminating deferrals is crucial.
- http://nymag.com/news/politics/conservatives-david-frum-2011-11/?mid=nymag_press
- I am deeply saddened by the inability of our political system to enact sound final policies. I have been worried for our long term future for over a decade.
- I am heart-sick at the failure of our political "leaders" to work together to address the problems facing this country. The issues we face are grave and would present a serious challenge even if we had the best minds working in a sincere effort to reach some sort of compromise. Given the lack of the latter, I find it hard to be hopeful that there are better days ahead.
- i am sick of Congress and believe that we are no longer capable of governing ourselves. i do not believe that congress should be above the rest of the population in terms of getting special treatment or being above all of the laws that they enact. i think major reform is needed before we are in the same place as Greece and Italy. that is inevitable and is coming faster than you think.
- I believe it is necessary for politicians, lobbyists, and professional organizations to do their best to educate the citizenry on the dire circumstances that may lay ahead if austerity measures are not considered.
- I believe that basic budgeting is the solution. That America and its leaders cannot communicate that is a sign of the times.
- I believe that the officials responsible for coming to consensus resolution with respect to the budget deficit should either come to consensus resolution or be relieved of their public duties. As it stands, those responsible for these types of hard decisions find it far easier to take positions extreme positions so far from compromise that said proposals could never be agreed to by the opposition. As such, these officials are never held accountable for their views/agendas, they simply spend their time blaming the opposition. If these individuals were at risk of losing their government jobs, I surmise they would come to a reasonable compromise.
- I believe that this is the wrong time to be cutting spending. I understand that the idea is politically popular, but it may turn out that all the wasteful spending that can readily be cut, already has been cut. I hear staggeringly little Presidential or Congressional outrage about poverty and unemployment at a time when the wealthy get a free ride. The only place where I can see saving lots of money is on the medical system's abuse of the blank check, especially on end-of-life care that spends billions torturing people in their very last days, but that will take a serious societal rethink.
- I believe the 2012 elections will increasingly come into investors' focus. The results of those elections will determine what a 2013 deficit reduction package looks like, whether it's skewed to spending cuts or tax increases.
- I believe the members of the deficit reduction supercommittee are nothing more than economic terrorists--holding the nation hostage by their own pettiness and self-interest. In the upcoming election, I'd support every single one of their opponents.

- I believe the most important thing is to tackle entitlements. I am 53, so not too far off from receiving social security, medicare, etc. (if still around). I would accept a change (some would call it a reduction, but I don't) in the benefit (lower amount, older age to receive) to ensure the solvency of social security and medicare. I would also like to see reductions in non-entitlements, as these have exploded over the last three years. I am least supportive of higher taxes, but the tax code does need to change to promote growth. To promote competitiveness, I believe the corporate tax rate should be reduced. I think capital gains taxes could be somewhat higher if an inflation index is added to the cost basis. I think a higher percent of American should pay some tax, but this should wait until things improve before implementing. / / I am disheartened that our elected representatives do not take seriously the path we are on and take the appropriate actions now.
- I believe the proper deficit reduction plan requires tax reform, a sustainable entitlement program (mainly making expectations of future social security benefits realistic, expectable figures instead of wishful thinking - I am 28, and have a hope of approximately 40% of the estimated face value of future social security benefits), and for one additional example, limiting defense spending on "new," yet antiquated, weaponry and the associated maintenance costs. I am not saying eliminate defense spending, just focus on new, state-of-the-art technology rather than churn out tankers and for-sale-to-the-world stealth fighters like the F-35. Where is our surreptitious dark horse of a fighter, capable of performance unattainable to the world? Oh yeah...the F-22...another example of incompetent spending.
- I cannot believe that not a single member of the Committee is willing to put his/her reelection on the line to save the American bi-partisan system of Government. This is a sickening symptom of a political system that is no longer working; and I was an OPTIMIST before this! We'll vote them ALL out.
- I cannot even begin to express my disgust with Capitol Hill. These are the same people who, with recent news, were trading on Material Non-public information which we are forbid to trade on and would go to jail. They now pass a bill making it illegal for them to trade on this information...I thought they were governed by the same laws as "the people". I feel that without term limits on these clowns the party lines will continue to grow bolder and no one will make the tough choices because they may hurt their chances of being re-elected or they do not want to anger other members of their political party instead of doing what is right and needed for this country.
- I don't understand how congress with recent a approval rating of 9% but professing to have the good of the people they work for and the country as their priority can remain so divided and not seek common ground. There is no silver bullet and there will be some pain but the problem can be solved.
- I don't want to confuse "tax changes" with higher tax rates. Cutting rates now may be the most effective way to increase tax revenue.
- I favor a very shallow income tax (almost flat, very little progressivity and very very simple), a national sales tax (with progressive rates for luxuries), cut government waste through elimination of overlapping programs, and pass substantial reform in entitlements to reduce future spending.
- I feel our political system is broken and our political leaders have abrogated their responsibilities. I was appalled that Congressman and women are not subject to the insider trading rules - would have never guessed they could and would exempt themselves. I think the CFA Institute should take up this issue in earnest to change that miscarriage. Maybe that is why the carried interest benefits have not been changed!
- I feel that both cutting expenses and raising tax revenue are imperative solution to long term budget issues. There are many infrastructure needs in the USA that cannot be put off much longer, these will require tax increase to repair.



- I feel that we have entirely too many entitlement payments to people who are dis-incented to ever better themselves. Entitlements should have a finite lifespan. Also, some items that are considered entitlements are misclassified. For example, pensions for military personnel. Finally, we do need full blown tax reform--however I feel our political system won't allow for it.
- I have lost ALL faith in the U.S. Government. It's just a giant Democrat-Republican feud.
- I have more questions for econometricians out there than "comments" on the situation. So if expansive fiscal / monetary policies, such as the ones currently in place, should theoretically result in inflationary pressure, when would we observe that pressure in the market? Is it possible that it will not appear? Or just that it will appear down the road, when least expected? We do have to remember that not all of the original stimulus package funds have been entirely deployed. What other factors (e.g., employment, payrolls, etc) really begin to drive up prices? I'm aiming to apply the CFA curriculum and the current situation. Thank you!
- I have never felt this depressed about the future of our country. I have not bought a stock for several years because I am not a trader; I am a buy and holder! I have no intention of buying stocks until this mess is all cleaned up, which, like Robert Prechter, I expect to occur between 2014 and 2016. In my opinion, we will be lucky to hold onto a capitalist democracy at all!
- I haven't studied the data but my strong suspicion is that the bulk of the problem is massive increases in government spending, as opposed to massive drops in revenue. Assuming that is correct, the bulk of the solution should be bringing spending down. Personally, I would advocate to make a huge and even somewhat arbitrary step forward, let's say to cut the deficit by 50% within 5 years, and then split the method of doing that to let's say 80% spending cuts and 20% in revenue increases. And then figure out the best way to achieve that. We need to do something drastic and fast to stop the U.S. from heading toward Europe's current predicament.
- I like Warren Buffet's comment, that you should have term limits applied only when congress fails to balance the budget.
- I pray that Grover Norquist shot himself in the foot last night. None of us likes paying taxes but I think a tax hike is necessary in addition to spending cuts. Our values have gotten skewed and the nonsense that the fake grass roots movement spews is contributing to the further dumbing down of our country.
- I propose a law which puts a two term limit on Congress, phased in with any multiple term congress members being allowed only one more re-election. Congress cannot have any more privileges than the general populace e.g. insider trading, special healthcare, special pensions. This failing is independent of party and corruption is evident in many places.
- I sent this message to the committee in September. / / Sept. 19, 2011 / / Grass Roots Recovery / A New Hope Tax Plan / / A durable stimulus of spending and investing will be led not by government but by consumers and big business when they feel that Congress has made taxation equitable, progressive, and free of corrupting influences and moral hazards. The committee has an opportunity to propose tax reforms to raise confidence. The committee also has the opportunity to recommend Congress rescind the harmful across-the-board budget cut mandate in the law which created the committee. / / Here are suggestions for confidence building Tax Code reforms. / / 1. A corporate tax rate of 35 percent potentially provides substantial government revenues; though it we own 35 percent of corporate profits. Eliminating individuals' taxes on dividends will put corporations on a competitive par with partnerships and proprietorships, will encourage increase payment of dividends, and will encourage the repatriation of foreign earnings and encourage a resurgence of domestic investment. / / 2. Congress must forswear the use of tax credits for stimulus and targeted incentives. Tax credits lead to corruption and too much lobbying. Tax credits too often represent a blank check for the spending of Federal revenues. Citizens do not want Congress forego tax revenues via tax credits, neither for corporations nor for individuals. We do not need ethanol credits, we do not need investment tax credits, we do not even need earned income credits, child care credits, or energy

investment credits. Similarly Congress should be wary of overly generous depreciation schedules which benefit targeted industries and businesses. / / 3. Employee equity compensation must be taxed when granted. Stock options, carried interests, and founders shares are not gifts and are not worth zero. The irresistible temptation to commit fraud by backdating options corrodes confidence in business but can be offset by imposing taxes on the grants themselves. Progressivity of individual income taxes has been harmed by stock option compensation; progressivity can be in part restored by a tax on option grants. / / 4. Taxpayers do not want to subsidize each others' mortgage interest, taxes, medical payments, or even charitable gifts through deductions. Congress should limit millionaires to the Standard Deduction, limit those with adjusted gross income over \$250,000 or some other high figure. / / 5. To help restore investment in housing, Congress should exclude from capital gains taxation the first \$1,000,000 of home sale proceeds. This will free up urban and suburban real estate and enable retirees to more easily downsize. This step also mitigates a perceived inflation tax. / / In reporting to Congress, the committee should call attention to eroded confidence in banks, the banking system, and the Federal Reserve System itself. The committee should suggest that Congress consider future legislation to restore Glass-Steagel Act provisions that separate investment banking from commercial banking. The committee should also suggest that Congress consider future legislation to relieve the Federal Reserve of its Humphrey-Hawkins Act mandate to promote employment so that it can better defend the value of our currency. Unprecedented investment by the Fed and the Treasury in long-term bonds and similar assets hurts stability and increases financial market volatility. /

- I think no deal is preferable to a bad deal, especially one that relies on kicking the can down the road and budget accounting gimmicks. Waiting to address this until after the election could be extremely positive or extremely negative, depending on the outcome of the election.
- I wanted to pick both 2 & 4 on the first question, but had no option to do so. I am extremely disappointed with our elected officials. They worry more about the next election than doing the right thing. This is representative of the massive agency problem here. There should be no such thing as a career politician. I don't know what the answer is, term limits maybe, but it should almost be a job people are drafted into. / / The inclination to spend other people's money from here to eternity must end. We will get austerity one way or another in the United States, but its far better for us to do it willingly than have the market force it on us one day.
- I was once opposed to a Balanced Budget Amendment for all the classic economic reasons -- exacerbated economic volatility, especially on the down part of the cycle, etc. I no longer hold that view because Congress (Democratic and Republican) has shown an inability to run surpluses in the up cycle. They will spend whatever they take in and then some, no matter what. Then when the downside comes and we really need deficit spending, there is no source other than more debt. / / In short, I believe the benefits of keeping these gutless incompetents (politicians and a significant portion of the electorate) from voting the Treasury into permanent deficit and eventual insolvency more than offset the cost of increased volatility on the downside.
- I wish our politicians would start working for the people and not for their own self interests. I'm embarrassed by our governments lack of leadership and this lack of leadership keeps showing up time and again.
- I wish we had more moderate, centrist, pragmatic politicians.
- I would donate generously to a fund to challenge the Supercommittee members in their next primary and general elections if they fail to reach agreement.
- I would enjoy seeing opinions and arguments about the appropriate and maximum amounts of debt and types of debt the US can and should have as well as Europe and Japan.
- I would hate to see the CFA Institute politicized /



- I would like to see a balanced budget amendment implemented. The amendment would have a proviso for budget imbalances to be permitted under extraordinary circumstances, including warfare, or economic depression to be agreed upon by a majority vote of both houses of Congress. The proviso would be similar to a formal declaration of war.
- I would like to see a forced cut on military spending.
- I would not be in favor of increasing taxes on top wage earners. However, I am open to adjustments on the inequities within our tax code. Example, the 20% of return participation for a HF manager ought to be treated as revenue to the HF and taxed as such. I think it could be treated as "Available for Sale", thus delaying the revenue and tax recognition until after the security is sold and the Cash-flow occurs. This should be done to avoid the manager having to liquidate a position solely for his/her tax purposes.
- I wrote about it on my blog: / <http://mjp146.blogspot.com/>
- Ideological principals have no place in the current deficit reduction debate. The data clearly shows that spending is high and tax receipts too low compared with history.
- If getting re-elected were not a top priority, solving the problem would be easy. / Congresssional reforms are the beginning to solving many of our nationwide problems.
- If spending cuts are real, then the public would be behind future tax increases.
- If we don't cut the deficit we are going to end up like a third world country.
- If we ran our corporations in this fashion, we would have been terminated long ago. Collaboration and compromise are essential elements to leadership.
- If you want people who are not rich to become rich, you need to have lower earned income rates shifting more of the tax burden to investment income. If you want people who are already rich to become richer, you need to have lower investment rates and more of the tax burden on earned income so the income earners have little left to save. There is no empirical that people with large net worths will quit investing if there are higher investment tax rates. There is empirical evidence that if you have high earned income rates, people will work less and engage in activities to hide their income (refer to the Greece economy, hours worked and tax compliance). But at the end of the day, politicians can not solve this and so as CFA's, our job is to figure out how to profit from it.
- I'm fed up with these elected idiots. They can not seem to get past their own greed and self interest / (next re-election) and focus on what is best for the WHOLE country. Throw them ALL out!
- I'm not in favor of general tax increases, especially in this economy. I'd would prefer any revenue come through tax reform (rationalizing rates, closing loopholes) with a view towards a total revamp of the tax code in the not to distant future.
- Immediate Priorities: Reduce unemployment and reduce staggering wealth inequality in our country.
- Implement Simpson Bowles and get on with it.
- In a democracy, we get the government we want -- since everyone wants lower taxes and more government handouts, there is no surprise at the current stalemate. Only when the market imposes discipline by refusing to finance the deficit will change occur /
- In addition, reduce pension, benefits packages, perks, staff allowances, etc that are provided for elected officials.
- In general, Congress is a self serving body. Most (but not all) congress members will be willing to provide reform when it affects their personal finances.

- In my opinion, serious reform would take the form of an amendment to the constitution to eliminate tax on income. Government spending should be relative to GDP (an agreed percentage) and should be levied on consumption rather than income. The size and scope of the federal government needs to be severely reduced as well.
- In my opinion, the failure of leadership on this issue is symptomatic of the political system's failure to take measures that may involve short term pain for longer term gains. In particular it is a failure of many if not most of the business world to realize they may need to sacrifice for the common good. After all, what good is owning 100% of something by beggaring their neighbor?
- In my response to the second question, I support tax increases specifically, not just tax "changes." I am skeptical that any attempt to "close loopholes" in the tax code will raise revenue. In order to raise revenue we will have to raise rates, and not just on the top 1%. A return to the tax brackets of the 1990s would be appropriate for all taxpayers. In addition, I believe we should create two more brackets with higher marginal rates for taxpayers making over \$1M and \$20M per year.
- Inability of the "super committee" to compromise is further evidence of gross incompetence.
- Instead of Occupy Wall Street, we should Occupy Washington!
- Introduce truly universal healthcare: this will lower expenses for employers and premiums for employees. Permit Social Security to invest in equities (like Canada Pension Plan): this will prop up the market and enhance returns. Introduce flat tax rate and remove all tax breaks; make credits available by application only on an annual basis subject to legislative approval.
- It appears that one of the biggest problems is that there are no moderate Republicans or Democrats. The Simpson Bowles Commission's recommendations are the best, non-partisan recommendations to come along in quite a while, because everyone would contribute to a solution. Neither party adopted them. Republicans are busy getting sidetracked, as usual, on abortion and other side issues, and Democrats have let environmentalists and unions dictate Democratic issues. This will never solve the problems. The tax code has become a welfare system with a large portion of taxpayers receiving "refundable credits." Any illegal with a sustainable job in America should get a work visa for as long as they have a sustainable job, and graduates and entrepreneurs should also get work visas. President Obama has done everything wrong if he wants business to add sustainable jobs, as this is the worst business environment in a long time.
- It is a crazy world when you can easily "cut" entitlements by simply limiting the growth to zero or a lower percentage that was "planned"
- It is a great disappointment that the President ignored his own Simpson Bowles Committee. All the answers are in their plan and there are few other ideas out there.
- It is a negative sign and budget reform should begin now; however it's not likely before the 2012 election. Better to wait than apply the wrong solution. Our Federal Government is spending way too much and needs to be curbed. Raising taxes on those that create the jobs is the wrong solution.
- It is extremely disappointing that the US Congress could not come up with a compromise in light of the US debt being downgraded and now probably facing another downgrade. / The US Congress operating style over the past decade is disappointing and more the problem than any chance of a solution.
- It is frightening to me that our "leadership" cannot find a way to compromise on issues that are critical to our country's economic recovery and eventual growth in the future.

- It is not the business of government to create jobs. The government should create an environment for government and business to operate efficiently and profitably.
- It is obvious that only a combination of spending cuts, tax increases, and economic growth can put the US on firmer financial footing over the longer term. This is both required and inevitable. Compromise, by definition creates pain for all. Without serious compromise on all sides we are doomed to repeat the errors of Greece and Italy.
- It is quite clear that the parties are positioning for the election. They are not thinking of our Country at all. Self interest has taken over. How can we respect any of these representatives of the people??
- It is telling that the choices given above do not show cutting all types of spending and not increasing taxes. The Institute shows signs of decreasing independent thinking; its input and support of Dodd Graham is another example of Washington D.C. thinking.
- it is time for Washington to get some adult supervision. Congress is a group of mental midgets!!
- It is time to decide if we want to follow the German model (fees for service or products) or the Japanese model. Hard to believe that 20 years ago both of these countries were going to dominate the world. Look at the difference now! We need to decide who we want to be, Germany or Japan. / / You should sample on a stricter insider trading law for Congress. Bring them in line with investment professionals. I hope we are weighing in on this issue. Hearings start on December 6.
- It is unfortunately politics as usual in Washington. Do we have to wait for the bond market vigilantes to flex their muscles before the government acts?
- It is unlikely that comprehensive tax reform could be enacted by the current Congress, but it is a necessary ingredient in the mix. Regarding entitlements, the current system is unsustainable. Instead of trying to "save" social security or Medicare, the focus should be on how to construct an appropriate set of "safety nets" for retirement-age citizens who otherwise cannot afford to pay for healthcare and/or do not have other sources of income. The existing Medicare framework goes far beyond the concept of a "safety net" and was never designed to serve a population of beneficiaries as large as the current baby boomers. In addition, it creates perverse incentives throughout the health care services sector and drives up the overall cost of delivering these services. It should be replaced by a voucher-type system along the lines of what was proposed in Paul Ryan's budget.
- It seems that a consensus of long-term deficit reduction through a combination of reduced spending and tax reform has developed among the academics and analysts, but politicians are playing politics with a topic that is too big to fail on.
- It seems the whole world, including the citizenry of this country have a pretty good grasp of what needs to happen, but our elected reps lack the spine to do it. / / It is hard medicine, but we all know it needs to happen.
- It seems unlikely the US voters will endorse serious deficit reduction. With the deficit running at such a high percentage of GDP, there are serious imbalances on both the cash flow statement and balance sheet of the federal government. High unemployment suggests there are also serious imbalances in the real economy and austerity would exacerbate them. The voters' path of least resistance is to continue borrowing until the market ceases to lend, at least at the current low rates.
- It takes two to compromise.
- It was blatantly obvious that the "Supercommittee" was designed to fail from day 1. It sickens me to watch our politicians throw our country away in the name of their own political agendas. Unbelievably pathetic.
- It would not surprise me to learn that Congress is SHORT the markets as they announce failure as to make money off this political circus.

- It's a fundamental debate over what we as citizens want our government to do for us and how much are we willing to pay for it. You can't divorce the two issues from each other, otherwise you won't solve the problem.
- It's a surprise to me that anyone is surprised that the budget supercommittee failed. I live in DC, so maybe I have a clearer or more direct line of communication with congressional staffers and such. It's not a question of whether reform should or shouldn't wait until after the 2012 elections. It's simply a fact. That's how it will happen. This almost certainty should have already been priced into asset prices. For investors, any volatility that arises related to budget headlines should be considered behavioral in nature and shrugged off. For speculators, this was probably a good opportunity to make a buck, that is, if you didn't have your head up your ass.
- It's not a revenue problem but a spending problem. Why we can't look at Europe and see ourselves in the mirror is troubling to say the least. The complete lack of leadership by our President compounds the matter because it encourages both sides to dig in instead of seeking serious reform.
- It's not a tax revenue problem; it's a government is too big and does too much problem!
- just about all of the above. why only one option?
- Keynes is dead and so is his economic theory. We must stop the madness of trying to borrow and spend our way out of economic dips = it does not work. The Progressive movement in the US has been driving the country down this road for nearly a century (both Democrat and Republican spendthrifts). We are completely irresponsible in borrowing 40% of expenditures and are spending ourselves into oblivion. We are staring the next Greek/Italian crisis in the face - with no one to rescue us. The existing deficit problems only get amplified by 10 times when considering the underfunded pension plans across the country. When they start collapsing and requiring bailouts, the real amount of our national debt will be adjusted to real terms. Big tax increases, austerity for the "entitled," and hyper-inflation may all be in the cards.
- Lack of progress is not surprising, but it highlights the fact we have a crisis-based system of legislating in this country. The crisis apparently isn't bad enough yet.
- Largely, this is a failure of the American people who have become dependent on a government that "buys" votes with taxpayer funds. We have a spending problem and a work problem combined with a tax code that is overly complicated. All of these factors divert action from productivity to unproductive behavior.
- Limit the term of congressmen and woman, we need term limits and not a professional congress.
- Longer term, entitlements are the only issue. As long as the Democrats demagogue that issue there will be no solution.
- Look - there is a legitimate well-supported view that in this current economy MORE stimulus, is better than reducing the deficit. that view is not reflected here.
- Lowering the corporate tax rates ; levy income and capital gains tax at a higher rate for hedge funds only ; have tax incentives to bring back overseas capital back to US with caveats ; don't dole out money to unemployed after 6 months without proper checks ; Cut defense budget by 2% asap ;
- Medicare and Medicaid can be solved eventually by going to a single payer and forcing down costs / Social Security will be solved by allowing more educated, skilled 20 something immigrants from a multitude of countries (not just Mex) in the US increasing overall population, and the base to pay for SS
- More forethought should be given to the questionnaire questions; not all OBVIOUS options are listed [knowing that ALL possible options cannot be listed].



- Most of long term budget shortfall should be addressed by spending cuts, but tax increases are part of the solution. Suggest gradual reduction in spending and phased in tax increases to limit effect on economic recovery.
- Most tax payers would be willing to pay a little more if they had greater confidence that the funds would be used responsibly. The reality is that today's politicians have been lousy stewards of our money. If I was a trustee working on the behalf of tax payers, I'd be considered an irresponsible and imprudent fiduciary to allow funds to be distributed to Washington.
- Must start now and be spread over time. ALL must share in cuts and tax increases.
- My answer in #2 is predicated that their would be more taken from cuts, which are the cause of the deficit issues now and more so in the future.
- My home discussion is afraid if more money is raised -- congress will find a way to spend it instead of paying down the national debt. That said -- everyone needs to pay a little to get out of this mess.
- Need pro-growth, low regulation environment which will not happen with a European style socialist in the White House. He wants a Euro economy. I don't see that model working particularly well for the Europeans.
- Need to simplify tax code, reduce regulation, and remove disincentives to economic growth.
- Negotiation is only successful when the negotiating partners are somewhat flexible.
- Neither party, the White House or most GOP contenders "Get It" as far as what needs to be done and don't appreciate the seriousness of our problems.
- NO COMMENTS
- No increase in tax revenues but elimination of tax credits and gimmicks.
- Nobody should be re-elected. They should be banned from Washington and no pension should be given the bums.
- Non entitlement cuts should be made now, future entitlement cuts will need to be reviewed once the economy gets to a sustainable level of output.
- none
- None of the members of the committee should seek reelection - the have failed the country.
- None. /
- Nope
- Not all entitlements were created equal. the idea to cut social security benefits is fundamentally different from that of cutting medicaid. In the first case there has been a generational transfer of wealth attached to the promise of retirement income. A failure to fulfill this promise leaves many in a precarious situation since for many there will be no time (nor jobs) to create long term wealth.
- not enough space for explanations. simple change in corp tax rates, reignites cash flow back to share owners and back to u.s., deficit fades in importance next to \$200 trillion of wealth, which can afford to help unemployables regain skills federal education monopoly cannot and has not provided. business takes care of itself if treated fairly and encouraged to invest excess cash. 2012 important politically.
- Nothing will change without a crisis, without the utter collapse of the current system, so until that happens, keep enjoying your bread and circuses...

- Obama increased discretionary spending by 80% which needs to be cut back to 2006 levels immediately. / Entitlement spending can be cut with logic and a plan, but cuts will be long term. Some can happen in one year by cutting waste and administration. All government departments need cutting but selectively. I guess 5% to 25% per department.
- objective tax reform is the central hurdle
- Off balance sheet obligations are obligations nonetheless.
- Once again, the US political class hastens the secular decline of the the US economy and US standing. Its' inability to face up to underlying long-term problems and put hard choices ahead of short-term pandering is symptomatic of current US thinking. And it both infects and influences the psychology of individuals. The road to ruin is getting shorter...head EAST, young man!
- One can't balance a budget with spending in excess of income. Without a balanced budget it is a road to disaster as several European countries illustrate, / Ralph Seger CFA
- One of the biggest problems is trying to resolve tax and spending issues during a recession. Only 35% of the first stimulus bill was actually stimulus money (Keynesian spending) while the bulk consisted of spending on education to retrain workers and (predominately) tax cuts (how'd that work out for you?!). In the smaller, more recent stimulus bill, again the bulk of the bill consists of tax cuts which are largely ineffective. Neither side of the political aisle is providing correct information to the public. / / We do have some serious issues that need to be addressed. We are also in the middle of a recession and the only hiring going on at the moment is in the governmental sector - and minimum wage jobs. We need to address our debt level, but we need to get people back to work first and that is going to take some serious stimulus spending. Once we are back on a growth path, we can address cutting the size of government - which does need to be reigned in. We are being driven by the far right and the far left and the majority in the middle are sitting around in a state of shock not knowing who to believe any more.
- Only the long-run fiscal projections matter. Everything else is a minor detail.
- Option 4 to Q2 is the reality you need a third questions to gauge numeric options and alternative for each each. Say push our social security from 62/ 62 etc. to 65 / 68. Save X Billion in aggregate a year where X varies and the proportional contributor to X vary.. /
- Our current entitlement spending is a massive ponzi scheme
- Our dysfunctional political process is an embarrassment!
- Our government already has too much money to spend. It spends almost none of it efficiently. Pretty sure I could find \$1t a year in spending cuts in about 10 minutes. Check out the website downsizinggovernment.com which was created by the Cato Institute.
- Our government appears to run by children (or at least they act like children)...
- Our government is being highly irresponsible and disingenuous. How dare we scoff at the European countries, such as Greece and Italy, when we are just as irresponsible and unwilling to make the tough tax decisions and spending cuts. The world markets will force us to a
- Our government is completely broken. It is depressing.
- Our leaders have the opportunity of a lifetime to address the fundamental issues associated with the third rail of politics (entitlements) and to reignite America's growth engine by substantially shrinking the size of our government and to remain in office if they do the right thing. Yet again, they look like they will squander the opportunity for reasons of politics alone.

- Our political leaders as well as the political rank and file are all worthless. Too much polarization, too much game-playing, too much finger-pointing, too much extremism on both ends of the spectrum, lack of strong leadership, compromise has become a dirty word, etc., etc., The whole mess is disgusting - on both sides of the Atlantic!!
- Our political leaders must be held accountable. No progress will be made until we really hold their feet to the fire.
- our political system is broken
- Our political system is broken and protecting the interests of the seniors to the detriment of our youth.
- our politicians are failing us.
- Our politicians have clearly failed us. We the people need to form a committee with a focus on economic reform without any social strings attached. The outcome should be a resolution tackling the most important economic issues of the day. Then, we need to clean house and put people in place who will implement our proposal or else will be relieved of their duty.
- Our politicians have clearly lost sight of what it means to truly govern and represent the people, instead focusing on political positioning. This sad state of affairs can be described as 'political party uber alles.'
- Our societal appetite for entitlements is inconsistent with the cash flow from aggregate productive capacity. Until either the former declines or the latter increases, we will be unable to balance our budget. Part of the problem is an element of societal expectation that things should come easily to everyone. That is simply not realistic or possible, but yet it is a part of the mindset of many, including those who have much and feel that everyone else should as well. A nice notion, but, again, totally unrealistic.
- Our system is failing as have all democracies, in that once the electorate figures out they own the politicians (who only vote on what gets them re-elected), then the country is doomed. The only answer is term limits, so that when the congress cannot be re-elected, and has to live under the same laws and systems they create, then congress will make good decisions. This is how our Founding Fathers envisioned it, but it was never hardwired into the system, other than President is now. We need the same thing for Congress.
- Outside of the US there are not many civilized countries in the world where there is rule of law, safety and freedom where investment managers can make hundreds of millions of dollars a year, or CEOs can make tens of millions of dollars a year. The 1% could and should share more of the burden through higher taxes. It is off the backs of the 99% that they make their fortunes. So, yes, raise additional revenue through tax changes, making sure that those who have gained the most contribute the most.
- Over the past 60 years, the Federal Government has usurped state and local government duties. As such, accountability has been lost in most entitlement programs. By walking away (not transitioning), the Federal government will put those responsibilities back into the local arenas where proper individual accountability can be maintained.
- People often seem verbally confused about what budget reform "now" means. In practice, lately, that has only meant making (non-binding) plans today to reduce the growth trajectory of distant *future* deficits. Few have actually proposed reducing current deficits. Yet, politically, even such proposals about the trajectory of the distant future still get attacked on the same Keynesian grounds as though they were dealing with tomorrow's deficits (and whether fiscal stimulus actually helps significantly with the near future is yet another question often overlooked in many professional circles, though empirically questioned by prominent economists such as Robert Barro and theoretically questioned by others). / / Philosophically, I am not generally a paternalist nor a believer in the efficiency of central command economic planning, in personal financial security nor in other matters. I believe government should narrow its focus less more to those activities that meet the economic definition of a "public good."

- Planned increases in spending over the next 10 years total approximately \$44 trillion. The failure to reduce this by 2.7% cannot be taken seriously; it is political posturing. The public is furious with its elected representatives and for good reason.
- Please see my book on this topic: http://www.amazon.com/NATIONAL-DEBT-Primer-Plan/dp/1614347093/ref=sr_1_3?s=books&ie=UTF8&qid=1319724916&sr=1-3
- Polarized partisan politics must end. Our elected representatives must learn to work together to find solutions which keep our nation moving forward for the vast majority of our citizens, not the noisy few on the fringe.
- Political theater can be fun to watch - but these folks can't agree on \$2T - how do we find the additional \$2T we need to cut out of this Leviathan?
- Political polarization in Congress is hurting the country. Congress is serving their self interest rather than the public they were elected to represent. Most people want to see compromise and are willing to make some self sacrifice.
- Political reform is paramount. Some useful ideas: converting to a parliamentary process and ridding the country of both houses of congress; if unable, then district boundaries should be set only by a truly impartial body (federal judges) and house terms extended to at least 4 years to eliminate need for constant re-election.
- Politicians need to put the country ahead of the country's well being.
- Politicians are idiots. Don't allow Representatives or Senators run for re-election when the deficit is greater than 3% of GDP, and this will get fixed quickly.
- Politicians are inept. / /
- Politicians from both parties should stop blaming each other, and come up with solutions that help the country in the near-term and long-term. Politicians should do everything they were elected to do, not do everything they can to stay in office.
- Politicians have a huge conflict of interest when it comes to the economic policies of the country. They are more interested in self-preservation than in doing what's required to maintain a healthy economy.
- Politicians have been postponing the inevitable for so long that there are no longer any comfortable solutions. Bringing government spending under control will require draconian spending cuts, while the US economy cannot withstand large tax increases - but it seems that our elected "leaders" haven't faced up to this.
- Politicians have proved once again that they're idiots
- Politicians need to stop posturing and arguing and instead they need to start doing something constructive. There is a workable solution, and an incremental approach to getting there so that progress can be measured and the pace can be managed as necessary. At this point, "no pain" translates to "no gain" - I hope our leaders can find the courage to act decisively and more quickly.
- Politicians should be now familiar with the term cognitive dissonance. The complete lack of urgency and competence in Washington given the current environment in Europe. Perhaps politicians quell their fears by believing our situation is different as we are "bigger, smarter, and better" - the reality is that we are no different and Greece, Italy, Ireland, Portugal, and Spain paint a picture of what may come should we fail to make changes in our fiscal discipline. The sad news is that the PIIGS have been able to push through unpopular austerity measures - sometimes alongside a shuffle in governments - while our politicians continue to choose party lines over the United States. Quite a sad situation, but maybe this will force changes here.
- Politicians wait until the markets force them to react, but we can't afford to wait in this case, lest we leave ourselves with little or no viable options like Greece or Italy.

- Politics and economics will eventually right themselves in a free society. CFA's should focus on what we can influence and fix. The use of Credit Default Swaps is a scourge on our industry. The CFA Institute should lead the charge to get them on Exchanges and at minimum demand much higher scrutiny and transparency. As a professional society we claim to aspire to high ethical standards. At the same time no one seems to have a clue as to what's really at risk should the Euro zone collapse. The banks clearly don't know. Moreover, the power of CDS users to manipulate prices and aid in the devastation of banks is a matter of record. Why are we knowingly on the brink of another 2007, 2008. Even Warren Buffet is wary. Let's do our job.
- Politics continues to trump governing. We need to rid ourselves of the "non-leadership" starting with Mitch McConnell and Harry Reid.
- Politics is playing a more important role in current deficit and debt reduction talks. Our form of government does not lend itself to tackling serious problems until our backs are up against the wall. Then and only then will the right decisions be made.
- Politics is the art of compromise which has been forgotten in Washington.
- Politicians should start thinking about the future of our Country and less about their own professional survival.
- Poor question wording.
- Printing money should also be considered to deleverage the economy.
- Pro9 economic growth strategies to reduce friction and uncertainty in competitive economic activity should be primary.
- Problem is spending; spending needs to be cut. Real cuts, not "faux" cuts that decrease the growth in spending. Only way to increase revenues is to increase significantly economic growth. Tax and regulatory policy needs to re-positioned to promote growth. Increasing tax rates or adding new taxes would likely hurt economic growth so should be avoided.
- Question #2: why not include cut spending on entitlements and non-entitlements and NOT raise taxes.
- question 1 is poorly worded, it is both "a negative sign and budget reform should begin now" and a "sign of political failure but you allow only 1 reponse!
- Quite frankly, I think it is too late and that the US and Global Financial systems are in the process of a total collapse. The excess debt has to be extinguished and there are only two ways to do this: default and restructure or print money and inflate. We should have let the TBTF actually fail. Now it is too late and we will all suffer as a result.
- Raise taxes on the 1%.
- Raising additional revenue needs to be through lowering the rate and broadening the base while reducing deductions
- Raising additional revenues through tax changes should be implemented through simplification of the tax code whereby loopholes are closed. Tax rates, though, should be decreased in order to stimulate investment and economic growth. Government waste is rampant - will be easy to cut federal budget by 20% and maintain services as long as resources are managed more responsibly.
- Raising revenue means high taxes, and creates first the ability to spend more. Cut govt programs, most of which are unnecessary.
- Raising tax rates does not raise tax revenue because it destroys economic growth. Just as deficit spending resulted in lower average annual economic growth over the past 40 years (versus the prior 20 years of balanced budgets), high tax rates impede investment and thus lower economic growth.
- Raising taxes on the wealthy is not about raising revenues for the government, it is about penalizing wealth hoarding. Our national resource (wealth of the country) is in the hands of too few which has led to hoarding by fascists and suffering by the masses. Taxes must be raised on the wealthy in order to force liquidity back into the markets. Capitalism (the redistribution of wealth) is failing



because of a few. Either the "haves" start to invest and lend, or we take it away (in the form of higher taxes) and allow the government to redistribute. Simple as that.

- Re the 2nd question, a critical question in the debate, and one where the public seems sharply divided, is whether additional revenue should be raised through increases in tax rates or the elimination of loopholes/deductions. Unfortunately, the possible answers above don't address this.
- Reasonable people assigned the task of trimming \$1.2 trillion from the budget could get it done. Partisanship and political agendas preclude success in addressing key issues.
- Reduce roll of Federal government to the original scope specified by the Founding Fathers. Return America to a representative republic, providing greater autonomy and responsibility to the individual states.
- Reform must begin now. We must not allow the political fringes (right and left) to continue to impede the progress of true reform. Most reasonable people understand that our unsustainable debt can only be reduced through a combination of spending cuts AND revenue increases. Unfortunately, the "reasonable people" camp does not seem to include Congress.
- Reform of our byzantine tax system is essential to promote business growth; fingerpointing is a dead-end game
- Reform the tax code, close loopholes, and most importantly Bend the entitlements curve. Without the latter the former won't matter.
- Regardless of what is done this year, entitlement spending must be brought under control or its growth will continue until it is the majority of the budget. Everyone knows the current programs are not sustainable but nobody is willing to take the necessary steps.
- Relations between the parties worsened during Clinton's terms and even more so under GW Bush's, but with the railroading of Obama's health care law the climate in Washington has become so partisan that neither side is truly interested in compromise.
- Remove Social Security from the general fund and operate it separately as an annuitized pension fund. It should follow the same accounting that pension plans are required to have including an annual report on its funding percentage. Once this is done we will need to tax all income at the 12.4% to replenish the trillions lost to general fund spending.
- Republican intransigence is hurting America.
- Republican refusal to negotiate in good faith is disgraceful.
- Return to the Clinton tax rates; cut spending across the board by 2% - problem solved.....No need to have a congress.
- Revenues should rise ONLY by reducing tax expenditures and NOT by increasing marginal rates on work and saving.
- Revise the tax code to stop the games!
- Ron Paul 2012. The fiscal insanity needs to end.
- S&P's downgrade seems increasingly justified. Legislators' continued inability to take the nation's fiscal crisis seriously is very disappointing; as is the the refusal to put the nation's benefit ahead of party objectives. Here's hoping the next election will demonstrate that they miscalculated badly on what the electorate asks of its officials.
- Second question was not proper as it left out a reasonable alternative , therefore....the results will not be valid.
- short term budget cutting is counterproductive. long term budget cutting is necessary. let's not forget keynesian liquidity trap.
- Short term Congress needs to move forward with a balance of reductions and tax increases. Long term we need a comprehensive program of reductions in budget and entitlement items so everyone gives a little and some significant tax revisions. the corporate tax should be cut to 20 -25% and most loopholes removed. Personal taxes need to be simplified. Hedge fund managers should pay income tax on their income and capital gains tax on investments. The capital gains tax should see minimal revision. Dividends

should be deductible to the corporation and the recipient should pay income tax at ordinary rates. It is important to remember that taxes on corporations are only passed through to purchasers and hurt the competitiveness of the USA.

- Simplify tax code and eliminate frivolous deductions.
- simplify tax code; eliminate deductions; tax hedge funds cap gain as ordinary income, as this is an operating business item for them; politicians need to be honest about entitlements - spending can not be supported by smaller and smaller contributing class - demographic trend - as well as increase in health care spend - technology, bureaucracy, etc.
- Simplify the tax code, flatten and expand the base of taxpayers, lower the corporate rate to encourage repatriation of foreign-earned profits, and fix the tax rules for at least a period of five years to allow for planning. Eliminate the AMT. Establish a "401(k)" type of account for government employees and phase out eligibility for government pensions over 20 years. Raise Social Security retirement age to 67. Eliminate federal student loan program. Establish a co-pay program for Medicare-related expenses so that medical care is not "free."
- Simply stop spending money we don't have.
- Simpson-Bowles has most of the answers
- Since Republicans originally were onboard with expenditure increases, they have to get aboard now on both sides of the equation. We've been mortgaging our future for years, and now the debt is due. The austerity needed will hurt but will only get worse if the issue is not addressed now.
- Since the problem was not created by implementing a "balanced" approach, its solution is probably not going to be "balanced".
- Small increase in taxes would be palatable if accompanied by strong and verifiable cuts.
- Social security and medicare are not 'entitlements' as they are insurance programs (based as all insurance is on risk pooling) and the country has a contract with every recipient of these benefits for which they have paid premiums (OASDI and medicare withholdings) from their wages. Reducing any of these benefits will not have any effect on the actual deficit as these benefits are paid from OASDI/Medicare withholdings and the respective trust funds. They are not funded from general revenues. So any reduction in the benefits has no effect on the deficit or the national debt. Statements to the contrary by politicians mean that they are truly ignorant or are liars. / / Tax rates should be progressive because the wealthier/higher income earners derive more benefit from the stable society (both economic stability and civil stability) than do the less wealthy/lower income earners. This greater benefit from stability means that their possessions and wealth are more secure and that their ability to earn income in the future is more stable. Note that insurance premiums are higher when an individual has more to protect ... whether its property/casualty, life, disability, etc.
- Social security is easy to fix with higher retirement ages. Medicare is more complex, but improvements in computerized record keeping, data mining and intelligent tweaks can yield big cost improvements over time. Federal, state & local government pensions need to be converted to defined contribution plans. Limits are needed on pension plan fees. Revenue sharing with states should be tied to structural reforms of civil employment and normed closer to private sector wages for comparable work. As with TEFRA 86, lower marginal tax rates can be achieved for corporations & individuals leading to higher revenues. 9% unemployment needs to be addressed. Rusting infrastructure renewed. Regional green transportation plans developed. Redundant military bases closed. Consumer confidence needs to be rebuilt. All manner of legal, business procedural and financial sector business practice reforms are needed.
- Some tax increases have to be part of the debt reduction package, It should carry tax credits if new business revenues are generated.

- Spending cuts MUST take priority in terms of overall deficit/debt reduction, since I believe the U.S. has a spending problem far more than we have a revenue problem. That said, to make the deficit/debt reduction package politically palatable to both sides, revenue increases that are produced from loophole closing should be incorporated, but with care taken to not endanger our fragile economic recovery.
- Spending cuts needed to entitlements and non-entitlements. Democrats need to get their act together.
- Spending cuts should make up 75%+ of any deficit reduction efforts. Any additional revenue should come ONLY from the elimination of tax deductions AND a substantial reduction in tax rates.
- Spending is biggest issue but deficit problem is too big to solve thru spending cuts alone. Some combination, much more heavily weighted to spending cuts though, needs to be implemented. These spending cuts MUST address runaway entitlement spending, especially medicare. / / Eligibility ages must be raised to address the increases to longevity -- automatic indexing is important so that we can avoid this messy discussion in the future. Means-testing I regret will also be necessary.
- spending is too high at \$13 K each for every person in the country.
- Spending must be cut on entitlements and non-entitlements. Tax changes should be crafted to promote savings and investment (keep taxes on capital gains and dividends and interest low) and discourage borrowing and spending (a consumption tax instead of an income tax, eliminate deductibility of interest expense)
- Spending requires revenues to cover costs. Simple. Creating \$s to fund infinite projects and programs is absolutely ridiculous. At an absolute minimum, freeze spending programs, and apply businesslike cost cutting programs to wring out efficiencies from government programs.
- Spending should be cut across the board and "entitlements" transformed gradually into "ownership" based programs. Any program that does not qualify for this should be transformed into a frankly welfare benefit system with means testing. / / Tax changes are needed but not tax increases. The tax system should be ruthlessly simplified and extended to all households. The majority of income earners should pay taxes, even if only a nominal amount for low income households. All the loopholes, deductions, credits and complexities should be eliminated and the top rates should be no higher than 20 - 25%. Without all the complexity, progressivity can be preserved with lower overall rates and higher tax revenue.
- Spineless politicians, bought and sold, are the problem. If one or two are flogged on a public square in any major city, the rest will get to work. Shameful.
- Stalemate is not important this year, as automatic cuts start in 2013. I expect some progress in 2012.
- Stronger growth would have a significantly positive impact on employment and, in turn, the budget. Reduced regulations and a more efficient tax code are needed to foster growth. Development of the country's significant energy resources (e.g. build the pipeline from Canada) would promote energy sufficiency and growth.
- Tax changes can be via closing of loop holes, means testing, deduction eliminations and limitations, etc. It does not have to be through explicit higher tax rates.
- Tax changes should be in the mode of simplification, and should show a reluctance to continue with inefficient incentives. Cut tax loopholes and cut out subsidies, such as subsidies on agriculture and "green" enhancements.
- Tax changes should be simplification related...this would free up wasted resources and benefit productivity.
- Tax changes should include broadening the tax base and taxing non-profit organizations.



- Tax changes should include major revisions to the current tax code through the implementation of a flat tax or fair tax.
- tax changes=broaden base by eliminating un-productive deductions and loopholes combined with lowering tax rates (not increasing them!)
- Tax code needs to be simplified - this does not mean raising taxes on wealthy and businesses. The uncertainty in regulations and government needs to go away. There needs to be reform regarding government - possibly longer terms so that government is less focused on winning the next election; serious cutbacks on campaign spending; no corporation or person should be allowed to contribute more than X (\$1000) to one person's campaign. Government officials should NOT be allowed to do insider trading - their money should all be placed into blind trusts. / / Government's inability to find a solution and reduce economic uncertainty is shameful and is preventing our economy from moving forward.
- Tax reform (including simplification of the tax code and a shift of tax base from income to wealth) could increase tax revenue without increasing marginal rates or reducing incentives.
- Taxes must be simplified, made competitive relative to the rest of the World, and then once this amount of revenue is calculated based on six percent unemployment, we know how much there is available to spend. I would require the Federal govt. to begin moving toward corporate style accounting within 5 years. Much of our problem is due to fantasy accounting.
- Taxes need to increase on the top 5% so that the wealth can be redistributed to the government and poor so that the US can be functional again. Why is it taking so long to get the Buffet tax in place? Political failure and ignorance even as the US is facing one of the largest protest across the country.
- Taxes on "rich people" need to go up - way up, more than Clinton rates, if this failed species (humanity) wants to survive more than 20 - 30 years. We're so unbelievably stupid, pathetic, and so far past broken that there's no hope.
- Taxes should not be increased, but revenues can be increased through elimination of (or sunseting of) subsidies and/or deductions for special interest groups.
- Term limits for congress, an end to gerrymandering and full transparency in political fund raising will solve this
- The "political failure" is not shared equally by the parties -- it is a failure of Republicans to make any compromise whatsoever, for purely political purposes of harming (or at least not helping) the economy before the 2012 election.
- The "spend now, force tax increases through crisis later" mindset of the Obama administration is not ideologically dissimilar to the Occupy Wall Street terrorists. We'll take what we want and then hijack you for the money to pay for it later.
- The absence of true leadership is apparent for the nation. Too many lawyers/lawmakers playing games in DC.
- The American Public should familiarize themselves with the recent Case BOND VS US - and take back our republic.
- The answer to 1 is really 2 and 4. All sides have to sacrifice
- The baby boomer generation's reckless spending has sentenced all of us to at least 10 years of budget cuts and increased taxes. A total disgrace.
- The baseline budget process in Washington calls a decrease in the expected rate of growth of expenditures a budget cut. This is what is wrong. Question two inappropriately accepts this error. Controlling the rate of growth of future expenditures can solve the budget problem with few true cuts from prior year spending. / / I hope those who crafted these questions unknowingly made this mistake. If not, then one of my favorite organizations is playing politics. Very bad idea!
- The Bowles-Simpson proposal was a very good starting point and should be the starting point for trying again.

- The Bowles-Simpson Recommendations were a good place to start and a reasonable roadmap for our elected officials.
- The budget deficit is a symptom that will not be worked out politically. Having just read Michael Lewis's "Boomerang," i have to agree that a deep, cultural malaise of expectation arises from man's "lizard brain" corrupting the ability to think straight, compromise and devise a practical social compact. Digging deeper than the deficit, mankind's collective failure to exercise stewardship over the Earth's population and resources has engendered this predicament. How can we reverse the trend? Does China have an answer to our survival?
- The budget process imbroglio is a failure of the political process. It is a clear example of ignorance and political self interest preempting the needs of the nation. Both parties are guilty. There is no substantive leadership. Our children will pay the price.
- The budget reform process needs to begin as soon as possible. The problem we have is a spending problem and the biggest part of that problem are entitlements. Serious reform is beyond the Democrats are not willing to fix the problem now or when they have a majority in both houses as proven by the first two years of this administration. Both parties lack the courage to educate the public and tackle the biggest threat to this country's future.
- The budget stalemate is a political failure because both parties have falsely portrayed the deficit as a problem that must be solved right this minute. The capital markets' reactions in August and now suggest that investors consider a contractionary policy (higher taxes and/or lower spending) to be stupid when the economy is stalled and in danger of deflation or even depression.
- The budget stalemate is a shining example of the power special interest groups and corporate lobbyists share over our political system (read Grover Norquist). Our tax system clearly needs to be overhauled. But that doesn't mean excluding revenue increases as part of the conversation. We need cuts in entitlements also. Our political system has failed because one side of the aisle refuses to negotiate. And they refuse to negotiate because Grover Norquist can ultimately decide the fate of their political future with his money machine special interest. On top of this, we have NO IDEA how he is actually funded. For all we know, a few extremely rich individuals or families could have the American political system in their pocket at the expense of the rest of us.
- The bureaucrats can't agree because of the deep polarization. Politicians of all stripes increasingly are focused on short-term tactics rather than long-term solutions in order to pander to their media-crazed constituents. It's a disgrace.
- The Bush tax cuts should be unwound.
- The central problem is campaign finance reform. Congress has been bought off by various lobbies - financial services, health insurance, you name it. I don't blame the lobbyists or their constituents, and I think the Wall Street occupiers are misguided. Corporations and shareholders will be guided by their self-interest. The problem is the corruption of the political process by special interest money, a situation created, aided and abetted by congress and the president(s).
- The choices in the first question were not mutually exclusive. It is both a negative sign and a sign of political failure. Also, "raise additional revenue" is too general. Raising additional revenue, if it was a byproduct of fundamentally reforming the tax code, would not be a bad thing. Simply raising rates on top earners, for example, is the kind of "additional revenue" that would yield a long-term harm.
- The choices should be better written to capture all views. For what it's worth, stalemate was anticipated, because the structure of the Congressional Super Committee was a bad idea to begin with. This is all just political posturing, a show for the folks. If they truly wanted to craft an agreement, they would, with both sides and the President in the room, and no one would have left until something was put together, like with Reagan and O'Neill. Therefore, the resulting "stalemate" is neither here nor there. I predict nothing



serious will get done until after the election, if even then. For now, they will agree to a minor reduction, offset by an increase in fees, change the rules as needed, and basically just further "kick the can down the road." On the 2nd question, in my opinion, the correct approach is to CUT SPENDING, PERIOD!!!! Until this bunch stops spending like drunken sailors (sorry sailors, it's only an expression...) with our hard-earned tax dollars, and agree to directly allocate it to cutting the deficit instead of growing their pet programs, they should be focused on cutting spending and not on "raising revenue" which is merely a euphemism for "taking money from taxpayers and spending it as they want to." So, Congress should just please cut spending and let Americans figure out how to spend and save our own money. We can do a better job than they can in Washington, thank you very much! Finally, as to the CFAI Survey, if you're going to send out surveys, please do a better job writing the questions and answers. This was not well written. Thank you.

- The clearest way forward would be to scrap the current tax code and produce a simpler one that is explicitly designed to raise a stated percent of GDP, then we could argue intelligently over that percent, rather than getting lost in the details of the current mess.
- The Congress will spend every dollar the tax pay gives it, and then some. The only path to fiscal sanity is to as President Reagan said, is to "Starve the beast"
- The congressional stalemate and inability to reach a budget deficit reduction deal represents a high profile failure of the political system in America with potentially severe economic ramifications. In addition to potential reductions in consumer confidence and the flexibility of the US government to potentially increase stimulus spending to bolster the economy, the failure to reach a deficit reduction deal will likely lead to sustained levels of high volatility in worldwide capital markets for the foreseeable future and increase pressure on the Federal Reserve to provide additional monetary stimulus to support the US economy, which may be subject to diminishing marginal returns as the Fed runs out of ammunition or lead to an increase in inflation expectations. Furthermore, the failure to reach a deficit reduction deal will likely decrease US influence in international issues such as the European debt crisis since any future US input on potential solutions to the crisis will likely be viewed with less credibility due to the US's inability to address their own budget deficit issues.
- The contingent liabilities of the federal government with regard to the financial sector need to be addressed
- The country is in a serious deficit issue and lawmakers need to get their act together and work towards a bipartisan agreement. Otherwise the whole lot deserves to be voted out of office.
- The current budget mess is another sign that the political system is corrupt and broken: politicians only focus on their own narrow interests (getting re-elected, lining their own pockets) and don't care about the state of the country.
- The current situation in Europe should be evidence as to what can happen if budget issues are not dealt with in a timely matter, and the longer it takes, the harder the future decisions become. Despite the evidence right in front of us, Congress still can't get its act together. An ominous sign...
- The current stalemate only breeds anarchy - not democracy.
- The deficit is not a problem under the current fiat system with 100% of national debt denominated in dollars. Austerity never works. Total spending cannot exceed the total productive resources of the economy, else inflation, but we are far that with 9% unemployment and 80% capacity utilization. Monetarism and rational expectation have empirically been proven wrong.



- The deficit is way too small for our given level of government and the private sector's desired savings levels. Your question is misguided and part of the entire problem. / / The CFA Institute should be ashamed that it does not recognize the simple accounting identity that the federal deficit is equal to private (foreign and domestic) private savings.
- the discussion is dominated by the 15% from each side of the spectrum and the 70% of Americans in the middle are not represented. They can raise some tax revenue while making progrowth tax reforms and cutting the glidepath of spending. Each party has a political calculus where they want wins that are political and not solutions.
- the discussion often centers on the budget deficit as a % of gdp, or the debt as a percent of gdp. instead, we should discuss the budget deficit as a % of the budget, which i believe is 41%. that is a number more people would understand, and understand that is unsustainable. The budget itself should also be put in historical context, with the dramatic increases the past couple of years. we have a spending problem more than a budget problem. the question whether taxes should be raised is always answered affirmatively in polls because respondents believe only others will be taxed. an appropriate follow on question for those who believe raising taxes is part of the solution should be: what change in YOUR taxes/tax rate would you be willing to commit in order to lower the budget deficit? or how many of your dollars would you commit to deficit reduction? what portion of your tax refund would you like to send to the Treasury? The president has succeeded in focusing attention on the richest americans as the source of more tax revenue, but someone needs to point out that such action will not actually make a difference by itself. thus we need to emphasize the need for sharing a higher tax burden, and see how that plays.
- The economy is facing an immediate jobs problem and a lack of effective demand. Now is NOT the time to impose austerity, and consensus isn't possible when the Republican party is ideologically rigid.
- The effort should be to reduce expenditures, not raise additional revenue. Anything on the revenue side should address the efficiency of the tax code (e.g. by closing "loopholes").
- The emphasis needs to be on cutting spending on entitlements - big time! (& I am turning 65). Everything else amounts to a band-aid. On taxes, remove mortgage deduction & limit charitable deductions & make sure EVERYONE pays something (Bachmann is right on this point). When 1/2 of the population pays \$0, that's wrong.
- The entire budget process and most of the conversations about steps to fix the debt and deficit have been dishonest from the President through most members of Congress. I am sure that most Americans don't even realize that this Committee is talking about cuts in the rate of growth, not pure cuts. Rep. Connie Mack introduced the "Penny Plan" - this has gotten no bi-paritsan traction. Sen. Tom Coburn introduced his "Back to Black" plan which for the most part talks about "low-hanging" fruit that can be cut and that hasn't gotten any traction either. / / I'm not sure another rating cut is going to get through to most of these guys so the next election is going to tell us where we go in the future.
- The entire situation is a farce! I blame the media for failing to inform residents of the importance of reducing the defecit and dire needs to reform government. All I hear is that if you cut anything there super problems. This morning, I hear a report on how people are going to get cancer now, because air quality is going to get worse
- The extended debate without any conclusive progress toward a resolution makes decision makers in corporations and at home very uncertain. In times of uncertainty, these decision makers delay capital purchases thus extending the slowdown of US economic growth and prolonging the deleveraging process.



- The failure is the result of a complete lack of leadership and accountability in Washington. If any public company acted in such a careless manner, it would have long since been out of business.
- The failure of the Super Committee shows that our country is doomed financially as the parties fiddey while Rome burns. The President seems totally detached from the world crisis and as Chris Matthews said yesterday, he doesn't even contact members of Congress ("I guess he doesn't like their company"). The govt. stats lie monumentally: We just passed the \$15 billion debt number, but our real total debt is about \$145 trillion, counting agency debts etc. This country is broke and will stay broke for a generation at least. The best thing our profession can do is help people survive the financial Armageddon. Please discuss this in the next Financial Analyst Journal.. Thank you.
- The FED should stop distorting interest rates. Holding down rates hurts savers.
- The Federal Bureaucracy is too large; pare down or eliminate the Department of Energy (save us from foolosh loan guarantees), the Department of Education (a local/state responsibility); the EPA (overzealous regulation). Repeal Obamacare; repeal phaseout of incandescent light bulbs (if other bulbs were so good, people would be buying them without coercion. See how successful the iPhone is, but no one is required to purchase one.); streamline the tax code. I am sure that there are more areas in the Federal budget that can be reduced that will help the US economy grow.
- The Federal government has grown way beyond original intent and needs to be pared back substantially. Further, we should be removing ourselves from battlefields in foreign lands which have no long term interest for the US, ond focus solely on our own and significant, treated, allies defense.
- The Federal government has promised too much to too many. The only way out of this is a default. Promises will have to be broken. In some combination promises on Bonds, the dollar, Social Security, Medicare, welfare, global warming will be broken. Democracy goes into a death spiral when tax parasites outvote taxpayers. That is our problem now. The Welfare State is our result. The bond market remains as the only brake on the size of the government and it has been doing a crappy job of it.
- The Federal Government is a monstrous criminal enterprise. It should be dissolved.
- The federal government is irreparably broken and the United States' best days are well behind us. It is terribly sad given the price our ancestors paid to make this country great.
- The first thing a democrat(the party of the lazy) asks is- can taxes be raised?
- The focus today should be on job creation and economic stimulus. Budget deficit reduction will take care of itself naturally, as more people go back to work and pay more taxes.
- The government must reconcile what it has promised with what it can deliver. I believe that personal taxes can be raised back to the Bill Clinton era, corporate taxes need to be reformed to have lower rates and less deductions and credits and that spending must be controlled and entitlements modified for future generations.
- 'The Haves' in America seem to hoard on what they have without yielding at all and 'Not-Haves' seem to exploit as much free-lunch as possible. Majority of politicians (not statemen) care only one thing: thier own interests. Their incapability and intentional blindness are just appalling. The election process now feels like figuring out the less evil rather than choosing more inspiring and respectable leaders. Even considering the tedious nature of democracy, it's too much to see and hear non-sense/emotion based populism disguising their personal ambition.

- The idea that we could, in a split-party congress, fix problems in three and half months that have been decades in the making was not a realistic goal. That our inability to meet all of the obligations and POTENTIAL promises we have made (via current assumptions for "entitlements") is now front page news and front and center in our political discourse is long overdue.
- the ideal solution, if not politically palatable, is to eliminate the vast majority of personal and corporate deductions and reduce rates to reduce evasion and the cost of assuring compliance
- The ideological intransigence of the right wing extremists, who now comprise the Republican base, is destroying this country, bit by bit. Deficit reduction is really a red herring -- improving our fiscal policies, from tax reform to federal spending, is a worthy project in and of itself. But holding our nation hostage to ideologues, lobbyists and an increasingly corrupt Congress will destroy us in fact as well as in the eyes of the rest of the world. /
- The immorality of both parties of buying votes got us into this trouble. Each elected politician should only serve one term
- The inability of both sides to meet in the middle is beyond disappointing.
- The inability of our political leaders to address this issue is a national tragedy and will have dire long-term consequences if not addressed in a non-partisan fashion in the coming months
- The inability of these people to come to an agreement is unconscionable. It is a crime for them to call themselves lawmakers.
- The incompetent politicians in Washington have failed the people of the United States by promising them more and more "things" we cannot afford and convincing the people that some "rich" guy has the money they need to pay for it! Washington should get out of the people's lives and tell them they are responsible for themselves. Every politician should be sent packing!!
- the insane system used here for financing medical care is the biggest cause of the government deficits and Republican ideology, which is untethered to reality, will not allow for necessary reforms. Instead their only answer is to cut benefits-i.e. reduce care--for the elderly and poor.
- The lack of any progress is completely unacceptable and represents a total failure of our political process. Independent private sector individuals should be commissioned and empowered to recommend and ratify change. The solution requires an end to tax breaks for all parties coupled with judicious reduction of government spending.
- The lack of confidence in Congress and this administration results in a higher probability of civil unrest within the US. The automatic cuts, if they occur, related to entitlements increases this probability, while the enormous cuts to the defense budget results in a higher probability of terrorism from abroad.
- The larger political problem in Washington, in my opinion, revolves around politicians making a career or public service. Politicians are more worried about what votes they will get in their next election and keeping their position rather than dealing with issues for their constituents and what is best for the long term U.S. interests. The U.S. needs term limits on all politicians to help remove career politicians.
- The legislative stalemate largely reflects the fact that the citizens of the country are philosophically divided - and has been for decades. One solution would be to push issues without a consensus down to the state level. There is more, though not complete of course, consensus within the states than there is across state lines.
- The long term inability to address the true deficit amounts to a failure of popular democracy. It is also apparent that the Congress and Executive Branch are unable to engage in any successful Keynesian intervention to smooth out the cycles. The tax system needs a fundamental overhaul and simplification, including a sales or VA Tax, so that the current non-taxpayers can start contributing.

- The machine in Washington is completely broken. The only way out of our deficit woes is through cuts to spending AND increased revenues. The Republicans are running for the White House in 2012 and are willing to bankrupt the country to get there.
- The magnitude of the problem necessitates a wholistic approach and a global compromise. The inability of politicians to work collaboratively and to compromise has been very disappointing.
- the majority of the country wants to see congress act to resolve this issue with both cuts and revenue increases. The tea partiers have hijacked the republican party and are halting what should be a reasonable discussion leading to a compromise.
- The mission of this committee was supposed to be compromise. The sign of a successful negotiation is that everyone walks away a little 'pissed' off (sorry for the bad language). The complete unwillingness to compromise is a sorry statement.
- The most critical problem are the advantages the super-wealthy and select corporations have in the current political system and the frightening growth in income inequality in recent decades. Entitlement reform is fine, but tax reform is most critical.
- The most important issue is economic growth and a vibrant economy. Spending cuts (particularly to entitlements --- e.g. in troduce means testing) are important and must be done, but not via raising taxes on the corporations and the entrapreneurs who will add jobs and drive growth.
- The most serious fiscal problems are the precise ones subject to the most intense lobbying efforts in Washington. The necessary decisions will require breaking with past behaviors by Congress, which appears to be extremely unlikely at this stage. Thus, the problems will worsen substantially before they are addressed in a realistic manner. These delays will exacerbate the funding gaps, making future solutions even more painful to bear if they were dealt with now.
- The nature of media to hyperbolize any compromise as a failure in values continues to threaten the ability of forward thinking objectives to be truly constructive.
- The old political ploy of raising taxes now with the promise of making cuts later is totally unacceptable. Spending cuts need to come first and entitlements MUST be included..
- The only solution is to move back to a Constitutional Government. This mean the federal government needs to eliminate Education, FDA, Agriculture, Commerce Dept, energy debt and close all foreign military bases. We should eliminate inflation indexing to social security and go to vouchers on Medicare
- The only way we can keep anything resembling the current entitlement system is if we significantly raise taxes on all families making over \$100k per year. This is politically unthinkable, so we will continue down this path until we are forced off of it.
- The political posturing is killing jobs. There needs to be certainty and predictability and this process failed miserably. Interestingly, the retired Congressmen found compromise. I say, adopt what they proposed!!
- The political process of "leadership" in Washington is deeply discouraging. Growth in spending and government largess is completely out of touch with reality. Both political parties are at fault and the American people will suffer their ineptitude.
- The politicians aren't doing their jobs/responsibilities.
- The politicians need to act like grown-ups and give in. Democrats should allow cuts in social programs and Republicans higher taxes. It should not be that difficult to create a compromise that saves \$4-\$6T - painful, but a lot of shared sacrifice is needed after the blank-check spending over the last decade. If these savings can't be made now, they will be forced on us in the near future in a bad way by debt downgrades, the Chinese pulling their investments, stock market crash, depression, etc.

- The population elected this argument, as they collectively believe we are on an unsustainable path. The voices on the ends of the spectrum are the loudest, but do not reflect the reality that all sides must give something to this solution. If the current Congress does not reach an "unhappy compromise," the next election will likely change more players as the collective will of the People pushes for it.
- The potential answers to your second question omit one important permutation, which I have provided in my response.
- The problem in my opinion is BIG GOVERNMENT and perpetual spending. I doubt that either party can solve the problem of massive debt. Austerity in a consumer society is an anomaly. I believe it will take two generations to stabilize this problem, and that the United States is in serious danger of Socialism and government confiscation of assets. I believe that the work ethic and meritocracy is in serious jeopardy and could fall to a Socialist entitlement society, and we are halfway there; a society where there are the Political Elite and the Peasants, two classes. The US has had many decades of supremacy and will probably give it away. The Lessons of History tells us that great powers evolve into Socialism. Read Will Durant's, "The Lessons of History." As a believer in Behavioral Finance, I think finance and financial services will be driven by domestic and world politics and politicians. I would forget the quantitative dimensions in favor of political analysis of financial issues.
- The problem is clearly government's inability to control its spending. (And this exists at all levels of government, not just Federal.)
- The problem is that we have to raise extra revenue and cut entitlement spending. The overall budget must be held at its current expenditure. No programs should be increasing, even those that are on automatic pilot or inflation adjusted increases. Otherwise any extra revenue generated will be frittered away.
- The problem is too big to try and fix just one way. Entitlement spending needs to be what we can afford and tax policies need to change so that the wealthy don't pay a lower percentage than the middle class. We need to get rid of deductions and have rates be the same for income and capital gains
- The problem needs to be resolved across all means, spending cuts and tax increases. A flat tax is the most viable solution
- The problem with socialism is not in past execution; it is a bad idea in conflict with human nature.
- The process is comical. The two parties bicker about meaningless amounts as the debt mounts. The federal (and local) government is where GM was 10 years ago except there is no entity to fund the bankruptcy. Federal wages are inflated relative to 'revenues' and pensions and benefits are over promised.
- The process needs to start now, and it cannot wait.
- The ratio of cuts to taxes should be \$1 for \$1. Income inequality is growing, not shrinking. Corporations are treated as persons which allows a warped sense of priorities. Crony capitalism is the standard, not capitalism. / / We need transparency in government, guard rails (regulation) to set standards of behavior, and regulators that will do their jobs. We need more people like Bill Donaldson not Rep Cox, both of whom were appointed to the SEC. / / After this go round, we should simplify the tax code and stop the "lobbyists" from taking care of their people with give-mes. In essence, codify that any tax break must be disclosed to the public, who signed up for it, and how it will be paid. Get rid of the \$1.3 Trillion in tax breaks. / /
- The real deficit is not just the \$1.5 Trillion that everyone talks about. The real annual deficit is \$6.5 Trillion per year including the increase in post retirement benefits (such as Medicare and Social Security). We need to get people focused on the magnitude of the real problem which is a spending problem. We can raise taxes and at most we would take in \$600 Billion more per year. Consequently, we should be cutting \$10 in spending for every \$1 increase in taxation. And let's not fool ourselves into thinking that

tax increases don't have a negative economic impact. That money will not be available for spending throughout the economy and at the margin will encourage investment elsewhere.

- The real problem is too many congressmen and senators who are not focusing on the broader public interest rather than the opinions of highly vocal advocates with a single point of view.
- The reason why there is no deal with the Super Committee is the vast partisanship emanating throughout Congress. They will continue on this fruitless path until someone (ahem, it should be the President of the US) show leadership to bring the two parties together. Instead, we have a bunch of bickering members of Congress, fueled by a temper-tantrum throwing, finger-pointing President who does nothing but blame other people. Everyone should be voted out of office in 2012, and when the new Congress comes into office, we will finally get a sensible reasoned approach to reducing the deficit.
- The reluctance of republican party leaders to tax the upper echelon of earners in this country is sickening. I am embarrassed to admit that I am a registered republican.
- The Republicans and Grover Norquist will displace Herbert Hoover in history. Our current fix started 30 years ago with Ronald Reagan stating government is the problem. It isn't. Those who think we should cut government to 10% of GDP are the problem. Their ideological fixation on never raising taxes is extreme and will ultimately crash our economy.
- The Republicans and Tea Partiers are acting like spoiled, whiny brats.
- The Republicans are going to get the US credit rating downgraded again because they refuse to raise taxes even though the US tax burden is the lowest relative to GDP since 1950. The GOP is now officially the party of the rich and is not even concerned about whether they are fair to all.
- The republicans are ruining this country by not engaging in a constructive debate that would lead to a compromise which could be a significant step towards fiscal balance.
- The Republicans continued efforts at economic vandalism as a way to win elections is appalling. They have lost their soul!!!!
- The rich and the corporations are not, are Not, are NOT paying their fair share in the USA. The top-400 families pay only a ~17% effective tax rate, which is way, way too low. The marginal tax rate used to be 91% during the 1950s. The top-1% pay about a 29% effective tax rate, those earning over \$343,000, which is too low. The corporations used to contribute 32% of all taxes collected in 1952, now it's less than 7%, which is wrong. Studies show even though the statutory corporate tax rate is 35%, corporations are only paying at an average 18% effective rate. Ex-Fed Chair Alan S. Binder clocks the corporate effective tax rate at 8%. When GE makes \$14.2 billion in profit, but gets a tax benefit of \$3.2 billion something is wrong. Getting a 5.5% corporate tax rate for repatriating profits from abroad is wrong on a 2006 tax holiday. The inheritance tax is way, way too low at only 35%, it should go back to 55% for the first \$2 million in wealth distribution. We have a revenue generation problem, the rich and corporations are not paying their fair share, while the 99% are suffering job losses, lower median income, and declining benefits. The wealth class needs a capital gains rate in the 30% to 40% range from the current 15%, especially the hedge fund managers, now taking advantage of the system, the carried interest benefit is criminal.
- The risk asset markets will be the final arbiter, leftist politicians will crush wealth.
- The situation in Washington is an example of our political leaders working to be clear victors of one political party or the other instead of finding a true compromise. Washington has become even more polarized in the current administration.

- The situation is embarrassing. My parent's generation was able to win two simultaneous wars in Europe and the Pacific, defeating evil around the world. My generation can't even balance a budget. I am ashamed.
- The situation is embarrassing. The lack of leadership and inability of voted officials to a) lead and b) act in anything other than self-interest (ie. uncompromising) is a bad combination with the fact that every congressional vote in DC is up for sale. The 'duration mismatch' of time until the next election and the long-term nature of the deficit, its causes and solutions, is another major roadblock that has been around for a very long time and is likely not going to change any time soon. In other words, there are lots of variables working against a victorious outcome for the US and its stupendous debt issues. It's hard to have any faith that the future will look any different.
- The Social Security and Medicare programs should be maintained at current levels. It IS a revenue issue in the sense that the biggest problem is the increase in beneficiaries, which has been a given since the term "baby boomer" was created. Just because Congress has chosen not to address in the past, should not mean that those who supported the past beneficiaries should not be entitled to the same benefits, just because there are too many new beneficiaries to support. The lack of planning and fiscal responsibility with the SS Trust fund in the past should not be paid for by the future beneficiaries via lower benefits. They paid once, why twice?.
- The solution needs to be a compromise, but I would favor spending restraints over tax increases by a mile.
- The solutions are simple, but we need to find a way to immunize again special interests in the political process.
- The stalemate and possible failure to reach a budget deficit reduction deal is an enormously serious failure of our elected government officials. There is no solution that will not entail significant sacrifice from all US citizens, and the inability of our representatives in Congress to understand this, see this, and act appropriately is grounds for impeachment of these officials. We do not have time to waste.
- The stalemate clearly shows that politicians have no concept of how their actions impact the markets and really haven't managed to figure out what's in the national interest. Pretty pathetic really.
- The stalemate has been expected. It is a political failure and as such it is negative for credit ratings of the US issued debt. 2012 Elections will be key in how the budget reform will be addressed. Tax reform is the only plausible way to tackle two objectives: address longer term debt sustainability and leave shorter term growth unharmed.
- The stalemate is a demonstration of a lack of leadership in both parties, and the self-interest of politicians and their funders overriding the national interest.
- The stalemate is a negative sign as it shows that some (i.e. Republicans) are willing to sacrifice growth now in a weak economic environment to pay for their prior years of running up massive deficits even during times of so-called prosperity. They are also willing to sacrifice the well-being of the US to try and score political points. If Republicans take the presidency, they will simply cut taxes even further and run up the deficit even more, as they did under Reagan and both Bushes. All those years and they couldn't cut spending, raising the debt ceiling multiple times even during economic growth. And now all of a sudden they can't raise the ceiling. These hypocrites should be recalled. Does anyone besides me remember the modestly higher tax rates and balanced budgets with economic growth of the Clinton years?
- The stalemate is a serious negative sign and a political failure for both Congress and the President. At this point, entitlement and non-entitlement spending cuts will have to be deep and serious tax reform is a must for any hope of solving these problems. I think the



Bowles-Simpson plan is the best, bipartisan option available and should be the framework (if not the actual document) for any serious solution.

- The stalemate is a sign of serious political failure and an absolute embarrassment to our country. How can we watch what is happening in Europe and pretend we're immune? We need to make tough decisions now, and the failure of the super committee illustrates that our political system is not designed for making such decisions.
- The stalemate is also a sign of a polarized voter population. Voters send members of Congress to Washington and the members represent the divisions in the country.
- The stalemate is also a sign of a political failure to compromise. No one is going to get everything they want - it is time to make some win/win compromises rather than have a lose/lose stand-off.
- the stalemate is unfair to all the people who live in the US who count on congress to work with their best interest in mind while not advancing their own political gain.
- The state of our economy, deficits, and our country shows a continued lack of leadership from the current administration and Congress. Their inability to form any type of agreement only shows what we are no longer capable of.
- The super committee idea was doomed for failure at its inception. It was merely a reflection of the political impotence in Congress as we approach another presidential election cycle. /
- The super committee is an embarrassment. So are almost all of our leaders, particularly our incompetent president. They make me sick.
- The super committee was set up to fail. They took the most partisan people on both sides. Simpson-Bowles made sense. This country needs leadership/adult supervision and I haven't seen any lately.
- The Superbudget Committee was a political farce. No Congress can impose major restrictions on a succeeding Congress. Each Congress must tackle the spending issue. Low interest rates exacerbate the debt problem. If one assumes that the Federal Government rolls over its maturing debt and that interest costs are its only cash layout, then cash disbursements have hardly budged in the last decade while notational debt has soared.
- The tax changes referred to in my answer above mean lowering rates and broadening the base. We need tax reform as much as we need budget reform.
- The tax changes should be less deductions and a lowering of tax rates.
- The tax code needs to be scrapped with a new simplified code that doesn't necessarily result in increased individual income tax rates
- The tax code, both for individuals and corporations, needs to be simplified and loopholes eliminated. Major changes are required for our system of entitlements, particularly social security. SS should be means tested and the age limit raised to 70+.
- THE TWO PARTY POLITICAL SYSTEM IS FAILING...MAJOR CHANGE NEEDED...THE FACT THAT THE SENATE HAS NOT PASSED A BUDGET IN THREE YEARS SHOULD BE ILLEGAL.
- The U.S. is in dire need of structural reform: entitlements, taxes, education, accountability/the home, political system, geopolitical policies, energy, infrastructure, et cetera. We really accelerated off the tracks in the 60s and 70s so this will take a while to re-evolve for the better. Change will be difficult as people are people and the world seems to promote self-serving short-term thinking, greed and fear.

- The U.S. is in serious need of fiscal reform. Start with transparency in fiscal reporting by eliminating baseline accounting of spending, then reform the major healthcare entitlements, then cut discretionary spending, and lastly reform the tax code for simplicity and growth. Congress has no credibility with respect to the spending/taxation tradeoff. Unfortunately, future Congresses cannot be trusted to follow up on promised future spending cuts. The U.S. need only look to Europe to see the inevitable result of its failure to get its fiscal house in order.
- The United States risks serious damage to its own economy and that of the world if it decides along with the Europeans to liquify their debt overhangs. Money printing will bring the financial systems of the world to its knees. Global currencies will effectively engage in competitive devaluation that will not yield the results required to monetize their debts.
- The United States suffers from a severe lack of political leadership - in both parties, on both the 'right' and the 'left'. In my opinion, the last time we were so bereft of good political governance was during the 1850s - and look where that led us. While I don't believe we are on the precipice of civil war, the dangers lurking financially (e.g., Eurozone meltdown and resulting contagion and financial system counterparty failures, further downgrades of the US by the rating agencies, etc) are on a scale not seen since the early 1930s. I fear the societal ramifications of those dangers will put us further at risk - the lack of leadership gets us akin to the 1850s politically. / Interestingly and unfortunately, Europe and Japan are in the same political boat or worse. / / While many would say China is in 'strong position', their leadership is not the impressive. How much does the sclerotic politburo really understand the economic and societal pressures at work in Chinese society?
- The US budget is seriously over extended. We are living beyond our means as a country.
- The US Government has grown too big as a % of GDP, and the budget deficit approaches 10% of GDP. Government as a whole needs to shrink radically, and the tax base must be broadened again. The bottom 80% of Americans have seen their effective tax rates shrink since 1980 while simultaneously receiving more government services. / That being said, none of that will happen. It will just be kick-the-can-down-the-road until a total collapse.
- The US government needs to prove that it can really cut spending before considering any tax increase (the easy way out that does not really solve anything long term).
- The US has a massive spending problem, the same problem as Europe due to the same cause, socialism. The US economy will not grow to its potential until we get rid of the socialism and get the government off the backs of business. This does not mean to ignore ethics, but regulation of business has gotten out of hand.
- the US has a spending problem, not a tax "revenue" problem.
- The US is currently being held hostage to a political system where the extremists set the agenda for the sensible and special interest dominate the general good.
- The US is on an unsustainable course with an aging population which increases demands on government, a failing education system and health care costs which are out of control. To deal with these and our other issues, Democratic and Republicans in government need to stop posturing and understand that serious spending cuts have to be made and that, even drastic spending cuts won't be sufficient to meet legitimate needs without some tax increases. The debate should move to what are the best combination of spending cuts and tax increases.
- The us must resolve the deficit situation or the lawmakers will destroy this nation as the ultimate solutions will create a revolution just like many other countries /



- The US political class will likely fiddle at least until after the 2012 election as Rome burns. And with Thanksgiving upon us, they secretly may be grateful they are not in Italy, as their counterparts there need perhaps literally to man the bucket brigade if it collapses in the face of populist discontent
- The US should let the Euro self-immolate and not get talked into providing any support beyond what it cannot escape due to its IMF role.
- The US will ultimately be unable to come to grips with its fiscal situation and will monetize its debt and debase the dollar to close the gap.
- The vast majority of the budget problem is one of spending. In the past, too much has been promised and now its too hard to go back and make adjustments...
- The way the U.S. government is operating is utterly disgusting and incompetent. They have destroyed the country's wealth and world standing. If they do not want to do the work to take corrective action, we should start taking their pensions and entitlements until this mess they started is cleaned up
- The White House keeps saying that congress needs to act like the everyday american family. Well, the everyday american family cannot walk into the office of the boss and just take his money because they can not pay the bills they have incurred. They cut spending.
- The whole process has been politicized to a point that term limits need to be implemented so new ideas and concepts can be introduced and vetted.
- The whole process is a reflection of the lack of true leadership inherent in the American political system.
- The word entitlement is a political term recently adopted to put a negative spin on many positive social programs that are beneficial to all. For instance, having everyone pay a little bit so we don't have masses of hungry or sick people or pay to educate people helps everyone - not just those who receive the assistance.
- The worst thing that could happen is that taxes be raised. This would undoubtedly kill any economic improvements that might be underway. Low tax rates give businesses incentives to expand and people in general an incentive to work (instead of getting a free lunch and avoiding taxes). I definitely think a change in the executive branch and a shakeup in the legislative branch would be most helpful. We should cut spending and NOT raise taxes.....It's not rocket science.....solutions are available, if anyone could look past their own re-election poll numbers and do the right thing!
- There is a poor attitude among the minority party in Washington. Obstruction and political gamesmanship is too prevalent and should be ended right away with a focus on the general welfare as a whole for the entire country. The attempt at political advantage through obstructionism needs to stop now.
- There is always a middle in the spectrum, and that's where the solutions are. More people are wanting politicians who embrace solutions over tunnel-vision ideology.
- There is no leadership in Washington. The president is either incapable or uninterested in understanding and solving the budget crisis.
- There is no limit to the quantity of money so debts/deficits don't matter. What matters most to the US, or any debtor nation, is that creditor's confidence remains intact (preferably high). I don't know how to accurately measure confidence and even if I could I'm not sure it would be of any use considering actions to date haven't shown any signs of stress (bond yields very low).



- There is no support in the constitution for the government to tax one citizen to pay for the welfare of another. All entitlement programs should be phased out. Spending should be dramatically lower so taxes, especially corporate taxes, can be lowered making the US more competitive with other nations.
- There obviously needs to be a blended approach of taxes and spending cuts. Taxes on the rich need to go up. Spending cuts can come from entitlements and non-entitlements. However, Congress needs to be cognizant of the fact that safety nets for retirees will become increasingly important as employer-based pensions and retiree healthcare are becoming a thing of the past. Social Security is fast becoming the foundation for most people's retirement, so cutting benefits now would be shooting ourselves in the foot.
- There should also be a special tax bracket for Warren Buffett and anyone else that wants their taxes increased. I would also make it that anyone that thinks spending should be reduced must have something reduced that impacts them.
- There should be 2 or 3 dollars of across the board cuts paired with \$1 of revenue increases until the budget is eventually balanced over a ten year period.
- There's too much political maneuvering and grandstanding going on. Everyone has their eye on the election and not America's future. We need to get serious about righting the ship by reforming the tax code and cutting spending across all areas of government. The current state is not sustainable!
- These questions could be litmus tests for political affiliation. I'm curious why the Institute is delving into such political "market research." I do not agree that deficit negotiations "dominates the list of market concerns." Europe, elections, unemployment, economic malaise are all much bigger issues for the financial markets.
- They are playing with fire in both the US and Europe. Debt and entitlement levels are unsustainable at all levels of government. If no agreement is reached soon in the US, then we will have to wait until the spring of 2013 before we get any action. By then the US will have been downgraded again. ONCE THE MARKET PERCEIVES ANY CREDIT RISK TO THE UNITED STATES, ITS BALLGAME OVER ON A GLOBAL BASIS.
- they need to be serious about our finance.
- They've been so focused on special interests that they've forgotten how to take care of the nation as a whole.
- This deficit reduction failure is the clearest sign yet that our political system is broken. We have seen the future and it is Italy. Frightening.
- This failure forecasts future downgrades and trouble for the U.S. bond market.
- This is a defining moment for our generation. Either we learn to live within our means and deal with a lower standard across the board so our kids can have a future, or we ruin what is left and become the most hated generation America has seen (other than the hippies).
- This is a poorly designed poll. The second question should have an option for cutting entitlements and non-entitlements without raising additional revenue. Because you didn't have that option, and very few people are willing to fill in the other for fear it wouldn't be taken seriously anyway, it forces a false choice.
- This is biased in favor of the Democratic position, especially the second question that does not pose the Republican position (cut entitlement and non-entitlement spending while holding taxes at current levels) but clearly states the Democratic position in option #4. Also on question #4, I love how the issue of a tax INCREASE is spun as "additional revenue through tax changes," as though a change in wording will fool us.



- This is clearly a spending problem. You can raise additional revenue until you drive virtually all investment offshore, but that won't help reduce our deficit if you continue to spend more than is taken in. Every time there is a tax increase with promised future spending reduction, the same thing happens. Taxes go up and the spending reductions never materialize. By now the Republicans should feel like Charlie Brown because Lucy has the football again.
- this is crazy - everyone know what needs to be done - please act responsibly and soon for the greater good. a good model of inaction is on clear display in Europe currently - headed that way with out decisive action shortly.
- This is further evidence of the polarization of the political process in the US.
- This is not a good time to cut spending and raise the taxes at the same time. In the long run deficit spending should also be financed by increasing the taxes on the wealthy. Without it no deficit reduction program will be successful.
- This is not an area the CFA Institute should be involved with as it has no expertise and its membership is not represenative of the financial or investment communities.
- This is not rocket science. Raise the SS benefits age, means tests SS and Medicare, cut out pork (including agricultural subsidies), reform the tax code to increase revenue. 2/3 of deficit reduction should come from spending cuts, 1/3 from tax increases. This is how it has always been.
- This is showing our political system is no better than the countries were the economies have failed recently.
- This is too complicated a subject to have a quick answer to the second question. Need to look at role of government and how much 'controls' our society today. Get government out of the role of fixing everything and back to the fundamental purposes for which it is most effective.
- This is truly an embarrassment that our elected officials can't cut \$1.2 trillion over the next ten years. Absolute failure of leadership.
- This poll, is way to simplistic. / / A combination of spending cuts heavily tilted toward entitlement reform plus across the board tax increases at all income levels. It is time the America voter realized their is no free lunch and that have been misled by their politicians and the press.
- This questionnaire seems biased in avoiding the use of the word tax increase - balance reuires spending cuts and tax increases over time.
- This situation requires visionary long-term policy changes that reflect on the role of government. Tax code, entitlements, defense and economic competitiveness are issues that need solutions of Statesmen politicians and an informed electorate.
- This system appears broken, Peggy Noonan said it best in Saturday's WSJ. Our political system is like a bad company where sales people have taken over, everything is message. No one cares about the product, good government.
- This topic is too complex for a, b, c type choices. While tax reform is critical, my vote on entitlements reflects the relative priority of the action needed.
- This whole super duper committee to solve problems decades out is a farce and a distraction from the real issues. Anyone who has ever done a pro-forma knows that projections more than a couple of years out are completely wrong. 1) the private sector is deleveraging in the wake of a burst asset bubble 2) one person's income is another's spending / one person's debt is another's asset 3) the only way for the private sector to deleverage is for the public sector to take on more debt through deficit spending. We have forgotten the lessons of history and the balance of payments which the CFA Institution itself teaches through the CFA curriculum. "All



the perplexities, confusion, and distress in America arise, not from defects in their Constitution or Confederation, not from want of honor or virtue, so much as from the downright ignorance of the nature of coin, credit, and circulation" - John Adams.

- Though I believe that there is not a short-term worry on inflation, the greater problem is the political disfunction. This could have more lasting issues than any deficit / debt problems.
- Throw out all incumbents. New people from both parties so it is not a change of party unless the people want but a change in personnel.
- Throw the bums and their political parties in the waste-heap of history where they belong.
- Time is running out, here and in Europe. Our politicians are fiddling while Rome is burning.
- time to vote all incumbents out of office.
- To be specific, spending cuts need to be the bulk of the deficit reduction however tax reform should be part of the solution because too many individuals and corporations have effective tax rates that are far too low. /
- To me, it's clear. Our deficit situation and the trajectory of debt/GDP is so serious that all sides have to feel some pain to get things heading in the right direction. An either/or option won't fill this gap sufficiently. The incentives underlying our voting system are quite misaligned with successful governance since it seems politicians feel they have a better chance of being reelected by holding firm to the party line.
- Today's rigid ideology needs to be tempered and compromises reached before implosion and public uprisings occur. The "Occupy ..." movements are not necessarily transitory and could escalate. Think Arab Spring in the US.
- Too much attention is focused on the US budget issue and the ratings agencies are a waste on this matter as well as most others.
- Turmoil in the capital markets globally is directly attributable to the absence of effective leadership in the Western World. Dollar and Treasury strength are masking serious fundamental weaknesses in the economic fabric of America and need immediate attention.
- Two separable issues here: The recent incremental increase in Federal spending as % of GDP (3-5%), which should be reversed without any consideration of revenue increases, and the longer-term entitlements issue, which should be addressed with dynamically scored revenue increase measures and modification of entitlement programs (e.g., making them income-dependent).
- U.S.A. governance issues that are keeping Congress from solving the budget problems are at least in part a function of the governance structure. Case in point are earmarks. Back when all spending had to go through Ways and Means, such things were not possible. Given that a majority of Americans believe that revenues need to be raised to balance the budget, the intransigence of the Republicans is shocking. The partisan divide is made all the worse by the electoral system. Ironically, small states that receive the most Federal dollars per capita are frequently the same States with citizens seeking smaller government! Election to Congress from these same states requires the witnessed intransigence. This is unlikely to change. Let no one doubt that we do not live in a democracy. We live in a Constitutional Republic, and the vote of the citizen in North Dakota weighs far more heavily than that of the citizen in New York and is light years more important than the citizen of Washington, D.C.! We need a Constitutional convention that can undo the "Grand Compromise" and bring power to the millions of citizens living in the Northeast and West that are currently under-represented in Washington.
- Ultimately we need to reduce spending, but not until employment is up.
- Unfortunately fiscal irresponsibility has reigned for too long a period. Obviously legislators and the Administration need to focus on a plan of action that addresses the affects of deleveraging in the private sector. Near-term focus should be on developing a spending



plan that addresses the nation's deteriorating infrastructure. Furthermore, entitlement programs need to be re-addressed for their existence in present day society. More importantly Congressional leaders need to be held accountable for their actions or lack thereof. Immunity to insider trading rules should be first on the docket. The political process has a stranglehold on the economy and it has become more what benefits our leaders rather than the country as a whole. Although I do not condone the focus of the Tea Party movement; since there is a place and need for government. The issue is a functioning government rather than one of special interests and something needs to occur sooner rather than later. Business or government as usual is not going to get us through this present global predicament.

- unrealistic to think that the supercommittee would have any better results than the negotiations in the fall. I believe the republicans through their unwillingness to raise any taxes are the primary impediment to an agreement.
- US Government missed one big opportunity to show to the world that they can govern. Now who will listen to US.
- USA is turning into a banana republic. For a roadmap to the future, look no further than Argentina.
- use Simpson Bowles as template-w/lower rates and fewer exemptions which distort economic decisions-ie tax deductability of mtg interest- (not available on Canada but they have a real estate market)
- Very disappointed in the failure by Washington to deliver meaningful solutions to the federal budget situation.
- Very important for the future of the USA. Wish politicians will come to their senses and act. Thank you.
- Very poorly worded questions leads you to a poll that is not worth much. If you had "Cut the size of government (could add dramatically)" you would get an overwhelming response. Under Coolidge, this and lower tax rate dramatically increased govt revenues and produced the roaring 20's...we could use that right now.
- Vote all the incumbents out since they are worthless and cannot govern.
- Washington DC political gridlock is a major obstacle in growing the US economy. Inaction and lack of clarity has put to many investors on the sideline waiting for direction
- Washington is broken.
- Washington is playing with fire and should learn a lesson from Europe. We need to clean up our house before the financial markets force austerity.
- Washington uses baseline budgeting, which is a distraction to manipulate the public into thinking cuts are actually cuts when they are not. Thus, focus is moved away from the necessity of actual spending cuts, to the reduction in the planned growth of spending. While fiscal and legislative policy generally impacts the long term economic health of the country - the long term is here and I am not confident at all that today's leadership is truly up to or even capable of the challenge that lies ahead.
- Washington's performance over the last year has been abhorrent. From the debt downgrade to the healthcare "overhaul" to debt reduction, the polarization of Congress has been extremely disappointing while President Obama's lack of leadership has been equally disconcerting. Washington needs to take a hard look at itself and realize that it is elected to serve a diverse and desperate constituency. Democracy is rooted in compromise, not dogmatic obstinance.
- We are approaching 15 Trillion in debt.. if this super committee is unable to reduce the deficit by less than a tenth (1.2 trillion) over 10 years.. then they should probably all resign.
- We are dying a death of our own choosing with this, to our leaders, stop the madness!



- We are in a liquidity trap: long term Treasuries are below 2%, unemployment remains high. We need stimulus, but the Republicans believe they can gain control of the Senate and win the presidency by blocking every and all measures designed to improve economic conditions. Their nihilistic strategy will likely fail.
- We as a society have made promises we can not keep. The promises must be significantly reduced or eliminated. Life, liberty and the pursuit of happiness. That is it.
- We can be Japan or Greece or we can deal with this now. We have a massive entitlement problem and a byzantine tax code. Reforming the latter will simplify dealing with the former. The politicians - on both sides of the aisle and in all branches of government - have come near to treason for allowing the debt ceiling debate and, now, the "Super-committee" to create an environment of festering uncertainty in Washington that serves to cripple Wall, Main and every other street.
- We cannot afford to re-trench in the current environment, but must in the longer term if we are to avoid Greece's fate. the best solution would be for negotiators to craft a deal that would credibly reduce Social Security and Medicare unfunded liabilities, by deferring eligibilty to reflect longer life expectancy, while simultaneously providing current tax-cut stimulus. When Social Security was introduced life expectancy was approximately 61 years - it was never intended to fund 15-20 years of retirement for a vast bulge of the population!
- We did not get into this mess with only one party in power. Both political parties need to acknowledge that fact, GROW UP, and make some sensible compromises.
- We do not have a balance sheet problem yet. We can support our debt now, however, we have an income statement problem. Either raise revenue or cut expenses. It is unlikely that you can raise revenue by increase the price (tax rate). Expenses must be cut to be successful. Certainty of tax policy is the friend of growth. Uncertainty is not helping.
- We elect (and re-elect) Congresspeople based on what we believe we want, or at least what they SAY they believe we want. So now that they're acting strongly on those beliefs, but we're complaining because there's a stalemate in the Congress what WE chose. So there must be a stalemate in the entire country, at least among the people who vote, and not just 1% vs 99%. If this doesn't teach us to exercise our right to vote, nothing will.
- We have a lack of leadership that if not fixed will bankrupt our country and lead to leadership change and possible invasion. The people in the streets are desperate and ready to revolt.
- We have a pathetic Congress that never looks to the interests of the whole nation, just their narrow, partisan agendas. They are doing everything in their power to shovel as much money as they can into the pockets of senior citizens and the rich, without paying for it, leaving the bill to future generations. They are truly unpatriotic idiots shackled to ideology over reason.
- We have a serious spending problem in this country. Our tax structure is already starting to put us at a competitive disadvantage to other free markets around the world. The U.S. became the most successful country in the world in less than 200 years because it was built on the concept of individual freedom, individual responsibility, and strong individual property rights (including wealth and salary). The combination of these principles provides a unique incentive to be productive and achieve success, and that is a positive thing for society overall. We have a spending problem, and I don't even see how that is debatable.
- We have a spending problem, and it is not defense. Just look at the numbers. Defense as a % of GDP has declined. We need to reduce all other spending, including entitlements, so that total spending as a % of GDP gets back to approx. 19%. The markets would like it and private sector growth would accelerate. IT'S OBVIOUS!



- We have a spending problem, not a revenue problem.
- We have a spending problem. The government tries to do too much - things it was never intended to do. We should balance the budget at or below current revenue levels. Any revenue increases should come from economic growth, which could be stimulated through lower regulations and a clear message on taxes.
- We have blown so much tax dollars on failed fiscal "stimulus" (cash for clunkers, Fannie/Freddie, home mods), it's no wonder we are in the position we are in. Had there instead been across the board tax cuts for everyone (form of fiscal stimulus which does not pick winners and losers), GDP would have been much more robust during the recovery. Revenues likely would not have suffered, consumer could have re-capped their balance sheets, and markets could have cleared as they should. Get government out of housing, out of medical care and cut spending on these inefficient blackholes.
- We have got our priorities wrong: Our number one priority must be to take care of people who have been hurt most by the current financial upheaval and are least able to take care of themselves: That is to say, the old, the unemployed, the uninsured sick, the children. If that means raising taxes on those who have done wonderfully during these hard times, that is what we should do. It is important to remember that in trying to solve our budget deficit problem, we do not destroy the life and livelihood of millions and millions of people. What purpose would be served if we solve our "budget deficit" and in the process destroy the minimum financial security that exists to millions of people.
- We have no leadership in Washington DC and the whole political process is dysfunctional. The President has utterly failed to show leadership and help with the negotiations. Is it 2012 yet?
- We have observed for a long time that the economy produces taxes of about 18% of GDP. Why aren't we using that very significant piece of information to think about this problem?
- We have to change to incentives if we are going to change the way we work.
- We must learn to prioritize our government expenditures and entitlements. We cannot tax ourselves to prosperity.
- We need \$4 trillion in deficit reduction by 2021 to put the net debt-to-GDP ratio on a downware trajectory. I believe that anything less is irresponsible. I generally support the recommendations of the Bowles-Simpson deficit commission and the bi-partisan Committee for a Responsible Federal Budget (www.crfb.org). I would eliminate all tax spending and then allow Congress to add back favored tax credits. I would raise minimum benefit ages for Social Security and Medicare, raise cost sharing and means testing for Medicare, tie all benefits increases to chained CPI, and support comprehensive tax reform that would cut rates and raise revenues by broadening the tax base.
- We need a balanced budget amendment.
- We need compromise. The center ground has been defined many times(ex Simpson-Bowles) and now is the time to take action. /
- We need major changes soon, but stalemate is okay so long as it means we aren't going back to paper-mache budget changes--it should mean major changes coming.
- We need more statemen in Congress that put country ahead of self.
- We need structural reform: raise revenue and facilitate growth via broader base lower rate tax scheme; revise entitlement promises to make them sensible, affordable and sustainable.
- We need term limits for congress. Max 12 years.
- We need term limits!!!!



- We need to get back to historic levels of revenues and spending of approximately 18% and 20% of GDP respectively. Furthermore, spending should be seen as an investment and we should put in place metrics to measure the return on this investment.
- We need to put a CFA in office. Attorneys, especially liberal ones like Obama, should not be making economic decisions.
- We need to reform the political system by significantly reducing campaign contributions and lobbying, and holding politicians responsible for good stewardship & fiduciary responsibility of our nation rather than their own personal interests.
- We need to show bi-partisan cooperation. Americans Elect!
- We need to simplify the tax code to avoid economic distortions caused by tax policy.
- We need to stop kidding ourselves and cut entitlements now. The sooner we cut, the less we'll have to cut. Raise retirement ages; means test benefits; most importantly, any healthcare-related benefit MUST involve the recipient paying for at least 20% of the cost of the benefit.
- We risk losing our status as the leader of the global economy because every elected official puts their re-election bid ahead of doing what is right for the people of the US.
- We should cut end-of-life/prolonging/agonizing healthcare spending and also cut spending on non-entitlements, specifically defense, and we should get out of Afghanistan AND Iraq, with spending redirected towards shovel-ready infrastructure projects that MAKE ECONOMIC SENSE (NOT e.g. the California high speed rail boondoggle) and R&D on domestic, non-oil energy solutions. Banks also need to be incentivized to LEND to individuals and small businesses in order to help get the economy out of the mess that it is in.
- We should get a more simplified tax code and a reformed entitlement program.
- We should support systems that leaves capital in the private sector and reduce social spending accordingly. We should not allow further tax rate increases to increase the transfer of capital from the private sector to the government.
- Western Democracies (From Greece to Britain to USA) have made their choice perfectly clear: they prefer substantial, even generous entitlement systems and do not care if they become (or are) unsustainable. Only economic crisis/ruin will change voters' minds enough to alter the current system.
- What a disgrace for the United States!!!!!! What a failure. What a public shame.
- What a mess!
- What is going on in Washington is a mockery. As a nation we all need to make sacrifices and step-up and deal with our finances.
- Whatever programs people think should be funded by the upper incomes should be cut until we get a government the vast majority agree to fund with taxes on their own incomes.
- When it comes to politicians: "You can't fix stupid."
- When the budget is equal to about half of America's GDP and the total debt is worth just about the same as America's GDP it is quite simple: government is too big.
- When we talk about cuts we mean a reduction in dollars spent. When Congress talks about cuts they mean a reduction in the increase of dollars spent. What does a world of debtors yield?
- Whether through a balanced budget amendment to the constitution or through a system such as Warren Buffet suggested where lawmakers who oversee a deficit greater than 2% of GDP are not eligible for reelection, we must make fiscal responsibility a mandatory part of the governance structure of this country.



- While closure of some tax loopholes and credits (energy, agriculture...) would be welcome, our problem is spending. We must reduce govt spending if we are to remain solvent.
- While I chose only raising taxes for deficit control and reduction, that is not the answer at all times. I believe now is not the time to cut Government spending or entitlements given the economy. The tax issue is one of changing the tax codes as well as "raising" them on select groups. As always, there is no easy answer.
- Who cares? We don't really care about the future of this country, or any other country for that matter. As finance professionals it isn't our job to take political sides. We simply need to analyze their stupid moves and find ways to profit from it.
- Why are we not talking/advocating a course of action the the Erskine Bowles/Alan Simpson report suggested? We are we attempting to reinvent the wheel. It (their suggestions) may not be perfect, but it is better than anything else coming out of Washington DC.
- Why does Congress have abnormal stock investment returns? Ask hard questions.
- Why is it when we lower the tax rate, tax revenue increases? (see 1997 Taxpayer Relief Act, 1982 tax rate decreases, 2001 and 2003 tax rate reductions...and each time, there are RECORD revenues in a couple of short years after the rates are passed, not to mention, each time rate reductions happen, the CBO estimate of Revenue because of those reductions, are MASSIVELY below where the revenue actually comes in. When the rate of taxation is lowered on those that produce, or invest the capital available, it INCREASES the amount of taxpayers, thereby increasing revenue. The CBO does not look at the reductions dynamically, they only use static information and extrapolate that information without the benefit of what actually occurs when tax rate reductions occur.
- Why is the CFA Institute getting political? I don't think I will be renewing my membership and I will encourage everyone else to do the same or to get rid of the current management.
- Why no love for "cut spending on non-entitlements and raise additional revenue through tax changes."?
- With the two political parties diametrically opposed on taxes and spending, this country has a dismal future.
- Worst congress ever. Too worried about 2012 to do their jobs and help Americans. Sickening.
- wow. no bias here. this is a good survey for your goals though; the questions are so vague that you can use any result to support the conclusion that you've already settled on. good work!
- Yes, all of the nonsense is perpetuated by the press and many private organization including even our own organization. This is pure theatre on the part of Washington and we are playing right into their hands. Neither party has any real intention of resolving the problem. The most important first step is to stop characterizing this as a "budget" problem. This is a SPENDING problem. This is a problem with the size and scope of government. It's quite odd that your above question with respect to the problem does not offer "cut all spending" as a choice.
- You answer option in the second question is to limiting. Why do spending cuts across all spending categories have to be accompanied with increased revenues?
- You can't fight 2 wars and bail out the financial system and not pay the bill. Simple.
- Your choices on the last question were inadequate. Please see the choice that should have been included by reading my Other. You might also have included: term limits to reduce the power plays in Washington, reducing congressional salaries and pensions by 1/2 until the budget is balanced; instead of automatic cuts, automatic dismissal of everyone in congress.
- You could tax the 1% at a 100% marginal tax rate and STILL have a budget deficit. That confirms that this is a spending problem and that any revenue increases prior to the overspending being fixed is simply throwing good money after bad.



- You guys are wasting your money on this survey. It has all the intellectual depth of a People Magazine survey.
- You should review Modern Monetary Theory. There are no choices congruent with that outlook.
- Your choices of responses are ridiculous. I expect more from my professional society. You've clearly rigged it to be able to blast the politicians for their inability to compromise. How silly! I choose real cuts, which the sequester delivers, over the phoney cuts and increased taxes that a deal would have surely brought.