

1 STATEMENT OF DOUGLAS HOLTZ-EAKIN, PH.D.,
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3 Mr. Holtz-Eakin. Chairman Cornyn, Ranking Member
4 Durbin, and members of the Committee, thank you for the
5 privilege of being here today. My written testimony makes
6 four very simple points:

7 Point number one is that the Federal Government has a
8 very serious fiscal problem.

9 Point number two is that fiscal problem emanates from
10 business as usual, including legislative efforts to
11 constrain itself, such as the Budget Control Act and others.

12 Point number three is that fiscal rules, binding
13 constraints placed on the Congress of the United States have
14 worked elsewhere, in the Netherlands, in sweden, and there
15 is literature on their efficacy in controlling deficits and
16 debt.

17 And then the fourth point is that a balanced budget
18 amendment has the characteristics of a good fiscal rule. It
19 is transparent, it is easily monitored. There is a straight
20 line between actions of the Congress and violations or
21 adherence to the rule.

22 I just want to say a little bit about each of those,
23 and then I look forward to taking your questions.

24 Point number one has already been made, which is we
25 have a very serious budgetary problem. The CBO's long-term