

## RESTORING FISCAL SANITY 2005: MEETING THE LONG-RUN CHALLENGE

*by Jovita Tolbert*

On Thursday, April 14, experts and policymakers provided an assessment of the long-run budget outlook for the federal budget and suggested specific steps that could be taken to increase government revenues and reduce spending, especially on the big three entitlement programs. This event served as the public release of the new Brookings book, "*Restoring Fiscal Sanity 2005: Meeting the Long-Run Challenge*."

The featured speakers for the event noted that due to increased longevity and rapidly increasing medical costs, spending on Social Security, Medicare, and Medicaid will increase significantly in the next few years. However, they also noted that while the cost of Social Security will increase, it will level out over time. Thus, Medicare and Medicaid are the programs which pose a major financial problem to Americans in the future. There were numerous ideas given about how this problem should be attacked. These ideas ranged from mandated healthcare with premiums to assist low-income individuals to increasing the eligibility age for retirement. And, although not all speakers agreed on the measures that should be taken, they all agreed that we must act now to prevent the problem from being passed on to future generations and to prevent an abrupt policy change in the future.

According to Brookings, "Americans have a unique opportunity to use the current fiscal crisis to reexamine and restructure basic systems that are in urgent need of reform... Neither major party alone can resolve these challenges. Solutions will require ideological flexibility and a degree of bipartisan cooperation that has not been seen in recent years."

*Speakers included The Honorable John B. Breaux, The Honorable William E. Frenzel, the editors of the book, and other experts.*

To read from the book or order it, visit: <http://www.brookings.edu/budget>. For more information on the event, please visit: <http://www.brookings.edu/comm/events/20050414.htm>