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**Comptroller General  
of the United States**

**United States Government Accountability Office  
Washington, DC 20548**

## **Q&A: “The Fiscal Wake-Up Tour”**

*The following represent frequently asked questions about the Fiscal Wake-Up Tour, with responses from David M. Walker, Comptroller General of the United States and head of the U.S. Government Accountability Office (GAO).*

### **Q: What is the purpose of the Fiscal Wake-Up Tour?**

A: The Fiscal Wake-Up Tour is designed to educate Americans about our nation’s true financial condition and large and growing fiscal imbalance. By stating the facts and speaking the truth to people outside Washington’s Beltway, we hope to accomplish several key objectives: First, to encourage more Americans, especially younger Americans, to become more informed about and involved in this and other major public policy issues. Second, to slow our fiscal bleeding as soon as possible. And finally, to help make sure that fiscal responsibility will be addressed by Presidential and other candidates during the 2008 elections.

### **Q: What organizations are involved in the Fiscal Wake-Up Tour?**

A: The bipartisan Concord Coalition has taken the lead in organizing the tour, but a number of organizations are involved and the list is growing all the time. Partners include but are not limited to the U.S. Government Accountability Office (GAO), the Brookings Institution, the Heritage Foundation, the Committee for Economic Development (CED), the American Institute of Certified Public Accountants (AICPA), the Association of Government Accountants (AGA), and AARP.

### **Q: What cities have you been to?**

Since the first forum in Richmond, Virginia, in September of 2005, town hall meetings have been held in Minneapolis, Minnesota; Portland, Oregon; Raleigh-Durham, North Carolina; Omaha, Nebraska; Kansas City, Missouri; Wilmington, Delaware; Philadelphia, Pennsylvania; San Diego, San Francisco, and Los Angeles, California; Austin, Texas; Chicago, Illinois; Denver, Colorado; Seattle, Washington; Cincinnati and Columbus, Ohio; Des Moines, Iowa; Manchester, New Hampshire; West Palm Beach, Vero Beach, and Tampa, Florida; Charleston, South Carolina; Washington, D.C.; Syracuse, New York; Nashville, Tennessee; Des Moines, Iowa; Las Vegas, Nevada; Atlanta, Georgia; Manchester, New Hampshire; Baltimore, Maryland; and Hartford, Connecticut.

Turnout at the town hall meetings has varied from about 60 to nearly 600 people, and several of them have been taped by television and radio stations for re-broadcast. However, no matter what size audience, the reaction has been consistent around the nation—namely, shock and concern. Importantly, when the “Fiscal Truth Squad” goes to a city, we participate in multiple events, including a forum with business and community leaders, meetings with editorial boards, and selected other media activities.

**Q: How are venues chosen?**

A: We defer to local hosts who help with logistics, but I personally prefer holding our forums on college campuses so that we are speaking directly to younger Americans who have the most at stake in these issues. It’s also interesting to see dialogues develop between seniors, Baby Boomers like myself, and younger generations.

**Q: How long do you plan to continue the Tour?**

A: We plan to continue the Tour at least through 2008. All Tour presentations will be professional, fact-based, and nonpartisan in nature.

**Q: What’s the bottom line of your message?**

A: The worst-case scenario is that, if the United States doesn’t come to our senses and get our act together, we could eventually suffer the same fate as Argentina. That nation defaulted on its debt, which had a significant adverse effect on the country’s economy and the living standards of most of its citizens. We must not allow this to happen here, and with committed, candid, and capable leadership, it won’t. My view is that we will wake up and start making tough choices, I’m just trying to make sure that we do it sooner rather than later.

**Q: What’s the best-case scenario?**

A: We will ultimately make some tough choices in reforming entitlement programs such as Social Security and Medicare, restructuring and constraining other spending, and raising more revenues. This will require some pain and shared sacrifice. However, the sooner we start, the less we will have to do—and the more time people will have to adjust to the needed changes. The simple fact is, it’s better to treat our fiscal cancer sooner rather than later in order to avoid much more painful and undesirable outcomes.

**Q: Who’s to blame for the current state of affairs?**

A: As recently as 2001, the federal government had “projected surpluses.” But then policymakers started spending those “surpluses” on tax cuts and spending increases. The budget controls that helped restore fiscal discipline in the 1990s expired in 2002. Since then, additional tax cuts and spending increases have occurred. The lack of discipline is reflected in the skyrocketing number of Congressional earmarks in appropriations bills. The additional costs associated with Iraq and Katrina don’t help, but they are only a fraction of our problem. Arguably the

most fiscally irresponsible act of recent times was passage of the Medicare prescription drug bill in late 2003. That program has a price tag of over \$8 trillion, digging both our Medicare and overall fiscal holes much deeper.

With regard to blame, I'm not in the finger-pointing business. I focus on stating the facts, speaking the truth, and helping others to see the way forward. I make it a point not to blame any particular person or party. In my view, for me to do so would be inappropriate and counterproductive. I often say this is a nonpartisan problem that cries out for a bipartisan solution.

**Q: Will the change in leadership in Congress affect the situation?**

A: It's too soon to tell how much of a difference the change in the Senate and House will have. Some leaders are calling for more civility, integrity, and fiscal responsibility. Those words sound familiar and good, but ultimately actions speak louder than words. Clearly, real progress in connection with our fiscal and other major public policy challenges will require bipartisan approaches and bridges across ideological divides.

**Q: Is there anything that could have an immediate impact?**

A: There are two things that could make a big difference. First, we need to re-impose meaningful budget controls on both the tax and spending sides of the ledger. In addition, forming a capable, credible, and bipartisan commission to make recommendations to the Congress and the President on how best to begin to address our large and growing long-range deficits would also be helpful.

**Q: Foreign investors are holding an increasing share of our debt. Is that a concern?**

A: It is not an immediate problem, but it does serve to increase our risk over time. For example, if foreign investors decided to reduce their future U.S. debt purchases and dollar holdings, that would likely result in higher interest rates, among other things. Higher interest rates mean that more of the federal budget has to be dedicated to paying for the sins of the past rather than our nation's current and future needs.

**Q: Which of the large federal entitlement programs—Social Security, Medicaid, and Medicare—is most urgently in need of reform?**

A: None of these programs is sustainable in its present form. They will all require reforms. However, I would say that Medicare is in the worst shape. It has an unfunded obligation of over \$30 trillion in today's dollars, which is over five times the Social Security imbalance. Medicare and Medicaid are affected by many of the same trends that affect the broader health care system, including demographics, rising health care costs, and increasing utilization of more advanced and expensive technologies, procedures, and prescription drugs.

Ultimately, we are going to have to reform our entire health care system in installments over many years. Health care costs are the number one fiscal challenge

for the federal and state governments and the number one competitiveness challenge for American business. Our current system is badly broken and in need of major surgery. This will be difficult and controversial, but we must start to operate soon. After all, if there is one thing that could bankrupt America, it's health care costs.

**Q: What demographic factors are involved in the fiscal crisis?**

A: The aging of the Baby Boomers and longer life spans are having a major impact on our long-range fiscal imbalance. Americans are living longer and spending more of their lifetimes in retirement. This results in higher costs for Social Security and Medicare. In addition, a significant and increasing percentage of Medicaid's costs now relate to long-term care for seniors.

**Q: Why are you so committed to this educational effort?**

A: As Comptroller General of the United States, head of the GAO, and a CPA, I have both a statutory and professional responsibility to be sure that the Congress and the American people understand the true financial condition of our country and our long-range fiscal outlook. I am also a father of two and grandfather of three, and I am very concerned about their future. My grandchildren are very young and will be greatly affected by the way we address our fiscal challenges. I am their voice.

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