

Talking Points

- What is the “fiscal cliff”?
 - A set of federal tax and spending changes scheduled to take effect Jan. 1, 2013
- What are the possible outcomes?
 - Compromise reached by Congress and accepted by the President
 - Agreement reached to postpone automatic tax increase and spending cut– except for payroll-tax holiday
 - Go over the cliff – no agreement reached
- Silver linings of going over the cliff.
 - Significant progress toward budget balance
 - Reduction in uncertainty that has depressed business and consumer confidence
- Bill Emmons views:
 - Going off the fiscal cliff unlikely
 - The degree of economic harm caused is uncertain but may not be as drastic as predicted

Resources

Congressional Budget Office, “An Update to the Budget and Economic Outlook: Fiscal Years 2012 to 2022,” Aug. 21, 2012, www.cbo.gov/publication/43539.

Congressional Budget Office, “Choices for Deficit Reduction,” Nov. 8, 2012, www.cbo.gov/publication/43692.

Congressional Budget Office, “Economic Effects of Policies Contributing to Fiscal Tightening in 2013,” Nov. 8, 2012, <http://www.cbo.gov/publication/43694>.