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NEW YORK -- The majority of economists surveyed by the National Association for Business Economics believe that the federal deficit should be reduced only or primarily through spending cuts.

The survey out Monday found that 56 percent of the NABE members surveyed felt that way, while 37 percent said they favor equal parts spending cuts and tax increases. The remaining 7 percent believe it should be done only or mostly through tax increases.

As for how to reduce the deficit, nearly 40 percent said the best way would be to contain Medicare and Medicaid costs. Nearly a quarter recommended overhauling the tax system and simplifying tax rates and exemptions. About 15 percent said the government should enact tough spending caps and cut discretionary spending.

The latest survey by the NABE was conducted in the two weeks ending Aug. 2, the day that the Senate passed and President Obama signed legislation to cut spending by more than \$2 trillion and raise the nation's debt ceiling.

The agreement managed to avert a potential default, but Standard & Poor's downgraded U.S. credit from AAA to AA+, citing the political wrangling over the deal as a reason.

According to the survey of 250 economists who are members of NABE, nearly 49 percent of those responding said the country's fiscal policy should be more restrictive, while nearly 37 percent said they believe the government should do more to stimulate the economy. The remainder said fiscal policy should remain the same.

At the same time, more than 70 percent of the people that responded said they expect U.S. fiscal policy to be more restrictive over the next two years.

In the area of U.S. monetary policy, more than half of the economists surveyed said they thought it was "about right," while over a third said it was "too stimulative." Less than 6 percent said it was "too restrictive." The rest did not know or didn't give an opinion.

The survey was taken before the Federal Reserve announcement that it expects to keep short-term interest rates at their current low levels into 2013.

At the same time, the respondents were nearly evenly split on whether U.S. monetary policy will stay the same or be more restrictive in the future, with those options getting about 42 percent of responses each. Nearly 15 percent of those surveyed say they believe monetary policy will be more stimulative down the road.