



Budget deal provides some certainty. But what does that mean?

by Nancy Marshall-Genzer

December 11, 2013

The bipartisan budget deal expected to go before House lawmakers this week would ease automatic spending cuts and boost fees. If passed, it would also do something else -- it would mean the U.S. government might finally stop hindering growth in the U.S. economy.

Economists and policy wonks are downright giddy at the prospect.

“We reached a deal,” says Jeff Stibel, the CEO of the Dun and Bradstreet Credibility Corporation. “How amazing is that? I mean, talk about a Christmas miracle!”

Stibel says the deal would be a boost to the overall economy in the new year, but if it's passed soon enough, it could even pump up holiday shopping, as consumers feel more confident in the economy.

“We had lackluster sales with the early holiday shopping,” he says. “And I’m hoping this helps accelerate it.”

The uncertainty of Washington gridlock has kept companies from using stockpiled cash to hire more workers. But if Congress passes this deal, “then we’re really looking at an economy that can grow beyond 3.5 percent with the unemployment rate dropping to below 6.5 percent by the end of next year” says **Bernard Baumohl, chief global economist at the Economic Outlook Group.**

But Congress needs to do more, according to Linda Bilmes, who teaches public policy at Harvard. She cites bigger problems, like an outdated tax code.

“It is overly complicated,” she says. “It is badly in need of an overhaul.”

And while changes to the tax code or to Social Security funding won’t come immediately, Bilmes says there’s a better chance for them now that Congress may no longer be so preoccupied with short term fixes.

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