



FROM LEFT

John Harwood
Editor at Large, CNBC

Jason Furman
Chairman, Council of Economic
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Joshua Bolten
President and Chief Executive
Officer, Business Roundtable

Mitch Landrieu
Mayor of New Orleans;
Vice President, U.S. Conference
of Mayors

GROWTH AND FINANCIAL STABILITY IN A CHANGING ECONOMY

Mitch Landrieu, Joshua Bolten, and Jason Furman

MODERATOR: *John Harwood*

A DYNAMIC PANEL brought perspectives from across the country to assess the current state of America’s economic engine and the role that state and local governments play in our nation’s fiscal and economic future. New Orleans Mayor Mitch Landrieu, Business Roundtable President and CEO Joshua Bolten, and Former Council of Economic Advisers Chairman Jason Furman joined CNBC’s John Harwood to explore policies that will enable communities and businesses across the country to bolster innovation, sustainability, and competitiveness in a changing economy.

The relationship between tax policy and economic growth was a key focus of the conversation. Though Bolten said that sustained GDP growth as high as 3 percent is unlikely, he

did warn not to “underestimate the kind of dynamism that can—and should—be released from fundamental tax reform in this country.” He argued that there could be “enormous potential” within the U.S. economy from tax reform that lowers the corporate rate and shifts to a territorial system of taxation.

Landrieu brought an on-the-ground perspective, describing how federal tax and spending decisions affect local policy in New Orleans. Debt isn’t necessarily a bad thing, said Landrieu, but “how you use it and how you manage it” are critically important. He said that when managing debt, policymakers must ensure it doesn’t become “an anchor around your neck instead of a tool to help you grow your economy.”

Landrieu highlighted Medicaid as an example of a policy decision at the federal level that has large consequences for states and localities. “If you block grant Medicaid and don’t create some level of growth, a governor is going to have to make a decision about whether they’re funding healthcare, education, or workforce training,” he said. “Somebody is not going to get something.”

Bolten related his experience advocating for Social Security reform in his role as the director of the Office of Management and Budget and as chief of staff under President George W. Bush. Bolten emphasized that because they’re such a large part of our budget, reforming government health and retirement security programs will necessarily be part of addressing our fiscal imbalance. At some point in the near future, he said, “we need to recognize that there is no solution to our long-term budget challenge unless we dig in on Medicare and Social Security.”

Furman, who was the chairman of the Council of Economic Advisers under President Barack Obama, argued that any changes to entitlement programs should make sure “the most vulnerable and the most indefensible” remain protected.

Landrieu emphasized the need for balance and fairness as part of fiscal policy reforms. “You can’t ask some people to sacrifice and not others,” he said. He suggested that “everybody go back to their corners and get as apolitical as they can. Then find a solution that requires everyone to make a little bit of a sacrifice.”

Furman concluded that the issue of growing the economy and stabilizing our long-term debt is a “walk and chew gum” problem, meaning that we can and need to do both at once. “We absolutely want lower business tax rates. We want a more competitive international system. But we don’t want to solve that problem while making the debt and deficit problem worse,” he said.

Bolten felt optimistic that we’ll be able to find “a political moment where Republicans and Democrats can come together and hold hands on this issue and come up with a bargain before the United States becomes uncreditworthy.”