2018 FISCAL SUMMIT

DEBT MATTERS

SUMMARY AND HIGHLIGHTS | MAY 10, 2018 | WASHINGTON, D.C.

PETER G. PETERSON FOUNDATION


CONGRESSIONAL LEADERS:
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2018 FISCAL SUMMIT
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INTRODUCTION

The 2018 Fiscal Summit: Debt Matters convened the nation's leading policy voices to discuss the urgent need for a fiscal reset and to examine how we can refocus on building a fiscally sustainable path for America.

Over the course of just the past year, significant tax and spending measures have made our nation's fiscal outlook considerably worse. This recent legislation, coupled with existing structural deficits, makes rising debt a pressing risk to our economy.

As interest rates continue to rise and we return to trillion-dollar deficits as early as next year, we will face increased budgetary pressures. Absent a change in course, we will confront reduced public and private investments, less flexibility to deal with future crises, and diminishing economic opportunities for Americans.

The 2018 Fiscal Summit brought together policy leaders and lawmakers from across the ideological spectrum to explore solutions to overcome political challenges and build a solid fiscal foundation that will support a vibrant economy for future generations of Americans.

A clear message emerged from the Summit: now, while the economy is strong, it is time to face our fiscal challenges anew and reset our priorities to create the conditions for sustained economic growth and prosperity.

2018 FISCAL SUMMIT: DEBT MATTERS

About the Peter G. Peterson Foundation

The Peter G. Peterson Foundation is a non-partisan organization dedicated to addressing America's long-term fiscal challenges to ensure a better economic future. Founded by Pete Peterson and led by Chairman and CEO Michael Peterson, the Foundation works with leading policy experts, elected officials, and the public to build support for solutions to put America on a sustainable fiscal path. The Foundation engages in grant-making, partnerships, and research to educate and engage Americans from a variety of perspectives.

PETER G. PETERSON FOUNDATION

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Peter G. Peterson
Founder, Peter G. Peterson Foundation

REMEMBERING PETE PETERSON

THE PETERSON FOUNDATION'S ninth annual Fiscal Summit was the first without the organization's founder, Pete Peterson, who died on March 20, 2018, at the age of 91. Foundation Chairman and CEO Michael Peterson opened the Summit by reflecting on the passing of his father, who established the Foundation in 2008 to help build a sustainable fiscal foundation for the nation to support economic growth and widely shared opportunity.

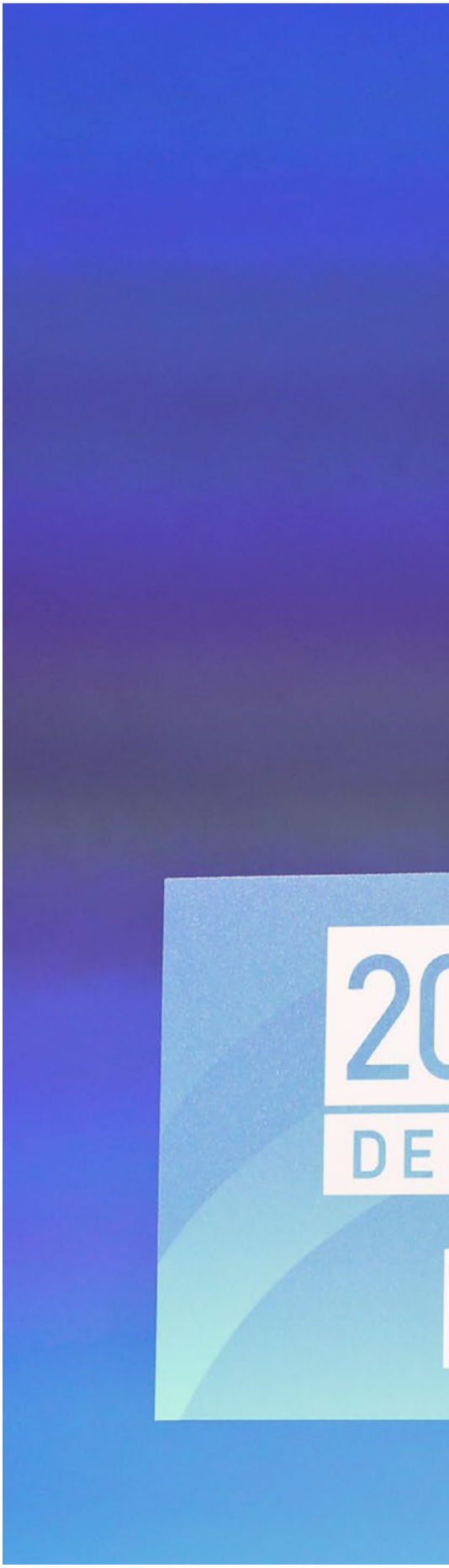
Michael remarked on two key reasons that his father cared so deeply about the mission of the Foundation. First, his modest upbringing as a first-generation American taught him the value of saving for the future — a concept that, for Pete, became a "moral imperative." Pete's parents came to this country from Greece with "no education, no money, and no English," but saved every penny so that their children could get the best education possible.

Second, Pete was keenly aware that he was the lucky beneficiary of the American Dream, and he saw our growing debt and unsustainable fiscal outlook as a threat to that dream being available to future generations of Americans.

Michael said of his father: "As a successful dreamer himself, he cared deeply about making sure the next generation has the same opportunities to achieve the American dream that he was so fortunate to have lived."

WELCOME AND OPENING REMARKS: DEBT MATTERS

Michael A. Peterson



OUTLINING THE DAY'S THEME, Michael Peterson highlighted the significant damage done to the nation's fiscal outlook in recent months and explained why growing debt matters to our economy and the prospects of future generations.

"Last year at this time, we were already on an unsustainable fiscal path," noted Peterson, but since then, Congress and the president have enacted tax and spending legislation that made our outlook considerably worse.

Peterson detailed the key drivers of the nation's structural mismatch between revenues and spending: the retirement of the Baby Boom generation, increased longevity, and high healthcare costs. Those factors — combined with insufficient revenues and compounding interest — are what creates "the enormous growth in our debt," Peterson said.

Peterson noted that we are on track to spend close to $7 trillion in interest alone over the next decade, and by 2027, our national debt is projected to be larger than our entire economy.

Peterson called these levels of debt "unsustainable and damaging to our future," adding that it's even worse because "we're piling on debt during a time of economic expansion." In fact, he noted, the United States stands alone as the only developed country whose debt-to-GDP ratio is projected to grow over the next five years. "This is one area where it's not good for the United States to stand apart from the rest of the world," Peterson said.

Our growing debt is a problem, Peterson said, because it "crowds out private and public investment that would grow our economy. It hurts confidence and lowers certainty. It increases the likelihood of a fiscal crisis and reduces our fiscal flexibility. And it also risks the safety net."

While our fiscal outlook is a troubling threat to our future, Peterson expressed hope that by bringing together lawmakers and policy leaders, we can begin to reverse the damage and renew our fiscal health. And he closed with "what better time to start that healing process than at this Summit?"

Michael A. Peterson
Chairman and Chief Executive Officer,
Peter G. Peterson Foundation

PROBLEM SOLVERS CAUCUS: IDENTIFYING AREAS OF COMMON GROUND

Rep. Tom Reed and Rep. Derek Kilmer

MODERATOR: ***Kimberly Adams***

THE DAY'S FIRST PANEL brought together two leaders from the Problem Solvers Caucus — a unique, bipartisan group in the U.S. House of Representatives that seeks areas of common ground.

Representative Tom Reed (R-NY) and Representative Derek Kilmer (D-WA) joined Marketplace Senior Reporter Kimberly Adams, the moderator, to discuss the political challenges in reaching across the aisle as well as the opportunity that exists for collaboration and compromise to make progress in critical policy areas.

Both policymakers touted the potential benefits of the parties coming together to talk about a middle way forward. Reed said, "I'm a proud conservative Republican, I know Derek is a proud Democrat, and we bring that to the table. But what we do not do in that conversation is allow that to block us from getting to the common ground."

Kilmer added, "It's important for Democrats and Republicans to actually talk with each other. It shouldn't be newsworthy when Democratic leadership and Republican leadership meet … that should be something that is happening consistently."

Highlighting "extremism on the left and the right" as a barrier to bipartisanship that produces good policy, Reed said that "we have to, as a country, say, 'You know what? We're in this together.' And we've got to take on that extremism."

FROM LEFT

Kimberly Adams
Senior Reporter, Marketplace

Representative Derek Kilmer (D-WA)
Member, Problem Solvers Caucus; Vice Ranking Member, U.S. House Committee on Appropriations; Member, Joint Select Committee on Budget and Appropriations Process Reform; Vice Chair, New Democrat Coalition

Representative Tom Reed (R-NY)
Co-Chair, Problem Solvers Caucus; Member, U.S. House Committee on Ways and Means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Representative Derek Kilmer (D-WA)

Kilmer argued for a reformed budget process to help improve fiscal sustainability. "Broken process leads to broken outcomes," he said, pointing to a lack of transparency and to limited time to assess or have input on legislation. Lawmakers, he said, are often forced to choose between "a clearly flawed spending bill or a government shutdown. Both are bad options."

Adams asked how much of a priority voters place on fiscal issues. Kilmer said, "It doesn't come up enough, given how big an issue it is," adding, "the reality is that debt's a problem … it's a drag on our economic growth." Reed pointed out the importance of putting the national debt into easily relatable terms. He noted optimistically that every group he talks with — no matter their political leaning — comes to see the value of compromise, "so long as it's an honest deal and it actually solves the problem. It is amazing when you talk to the American people and you have a conversation with them, how powerful they are when they unite and they get information."

Kilmer argued that at times "the fiscal debate isn't focused on the right areas." He said that mandatory spending and tax expenditures should be the subject of "robust debate," but instead, discretionary spending often takes center stage

Representative Tom Reed (R-NY)

in fiscal discussions. "And the challenge with that," he said, is that "you end up squeezing some of the things that, one, are not the main driver and, two, contribute to economic growth over the long haul."

Both lawmakers agreed that the problem is not a lack of policy options, with Reed noting that "All the experts know what the solutions are. ... It's some sort of balancing revenue with spending reforms." He predicted that if a "grand bargain" comprehensive fiscal reform package were brought up for a vote, there would be sufficient support in the House and Senate.

Kilmer agreed that there is a middle path forward, saying "the far right of the Republican party and the far left of the Democratic party are likely going to be frustrated with any grand bargain. That lends itself to Democrats and Republicans holding hands and doing this together. It's the only way for this to happen."

Referring to his support of a comprehensive fiscal reform package that was a bipartisan compromise in the mold of Simpson-Bowles, Reed said, "I will tell you, it was the best vote I ever took."

FROM LEFT

Greg Ip
Chief Economics Commentator, *The Wall Street Journal*

Simon Johnson
Ronald A. Kurtz (1954) Professor of Entrepreneurship, MIT Sloan School of Management

Deanna Mulligan
President and Chief Executive Officer, The Guardian Life Insurance Company of America

Steven Rattner
Chairman and Chief Executive Officer, Willett Advisors LLC

DANGERS OF DEBT: HOW OUR FISCAL OUTLOOK THREATENS THE ECONOMY

Simon Johnson, Deanna Mulligan, and Steven Rattner

MODERATOR: ***Greg Ip***

WALL STREET JOURNAL Chief Economics Commentator Greg Ip moderated the day's next panel, which brought together voices from the private sector and academia to analyze the risk that high and rising debt poses to our economic future.

The wide-ranging conversation focused on the key drivers of our unsustainable fiscal outlook, the potential for interest costs to crowd out other budget priorities and affect private sector growth, and what it will take for a political solution to the debt crisis.

Steve Rattner, Chairman and CEO of Willett Advisors, called our fiscal situation "more dangerous than usual," citing trillion-dollar deficits

"as far as the eye can see." Rattner said he is concerned not only about a market reaction and a credit crisis, but also about the possibility that markets won't react and that debt — and the risk — will continue to rise unabated.

Deanna Mulligan, President and Chief Executive Officer, The Guardian Life Insurance Company of America, shared her concerns about inaction causing "a lot of pressure [to] build up for the long term." She argued that rising interest costs will begin to affect priorities within the federal budget. "One thing we have to think about," she said, "is how we are spending our money as a country. And as the deficit rises, we're spending more and more on the interest rate payments we have to make to support it. And as a business person, I worry that that spending is crowding out productive government spending."

Simon Johnson, the Ronald A. Kurtz (1954) Professor of Entrepreneurship, MIT Sloan School of Management, said that while America has "extremely good fundamentals," our unresolved debt problem is "a sword hanging over the recovery." If we don't stabilize our fiscal outlook over the long term, he argued, we risk "hand[ing] our fate [to] global capital markets and to the appetite of other countries for our government debt."

All three panelists noted that with recent tax and spending legislation, the United States is building up its debt load at a time when the economy is growing. Johnson cautioned against this pro-cyclical fiscal policy, which is out of step with the rest of the world. "We have a low rate of unemployment. There are very few people who are arguing we should be expanding fiscally at this point in time," he said, adding "we're having a fiscal expansion when almost all other industrial countries are actually on a path to reducing their debt-to-GDP [ratio], [and] we're increasing our debt-to-GDP [ratio]."

While panelists agreed that a lower corporate rate as part of the December 2017 tax legislation will bolster American competitiveness, they were concerned about the bill's overall impact on the debt. Johnson argued that the bill didn't constitute

Simon Johnson

Greg Ip


Deanna Mulligan


Steven Rattner

real "reform," saying, "I think what we got was a tax cut and larger deficits."

In addition to the effects of recent legislation, Johnson highlighted healthcare spending as a key driver of our structural deficits going forward, saying, "we cannot turn around the fiscal ship unless we get a control on healthcare spending relative to GDP." Rattner agreed that healthcare spending must be addressed, but said, "I don't believe this can all be done on the spending side, and I don't believe it should be," arguing that new revenue must be part of the solution.

Mulligan offered a historical perspective, observing that "if you look back to the times when this country has run big deficits in the past, and we have [in] times of war, times of recession, depression, we've typically paid that deficit back down within 10 years." Today, she said, it's more difficult "for the American people to understand why we're in the deficit position we're in."

Rattner noted the "intergenerational aspect" of our fiscal condition, stressing the unfairness of "creating an enormous debt burden that is going to end up limiting what our children are able to do and what our government is able to do for our children."

Johnson lamented the recent deficit spending: "Five years ago … or even two years ago, even a year ago, we could have put ourselves on a different fiscal path. And I think that's why this year is worrying … because we have clearly and resolutely stepped down a difficult path that is just going to make all of these future problems that we agree on much harder to deal with."

When it comes to moving the issue of fiscal responsibility ahead in Washington, Mulligan urged that as citizens we must provide more support to representatives in Congress and let them know, "This is a priority for us, and we're going to stand with you, even if you have to do some things that are a little unpopular, because it's more important to come to agreement about what we're going to do about the debt."

Senator Jeff Flake (R-AZ)
Member, Committee on the Judiciary; Member, Committee on Energy and Natural Resources; Member, Committee on Foreign Relations

CONGRESSIONAL LEADERS: DEBT MATTERS TO AMERICA'S ECONOMIC FUTURE

Senator Jeff Flake, House Democratic Leader Nancy Pelosi, and Senator David Perdue

INTERVIEWER: ***Erica Werner***

WASHINGTON POST Congressional Reporter Erica Werner led engaging conversations with three policy leaders on Capitol Hill: Senator Jeff Flake (R-AZ), House Minority Leader Nancy Pelosi (D-CA), and Senator David Perdue (D-GA). Discussions centered on the fiscal and economic effects of recent tax and spending legislation and what's required for a fiscal reset that can put our nation on a more sustainable course.

Senator Jeff Flake (R-AZ)

WERNER opened the session by asking Flake whether he was optimistic that policymakers would be able to address America's unsustainable fiscal outlook. To move forward, the senator said, we need to get beyond the "tribalism problem" that's prevented progress on major issues like the debt. "You have to have both parties willing to engage and share the risk — the political risk — to hold hands and jump together," Flake said.

Interest rates, he said, are "artificially low" right now, so the American public isn't fully experiencing the pain that a debt crisis could cause — but that could change quickly. He warned that "if interest rates go to where they've traditionally been … then the debt service will start crowding out other discretionary programs; then it'll really start to pinch."

Erica Werner
Congressional Reporter, *The Washington Post*

Flake called for voters to become more vocal on fiscal matters to ensure that the debt becomes a meaningful campaign issue and to provide the "motivation" for elected leaders to tackle what is a complex and politically difficult policy problem. "If your constituents aren't pushing you to do this," he said, "then there's simply no upside to doing so."

Speaking about the recent tax legislation, Flake said he strongly agreed with the changes to the corporate tax rate, but had misgivings about the individual rate cuts and would not vote to extend them permanently.

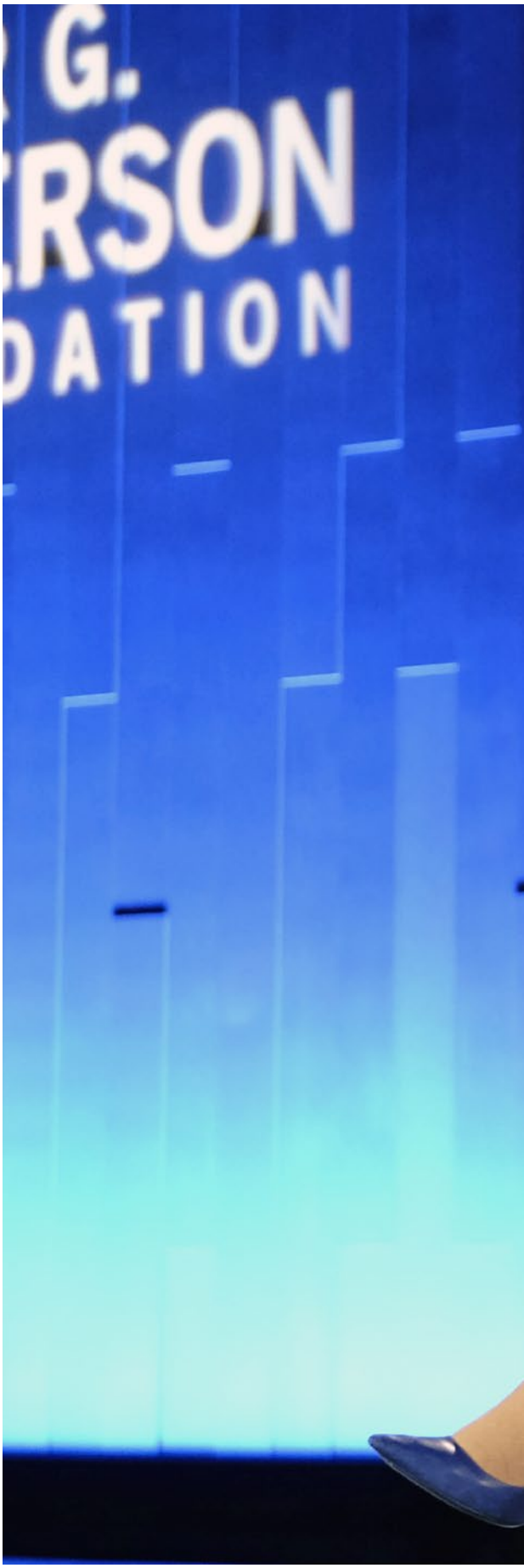
Looking back at his career, the retiring senator highlighted his long-standing focus on discretionary spending, but said there's more work to be done on the fiscal front. "We haven't been able to get to mandatory spending, where the real drivers of our debt are coming from," he said.

House Democratic Leader Nancy Pelosi (D-CA)

IN THIS CONVERSATION, Pelosi outlined her commitment to a "pay-as-you-go" philosophy to fiscal policy. "Whatever you want to invest in, you must offset or pay for," she said.

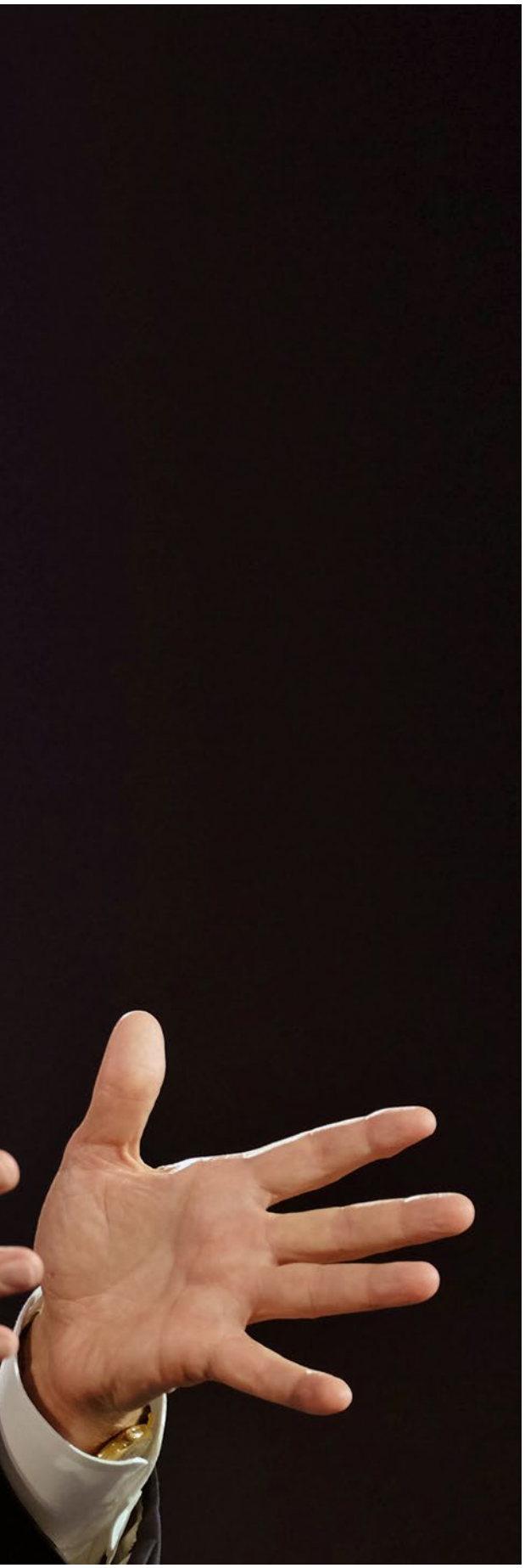
Asked about the recent tax legislation, Pelosi argued strongly that the bill was not properly targeted at the middle class, and was too damaging to our fiscal outlook. She expressed her desire to revisit the bill in future Congresses, with a goal of working "in a bipartisan way with transparency" on new tax legislation "that promotes growth, generates good-paying jobs, and reduces the deficit."

Asked about making middle-class tax cuts permanent, Pelosi said she would consider doing so as part of a broad, fiscally responsible policy that is targeted at growth.



House Democratic Leader
Nancy Pelosi (D-CA)

Senator David Perdue (R-GA)
Member, U.S. Senate Committee on the Budget; Member, Joint Select Committee on Budget and Appropriations Process Reform



Pelosi talked about the importance of targeted public investments that result in economic growth and increased revenue back to the government, highlighting both education and infrastructure. "But again," she cautioned, "we have to take it to a place that reduces the deficit."

The Leader expressed concern about rising deficits in a time of a growing economy, arguing that "it's the first time we've had a low unemployment rate and such a big deficit, because if you're having low unemployment, you might have some reduction and support services and the rest, you might have more revenue coming in, but something's wrong with this picture."

Pelosi argued that the national debt becomes personal for American voters if it leads to cuts in programs they care about like Social Security, Medicaid, and Medicare, saying, "when it hits home is when you will see the response to it."

Looking to the next generation, Pelosi referred to her grandchildren, who will inherit the policy decisions made today, calling the debt "a dark cloud" on our future.

Senator David Perdue (R-GA)

SENATOR DAVID PERDUE advocated a comprehensive approach to solving our nation's growing debt problem. "We can't grow our way out of it. You can't cut your way out of it. And you can't tax your way out of it," he said. "We're going to have to find a combination of things that, over a period of time, some 20 or 30 years, we can get this debt back to some reasonable level."

Continued government borrowing, Perdue said, "camouflages the real crisis" of rising debt, and growing interest costs are a key reason to act now. "This year we'll spend $50 billion more on interest alone than we spent last year," he said. "We'll spend more on interest in 2023 than we will on all of our military spending. Pretty soon, we'll be borrowing money to pay the interest on past debt. And that's the sign of a bankruptcy if I ever saw one."

He highlighted the Joint Select Committee on Budget and Appropriations Process Reform, on which he serves, as a possible vehicle to create the conditions for legislators to make more fiscally responsible decisions. The budget process, he said, is "so broken," but he holds out hope that a "clean page approach" can increase transparency and stability in budgeting.

Perdue called Congress's frequent inability to pass a budget on time "irresponsible" because of the uncertainty it causes. He cited potential damage not only to the economy overall but also to priorities like military readiness, saying that that lawmakers should be "all hands on deck" to avoid another potential government shutdown — and the last minute budgeting that goes with it — at the end of the fiscal year. Perdue called on lawmakers from both sides of the aisle to take the issue head on, noting that for too many, "self-interest outweighs the national interest."

US 2050: WHAT WILL AMERICA LOOK LIKE AT MID-CENTURY?

Heather Boushey, Robert Doar, Mark Hugo Lopez, and David Wessel

US 2050 is a new joint initiative of the Peterson Foundation and the Ford Foundation examining the demographic, socioeconomic, and fiscal trends that will shape our nation in the decades ahead. This Fiscal Summit panel brought together four of US 2050's Advisory Board members to discuss their work to build a comprehensive view of our economic and fiscal future — and the implications for the social and financial well-being of Americans.

David Wessel, Director of the Hutchins Center on Fiscal and Monetary Policy, Brookings Institution, led a discussion with his fellow board members, Heather Boushey, Executive Director and Chief Economist at the Washington Center for Equitable Growth; Robert Doar, Morgridge Fellow in Poverty Studies, American Enterprise Institute; and Mark Hugo Lopez, Director of Global Migration and Demography, Pew Research Center.

Wessel opened the conversation by describing the goal of the project as laying the "intellectual foundation" for exploring how the changing demographics of America — including aging, race, ethnicity, and other factors — affect the future fiscal and economic health of the nation. Through US 2050, Wessel noted that research is getting under way to connect the dots between a number of interrelated issues and trends — including labor force participation, education, immigration, fertility, health status, caregiving, family structure, retirement savings, and political institutions.

Explaining the demographic shifts under way, Lopez pointed out that "we know, to a good extent, what the nation's population will look like in 20 years," which will be increasingly diverse. With significant variance in education, poverty, and health, for example, among different racial and ethnic groups, it is essential to understand the implications of these changes, according to Lopez. He noted that population projections can change over time, especially given changes in immigration patterns. Fifty-nine million people, he said, have entered the United States since 1965 as immigrants, an influx that has been a key driver of population growth overall and has significantly changed our racial and ethnic composition.

FROM LEFT

David Wessel
Director, The Hutchins Center on Fiscal and Monetary Policy, Brookings Institution; Contributing Correspondent, *The Wall Street Journal*

Heather Boushey
Executive Director and Chief Economist, Washington Center for Equitable Growth

Robert Doar
Morgridge Fellow in Poverty Studies, American Enterprise Institute

Mark Hugo Lopez
Director of Global Migration and Demography, Pew Research Center

Making the connection between changing demographics and a strong future economy, Boushey highlighted productivity growth as a critical factor in how the country will be able to adapt and respond in the years ahead. She noted that in coming decades, we will have fewer workers per retiree. "We should be especially worried," she said, "if we're not seeing productivity gains … because what's going to make or break the living standards of the elderly is how productive those current workers are." She also identified large differences "across communities and across families in access to education" as problematic in exacerbating the outcomes of inequality.

With a focus on the interrelation between poverty, productivity, and demands on government funds, Doar laid out four key trends that will affect low-income Americans in particular: a decline in birth rates, higher immigration, more single-parent households, and higher numbers of seniors without adequate retirement security. All four trends, he said, need to be watched carefully for their effect on "the nature of poverty in the United States."

Doar also highlighted rising healthcare costs as presenting a salient challenge to policymakers in the future, saying, "if we could find a way to reduce the cost of healthcare, we could free up dollars to help struggling Americans in more effective ways. And devote more on investments in early learning and childcare."

Emphasizing the connection to our nation's fiscal outlook, Lopez said that understanding labor force participation trends among different groups of Americans will determine "what we see in terms of tax revenues, in terms of success, in terms of earnings. All of this is going to be important for providing a background for where the U.S. will be in the future in terms of its budget situation."

Aparna Mathur
Resident Scholar in Economic Policy, American Enterprise Institute

Adele Morris
Senior Fellow and Policy Director of Climate and Energy Economics Project, Brookings Institution

CARBON TAX: POTENTIAL FOR A NEW FISCAL SOLUTION

Terry Dinan, Aparna Mathur, and Adele Morris

MODERATOR: ***Jim Tankersley***

AT LUNCH, *New York Times* tax and economics reporter Jim Tankersley welcomed a panel of experts to discuss the potential for a well-designed carbon tax to play a role in putting our nation on a more sustainable fiscal path.

Tankersley was joined by two experts from different sides of the political aisle who have written extensively on the benefits of a carbon tax: Aparna Mathur, Resident Scholar in Economic Policy, American Enterprise Institute, and Adele Morris, Senior Fellow and Policy Director of Climate and Energy Economics Project, Brookings Institution. Terry Dinan, Senior Advisor, Congressional Budget Office (CBO), rounded out the panel to provide a non-partisan analysis on the fiscal and economic effects of legislative proposals to tax carbon emissions.

Morris and Mather outlined their view that a carbon tax holds unique potential not only to discourage the use of carbon-intensive energy, but also to benefit both our fiscal and economic condition. Morris said that a carbon tax is "one of the few taxes that we can contemplate that would provide net benefits to the economy, as well as a substantial revenue source." Mather noted that implementation of a tax is also administratively easy, saying that "you don't have a huge set of regulatory mechanisms required."

Terry Dinan
Senior Advisor, Congressional Budget Office

Jim Tankersley
Tax and Economic Reporter, *The New York Times*

Weighing in on potential revenue levels that could result from a new carbon tax, Dinan said, "In 2016, CBO looked at the effects of a carbon tax that would start at $25 a ton, increase at a real rate of 2 percent annually, and we estimated that that would raise a little less than a trillion dollars over its initial 10 years. So that's a significant amount of revenue."

Tankersly noted that many experts have raised a concern about distributional effects of a carbon tax. Dinan said, "most researchers do tend to find that the carbon tax is at least somewhat regressive. But the degree of regressivity varies greatly across studies, depending on assumptions you make about whether it is passed forwards or backwards."

Mather referred to joint research she conducted with fellow panelist Morris on methods to offset regressivity in a carbon tax. "There are ways to design a carbon tax that you could actually return some of those revenues back to the lowest income households," she said. "Adele [Morris] and I did an analysis, and we said you could be generating about $100 to $150 billion a year, and if you could return even 10 percent of that back to the bottom 20 percent of households, they would be as well off as they were before a tax."

Morris agreed, adding that it's important to look at the distributional effects of inaction, "because there are distributional outcomes of climatic disruption, and the damages associated with extreme weather events and other outcomes that would be mitigated by this tax."

The panel noted that evaluating the effect of a carbon tax on the economy depends significantly on how the resultant revenue is used. Dinan said that our existing national debt "has real cost consequences for the economy, slowing savings and investment, reducing future output, and causing a rising interest cost to put pressure on the budget. … So using the revenue from a carbon tax to reduce deficits and ultimately lower the debt in turn, would reduce the cost that that debt would impose on the economy."

Acknowledging political obstacles to instituting a new tax, Morris pointed to using newly created revenues strategically "to manage different stakeholder concerns." She advocated for a combination approach, "where you've got some debt reduction, … you have some targeting to lower-income households, maybe you have some other tax reductions. I think that is the conversation we should be having."

Michael A. Peterson (center) with members of the **2018 Up to Us** competition winning team
From left: **Evan Rufrano, Josselin Paz Torres, Priscila Ortega, Matthew Schmidt,** and **John Holst**

UP TO US: ENGAGING THE NEXT GENERATION

UP TO US is a non-partisan movement of young people who are working to raise awareness and engage their peers about America's fiscal and economic future. A signature component of the program, which is a project of the Peterson Foundation, Net Impact, and Clinton Global Initiative University, is an annual competition where student teams on college campuses across the country design and implement creative outreach campaigns on the national debt and its effect on the economy.

Foundation Chairman and CEO Michael Peterson announced the 2018 winners, noting how much the competition has grown. "In 2012, the program launched on just 10 campuses," he said, "and this year we had more than 100."

Peterson recognized representatives from each of the top 20 winning teams who were in the audience and then announced this year's top prize, which went to State University of New York at Old Westbury.

Peterson said the winning team displayed "remarkable creativity with a multifaceted campaign. They met with lawmakers, delivered presentations, and engaged campus clubs to drive home the need to address our fiscal future." Peterson highlighted one key tactic: the winners employed a "Debt Boulevard" on sidewalks across campus that included key facts about the national debt, designed specifically to attract the attention of students at this commuter campus who were walking from their cars to class.

SUNY Old Westbury team leader Evan Rufrano said that an important lesson he learned in reaching students was knowing how to "simplify your message" and to connect the ways that our unsustainable fiscal outlook will affect young peoples' lives, careers, and opportunities in the future.

Peterson thanked all the teams for participating and — noting the growth in the movement — said, "this is what gives us hope."

FROM LEFT

Michael A. Peterson
Chairman and Chief Executive Officer,
Peter G. Peterson Foundation

Ernest J. Moniz
Co-Chair and Chief Executive Officer,
Nuclear Threat Initiative; Chief Executive
Officer, Energy Futures Initiative;
Former U.S. Secretary of Energy (2013—2017)

A CONVERSATION WITH FORMER SECRETARY OF ENERGY, DR. ERNEST MONIZ

INTERVIEWER: ***Michael A. Peterson***

DRAWING CONNECTIONS between America's fiscal outlook, energy security, and role in the world, Foundation Chairman and CEO Michael Peterson led a wide-ranging conversation with former U.S. Secretary of Energy Ernest Moniz.

Peterson asked Moniz to comment on the relationship between the national debt and our ability to make strategic federal investments in the future. Moniz said that rising interest costs could affect our path forward by crowding out investments that will help facilitate a shift from a "natural resource–based energy system, to a technology-based system" relying on sources like energy and wind.

Acknowledging that the federal budget "is in some difficulties," Moniz said that government investment in research and development around energy transformation is "light by a factor of two to three." Moniz said, "in the context of a really squeezed federal budget with enormous deficits, investments like that are obviously going to be very, very difficult to come by."

Peterson posed whether there are federal energy policies "that would actually help our fiscal health, help our fiscal outlook, save money, and create more efficiency within the federal budget." Moniz pointed to significant efficiencies to be gained in the private sector through advances in energy technology, as well as a carbon tax, which holds vast potential to improve our fiscal outlook while reducing the need for regulations and incentivizing economically beneficial behavior. Moniz said he is "very optimistic" that some kind of a carbon tax will be implemented in "years versus decades."

Moving on to the topic of nuclear modernization, Peterson noted that the Congressional Budget Office has estimated a cost of $1.2 trillion over 30 years to modernize our nuclear facilities and delivery systems. Moniz differentiated between the work that needed to be done at aging nuclear facilities to ensure safety and investments in updating and modernizing the delivery systems that make up the nuclear triad. Although both are important, he said, the facilities, improvement is only about 10 percent of the cost and is the most urgent issue. The remaining 90 percent is also vital to maintaining our global strength, but "that's where the policy discussion can come in, in terms of potentially ameliorating some of those costs," he said.

Tying these issues together, Moniz cited cyber security as a "threat across the economy" that reaches to the energy sector and command and control of our nuclear weapons. Speaking of his work leading the Nuclear Threat Initiative, Moniz emphasized the critical need to restore a viable American-Russian dialogue and to maintain vigilance about the spread of nuclear power globally.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US 2050: WHAT WI MERICA
LOOK LIKE AT MID- TURY?


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For more photos and video of the 2018 Fiscal Summit, please visit **www.fiscalsummit.org**.

Photos by Ralph Alswang and Chris Williams