

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?"

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