

Welcome and Opening Remarks

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Michael Peterson

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ANNOUNCER:

Ladies and gentlemen, please welcome chairman and Chief Executive Officer of the Peter G. Peterson Foundation, Michael Peterson. (APPLAUSE)

MICHAEL PETERSON:

Good morning. My name is Mick Mulvaney. (LAUGHTER) And more importantly I'm here to announce the president's major deficit reduction program. (LAUGHTER) In all seriousness, welcome to the tenth annual fiscal summit. We're delighted to have you all here. It's our first time, as you know, in the museum-- in Newseum. (LAUGHTER) So we're excited for this day. We have a great lineup of speakers and content for all of you. So welcome and thank you for being here. What makes America strong is our willingness to build and leave a better future for the next generation.

We did not get to where we are today by having prior citizens focused only on their short term interest. The greatest generation and many more before it, took steps to build a great America for the future. And in many ways, that's what the Peterson Foundation is all about. And that's why today's summit is called "Building America's Future". Today America faces complex interconnected challenges including rising inequality, unaffordable healthcare, faltering infrastructure, a changing climate, failing education, and unpredictable security threats.

And amid the debates over these priorities, one thing is certain. To address these challenges we will need significant resources. And in this way, fiscal sustainability is critical to meeting our greatest challenges. It represents the foundation for our ability to address the needs and priorities of our society. The problem is that while these issues and concerns are rising, our fiscal condition and ability to address them are falling.

We have history high de-- deficits right now. The national debt is at \$22 trillion and rising. Soon we will turn to trillion dollar annual deficits which will then grow indefinitely. At 78% of GDP, the debt is already at its highest point since just after World War II. On track to grow to more than 200% of GDP in the coming decades. Next year we'll spend more on interest than we do on our kids. In just six years we'll spend more on interest than national defense.

MICHAEL PETERSON: And from there, interest doubles over just ten years. Staggering. Whether you are conservative or progressive having high debt hurts the ability to address your priorities. Unfortunately, these fiscal realities are being obscured in the current conversation. Fiscal responsibility is being cast aside, demoted to a low priority by some policy makers and economists. This emerging view is some combination of unrealistic wishful thinking and political procrastination.

It's much easier to presume rosy scenarios for economic growth rather than grapple with the complex implications of low growth and high debt. From a political perspective, you can make a policy much more appealing if there's not trade-off required. All gain and no pain sure sounds better. And of course with interest rates so low, it's an easy time to downplay the effects of our debt because they're less visible right now.

But dangerously, this political procrastination imposes a terrible cost on our society because it defers action and diminishes the American future. In this way, our fiscal policy represents a moral question. So let's remember what debt it. Debt is making a decision to enjoy something now without having to incur the cost. It's a decision to make future citizens pay even more, principal plus interest so that we don't have to incur the cost today.

So the debt poses an obvious moral intergeneration question about when and how much debt should be passed on to future generations. And most do not ask the central question which is what are we actually borrowing the money for? What is the use of proceeds? We're taking on a debt and deciding to pay more over time with interest, what are doing with that money that makes it a good decision for our economic future? Here the problem is that our deficits are structural in nature and are used to fund much more consumption than investment.

In fact, we've been cutting investments while increasing deficits in recent years. We could perhaps justify new debt if we were using these funds were investment like building bridges that will last 100 years. Or providing education that will improve our kid's future. Or performing research that will yield meaningful benefits down the road. Or even if we were fighting another war like World War II, enabling a future without fascism.

Or even if we were in a major recession and fiscal stimulus would add important stability to the future economy. But we're not borrowing for a specific use focused on the future. (NOISE) We're just borrowing whatever amount is leftover after we collect less than we spend. It's not for a special purpose. It's just the amount by which our outdated tax code is insufficient to fund what we promised. So even though the debt burden is being placed on the future, we don't really think about it.

MICHAEL PETERSON: Worse yet, some even argue that we shouldn't. In this way, the willful disregard for the impact of our debt represents a morally bankrupt fiscal policy. Our current path is an injustice which harms the future budgets and economy for the next generation even if low rates may obscure this today. At its base, it's a form fiscal corruption. Making the easy choices today at the expense of the future. And it needs to stop.

So that's why the Peterson Foundation exists. And that's why we're all here today. We have an excellent slate of experts and policymakers to talk about all of these issues. You'll hear leading voices from the White House and Congress and we very much look forward to having the speaker of house-- of the house later this morning. And we have three excellent panels today including a discussion with leading economists assessing the relationship between debt, deficits, interest rates, and the economy.

A panel on the intergenerational dynamic as baby boomers retire and younger generations face new and unique challenges. And a discussion of how sweeping demographic changes will shape America's future economy and budget. We're all-- also lucky enough to have the new director of the Congressional Budget Office, Phil Swagel, making his first public appearance since taking the position.

Lastly, we've been workin' hard on solutions once again. The fiscal problem is serious but it's also very solvable. Our 2019 solutions initiative is a unique policy project that brings together think tanks from across the political spectrum. To prove that many solutions exist and also that there's more common ground than there seems. Even amidst important debates about priorities, all seven groups agree that we need to substantially reduce our debt.

And they all showed us how to do the hard work that most lawmakers have been reluctant to undertake. Throughout the day you'll see short videos outlining the goals and priorities reflected in each plan. And at the end of the day, you're invited to a special interactive session where you'll-- where you'll have the chance to engage directly with the authors of the seven plans.

Lastly, as we gather today to talk about fiscal policy, we know there's one missing voice that's on many of our minds. Alice Rivlin was a pioneering leader full of good ideas and passion. As the founding director of the CBO she was committed to fiscal responsibility and fact-based analysis.

And was instrumental in establishing one of the most important institutions in our nation's history. Her life time of work is an enduring inspiration to all of us. So with Alice's legacy and example in mind, as well as my father's, thank you once again for coming. And I hope you enjoy the day. (AP-PLAUSE)

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