



News Release

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Business, Science, Engineering and University Leaders Urge Tough Choices on the National Deficit

Washington – Today, in a letter to President Obama and congressional leadership, leaders from a broad-based group representing business, university, science and engineering communities called for effective bipartisan action to rein in the burgeoning national deficit.

“An effective deficit reduction plan cannot focus entirely on decreasing discretionary expenditures; it must also include tax reform, spending prioritization and actions to strengthen economic growth,” the group said in the letter. “Largely missing in the budget discussions to date are the entitlement programs, particularly the major ones: Social Security, Medicare and Medicaid. Any serious and sincere deficit reduction plan must include entitlement reform.”

“Economic growth and job creation require federal investment to prepare our children with world-class educations and to support the scientific and technology research and innovation infrastructure that enable the private sector to create jobs and compete in the global economy,” the group continued.

Signatories to the letter are:

- Norman R. Augustine, retired Chairman and CEO, Lockheed Martin Corporation and former Undersecretary of the Army
- John Engler, President, Business Roundtable and former Governor of Michigan
- Charles M. Vest, President, National Academy of Engineering
- Robert M. Berdahl, President, Association of American Universities
- M. Peter McPherson, President, Association of Public and Land-grant Universities
- Deborah L. Wince-Smith, President and CEO, Council on Competitiveness

The group’s statement concludes: “Americans must set priorities and share in the sacrifice required to put our fiscal house in order. This is consistent with the model discussed in the bipartisan majority report of the National Commission on Fiscal Responsibility and Reform – the Bowles-Simpson commission. We applaud those bipartisan efforts now underway among some Senators to put a broad-based deficit reduction plan on the table, and we welcome the recent letter signed by 64 Senators calling for a ‘broader discussion about a comprehensive deficit reduction package.’”

Senator Mark Warner (D-V a.) issued a statement acknowledging the group's support: "Our country is at a critically important moment, and we must seize this opportunity to get our fiscal house in order for the long term. That's why I've been working with my Republican colleague Sen. Saxby Chambliss, and a growing number of our Senate colleagues to tackle these tough fiscal challenges in a more comprehensive and responsible way. We are working on a bipartisan framework that will help control government spending, simplify the tax code and begin to eliminate our deficits and debt. This is the only way we will fix our nation's balance sheet and reposition America to compete and win over the long term. It will require the active support of our nation's business and educational leaders, and today's announcement will be helpful to our efforts."

Additionally, Congressman Frank R. Wolf (R-V a.) offered the following: "It is clear that our nation is at the edge of a fiscal cliff. Within 15 years, every penny of the federal budget will be consumed by entitlement programs and interest on the debt. This means no money for national defense, homeland security, transportation infrastructure or research and development programs.

"We must be able to compete with every country in the world, which is why nearly five years ago, I introduced bipartisan legislation that put everything on the table for discussion – entitlements, all other spending programs and tax policy – and it became the blueprint for the President's National Commission on Fiscal Responsibility and Reform, or the Bowles-Simpson commission. Had I been a member of the Bowles-Simpson commission, I would have voted to send the plan to Congress and should it come before the Congress, I would vote for it.

"I applaud this effort by the U.S. business, academic and science community to call on the President and Congress to deal with this issue."

Facing the Deficit and the Future Letter

As representatives of the nation's business, university, science and engineering communities, we believe the future of our nation depends on our willingness to take immediate actions to rein in the federal deficit and drive economic growth.

Americans know the exploding federal debt is unsustainable. The Congressional Budget Office projects a 90 percent debt-to-GDP ratio within 10 years, a dangerous prospect that would saddle the country with crippling interest payments on the debt. If we do not act soon, the country at some point will be forced to make truly draconian cuts in government expenditures and impose huge tax increases, while simultaneously experiencing prolonged slow or zero growth. This will weaken our nation and reduce the standard of living of current and future generations.

We can still choose our path, however. Past generations of Americans have risen to great challenges, and so can we.

Current discussions about deficit reduction by the Administration and Congress have largely concentrated on domestic discretionary expenditures, which are only about one sixth of the budget. If defense and security-related expenditures were included, the debate would still be focused on only about one-third of the budget. We would need to eliminate nearly all of this spending to balance the FY2012 budget. Moreover, concentrating exclusively on reducing discretionary expenditures threatens to undermine the human capital and the physical, technological and scientific infrastructure upon which our future economy, health, and security depend.

Largely missing in the budget discussions to-date are entitlement programs, particularly the major ones: Social Security, Medicare and Medicaid. These three programs alone account for about 40 percent of the budget and their expenditures will grow dramatically in the decade ahead: Social Security by an estimated 71 percent, Medicare by 75 percent, and Medicaid by 125 percent. Any serious and sincere deficit reduction plan must include entitlement reform.

An effective deficit reduction plan cannot focus entirely on decreasing discretionary expenditures; it must also include tax reform, spending prioritization and actions to strengthen economic growth. Economic growth and job creation require federal investment to prepare our children with world-class educations and to support the scientific and technology research and innovation infrastructure that enable the private sector to create jobs and compete in the global economy.

Americans must set priorities and share in the sacrifice required to put our fiscal house in order. This is consistent with the model discussed in the bipartisan majority report of the National Commission on Fiscal Responsibility and Reform – the Bowles-Simpson commission. We applaud those bipartisan efforts now underway among some Senators to put a broad-based deficit reduction plan on the table, and we welcome the recent letter signed by 64 Senators calling for a ‘broader discussion about a comprehensive deficit reduction package.’

We urge the President and Congress to emphasize bipartisan compromise rather than contention. We call upon them to join together in making the tough choices on all elements of the federal budget in order to reduce deficits, bring the national debt under control and empower economic growth and job production.

Norman R. Augustine
Chairman and CEO (retired)
Lockheed Martin Corporation

Robert M. Berdahl
President
Association of American Universities

John Engler
President
Business Roundtable

M. Peter McPherson
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The six executives lead business, science, engineering and university groups that encompass Chief Executive Officers of leading U.S. companies with nearly \$6 trillion in annual revenues and more than 13 million employees, almost 250 public and private research universities with nearly two million students and more than 2,000 peer-elected technology professionals who are among the world’s most accomplished engineers.