

House Budget Committee
June 24, 2008
By: Hon. Peter G. Peterson
Chairman, Peter G. Peterson Foundation

Thank you, Mr. Chairman and members of the committee. I am pleased to be here today talking to those of you who have the opportunity to find sustainable, long-term solutions to the problems facing the American economy. I don't intend to talk only about facts and figures, though some will be necessary to paint an accurate picture of the daunting situation we're in right now.

To that end, I would ask that if you leave here remembering only one number, let it be this one: 53 Trillion.

Fifty-three trillion dollars in today's dollars is what this country owes between our national debt, future liabilities, and our huge unfunded promises for programs like Social Security and Medicare. It's an ugly number. It's unacceptable. And frankly, I believe it is Un-American.

Our nation is sinking deeper and deeper into debt and unsustainable promises while Americans are asking more and more from the government. This is a vicious cycle that **MUST** be broken, before *it* breaks *us*. That's exactly why it's time for all Americans to know what these critical issues are, why they are important, and what we can do together to fix them **NOW**—before it's too late.

These sustainability challenges are not new. They've been building under the surface of America's social and economic policies for years. More specifically, government obligations are reaching unthinkable, and worse, unmanageable levels. Every American—even the youngest among us—is now burdened, most of them unknowingly, with more than \$175,000 in federal liabilities and unfunded government promises. Taxes would have to more than double to pay for them. And that is unthinkable not only economically, but morally. Slipping this huge hidden check of debts and taxes to our children should, indeed, be declared immoral. And, our unprecedented current account deficits and levels of foreign debt, given our record low level of savings is downright dangerous. Given our abysmal national and personal savings rate, we no longer owe this debt to ourselves. We owe it to foreigners. We simply must increase national and personal savings. We are leaving ourselves vulnerable to economic and geopolitical risks that no great country should be taking. And ballooning health care costs threaten the very competitiveness of our economy.

In our lifetime, 78 million baby boomers will retire, causing huge cash deficits of Social Security and Medicare, the foundation of America's social safety net. These deficits happen long before the so-called and, in my view, fictional trust funds are solvent. These programs must be reformed to reflect the demographic realities and longer life spans while also making them solvent, sustainable, secure, and more savings-oriented.

With all of this in mind, I'm here today because I'm committed to ACTION, to seeing real, meaningful RESULTS in *my* lifetime. This isn't my personal issue; this isn't a Democrat or Republican issue; it's an American issue. That's why I am dedicating so much of my energy, my time, and my resources to bringing Americans together to bring about lasting, long-term solutions to the shared challenges facing our nation.

Sadly, we've gone from being an optimistic and hopeful society, to one of great anxiety and unity and increasing pessimism. In fact, for the first time in our nation's history, a majority of Americans believe their children will not have a better standard of living than they do. *That*, my friends, is simply unacceptable. It also means we're letting the promise of the American Dream slowly slip away. We owe it to the next generation to keep that dream alive and fully intact, the way our parents did for us.

Engaging America's youth is critical in this process. They are the ones, after all, who will inherit this sobering future. They are truly our greatest asset, which is why they must be a fundamental part of any conversation about America's future and the path we will take to get there.

Through the Peter G. Peterson Foundation, we encourage Americans to make the responsible choices necessary today, to ensure lasting opportunity for tomorrow. Our goals certainly aren't easy, but neither are the challenges before us. And these challenges, if ignored, will only get worse until we are faced with the possibility of a complete, system-wide failure. This lack of sustainability will eventually begin to cripple America and threaten the very foundation of our financial system. The time for words has passed. The time for action is now.

While the Greatest Generation faced a threat from abroad, this generation faces a threat from within. I'm here before you today because I believe that, together, there truly are no challenges we cannot overcome as a nation. By creating the Peterson Foundation, I hope to motivate this generation of Americans to take action and create a movement.

I hope that you will join the Peter G. Peterson foundation in our mission, striving not only to reform America's out of control spending, but also to rebuild our nation and ourselves. I *do* believe that if we are willing to change, our best days are still to come. But, that change must begin somewhere. I see no better place than this room, right now.

Today, it's your turn.