

About “A Bipartisan Path Forward to Securing America’s Future”

When Erskine Bowles and Alan Simpson released their principles and framework for deficit reduction in February, they did so in an effort to breathe life into the prospects of a grand bargain by building on the work and negotiations of the last two years.

In the weeks that followed the release of their framework the prospects for real action on the deficit remained bleak. Washington let the sequester go into effect, the irresponsible approach that made mindless, across-the-board cuts in spending without doing anything to address the long-term drivers of our debt. That was followed by the passage of largely partisan budgets in the House and Senate which place most of the pain in the other’s priorities.

But today there are seeds of hope for bipartisan agreement and reason to be optimistic that our leaders will finally take the actions necessary to bring our debt under control.

- Last week the President came forward with his budget that includes clear gestures of good faith to the other side and reflects many of the tough choices and compromises contained in the last offer he made in budget negotiations with Speaker Boehner in December that are painful for Democrats, including switching to chained CPI for indexing Social Security and other retirement programs as well as the tax code and expanding means testing of Medicare premiums and other Medicare changes affecting beneficiaries.
- For their part, Republicans in Congress have in general responded positively to his proposal, expressing a willingness to engage in further discussions with the President instead of the normal “dead on arrival” statements the opposing party usually makes regarding a President’s budget.
- The dinners that the President has hosted with Republican Senators in recent weeks represent a very important and long overdue effort at building the trust and understanding that is critical to getting a bipartisan agreement. The lack of trust and understanding between the two parties on fiscal policy has been one of the biggest obstacles to an agreement over the last two years.
- In addition, bipartisan discussions in the Senate have produced substantial progress on politically difficult issues of immigration and gun control, leading renewed interest in bipartisan discussions on the budget.
- All three budgets – the President’s, House Republicans’, and Senate Democrats’ – take the debt problem seriously and attempt to put it on a stable downward trajectory

While the President's proposal is a step in the right direction, it does not go as far as is necessary to put our nation's fiscal house in order. It stabilizes the debt – but likely only briefly and at way too high a level of 73 percent of GDP. It also fails to include the types of reforms which would make Medicare sustainable and Social Security solvent over the long-term.

The deficit levels in the President's budget reflect the parameters and numbers discussed last December. That last round of negotiations provided a good starting point for a solution, but both sides will have to go further.

Bowles and Simpson are putting this plan forward today in an effort to make a constructive contribution to the discussions by putting forward suggestions and possible compromises that demonstrate that it is possible for both sides to go further than they have and achieve greater deficit reduction while protecting the priorities and principles of both sides.

The President will need to go further in reducing entitlement spending than he did in his budget, particularly in the area of health care. But the proposal put forward by Bowles and Simpson shows how greater savings can be achieved through smart reforms to entitlement programs in a way that protects the disadvantaged and vulnerable populations through targeted benefit enhancements and special protections

Republicans will need to acknowledge that additional revenues need to be part of any grand bargain on deficit reduction along with significant entitlement reforms, but the proposal recommends achieving revenues through pro-growth tax reform that broadens the base and lowers rates for individuals and corporations. It is critically important that we revamp our tax code to encourage investment and ensure its global competitiveness.

Because neither of them are running for election and don't mind taking criticism, Bowles and Simpson are in a position to help policymakers by taking the heat for putting forward controversial proposals and ideas that neither side is willing to propose unilaterally.

The plan Bowles and Simpson have put forward is not their ideal plan, it is not the perfect plan, and it is certainly not the only plan. It is an effort to show both sides that a deal is possible; a deal where neither side compromises their principles but instead relies on principled compromise.

Not only is this plan is politically achievable, but it would also be a real achievement. Taken as a whole, the specific policies in our plan would:

- Replace the mindless across-the-board sequester cuts specific recommendations to achieve \$2.5 trillion in deficit reduction through 2023, with 70 percent of total savings from lower spending.
- Increase total deficit reduction achieved since 2010 to \$5.2 trillion through 2023, with over 72 percent from lower spending.
- Reduce the deficit by over \$500 billion in 2023 alone, compared to the \$60 billion which would be generated by the sequester, reducing deficits to 1.9 percent of GDP in that year.

- Put the debt on a clear downward path relative to the economy, falling to 69 percent by 2023 under our base projections and as low as 65 percent if the wars draw down more quickly and the reforms in the plan produce the increases in economic growth that reports by the Congressional Budget Office and Joint Committee on Taxation suggest are possible.
- Reform the tax code in a way improves fairness, lowers rates, raises revenue, and promotes more vibrant economic growth.
- Make structural changes to improve the long-term viability of federal health programs including reforming cost sharing and implementing health care delivery reforms to move away from fee-for-service model, backed up with a cap to ensure per capita health obligations grow no faster than the economy.
- Our proposal would improve the way inflation is measured by applying chained CPI government-wide with important enhancements to low-income and elderly Americans.
- Call for additional reforms to the Social Security, health, and transportation programs in a “step 4” which could reduce the debt to 67 percent of GDP and the deficit to 1.7 percent by 2023.

We cannot afford another year of fiscal brinksmanship with no real solutions being offered by either side. There is no way around it: Democrats and Republicans are going to have to come together to find common ground if they have any hope of putting the country back on a fiscally sustainable path.

Our generation must take full responsibility for this problem – we created it, Republicans and Democrats alike. It is our responsibility to clean this up. We do not have the time or the luxury of leaving this problem for the next generation to solve. If America is to compete successfully in this global economy, the time for responsible action is now. We can't be the first generation of Americans to leave the country worse off than we found it.

Bowles and Simpson are willing to be the ones to stand up and take the arrows to help get past the stalemate. They have the freedom to put forward the tough choices and break from party orthodoxy to put forward a real solution that can get bipartisan support and But we all have an obligation to fix this problem.

What they have put together is by no means perfect, but it can serve as a mark for real bipartisan negotiations on a plan to reduce the deficit and grow the economy.

The problem is real, the solutions are painful, and there is no easy way out. What we are calling for is by no means perfect, but it could serve as a mark for real bipartisan negotiations on a plan to reduce the deficit and grow the economy. It is time for our country to put this ultra-partisanship aside and pull together, not apart. We must do it for our grandchildren; we must do it for our children; we must do it for ourselves; we must do it for our country.