The Campaign to Fix the Debt: Talking Points

Topline Campaign Notes

- The *Campaign to Fix the Debt* is a national bipartisan effort to encourage our elected leaders to enact a comprehensive debt deal.

- Participants of the Campaign include many of the nation's top business and thought leaders, as well as tens of thousands of Americans across the country representing all walks of life. We launched a Citizens Debt Petition – and over 220,000 people signed up in the first few weeks.

- The Campaign seeks to create an environment where voting yes on a comprehensive debt solution reflects both good policy and safe politics.

- To achieve this goal, the Campaign will work at the grassroots and grasstops levels through a combination of state and local coalition building, business community support, social media efforts, Congressional outreach, and earned and paid media.

- The budget for the initial phase of the Campaign is $60 million.

- The national debt is the most serious economic and national security threat facing this country, and we must come together as a nation to fix it.

Why We Need Reform

- The U.S. national publicly-held debt stands at more than $11 trillion and could double in size to $22 trillion a decade from now. Gross debt, which includes both the $11 trillion in publicly-held debt plus the money the government owes itself through various trust funds, exceeds $16 trillion. The lack of a financially-sound budget path and the uncertainty that it creates is adding to the challenge of sustaining a strong economic recovery.

- As a share of gross domestic product (GDP), debt has doubled from below the historical average of less than 40 percent before the economic downturn to more than 70 percent today, and it could grow to more than 90 percent of GDP by 2022 and continue on an unsustainable upward path thereafter.

- If we don't address the debt, our economy will suffer dramatic repercussions, including slower growth and eventually a fiscal crisis.

CEO Fiscal Leadership Council

- The Council is made up of over 100 leading CEOs and business leaders, and is now expanding to include small business leaders as well.

- The group is united in their belief that it is critical that the country adopt a comprehensive debt reduction plan to provide stability, promote economic growth, and avoid a fiscal crisis in the future.

- While the election season is a very political time, we will soon start to make the activities of the CEO Council more visible.

- The business leaders help support this effort through thought leadership; delivering the message to members of Congress, employees, their associations, and their colleagues; participating in public and private forums; and financial contributions.

Between a Mountain of Debt and a Fiscal Cliff

- The federal debt as a share of the economy is the highest it has ever been since World War II, and is continuing to grow by over $3B every day, over $2M per minute.

- The causes of the debt include the economic downturn, growing health care costs, an aging population, and irresponsible policy choices by both parties.

- Failure to address the growing debt will increase interest rates for households and businesses, slow the growth of wages and the economy overall, place an unfair burden on future generations, and eventually lead to a severe fiscal crisis.

- At the same time we address our growing debt, we must also avoid the "Fiscal Cliff" scheduled at the beginning of 2013. On when all of the tax cuts passed since 2001 expire simultaneously, a "sequester" immediately makes deep, across-the-board spending cuts to the defense and non-defense budgets, and a number of other policies raise taxes and cut spending all at once.

- The sequester set for January 2013 would make indiscriminant cuts nearly across-the-board without making any targeted decisions about where to spend more or less. The sequester would also ignore the true drivers of rising debt in the future: health care and retirement costs.

- The country needs deficit reduction, but the tax increases and spending cuts in the Fiscal Cliff are so large, so sudden, and so poorly targeted that they would put the country into a double-dip recession.

- According to the non-partisan Congressional Budget Office (CBO), the Fiscal Cliff would send the economy into a double-dip recession next year, with the economy shrinking by nearly 4 percent in the first quarter alone.

- However, the other option of just punting and adding trillions more to the country's mounting debt is clearly unacceptable, and could bring on an abrupt loss of faith in the United States' ability to deal with our fiscal problems.

- Moody's Investor Service, one of the top credit rating agencies, has said that the United States could lose its sterling AAA credit rating if responsible actions to control the debt were not taken as part of the Fiscal Cliff.

- Policymakers must avoid both the Fiscal Cliff and the Mountain of Debt by enacting a gradual and thoughtful deficit reduction plan to put the debt on a sustainable path and grow the economy.

Basic Principles of a Comprehensive Deficit Reduction Plan

- Policymakers should acknowledge that our growing debt is a serious threat to the economic well-being and security of the United States.

- It is urgent and essential that we put in place a plan to fix America's debt. An effective plan must stabilize the debt as a share of the economy, and put it on a downward path.

- This plan should be enacted now, but implemented gradually in order to protect the fragile economic recovery and to give Americans time to prepare for the changes in the federal budget.

- In order to develop a fiscal plan that can succeed both financially and politically, it must be bipartisan and include reforms to all areas of the budget. The plan should:

    - Reform Medicare and Medicaid, improve efficiency in the overall health care system, and limit future cost growth;
    - Strengthen Social Security, so that it is solvent and will be there for future beneficiaries; and
    - Include comprehensive and pro-growth tax reform, which broadens the base, lowers rates, raises revenues, and reduces the deficit.

- The recommendations of the bipartisan Simpson-Bowles Commission, which saved $4 trillion and addressed all parts of the budget, provide an effective framework for such a plan.

- The plan should be conducive to long-term economic growth, protect the vulnerable, include credible enforcement mechanisms to ensure that debt reduction is achieved, and leave the next generation better off.

What's Next?

- Members of Congress must come together on a bipartisan basis to agree to a comprehensive plan where everyone gives up something they like for the country they love.

- The Presidential candidates must make the debt a central issue of the campaign, and whoever wins must make fixing the debt their top priority.

- The *Campaign to Fix the Debt* will ensure politicians in Washington have the resources and support they need to solve this problem once and for all.