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Ensuring America's Fiscal and National Security

HIGH-LEVEL GROUP OF BIPARTISAN POLICY EXPERTS EXAMINE U.S. ECONOMIC MANAGEMENT AND ITS RELATION TO U.S. GLOBAL LEADERSHIP

On May 10th, 2016, the Coalition for Fiscal and National Security released a statement analyzing the key issues concerning current national debt and its long-term impact on American security. The Coalition is a bipartisan group of distinguished officials convened by the Peter G. Peterson Foundation. Following the statement, the Peterson Foundation held the Fiscal Summit on May 11th, 2016, where members from the Coalition came together to present their findings and set an informed foundation for a more thoughtful fiscal policy debate among the Presidential candidates.

"Statement from the Coalition"

In the statement released by the Coalition for Fiscal and National Security, the group emphasized how national security is integrally linked to the fiscal sustainability of the federal budget of the United States. They examine the long-term debt of the U.S. as a substantial threat to national security, and discuss how the national debt constrains long-term military and economic funding. The Coalition calls for sensible changes to entitlement programs, as well as preserving Social Security so that it can provide adequate protection for the most vulnerable citizens.

The Coalition also emphasizes that economic growth can be achieved by increasing private and public investment and by improv-

ing workforce productivity. This requires intensifying investment in a number of programs, including fostering new business, creating training initiatives, and updating outdated infrastructure. The concern, however, is that needed discretionary spending has been declining to the lowest levels as a percentage of national GDP in U.S. history.

Although the Coalition highlights fiscal security as one of the main long-term threats to U.S. national security, they also acknowledge the pressing security threats from abroad such as from ISIS, Al Qaeda, Russia, and North Korea. Any proposed cuts to the defense sector would, according to the Coalition, not solve the fiscal crisis. Rather, there is consensus among the experts that better economic management is needed for sustainable fiscal security. Some share of the Pentagon's budget is allocated to outdated programs that only Congress can reform or terminate. This will require active Congressional legislation in order to properly address the necessary changes needed.

The signatories of the statement include former Secretaries of State, Defense and Homeland Security along with former senior officials from various Democratic and Republican Administrations. As this is a bipartisan statement, it is meant to provide objective solutions to improve the long-term fiscal security for the next President.

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"Panel Discussion"

In conjunction with the statement released, the foundation also held a panel discussion at the 2016 Fiscal Summit. The panelists were Admiral Michael G. Mullen (U.S. Navy, Ret.), Joints Chief of Staff; Sam Nunn, Former Chairman of the Senate Commission on Armed Services; and Chuck Hagel, Former Secretary of Defense. David E. Sanger, the National Security Correspondent for *The New York Times*, moderated the panel.

In his remarks, Admiral Mullen explained that the national debt is currently America's most pressing issue and should therefore be treated as such. He stated the increasing challenges affecting national security would continue to impact the standing of the U.S. in the global economy. To solve this issue, Mullen proposed significantly reforming military legacy costs (e.g. pension plans) so to open up funding for more pressing problems.

Mr. Nunn then argued that the outdated programs from the Pentagon take away resources that could otherwise be used to improve economic growth and reduce national debt. Nunn also spoke on the need to reform Congressional budget management. Yet, because of the strong partisanship in Congress, passing any legislation involving the budget allocation is unlikely.

Mr. Hagel, in agreement with Nunn, stated "Congress is paralyzed and has polarized the national government." Hagel claimed that the mismanagement of Congress restricts the Pentagon's ability to manage their priorities and spending. Because of this, Hagel believes that the global standing of the US may be compromised, which is problematic as no other country is able to take on this role.

During the conference there were many policy aspects raised and proposals made to ensure sustained US leadership. It was during these discussions that participants voiced opinion on how each presidential candidate might impact US long-term debt and thereby influence US leadership globally. Nunn acknowledges Hillary Clinton as the most fiscally responsible candidate, favoring Hillary's fiscal goals over those of Donald Trump's. This is because if elected, Trump's fiscal plans – cutting taxes while protecting entitlement programs – would, according to Nunn, increase the current debt by \$10-15 trillion. Irrespective of the current candidates, the unfortunate reality of this situation is that the United States government will need at least 25 years before any significant change to the current debt crisis is achieved.

The issue of fiscal sustainability has become so pressing that the Coalition's statement has received support from distinguished officials representing both major parties. The Coalition attempts to create a plan forward for the next presidential administration by examining the current economic situation, proposing new budgetary distribution, and ensuring long-term fiscal sustainability.