

November 27, 2012

President Barack Obama
The White House
United States of America

The Honorable Harry Reid
Senate Majority Leader
United States Senate

The Honorable John Boehner
Speaker of the House
U.S. House of Representatives

The Honorable Mitch McConnell
Senate Minority Leader
United States Senate

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives

Dear Mr. President and Congressional leaders:

We issued a statement on May 1, 2011, urging you to enact significant deficit reduction measures that address our long-term fiscal crisis while maintaining the nation's ability to invest in its future. We are deeply concerned that 18 months later, with the "fiscal cliff" approaching, there has been no real progress. We write today with an even greater sense of urgency to ask that you act before the end of this year to avoid the fiscal cliff. Further, we ask that you reach agreement as soon as possible on a long-term plan for reducing deficits, stabilizing the national debt, and investing in our nation's future.

Allowing the nation to "go over" the fiscal cliff would be a disaster – an enormous tax increase combined with across-the-board spending cuts would likely trigger a recession. Failure to address our long-term fiscal challenge also would be a disaster, particularly in the coming years and decades. The consequences of a failure to address the longer term issues would be especially harsh for today's children and coming generations of Americans: a crushing national debt and high interest rates, an impaired federal government, a permanent drag on the economy, degraded national security, and lower standards of living.

The stakes for deficit reduction – our nation's long-term prosperity and security – could not be clearer. There is no denying the practical and political complexity of a solution; but this can no longer be a reason for delay. It is evident that the primary driver of increased spending is our entitlement programs, particularly the health entitlements. It also is clear that we need tax reform that encourages economic growth. And in light of the size of long-term deficits and debt, it is evident that a solution will require additional revenues dedicated to closing the gap.

It is not discretionary spending that has caused or will cause future budget deficits. Yet nearly all real deficit reduction measures taken thus far have been directed at discretionary spending, including the threat of sequestration. This cannot continue. Nondefense discretionary spending includes nearly all of the government's investments in the nation's future, such as education, research, and infrastructure. These investments are the foundation for future economic growth and warrant greater support, not further cuts that would greatly damage our nation's long-term prosperity. Moreover, all of our domestic discretionary spending—the fundamental non-security functions of government—could be eliminated and still not fix this problem. Meanwhile entitlements, fueled particularly by the cost of health care, would soar uncontrollably.

For these reasons, we are greatly encouraged by a recent letter signed by 80 CEOs of U.S. businesses calling on you to reach an agreement that both takes on the unsustainable rise in the cost of entitlements and raises needed revenues through tax reform that also encourages economic growth. Additionally, over 150 university presidents from all 50 states also wrote to you urging that you take action to avert sequestration and address our long-term fiscal challenges through a combination of entitlement savings and additional revenues. Both letters suggest that a model for agreement should be the bipartisan Bowles-Simpson plan, which endorses a balanced approach and also recommends that investments in research, education, and infrastructure be a priority.

The undersigned have disparate personal and institutional views on the details of how to address budget deficits. However, we are willing to put those differences aside to express our common view that Bowles-Simpson should serve as a broad framework for a deficit-reduction plan.

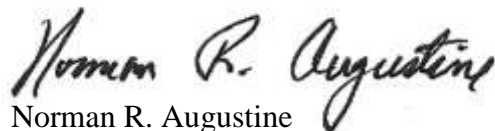
While we believe that every category of spending should be placed on the table for balanced consideration, we urge that a clear distinction be made between spending for consumption and spending for investment. It is the latter category, including such areas as education and research, that will assure America's continued strength immediately and into the future.

We understand that adopting this framework for fiscal policy is a long way from developing and enacting the policy details needed to implement it. Setting new policies for entitlements and taxes will be an enormous political challenge. There will be direct impacts on nearly all segments of our society. And we do not expect the politics and partisanship that have stood in the way until now simply to disappear.

But we do know that you have the interest of the country in mind and we want to support your leadership. This is important for the greater good of all Americans, and particularly for future generations.

We stand ready to assist in your efforts to address these challenges that are based upon these principles.

Sincerely,



Norman R. Augustine
Retired Chairman & CEO
Lockheed Martin Corporation



Hunter R. Rawlings III
President
Association of American Universities



Peter McPherson
President
Association of Public and Land-grant
Universities



Deborah L. Wince-Smith
President
Council on Competitiveness