



**Robert M. Berdahl**  
**President, Association of American Universities**  
**Comments to the National Commission on Fiscal Responsibility and Reform**  
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Good afternoon. I am Robert Berdahl, president of the Association of American Universities, an organization of leading public and private research universities. On behalf of the 61 U.S. members of AAU, I thank you for this opportunity to testify and for taking on this difficult task.

AAU's mission is to advance basic research and higher education, particularly graduate education. These are two critical areas of investment for America's future, as they produce the ideas and people essential to innovation – the foundation of economic growth, improved health, and strengthened national and homeland security.

At AAU, we have never considered it our place to address the nation's broader fiscal policies. We have not encouraged Congress to reduce deficits or ignore them, to pay down the debt or not, to tax more or less.

We can no longer stand on the sidelines. We believe that now is the time to address our nation's looming fiscal challenges. We share the concern of most Americans, and most economists, that our country cannot sustain its current fiscal trajectory, and that failure to reduce deficits and manage our national debt could have a crushing effect on our nation's future.

I want to focus on one of the dangers of our rapidly rising debt – the threat to our nation's ability to invest in its future. A nation that does not invest in its future – by educating and training its people, by conducting the research that leads to discovery and progress, by investing in infrastructure, by protecting the environment – does not have a future, or at least not one worthy of a great nation.

Most of the investment portion of the federal budget is found in discretionary spending, as demonstrated in the Federal Investment chapter of the Analytical Perspectives section of the President's Budget.

Large budget deficits, particularly going forward, are not a result of an extraordinary increase in discretionary spending, and certainly not in the nation's investment spending. Nor is a genuine solution to be found there. If we agree that maintaining our ability to invest is a reason for deficit reduction, it makes little sense to target vital investments for spending cuts.

Clearly, government should eliminate waste and nonproductive programs. However, to achieve serious deficit reduction, we believe there are no alternatives other than to slow the rise in mandatory spending programs and to increase federal tax revenues through economic growth and

increased taxes. As a nation we have to muster the political will to make the tough choices. I assure you that our universities are making difficult choices as they deal with sharply reduced revenues.

Allow me to focus on the nation's investments in higher education and research. Most of the federal investment in higher education is in students, through Pell Grants for low-income students and other financial aid programs. There is a national consensus on the need to invest in our nation's students.

Likewise, the benefits of a strong federal investment in basic research have been understood by national leaders across the political spectrum since World War II. Numerous studies have found that up to half of U.S. economic growth in the latter half of the 20th century stemmed from new technologies and the advances in science and engineering that enabled them.

The private sector has ceased to invest in basic research. Great industrial research laboratories like Bell Laboratories are gone. Today, the federal government is the primary investor in basic research, and universities and government laboratories are the places where most basic research is conducted. This unique government-university partnership has made us the global leader in research and discovery by combining research with the advanced training of young scientists and engineers, a system now being adopted zealously by international competitors like China.

Addressing the big challenges facing our nation and the world – health, energy, the environment, national and homeland security, food security – requires basic research and talented, highly educated people. The investments we make in people and in discovery must be sustained; if we do not control budget deficits, that will be increasingly difficult.

Thank you again for this opportunity. The nation's research universities deeply appreciate your efforts— and your daunting challenge to be both bold and wise.