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**FOR IMMEDIATE RELEASE**

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**Groups Issue Warning on Deficits  
CED and Concord Coalition Say Fiscal Crisis Will Deepen Without  
Long-Term Budget Planning**

*WASHINGTON, DC March 5, 2003-* The Committee for Economic Development (CED) and the Concord Coalition today held a press conference and released a joint statement on the federal budget and the nation's economic future. The statement says, in part:

"The Concord Coalition and CED have come together today to warn the nation that a fiscal crisis threatens our future standard of living, and to challenge Washington policymakers to make the hard choices that are necessary to prevent this crisis.

"Deficits are back for "as far as the eye can see." This, alone, is a serious development. Of more concern, however, is that support for the long-term balanced budget goal appears to be weakening. There are substantial long-term risks to this development. Temporary deficits do not pose a threat to the economy. Permanent deficits do — particularly with the enormous cost of the baby boomers' retirement benefits beginning in 2008, at the end of the 5-year budget window.

"Official baseline projections of the federal budget deficit provide a deceptive picture of the future. They fail to incorporate pending decisions, such as making tax cuts permanent or providing prescription drugs. They do not anticipate an imminent war and subsequent reconstruction in Iraq. They almost certainly understate the costs of improving homeland security. They ignore the inevitable reform of the alternative minimum tax, which will apply to some 40 million households within 10 years — up from 2 million today. Perhaps most importantly, they fail to account for the aging of the baby boom generation, and the extraordinary demands this will place on our budget, our health care system, and our society.

"Deficits do matter. They lower future economic growth by reducing the level of national savings that can be devoted to productive investments. They raise interest rates. They raise interest payments on the national debt. They reduce the fiscal flexibility to deal with unexpected developments. If we do not take action now to bring burgeoning deficits under control, we will create the first generation of Americans less well off than their predecessors.

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“Bringing the deficit back under control will not be easy. But the longer we wait to take action, the more difficult our choices become. Priorities must be set and trade-offs must be made. This should be done within the context of a long-term framework. Moreover, we can only bring about long-term fiscal sustainability by taking action on every front — including Social Security and Medicare reform; controlling the growth of appropriations; making investments in future economic growth our highest priority; pursuing the most efficient means to raise added revenue — and by avoiding policies that make the long-term outlook even worse. In that regard, any action we may take now to stimulate growth in the short term must be balanced by a credible commitment to future actions that bring us back to balance budget.” (the full statement is available at [www.concordcoalition.org](http://www.concordcoalition.org) or [www.ced.org](http://www.ced.org))

The statement was released at a joint CED/Concord Coalition press conference at the National Press Club in Washington, DC. The Concord Coalition President, and former U.S. Secretary of Commerce Peter G. Peterson represented the Concord Coalition. Josh S. Weston, CED Trustee, and former CEO of Automatic Data Processing, Inc. represented CED.

CED also released a study of the nation’s long-term fiscal crisis entitled, ***Exploding Deficits, Declining Growth: The Federal Budget and the Aging of America***. The report urges the Administration and Congress to “wage war on many fronts” against our nation’s deteriorating fiscal situation and set aside any effort to stimulate the economy through tax reductions at this time (see related press release “CED Urges Long-Term Budget Plan” – March 5, 2003, (both the report and a summary press release are available at [www.ced.org](http://www.ced.org)).

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*CED is a non-profit, non-partisan organization of more than 200 business leaders and university presidents. Since 1942, its research and policy programs have addressed many of the nations most pressing economic and social issues, including education reform, workforce competitiveness, campaign finance, health care, and global trade and finance. CED promotes policies to produce increased productivity and living standards, greater and more equal opportunity for every citizen, and an improved quality of life for all. Contact CED at 2000 L Street, NW, Suite 700, Washington, DC, 20036. Ph (202) 296-5860 (Fax) 202-223-0776. [www.ced.org](http://www.ced.org)*

*The Concord Coalition is a nonpartisan, grass roots organization dedicated to balanced federal budgets and generationally responsible fiscal policy. Former U.S. Senators Warren Rudman (R-NH) and Bob Kerrey(D-NE) serve as Concord’s co-chairs and former Secretary of Commerce Peter Peterson serves as president. Contact the Concord Coalition 1011 Arlington Blvd., Suite 300 Arlington, VA 22209 (Ph) 703-894-6222 (Fax) 703-894-6231. [www.concordcoalition.org](http://www.concordcoalition.org)*